



Physician Spending on the Rise: Where Is the Money Going?

CAHSPR Conference
May 2012



Canadian Institute
for Health Information

Institut canadien
d'information sur la santé

CIHI Snapshot



- > **Independent, not-for-profit corporation**
 - No legislative base; jurisdictions participate by choice
- > **Cooperative/collaborative model**
 - Work with stakeholders to create and maintain a broad range of health databases, measurements and standards
- > **Funding**
 - Bilateral funding agreements with federal and provincial/territorial ministries of health and individual care institutions.
 - For specific projects and revenue through the sale of products and services.
- > **Five offices (Ottawa, Toronto, Victoria, Montreal, St. Johns)**
- > **28 Databases and Registries**
 - 11 are Health Workforce related databases



Health Care Cost Drivers: The Facts

> Larger project looking at the factors that affect the growth of health care spending:

- The macro view (overall health care spending)
- Hospital spending
- Drug spending
- Physician spending

> Reports and presentations available at:

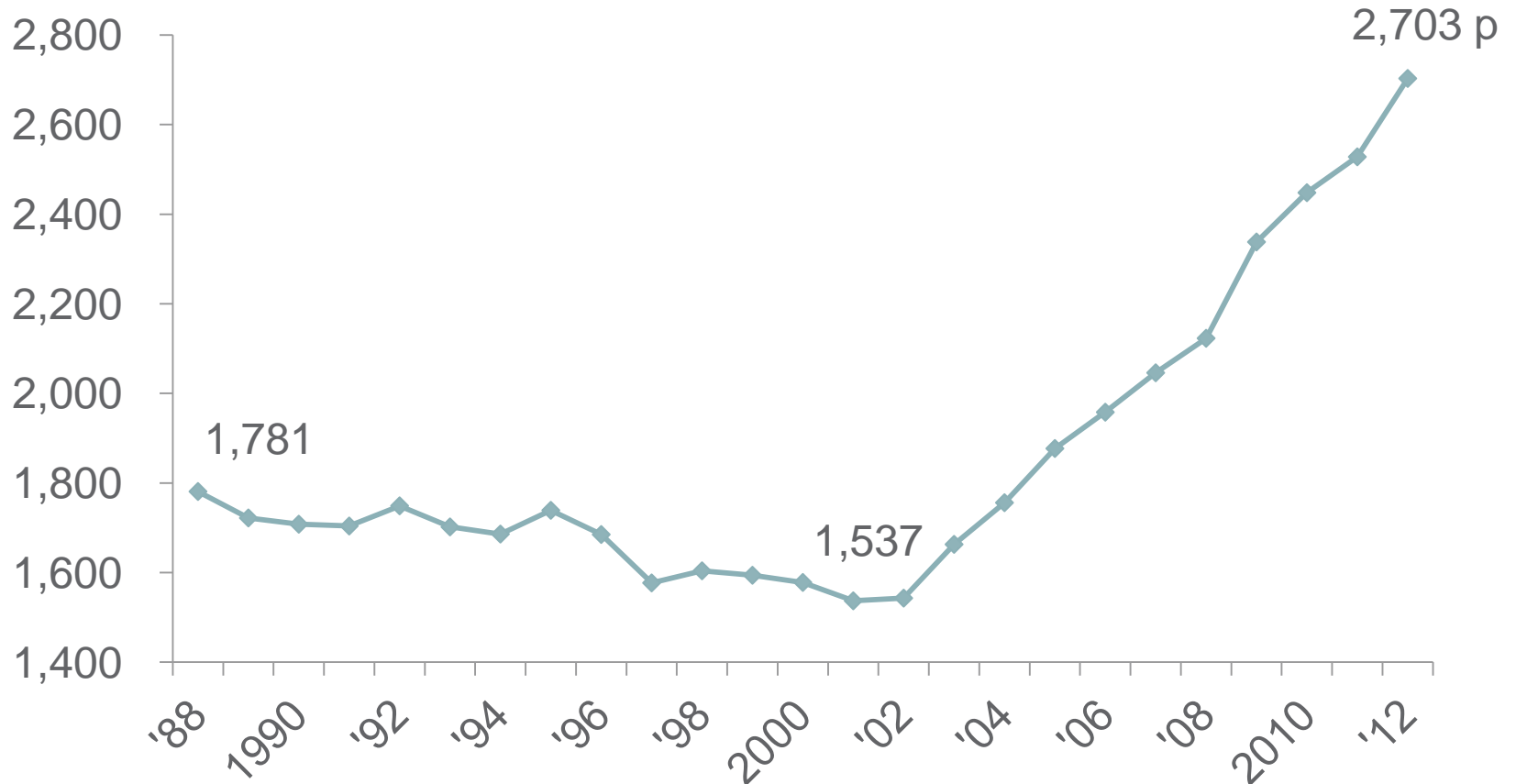
<https://secure.cihi.ca/estore/productFamily.htm?locale=en&pf=PFC1672>

Overview

- > Physician supply and expenditure
- > Factors that affect the growth of physician expenditures

