



ASSOCIATION OF CANADIAN ACADEMIC HEALTHCARE ORGANIZATIONS

**HOUSE OF COMMONS STANDING COMMITTEE ON FINANCE
OPENING REMARKS BY DR. JACK KITTS, CHAIR, ACAHO AND
MR. GLENN BRIMACOMBE, PRESIDENT & CEO, ACAHO
OCTOBER 8, 2009**

INTRODUCTION

Good morning, my name is Jack Kitts, I am Chair of the Board of the Association of Canadian Academic Healthcare Organizations (known as “ACAHO”). I am also President & CEO of the Ottawa Hospital. I am joined by Mr. Glenn Brimacombe who is the President & CEO of the Association.

The Association appreciates the opportunity to appear before you to highlight our recommendations which are designed to more effectively align our *potential* with our *performance* – which contributes to the country’s overall *prosperity*.

Let me briefly mention that ACAHO is the national voice of Research & Teaching Hospitals, academic Regional Health Authorities and their Research Institutes. There are no other organizations in the health system that provide the unique combination of health services, teaching and research that our members do. We consider our institutions as important “hubs” in the system – in addition to being a national resource.

Let me now turn to our three recommendations.

INVESTING IN INNOVATIVE HEALTH DELIVERY INFRASTRUCTURE

Members of ACAHO provide Canadians with the most complex and specialized health services; conduct research that impacts health and health systems in Canada and abroad; and train health providers who, in turn, may practice anywhere in the country. However, these prized missions are largely taking place in buildings that need to be retrofitted, repaired or re-built in order to meet current safety, efficiency, patient care and environmental standards.

Based on a recent survey of ACAHO members, over 300 shovel-ready infrastructure projects over the next 12-36 months have been identified as a priority at a cost of over \$20.0 billion. Of note, 30% of the projects are new buildings and 70% qualify as repairs, renovations or expansions.

While Budget 2009 created several infrastructure funds (i.e., the Infrastructure Stimulus Fund, the Knowledge Infrastructure Fund, and the Green Infrastructure Fund), members of ACAHO were not included as an eligible group to receive funding.

Recognizing that the role of ACAHO members extends well beyond local, regional and provincial borders, the Association calls on the federal government to create a one-time, strategically-targeted *National Health Delivery Infrastructure Fund*. It is proposed that this Fund have a time limit of 5 years and be valued at \$1.0 Billion.

From the perspective of ACAHO, health infrastructure investments create short-term jobs that build “legacy institutions” that fully acknowledge the role and contribution of the federal government for residents at the community level and will allow facilities to meet new safety, efficiency, environmental and patient care standards. It also instills a deep sense of community pride and promotes social cohesion; and accelerates the transformation of the health system delivery structure to meet tomorrow’s needs.

SCIENCE & TECHNOLOGY DRIVES NEW KNOWLEDGE & INNOVATIONS

Over the past decade, the federal government has made significant investments in Canada’s health research enterprise through a number of instruments for which we are extremely grateful.

Importantly, these investments recognize the four key components that underpin the research-innovation-commercialization spectrum: (1) People, (2) Programs, (3) Infrastructure, and (4) Indirect Costs.

While it is crucial to ensure that there is a proper *balance* and strategic alignment between these four pillars, ACAHO believes that now is the time to increase support for the direct costs of undertaking world-class health research by increasing base funding to the Canadian Institutes of Health Research (CIHR).

To date, ACAHO fully recognizes and applauds the federal government for the significant resources that have been invested in CIHR since 2000. However, the Association remains concerned that CIHR must be funded at internationally competitive levels so that we can continue to support research excellence and a number of cutting-edge health research initiatives. In order to remain competitive internationally, we must respond to prevent a brain drain to countries that are ramping up their investments in health research and looking to attract the best and brightest minds. Standing still is not an option.

Based on current total health spending, this would increase CIHR’s base funding to \$1.7 Billion in 2009 over a five-year period.

ALIGNING THE GOODS & SERVICES TAX (GST) WITH THE HEALTH SYSTEM

In principle, and in practice, ACAHO is of the view that good tax policy should always reinforce good health care policy across the country by promoting the efficient allocation of resources in the system. When it comes to the application of the GST to the health system – this is currently not the case.

As it stands, hospitals (the “H” in the MUSH Formula) are entitled to an 83% rebate on the GST paid for all eligible inputs. Health research, publicly-funded long-term care facilities and home community care services receive a 50% GST rebate. The range of rebates hinders the overall efficiency of the tax and its administration at the local level. To simplify this process and to better align with the integrated nature of health governance structures (e.g., Regional Health Authorities), ACAHO is strongly supportive of a more cohesive approach to how the GST should be administered in this area.

It is also important to note that the provinces of Alberta and New Brunswick – given the manner in which their health system is configured – do not effectively pay any GST on their health inputs.

Given the fundamental unfairness of how the GST impacts on the rest of the health system across the country, the federal government has a unique opportunity to create a level playing field for all provinces.

This recommendation is fair, reasonable and above all avoids the situation where the federal government gives with one financial hand and takes with the other. It also will keep federal dollars where they were originally intended – in the country's organizations dedicated to providing Canadians with timely access to a range of quality health services.

IN CLOSING

In closing, our Brief is about building a modern and dynamic society that is up to the challenges of the 21st Century. It's about investing in a vibrant and healthy population. It's about competing and winning in an increasingly interdependent and global economy that prizes the creation and translation of knowledge – where speed wins.

In sum, it's about investing in the health & wealth of Canadians.

Thank you