Supporting a Healthy Nation and a Healthy Economy

Brief to the House of Commons Standing Committee on Finance

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EXECUTIVE SUMMARY

CNA Recommendations

To accelerate implementation of information and communications technology (ICT) in the health sector:

> CNA recommends that corporations that invest in ICT for the health system receive a 100 per cent rebate of the Goods and Services Tax charged on ICT purchases.

To encourage skills-enhancement training:

> CNA recommends that Canadian workers and their employers be able to invest in skills development and receive a credit against their Employment Insurance contributions.

To support the health of a new generation:

> CNA recommends that the government modify the tax system to improve access to dental care for all children by offering a tax credit for dental check-ups.
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> CNA recommends that the government modify the tax system to improve access to eye care for all children by offering a tax credit for eye exams.
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> CNA recommends that the government modify the tax system to facilitate access to prescribed drug therapy for children by offering a tax credit for medications prescribed to children.
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> CNA recommends that the current eligibility criteria for the *medical expense claim* and the *refundable medical expense supplement* be reconsidered and in particular that the “floor” be lowered or eliminated.

To get tougher on obesity:

> CNA recommends an excise tax on junk food to encourage healthy behaviour and save costs to the health system.

The Canadian Nurses Association (CNA) is the national professional voice of registered nurses, supporting them in their practice and advocating for healthy public policy and a quality, publicly funded, not-for-profit health system. CNA is a federation of 11 provincial and territorial nursing associations and colleges representing more than 129,000 registered nurses.

Taxation policy is a beacon for government. Through tax policy, government signals its priorities for the nation. As the House of Commons Standing Committee on Finance recognizes, taxation policy plays a key role in collecting revenues to support social programs, including medicare. As well, taxation policy is useful in prompting productivity improvements, worker training and job creation.

CNA recognizes the power of the tax system to encourage desired behaviours, such as public transit use and preventive care, and to discourage less desired behaviours, such as tobacco use. As a result, CNA recommends changes to the tax system in four areas.

ACCELERATE IMPLEMENTATION OF INFORMATION AND COMMUNICATIONS TECHNOLOGY IN THE HEALTH SECTOR

Information and communications technology (ICT) offers solutions to the issue of access to health services. It streamlines the process so that Canadians have more timely access to health care. As the CEO of one health region observed, the health sector is in the information management business. ICT investment is needed to accelerate implementation of information technology in the health sector. The health sector is still 25 to 30 years behind other sectors in terms of incorporating ICT.

ICT will revolutionize how the health sector does business, just as it has for the airline and banking sectors. Applications like telehealth enable service provision 24/7 to every urban, rural and remote location throughout Canada. ICT facilitates access by Canadians to seamless health services. ICT implementation will bring the health sector into the 21st century and help make the health system competitive, efficient and effective.

The benefits of applying ICT to the health sector are numerous. ICT gives patients the information they need to navigate the health system and make choices about the care they receive. ICT makes communication with patients and their families faster and more accurate, resulting in shorter wait times. It gives health-care providers access to the results of tests and procedures so that assessments, examinations and treatments are not repeated. This means quicker access to care.

International and domestic experiences with the introduction of ICT in health show that there are efficiencies to be gained. The proceedings from a 2006 conference on electronic health records sponsored by Canada Health Infoway and the Health Council of Canada[1] state that:

- E-prescribing in Denmark has cut the rate of medication error from 33 per cent to 14 per cent.
- Electronic records in intensive care have reduced mortality rates by up to 68 per cent.
- Telehealth services have reduced visits to emergency departments by 34 to 40 per cent.

A 2005 study by Booz Allen Hamilton points to a potential savings in Canada of $6 billion per year with the full adoption of ICT in the health sector.[2]

Through Canada Health Infoway, the federal government is collaborating with the provinces and territories to fund implementation of the basic elements of ICT use, including drug prescriptions, lab tests and diagnostic imaging. This effort focuses on hospitals and other acute care settings. Home care nurses, community health centres, family physicians and other providers outside of hospitals are not connected.