Increase in MDs Awarded in Canada Has Led to Recent Growth in Physician Supply

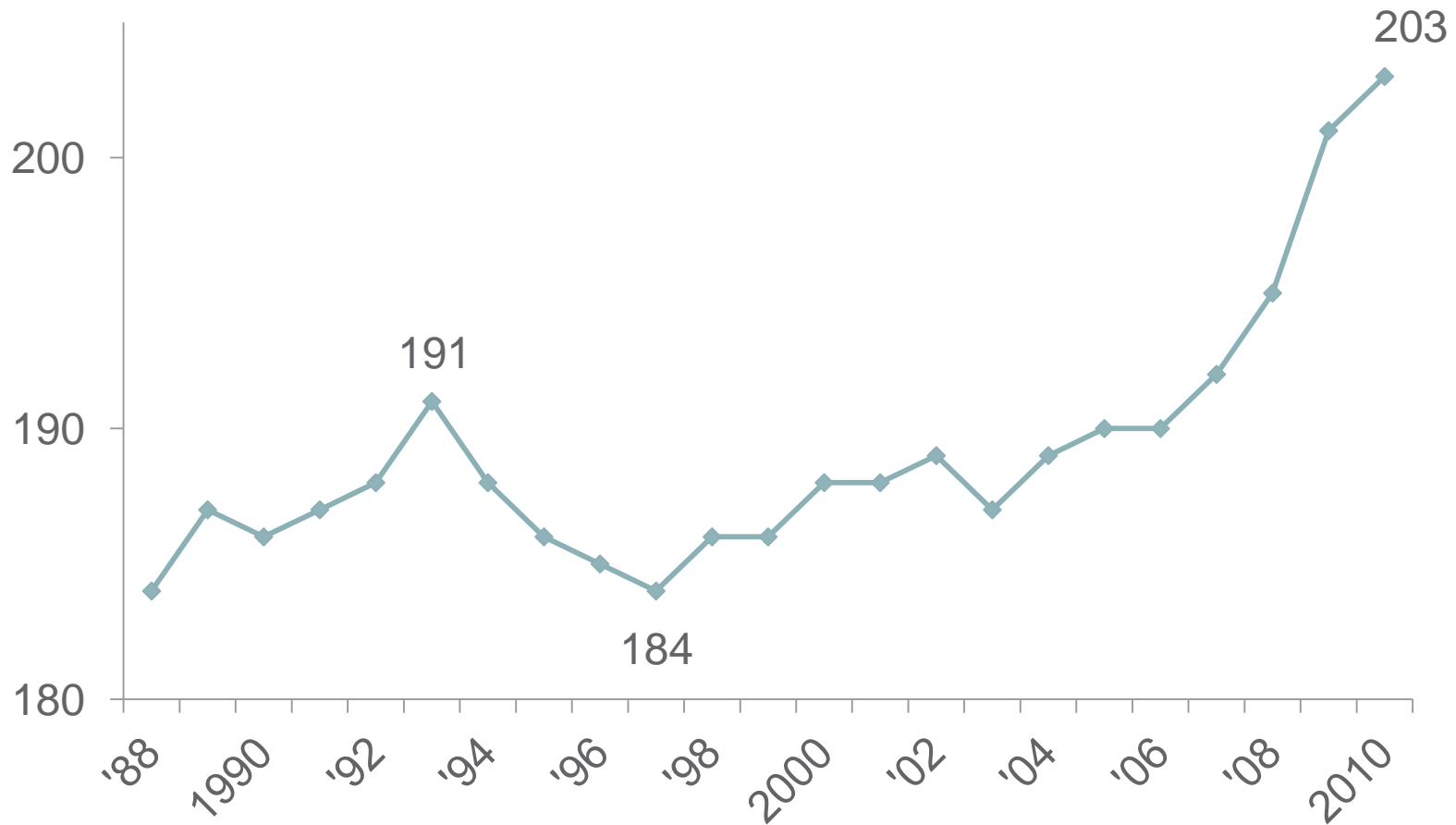
Number of MDs Awarded, Canada



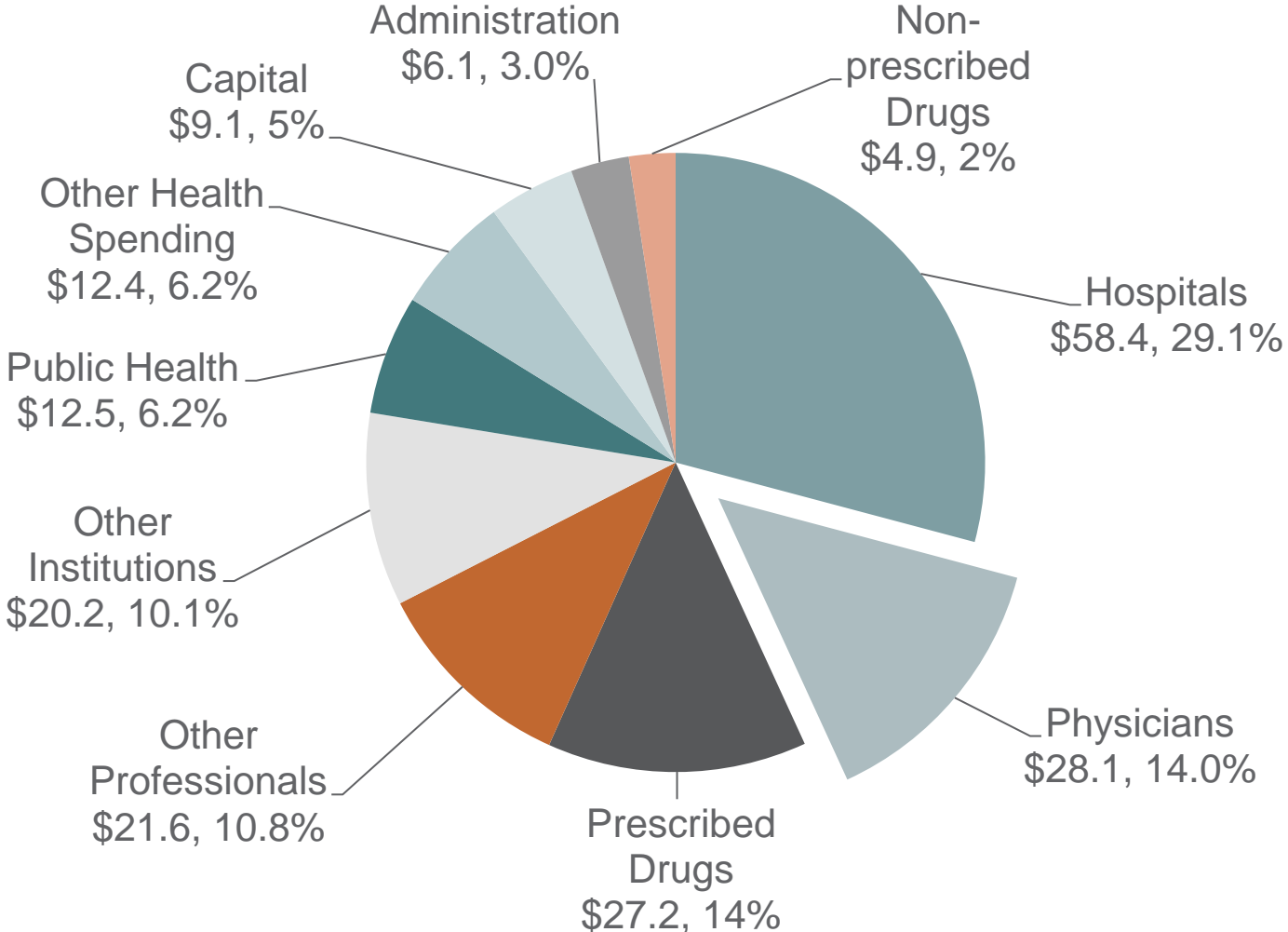
2012 p = preliminary

Physician Supply Higher Than Ever

Physicians per 100,000 Population, Canada



Canada Spent an Estimated \$200 Billion on Health Care in 2011 – Physician Services Was the Second Largest Category of Expenditure...



