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NEWS RELEASE

Curbing the cost of health care will require better value for money and cultural change: report

Montreal – As governments across Canada once again prepare to reduce the growth of health care spending, a new article from the Institute for Research on Public Policy (IRPP) argues that if they want to bend the cost curve permanently, they will need to focus on providing greater accountability for value and performance in health care.

In [How to Bend the Cost Curve in Health Care](#), health policy experts Steven Lewis and Terrence Sullivan argue that whatever money is saved through short-term restraint will be lost in panicked spending down the road.

“The 1990s restraint and subsequent prolonged spending bonanza have made it clear that indiscriminate cutting and spending create more problems than they solve,” said Lewis. Serious access, safety, quality and efficiency problems remain, even after years of reinvesting, they explain in their critical and thoughtful examination of the rising cost of health care in Canada.

“Our financing arrangements and delivery systems are designed to drive up costs,” say Lewis and Sullivan. Under fee-for-service reimbursement, physicians’ incomes rise with the volumes of services delivered, whether the services they deliver are inappropriate, mediocre or high quality. “A similar logic pervades the entire system,” they say. “Health care equates productivity with service volumes, not health outcomes.”

The challenge, they say, is to make the system perform better.

Improving value for money will require governments, organizations and practitioners to leave their comfort zone of conventional practice. It will involve evaluating what health value is achieved for what we spend. The assumption that activity equals productivity should be abandoned.

Any structural reforms should create incentives to seek the most cost-effective care solutions. Budgets should be combined into care bundles that create more natural inducements to replace more expensive venues and types of care with less expensive ones.

“Canada should follow the lead of the United Kingdom, Australia and others and make comprehensive primary care the backbone of the system. This will mean the creation of polyclinics with a wide array of personnel who are capable of taking over a considerable amount of care from often scarce and overworked specialists,” say the authors.

[How to Bend the Cost Curve in Health Care](#), by Steven Lewis and Terrence Sullivan, can be downloaded free of charge from the Institute’s Web site (www.irpp.org). The report is the first publication in the new IRPP Insight series. IRPP Insight is an occasional, non refereed publication consisting of concise policy analyses or critiques on timely topics by experts in the field.

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