There is an opportunity – and a need – to complement the federal government's interest in addressing mental health diseases and particular chronic diseases like cancer, heart disease and diabetes. Care of these diseases happens outside hospitals. To obtain the full benefits of proactive disease management, and to reduce wait times for health services related to chronic disease, community-based health providers must become connected. Through the tax system, the federal government can create a business environment that encourages a broader range of health organizations to invest in ICT.

Community health nurses were on the front lines delivering care during the 2003 SARS epidemic. The experience showed the importance of getting real-time information about appropriate health services for managing the disease and controlling its spread to providers who were caring for and supporting patients in their homes and in community clinics. The SARS experience also identified the absence of communication processes that would allow providers to inform pandemic surveillance and decision-making by government public health agencies. To improve access to effective health services in the community, ICT infrastructure is needed in the community at the point of care. This means a combination of laptop computers, BlackBerrys, personal digital assistants and cellular phones. To promote the purchase of these ICT tools, **CNA recommends that corporations that invest in ICT for the health system receive a 100 per cent rebate of the Goods and Services Tax (GST) charged on ICT purchases.**

Take the example of home care nurses at the Victorian Order of Nurses, or VON Canada. Through a network of branches across Canada, VON nurses make millions of community health-care visits in 1,300 communities every year. Better access to health services would result if VON nurses were using a laptop (retail $1,500) to access test results and clinical guidelines and using a cellphone (retail $100) to consult with a clinical nurse specialist. To have their 1,645 nurses connected using laptops and cellphones, VON would need to invest $2.8 million. A full GST rebate for this investment would amount to $157,920, or $96 per VON nurse.

As well, health sciences education programs are increasingly using ICT to make education more accessible to Canadians, for example with distance education programs and simulation laboratories. By 2004, 20 out of 134 baccalaureate nursing programs were offered electronically, in full or in part. To facilitate enrolment in world-class nursing education, CNA recommends the GST rebate on ICT investment for health sciences education programs.

ENCOURAGE SKILLS-ENHANCEMENT TRAINING

Canada has a well-educated and highly skilled workforce. Yet Statistics Canada warns that the workforce is aging and many sectors are or will be facing shortages. In the future, productivity gains will depend on enhancing skills and knowledge rather than on hiring more workers. Industry Canada has observed that "Canada must grow its base of knowledge workers by developing, attracting, and retaining the highly skilled people we need to thrive in the modern global economy."[3]

However, Canadian employers are not doing as much as they should to prepare their employees for changes in the workplace, especially changes in technology and the speed and volume of information exchange. An OECD survey found that of Canadians aged 16-65, 42 per cent had literacy levels too low to allow them to be fully competent in most jobs within our economy.[4] Investment in training is decreasing. The Conference Board of Canada reports that in 1996, employers invested $842 per employee, but in 2006, they invested only $699 (1996$).[5] Canada has an excellent public education system, but Canadian corporations and employees need to invest more in continuing education.

According to Human Resources and Social Development Canada, health care has one of the highest labour growth rates, and is already experiencing shortages among many health professions.[6] Furthermore, the health sector has a high proportion of older workers close to retirement. The Conference Board of Canada observes that health-care organizations spend a smaller proportion (1.27 per cent) of their payrolls on learning and development than do other Canadian organizations, which spend 1.80 per cent of payroll.[7]

Health is a knowledge-intensive sector. New research and constantly improving technology obliges constant investment in professional development and training. Nursing has long identified the lack of funds as a barrier to investment. The 2002 report of the Canadian Nursing Advisory Committee recognized a lack of funding and lack of replacement staff as barriers to investing in continuing education for nurses.[8]

Workers need to constantly improve their skills. Employees and employers pay payroll taxes for Employment Insurance (EI). Thanks in part to Canada's strong economy, the EI program has amassed a $51 billion surplus.[9] **Given that the purpose of the program is to maintain a stable workforce, CNA recommends that Canadian workers and their employers be able to invest in skills development and receive a credit against their EI contributions.**

SUPPORT THE HEALTH OF A NEW GENERATION

According to Statistics Canada, eight per cent of children aged 2-17 are obese.[10] Only 30 per cent of adolescents report their health as "very good" or "excellent," and 29 per cent report having at least one chronic condition (most commonly asthma, bronchitis, back pain or migraine).[11] Last March, the federal budget included a tax credit for children who build their fitness by participating in sports, dancing and other fitness activities. This is a good beginning to supporting children's health.