Factors that Affect the Growth of Physician Expenditures

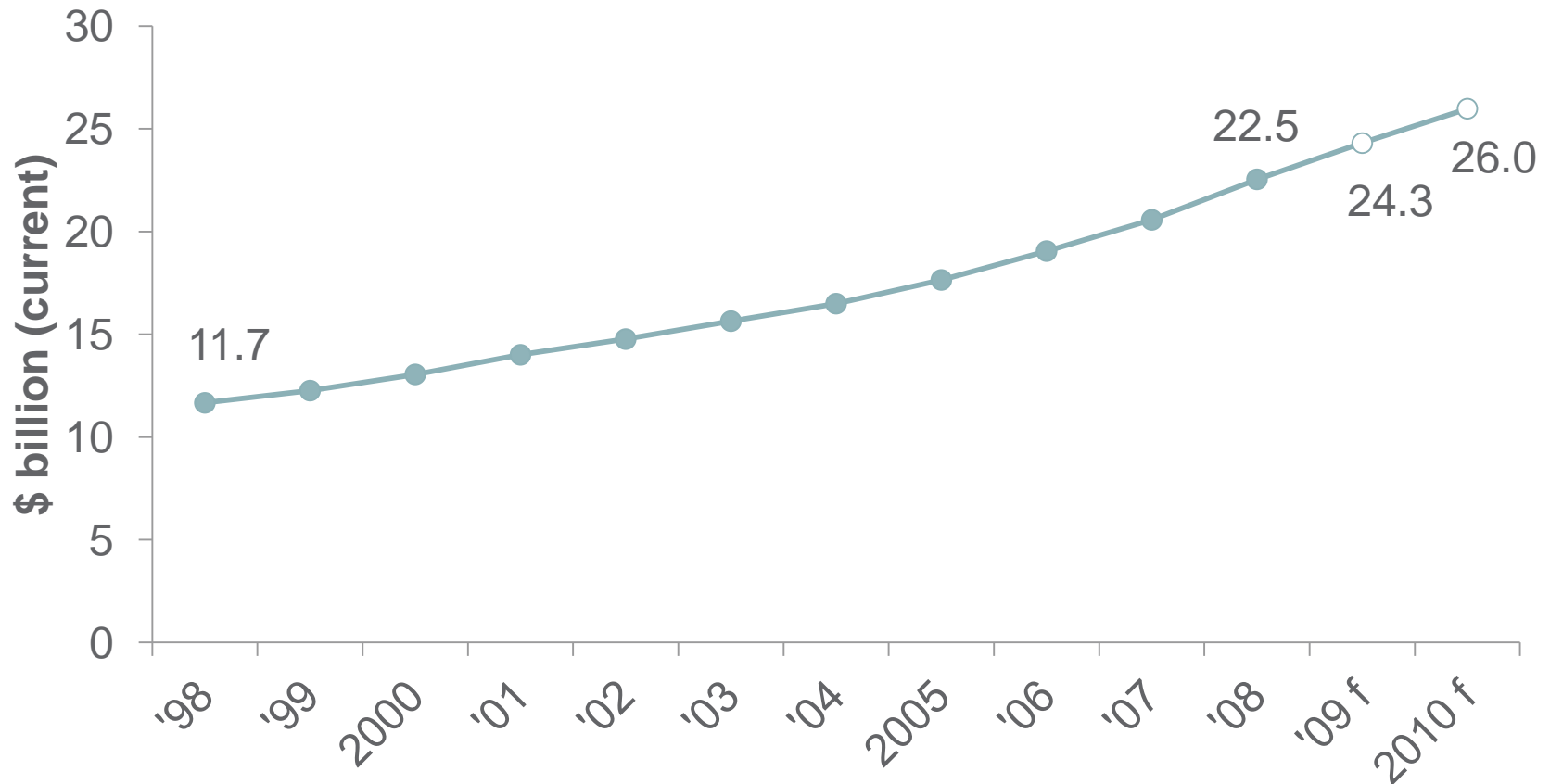
- > Focused analysis on public-sector expenditures for physicians in Canada, 1998 to 2008
- > Factors examined:
 - Price of physician services
 - Utilization
 - Population growth
 - Population aging

Physician Spending on The Rise...

