

# Intelligence MEMOS



From: Rosalie Wyonch and Shivani Maharishi

To: Health Policymakers and Managers

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Re: **LOW-VALUE CARE: HEALTH'S FUTURE AND FISCAL RECKONING**

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The COVID-19 pandemic has created a backlog of delayed health services and lower government revenues resulting in turbulence for Canada's healthcare sector. These changes and uncertainty are anticipated to continue for some time until the system settles into its new normal.

Canada, like most countries, has spent the past four months implementing change as it adapts to pandemic-driven restrictions and safety precautions. As a result, many healthcare services across the country have been suspended. This pause has offered a unique opportunity for professionals to reflect and prioritize high-value care, and for decision-makers to emphasize the need to avoid low-value care as the system attempts to bring back suspended or delayed services.

In the third and final meeting of the Policy Forum on COVID-19 and Low-Value Care, dozens of policymakers, clinicians and subject matter experts discussed the effects of the pandemic for health system reforms and funding over the longer term. In particular, participants discussed changes to the delivery of care related to the shift to virtual service delivery, the costs and intensity of acute care for end-of-life care, and models of physician remuneration, all of which have significant implications for driving low-value healthcare.

These critical issues were discussed in the context of the fiscal policy environment. Current emergency government spending is not sustainable. Further, government revenues will remain constrained as the economic slowdown persists. Even before the pandemic, healthcare spending was straining budgets as its growth outpaced GDP, so system reform has been a longstanding concern for many decision-makers and healthcare providers long before COVID-19.

The need to promote physical distancing, alongside the suspension of non-urgent medical services, has resulted in a significant increase in the use of virtual care services.

Forum participants discussed how the balance of the "cost of contact" for patient interactions with the healthcare system has changed. Prior to the pandemic, almost all costs were borne by patients – taking time off work or arranging childcare to attend appointments, for instance. The risk of COVID-19 infection, however, increased the "cost of contact" for both providers and patients resulting in the rapid mass shift to virtual care/treatment whenever possible.

Given the continuing risk of COVID-19, avoiding unnecessary contact between patients and providers protects the capacity of the healthcare system in the event of a second wave. Virtual care, however, has the potential to reduce patient costs of contact, protect healthcare workers and can enable more efficient healthcare delivery across many treatments and procedures. For example, remote monitoring of patients with chronic conditions or in post-op recovery could maintain much-needed hospital bed capacity for other purposes while also benefitting patients. Determining which services should continue to be delivered virtually, those where physical interactions provide added value, and how service providers should be remunerated are critical questions for the post-pandemic recovery period.

The participants discussed the challenging fiscal position of governments, and how it could affect healthcare in the post-pandemic recovery period.

For example, the social determinants of health have been long known, yet progress to addressing these has been slow. Large increases in government spending combined with the slowdown of economic activity mean that austerity is inevitable in the coming years, especially when considering the pre-pandemic fiscal position of some provincial governments.

But the pandemic has also shown that Canada's government can move with astonishing speed to address long-standing challenges: the creation of the Canada Emergency Response Benefit to address existing gaps in employment insurance coverage or the activation of virtual service billing codes being prime examples.

With fewer resources and higher need for services, policymakers and health system managers must face the daunting challenge of adapting to the "new normal." Efforts to focus on outcomes for patients and maximizing value is needed to ensure sustainability and innovation. The broader context of the fiscal environment demands taking a bold new approach to health system management.

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