



**CANADIAN NURSES ASSOCIATION
ASSOCIATION DES INFIRMIÈRES ET INFIRMIERS DU CANADA**

REVITALIZING THE NURSING WORKFORCE

AND

STRENGTHENING MEDICARE

a submission to

**The House of Commons Standing Committee on Finance
and
The Minister of Finance**

by

The Canadian Nurses Association

on behalf of

The Nurses of Canada

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REVITALIZING THE NURSING WORKFORCE

AND

STRENGTHENING MEDICARE

Let us be frank: the system today is peppered with mistrust, uncertainty, fear, and often, built-in adversarial relations that undermine the stability of Medicare. We can all point fingers at each other but the reality is that we are all to blame. There is little point dwelling on this history except to say that we must find another way.

Roy Romanow, August 2001

1.0 INTRODUCTION

The Canadian Nurses Association (CNA) strongly supports Medicare and recognizes the leadership role played by the federal government in creating Canada's most cherished institution.

The CNA also believes all Canadians are entitled to high quality and timely health care throughout their lives.

The importance of nurses in the provision of that care is not in question: the majority of all health care professionals in Canada are nurses; nurses deliver the major portion of health care.

But Canadians' access to high quality and timely health care is at risk. This is because Canada faces a severe shortage of nurses with the knowledge and skills to meet the future health needs of Canadians. And, if present trends continue, there will be shortage of 113,000 nurses in 10 years. The adverse consequences of this shortage for the health of Canadians are incalculable.

There are 232,400 nurses working in Canada. Forty-one per cent of them cannot find full-time jobs. Moreover, nurses lose an average of 15.5 days a year to workplace injury and illness. Nurses, as an occupational group have the highest rate of on-the-job injuries in Canada.

The number of nurses in relation to the total population is decreasing despite the fact patients are sicker when they enter hospital and, therefore, require more intense nursing care.

There has been over a 50 per cent reduction - from 10,000 to 5,000 - in the annual number of graduates from schools of nursing over the last 10 years. Of those who do graduate, three of 10 nurses depart the profession and the country within five years of

graduation. Accordingly, there is a pressing need to double the number of nursing graduates each year and to retain these graduates in the Canadian workplace.

The average age in 2000 of a working nurse in Canada was 43.3, and 28 per cent of them are 50 or over.

All of this adds up to a projected shortage of 113,000 nurses in 10 years. Study after study reveals the importance of the link between high quality nursing care and positive health outcomes. If a shortage of this magnitude is allowed to develop, the adverse consequences for Canadians' health are incalculable.

The Canadian Health Services Research Foundation recently summarized the problem in the following way:

No one questions that there is a nursing shortage. Governments, nursing associations and individual organizations are all struggling to sustain patient care. To succeed, they will have to go beyond recruitment campaigns. Nursing today offers limited benefits and many challenges; if it's to remain a viable profession, its status must be enhanced and the welfare of nurses promoted. Nurses are important human capital and it is crucial to invest in their well-being because the welfare of patients ultimately depends on the excellence of their work.

In August 2001, Health Minister Alan Rock acknowledged the need to revitalize the nursing workforce:

Canada's nurses make a remarkable contribution despite very difficult working conditions. As a result, nurses continue to report more illness, more injury and more disability than any other profession in Canada and these pressures take their toll....

...the profession continues to lose many members. Those who remain continue to face daunting challenges and our health care system has been slow to adopt the kind of structural changes that will make a long-term difference....

While it is encouraging that Mr. Rock recognizes the problem, his solutions do not go far enough:

I intend to raise with my provincial counterparts the idea of setting targets to increase the number of nurses in Canada – targets which, if achieved, could contribute to sustaining a healthy nursing workforce over the coming decades.

Last fall, after the premiers adopted the plan and asked us to work on it, we discussed and adopted a national strategy in consultation with the nursing profession. And part of that discussion was to try to end the "poaching" between

provincial governments, where one tries to hire away nurses working elsewhere in the country. We'll have to continue to work together to resolve this issue.

However well meaning Mr. Rock's proposals are, the CNA does not believe federal-provincial discussions about "targets" and "poaching" are enough.

The need to revitalize the nursing workforce is a *national problem*, one demanding strong leadership on the part of the federal government.

The purpose of this brief is, first, to set out a concrete strategy for the federal government to do its part to revitalize the nursing workforce and, second, to propose how the federal government can assert its leadership and strengthen Medicare.

Failure to act now puts the health system itself in peril.

THE POLICY ENVIRONMENT

2.1 A Federal Responsibility?

The CNA recognizes that regulation of the health professions, and indeed health and education themselves, fall within the jurisdiction of the provinces.

Nonetheless, there are at least 10 good reasons for the federal government to address the nursing workforce issue.