Public-sector Spending Has Increased on Average by **6.8%** between 1998 and 2008



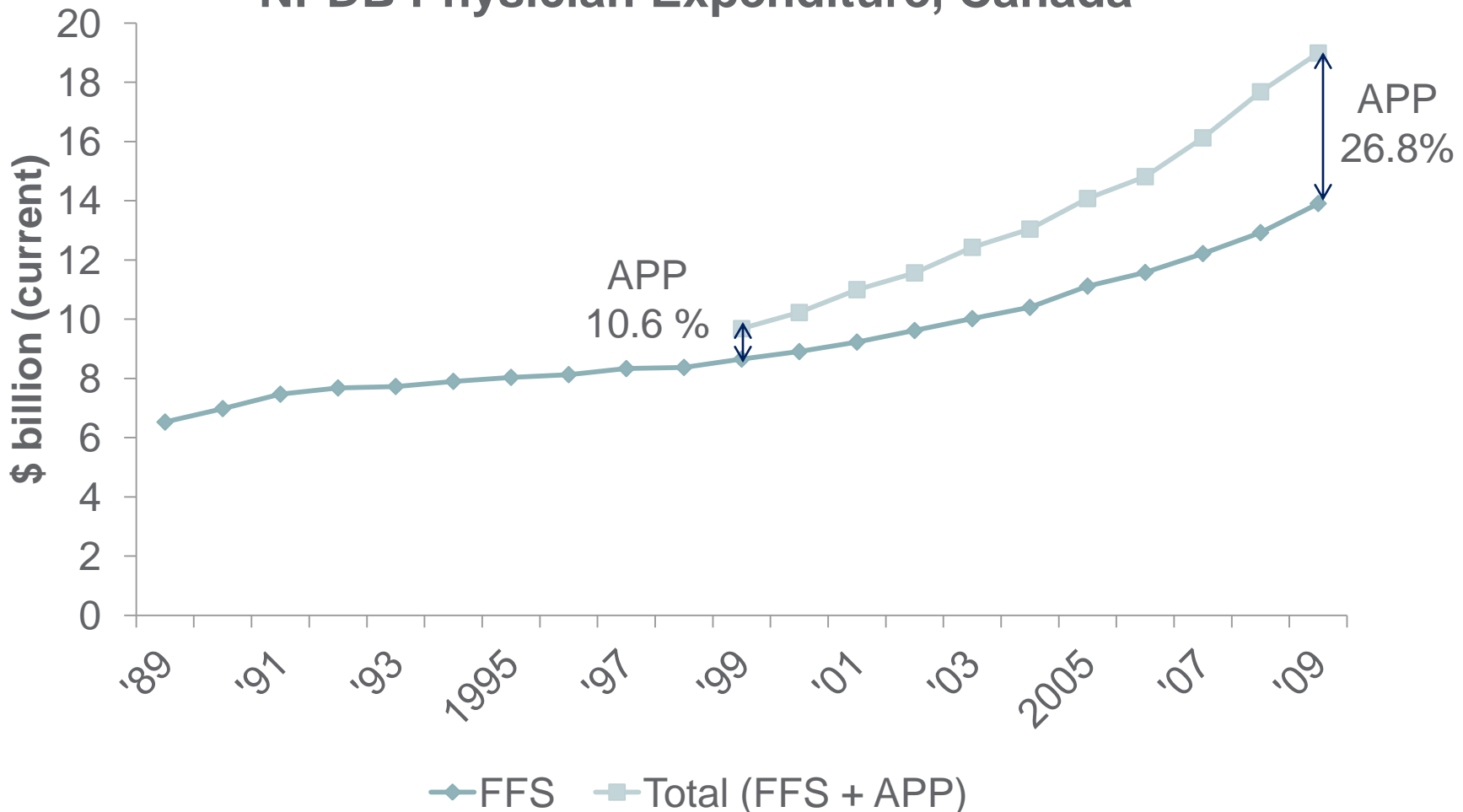
Public-sector Expenditure on Physicians



Alternative Payment Programs (APPs) Expenditure Has Grown Rapidly During the Last Decade



