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The Issue: *ICT in Health Care*

Acclaimed globally as one of the most accessible and universal systems in the world, Canada's publicly funded health care system is a source of pride for Canadians. However, health care costs in Canada are escalating rapidly, threatening the system's ability to remain affordable and effective. Since 2000, for example, costs have increased an average of seven percent annually, exceeding the growth rate of Canada's economy. Canada now spends \$121 billion or ten percent of its gross domestic product on health care. If the trend in rising costs continues, the Conference Board of Canada predicts that provincial governments will soon be devoting half of their budgets to healthcare, a clearly unsustainable situation.

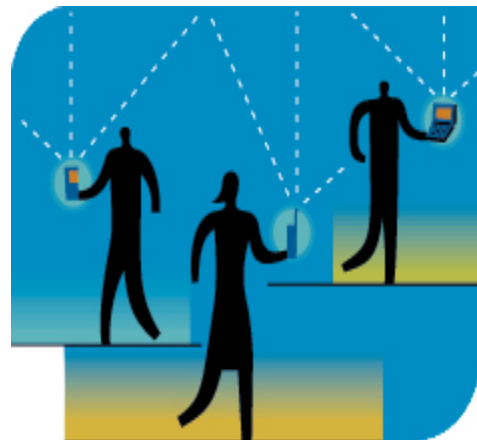
Meanwhile, with the greying of the baby boomers, pressures on the system are mounting. According to a study released by PricewaterhouseCoopers, the number of working taxpayers outnumbered non-working pensioners in the developed world by three to one in 1999. But by 2030, the ratio will fall to 1.5 to one, putting an even greater strain on health care budgets.

The steps that Canadian governments should take to address the fiscal challenges in health care have been hotly debated. To alleviate the budgetary crunch, some groups advocate that Canada move towards a mixture of private and publicly funded health care services. Others remain adamant that this would only serve to undermine the universality of the current system.

At the same time, however, many experts have pointed to strategic investments in information and communications technology (ICT) as an

important part of the solution to Canada's health care challenges. For example, the Commission on the Future of Health Care in Canada (2002) recommended that Canada invest in health care ICT as a cost-effective way to improve efficiency, enhance productivity and provide better patient care. There is a growing body of research evidence that demonstrates that the increased use of ICT in health care settings can result in significant improvements in health outcomes.

Nevertheless, Canada's investment levels in health care related ICT have remained low and little structural change has occurred. In Ontario, for example, about one-half to three quarters of capital investments by hospitals are cost-shared by the provincial government. However, hospitals receive no dedicated funding for information and computer technologies. Instead, hospitals must allocate funds from their operating budgets to implement, manage, and support their information and communications systems. Fundamentally, spending on ICT is viewed as an operating cost when it should be considered a longer-term investment.



As a result, Canada's overall investment in health care ICT is low compared to other developed economies. A recent report from The Conference Board of Canada compared Canada's performance in health care delivery with six other OECD countries deemed to be among the best in terms of health status outcomes. The paper noted that Canadian acute care organizations spend between 1.8 and 2.5 per cent of their budgets on ICT. This compares unfavourably with Sweden, which invests 4 per cent on ICT. The Conference Board ranks Sweden second (after Switzerland) in the overall performance of its health system while Canada is ranked 13th. Sweden achieves its ranking in spite of the fact that its population has a higher percentage of people older than 65 than any other country studied. The report concludes "When the health care workforce is able to use tools, such as ICT and participate in continuing education, it results in substantial enhancement to patient care and greater productivity."

Canada is known for its world – leading capabilities in ICT. Yet we spend less in health care ICT than other countries and less than in other service sectors. This is despite the fact that ICT investments have been proven, time and time again in most other industries, to significantly reduce costs, enhance productivity and improve service. Equally important, this ignores the fact that health care ICT is a burgeoning global market. Gartner Dataquest, for example, expects the world market for health care ICT to grow to \$97 billion (USD) in 2005. By investing in and building the capacity for Canadian companies to innovate in health care ICT, Canada could make lucrative inroads into this growing market.

At ITAC, we have long called on Canadian governments to devote more funding to investments in health care ICT. In April of this year, ITAC also established a Canadian ICT in Health Community, an online community of stakeholders dedicated to the advancement of the deployment of ICT tools and systems in Canada's health care system. This community serves as a focal point for the exchange of ideas, best practices and current research concerning ICT and health. ITAC also

applauds the federal government's creation of the Canada Health Infoway "to accelerate the development and adoption of electronic health information systems in Canada."

In the fall of 2004, ITAC and the Canada Health Infoway also came together with the Canadian Association of Radiologists, the Canadian Healthcare Information Technology Trade Association, Ecole de Technologie Superieure, HIMSS Ontario and the Ontario Hospital eHealth Council to form the "Integrating the Healthcare Enterprise (IHE) Canada", an initiative dedicated to facilitating the sharing patient data across different facilities. Its goal is to give healthcare providers quick and easy access to critical information, enabling better informed and faster diagnosis and treatment of patients.

However, to help address the current health care funding crisis and to position Canada as key player in the exploding market for health care technologies, ITAC believes that governments, hospitals and other health care stakeholders must work together to bring about two fundamental changes:

1. Designate ICT spending as a capital investment and not as an operating cost in Canada's health care institutions to ensure that investments in ICT systems and technologies are sustainable on a multi-year basis.
2. Increase the amount of government health care funding dedicated to ICT from 2.5 to at least four percent, to match the ICT investment in health care of the world's leaders in health care technology and services.



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