



## *The Romanow Report: Highlights for Plan Sponsors*

*Integrating  
Design  
& Delivery*

Former Saskatchewan Premier Roy Romanow's Commission on the Future of Health Care in Canada tabled the results of its anxiously awaited report in the House of Commons on November 28.

After 18 months of information gathering which included 633 presentations from organizations and individuals, 10 survey papers, numerous site visits, speeches, workshops, public hearings, as well as over 14,000 letters, phone calls and e-mails, there is still no consensus on the real value of such a report – early reactions have been either very positive or largely critical. Health care providers and provinces view the budgetary aspect as mainly positive, whereas the majority of concerned reactions, primarily from the provinces, relate to increased governance requirements and lack of specific plan details.

The report contains 47 recommendations in 10 key areas and, upon full review, is very broad in scope. Mr. Romanow refers to the report as a “roadmap” for the future of health care. The shortage of precise directions, however, leaves the question of how our government leaders will navigate the health care road ahead.

#### HOW WILL GROUP PLAN SPONSORS BE AFFECTED?

- **catastrophic prescription drug plan**

Under this proposed strategy, individuals would be protected from the financial burden associated with the high cost of catastrophic prescription drugs that exceed \$1,500 per year. However, there are few details in the report that address the employer’s role. It depends on how the catastrophic coverage is designed. Plan sponsors could see their costs decrease if there is an opportunity to remove employee out-of-pocket maximums and individual high limit pooling from their current plan designs.

- **post-acute home care services**

The current health care environment transfers most of the burden of care and cost after discharge from the hospital to the private plan sponsor. By providing Medicare-insured nursing services, medication management and home care for up to 28 days following surgery, plan sponsors can expect to see their health plan costs decrease.

- **improved access to diagnostic services/reduced wait lists**

There are several advantages to group plan sponsors if these recommendations are implemented and successful. Faster and more accurate diagnosis, coupled with more efficient access to needed services, will result in cost savings for short and

long-term disability plans, in addition to decreased absenteeism and lower medical costs.

- **improved services for rural & remote areas**

To the degree that group plan sponsors are located in remote areas or have employees who live in rural or remote areas, this initiative will enhance the quality of care and access to medical services for these individuals. The resulting improvement in their state of health should serve to reduce costs by improving attendance and lowering short and long-term disability costs.

- **national drug policy and formulary**

Significant drug plan savings could be realized through the establishment of a national drug formulary, bulk purchasing of medication, shorter patent protection periods on brand name drugs, and scrutiny of standards for national drug approval processes. While the primary benefits will be realized at the provincial Pharmacare level, the strategies outlined should create positive financial results for plan sponsors with reduced drug costs. At the very least, we anticipate a moderating effect on drug trends that are currently rising in the range of 12%-18% per year.

#### CHALLENGES TO OVERCOME...

If the recommendations contained in this report are to be considered seriously, several challenges need to be addressed:

- There is a long history of debate and disagreement between the provincial/territorial governments and the federal government, particularly regarding funding. For example, several provinces – including Alberta and Quebec – are strongly opposed to any additional conditions imposed on

them in order to qualify for additional federal funding. It is likely that this report will inspire further heated debate as we move closer to the First Ministers' Conference to be held early in 2003.

- The dearth of details in this report leaves many questions regarding the solutions required to address the concerns about funding and delivery of health care. Specifics must be forthcoming before a clear direction can be established.
- The proposed new Canada Health Act principle of “accountability”, which would be monitored by a newly created “Health Council of Canada”, is seen by many as yet another unnecessary layer of bureaucracy in an already cumbersome system.
- The role of private medicine and the concept of user fees were clearly denounced by this report as having no place in the future of health care. Not everyone agrees.
- There are concerns over the funding model itself, which details the need for \$15.32 billion over the next 3 years in order to implement the recommendations of this report. Mr. Romanow expects these funds to be available primarily from annual federal budget surpluses, which can be unpredictable and may be needed for other purposes.
- The time horizon over which the recommendations are to be adopted extends well into the future with little visible progress for the next 3-5 years. All interested parties will likely be impatient to see results sooner.

#### IN SUMMARY

A full understanding of the impact of this report and its many recommendations is not realistic at this early stage. In an upcoming issue of our *Vision* publication, Morneau Sobeco will explore health care in greater depth.

At the heart of the matter is how the provinces and territories will respond to the federal plan. The upcoming First Ministers' Conference will set the stage and determine if real change is possible, or if this is yet another Royal Commission report that will gather dust.

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