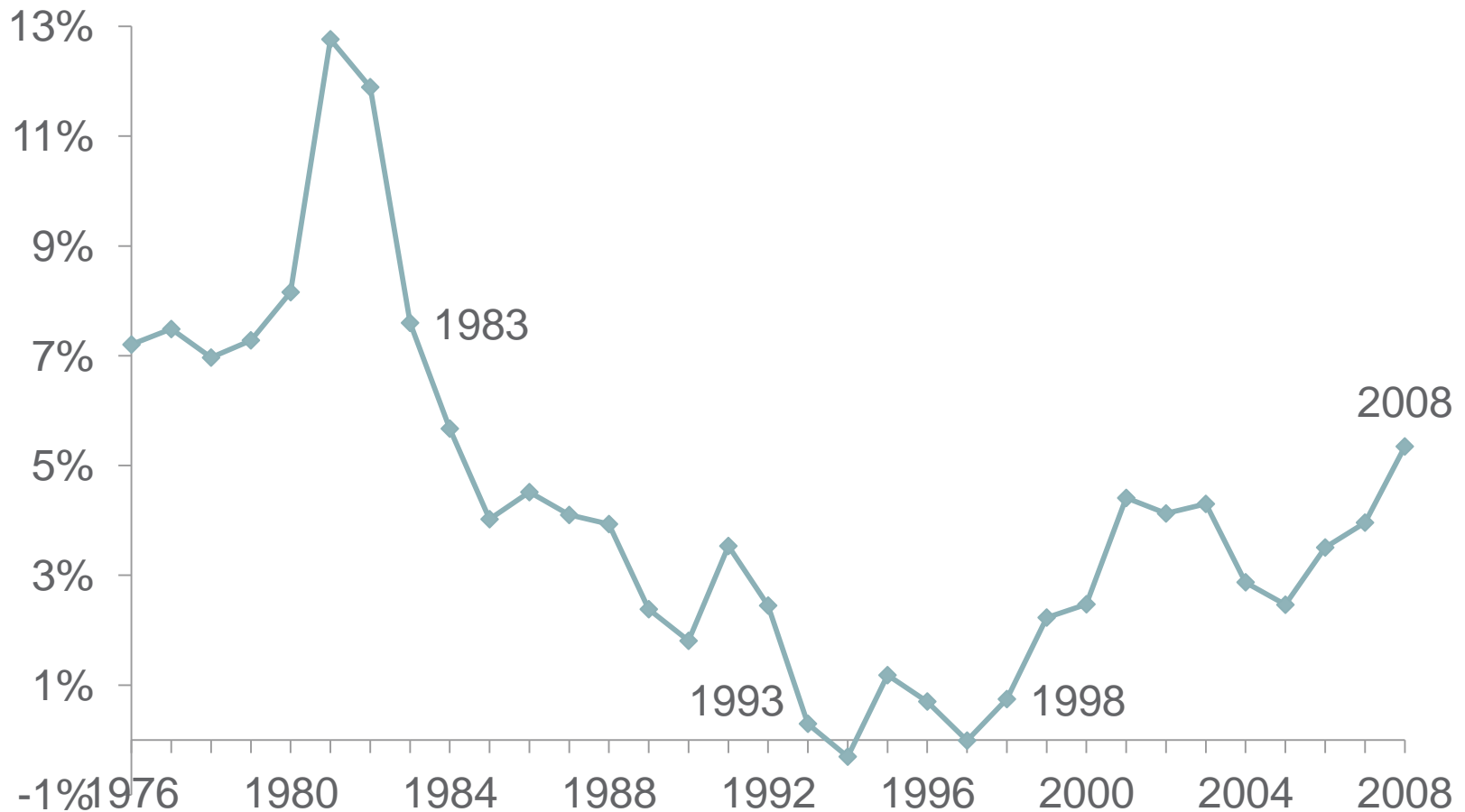
NPDB Physician Expenditure, Canada



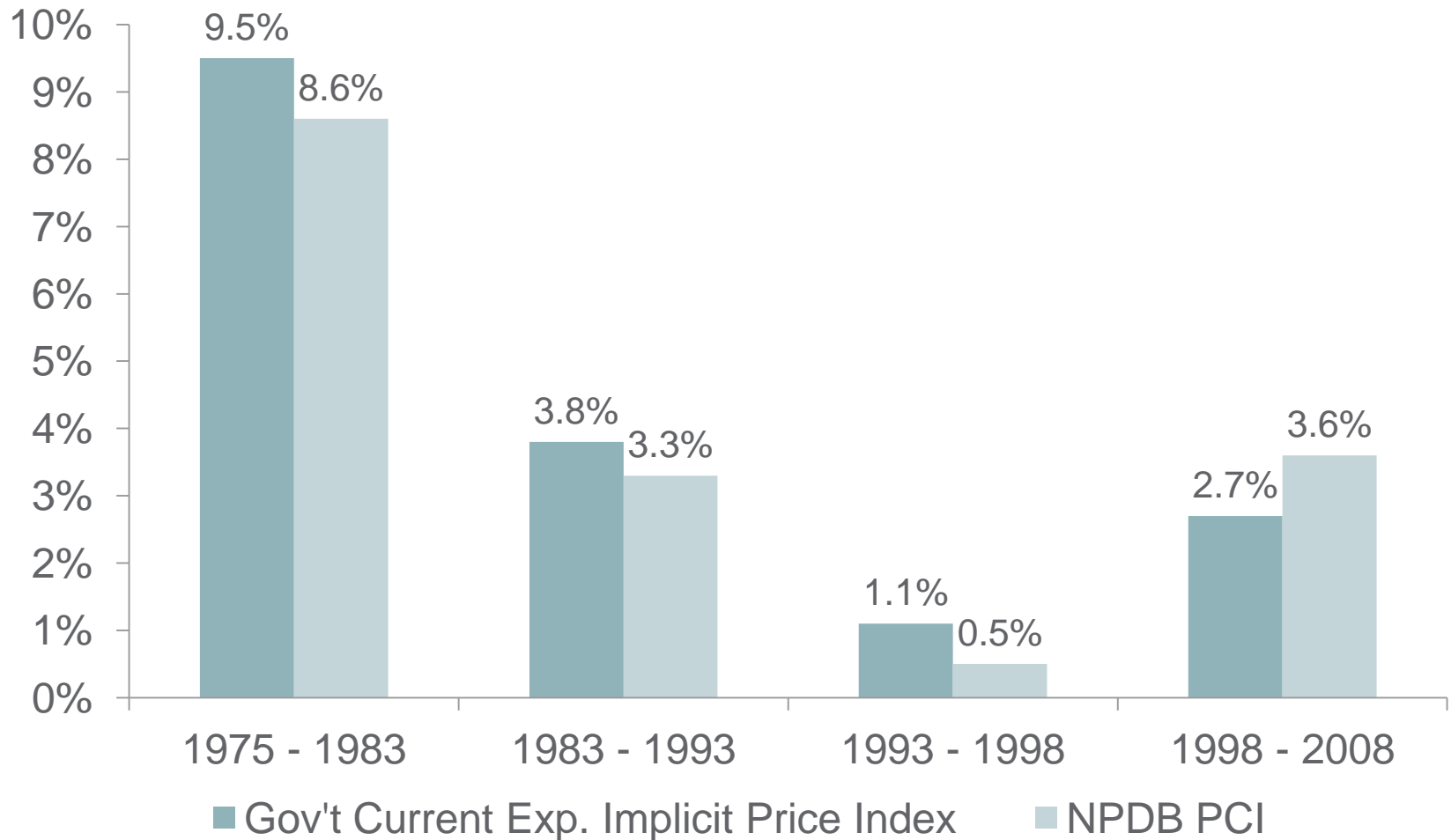
Rates of Increase in Physician Fee-for-Service Prices Are Accelerating After Several Years of Moderate Increases