There are three other areas where the tax system could support improvements in children's health: dental care, eye care and prescription drugs. Tax-based programs offered in other jurisdictions provide models here.

Poor oral health can reduce quality of life. Oral pain, missing teeth and oral infections can influence the way a person speaks, eats and socializes.[12] Research has shown an association between oral disease and other health problems such as diabetes.[13] Many nations, such as Sweden, New Zealand, the Netherlands and the U.K., cover children's dental care. **To improve access to dental care for all Canadian children, CNA recommends that the government modify the tax system by offering a tax credit for dental check-ups.**

Vision problems in school-age children can lead to blurred vision, headaches, fatigue and other eyestrain symptoms. Fortunately, most vision problems in children can be resolved through eye examinations and treatment. The provinces of Quebec and Manitoba have signalled the importance of children's health by covering eye exams for children under 18, and the U.K. covers exams up to age 16. **To improve access to eye care for all Canadian children, CNA recommends that the government modify the tax system by offering a tax credit for eye exams.**

The third area of change relates to prescription drugs for children. Again, the province of Quebec offers a model, as well as countries like France and the U.K. In Quebec, a public insurance plan provides coverage to families for basic prescription drugs, with premiums based on family income. Canadian researchers have shown that families that do not have prescription drug insurance are less likely to follow prescribed drug therapy,[14] which may result in a deteriorating, potentially life-threatening condition. For example, in the case of asthma, children need inhaled steroid drugs to manage the disease. Uninsured children are least likely to use this recommended therapy. Instead, they are most likely to use "relievers," drugs that are used to control acute symptoms. Relievers are less effective at controlling the disease, often leading to emergency room visits, missed school days and an inability to participate in regular activities like sports. If the cost of the right drugs were not an issue, their health would be better and they would use the health system less often.

CNA reviewed the current *medical expense claim* and the *refundable medical expense supplement* as vehicles for supporting families' investments in their children's health. CNA's conclusion is that the existing "floor" is too high to offer relief to families.

CNA recommends that the government modify the tax system to facilitate access to prescribed drug therapy either by offering a tax credit for medications prescribed to children or by lowering or eliminating the existing floor in the medical expense claim.

GET TOUGHER ON OBESITY

CNA notes the positive use of tax policy to direct individuals toward healthy behaviours. The March 2007 budget introduced a tax on fuel-inefficient vehicles to limit greenhouse gas emissions, which will help reduce environmental threats to health. The federal tax on tobacco products has contributed to the decrease in the rate of smoking among Canadians aged 15 and older from 50 per cent in 1965 to 19 per cent in 2005.[15] We expect the same benefits from a junk food tax.

Canada is experiencing an obesity epidemic. Obesity is linked to type II diabetes, heart disease, cancer and osteoporosis. Each of these chronic diseases results in absenteeism and lost productivity and is responsible for significant health system costs.

Last fall, the Government of British Columbia began a conversation on taxing junk food. Gordon Hogg, minister of state for ActNow BC, has suggested that to change behaviour, the tax would have to be dramatic,

possibly as much as 40 per cent, and that the government would need to reinvest some revenues into education programs to promote healthy eating.[16]

A levy on junk food would discourage people from buying food that hurts their health. **CNA recommends an excise tax on junk food to encourage healthy behaviour and save costs to the health system.** The definition of junk food could be tied to the applicability of the GST to certain junk food type products.

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