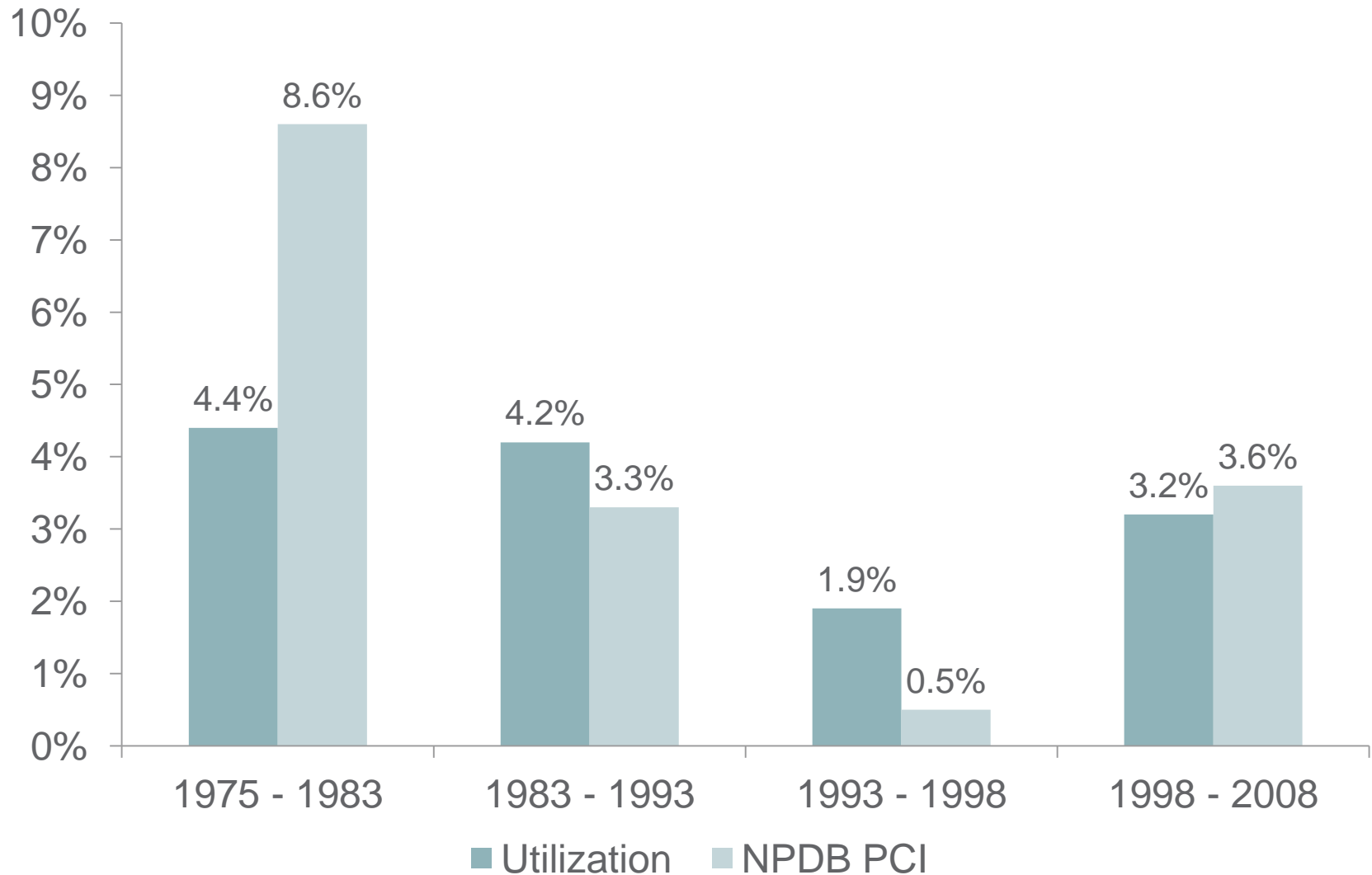
Annual Rates of Increases in Physician Fees



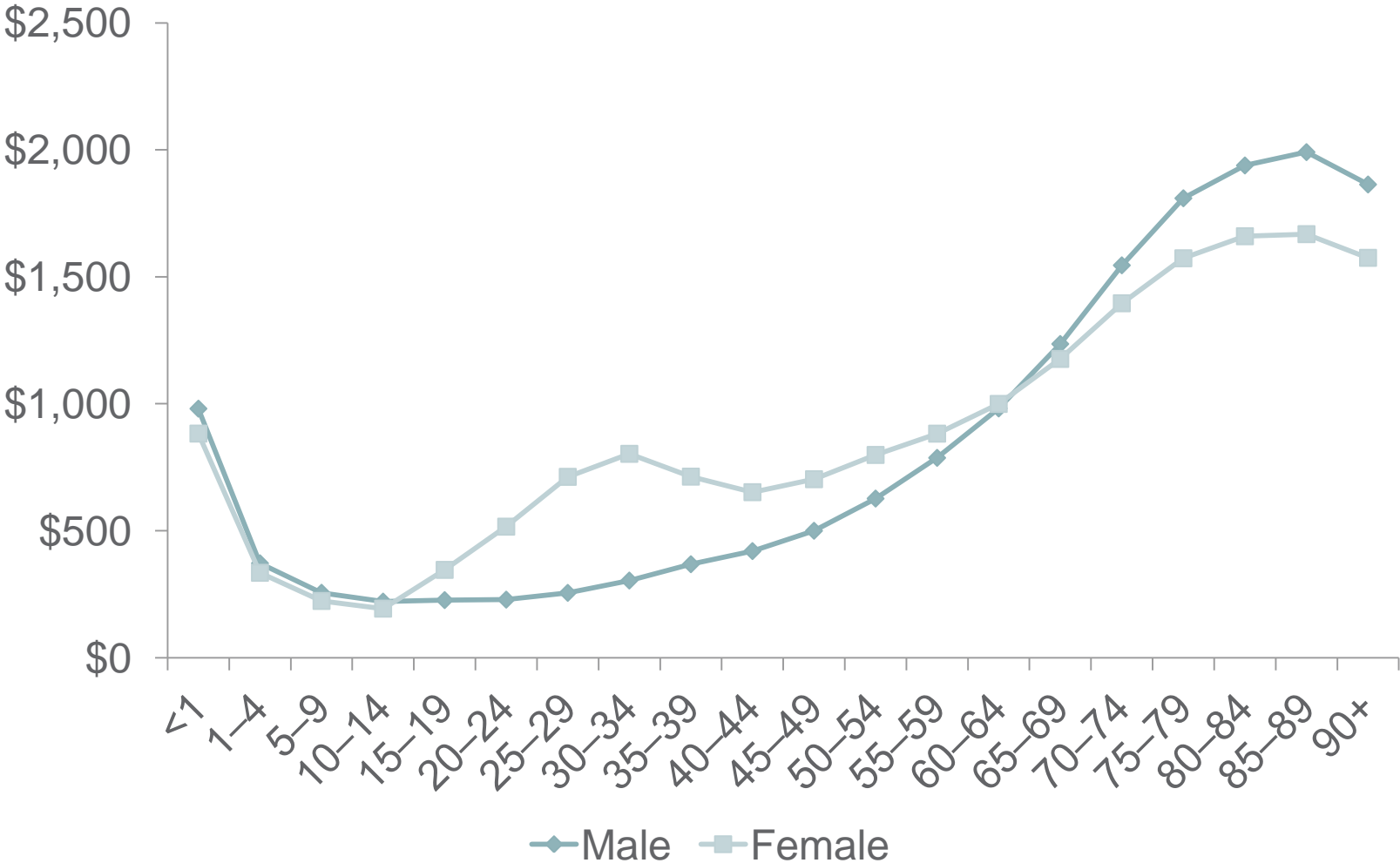
Fee-for-Service Price Increases Have Exceeded Rates of Increase in the Government Current Expenditure Implicit Price Index During the Last Decade



Rates of Change in Prices and Utilization



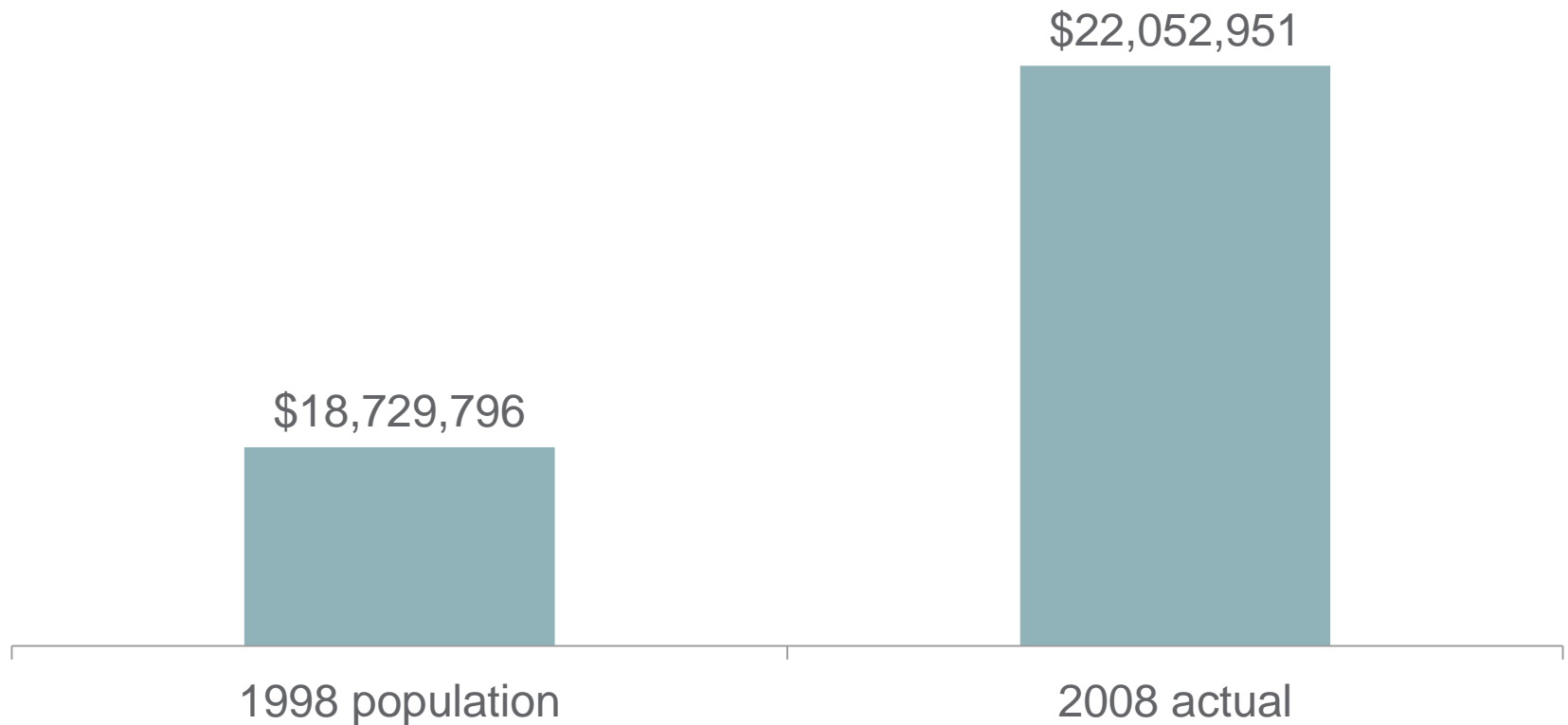
Physician Expenditure per Capita, by Patient Age and Sex, 2008



Population Growth and Aging Accounted for Growth in Spending of \$3.3 Billion between 1998 and 2008



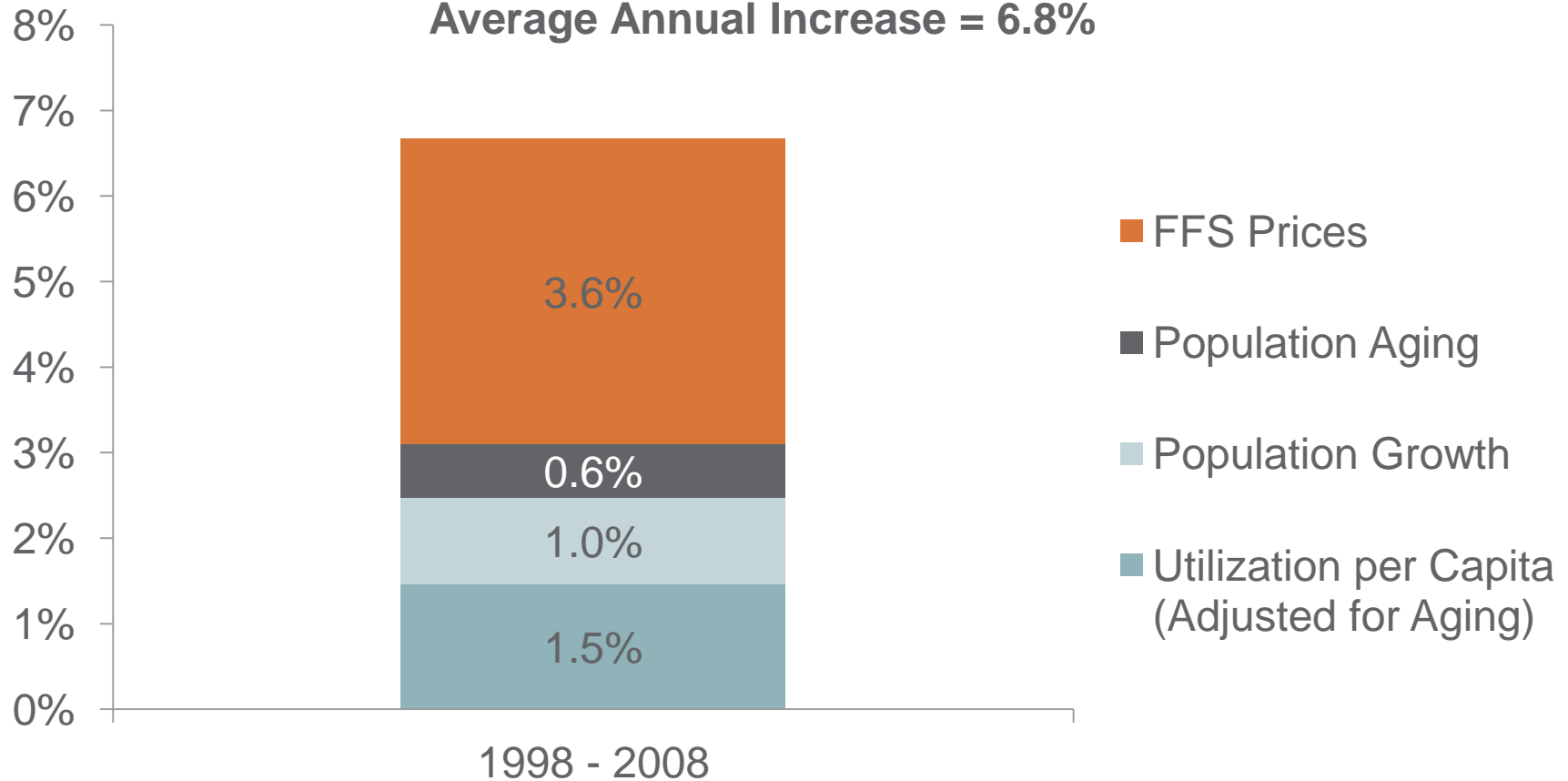
Simulated Physician Expenditure With 2008 Expenditure per Capita and 1998 Population (000)



Increases in the Prices of Physician Services Have Been the Major Cost Driver of Physician Expenditures over the Last 10 Years



Average Annual Rates of Expenditure Growth, 1998 to 2008
Average Annual Increase = 6.8%



Key Points – Physician Cost Drivers

- > Increases in the price of physician services (3.6% per year) were the major cost driver for physician expenditure between 1998 and 2008.
- > Population growth and aging have accounted for average annual increases of 1.6% per year in expenditure.
- > Utilization per capita adjusted for aging has accounted for average annual increases of 1.5% per year.

Future Issues to Monitor

- > Increasing supply of physicians
- > Increases in fees and payments for physician services
- > Utilization of physician services
- > Impact of aging baby boomers on physician expenditures
- > Relative rates of change in specialists versus family medicine
- > Scopes of practice of non-physician health professionals
- > Better measures of service provision from alternative payment plans

Questions?

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