First, and foremost, the federal government takes a great deal of pride, and not a little credit, for Medicare. And while universal access to the health care system is guaranteed by the Canada Health Act, the quality of that care can only be assured if there are adequate numbers of well trained and dedicated health care professionals to provide that care.

Second, the federal government is committed to developing, in concert with the provinces and territories, some form of national home and community health care program, as recommended by the National Forum on Health. Clearly, it would not be possible to mount a meaningful program in the face of a large and growing shortage of specifically trained and caring nurses.

Third, population health is also a federal priority. Clearly, implementation of population health strategies cannot be achieved without disease prevention and health promotion initiatives – initiatives registered nurses are educated and experienced to provide.

Fourth, a shortage of registered nurses will place added pressure on health care costs with services being shifted, inappropriately, in three directions: to emergency rooms; to less skilled providers; and/or to expensive, fee-for-service providers. Lack of patient

counselling, now provided by nurses, will result in more re-admissions to hospital with avoidable complications. These consequences are not only unhealthy and inefficient, but will give the provinces added incentives to press the federal government for more money.

Fifth, the federal role in health research is well established with programs such as the Canadian Institutes of Health Research and the Canadian Health Services Research Foundation. Clearly, well-focused, mission-oriented research could help point the way to amelioration of the impending nursing shortage and what that will mean for high quality health care.

Sixth, the federal government has always assumed responsibility for management of the nation's economy, including job creation. Registered nurses are highly qualified professionals who make a significant contribution not only to the Canadian economy but also to the quality of life of all Canadians. Without a robust system of health services, absenteeism rates would increase, as would disability levels, and productivity levels would decline, undermining Canada's GDP and GNP. Further, the chair of the TD Bank described the publicly funded health system as a competitive advantage for Canada. It entices businesses to locate in this country and supports their recruitment efforts of foreign nationals. This same economic development role of the health system is also relevant within the country. The sustainability of rural and remote communities is linked to the location of health care facilities. These are often the major employer locally and draw businesses to co-locate in those communities. Decisions about the future of health facilities and the health system need to take account of their various roles and contributions. This is particularly true regarding decisions about financing.

Seventh, because the projected shortage of nurses crosses provincial and territorial boundaries and affects the whole of Canada, the federal government not only is well placed to act as a clearing house for information and ideas on how to tackle the problem, but to co-ordinate the efforts of all governments in dealing with it. This issue cannot be effectively tackled province by province.

Eighth, the federal government has some responsibility in a knowledge-based economy to stop the "the brain drain" by doing what it can to ensure that the career prospects, for all of Canada's young and highly trained professionals, including nurses, are bright.

Ninth, the federal government has a specific responsibility for aboriginal health services and a severe shortage of registered nurses will make it even more difficult for the federal government to discharge its responsibilities in this area.

Tenth, and finally, there is an opportunity for the federal government to demonstrate national leadership and vision by responding positively to an issue that is of vital concern to all Canadians.

2.2 A Need for New Mechanisms?

The CNA recognizes that health falls primarily within provincial jurisdiction. Traditionally, the federal government was able to influence provincial programming in this area by use of the spending power and the mechanism of cost-sharing. Once national programs like Medicare were established, cost-sharing was superseded by block funding. The rationale for this change was to better respect provincial jurisdiction and to provide the provinces with enhanced flexibility in program administration. Among the difficulties with the shift from cost-sharing to block-funding, it is noted that the accountability of the provinces to the federal government is reduced, and the capacity of the federal government to mount new national health programs is diminished.

The CNA is not proposing a return to cost-sharing. Nor is it recommending that federal transfers to the provinces under the current block-funding arrangements be increased.

The CNA believes that only through new mechanisms can the federal government again exercise national leadership to ensure that Canada's health system will continue to meet Canadian needs.

Two major agreements concluded recently by the federal government and the provinces support this concern. The first is the Social Union Framework Agreement (SUFA) and the second is the First Ministers' Health Accord.

SUFA

Under the Constitution Act of 1867, the spending power is unrestricted. The unrestricted nature of the spending power is derived from the provision that "the raising of money by any Mode or System of Taxation" is within the exclusive jurisdiction of the Parliament of Canada.

In February 1999, the federal government concluded a framework agreement with all provinces but Quebec. Under the general heading of "The Federal Spending Power," the federal government agreed to the following:

With respect to any Canada-wide initiatives in health care, post-secondary education, social assistance and social services that are funded by intergovernmental transfers, whether block-funded or cost-shared, the Government of Canada will:

- *Work collaboratively with all provincial and territorial governments to identify Canada-wide priorities and objectives.*
- *Not introduce such new initiatives without the agreement of a majority of provincial governments.*

This agreement plainly circumscribes the federal spending power and limits the capacity of the federal government to launch new programs such as home care or pharmacare.

Indeed, it is arguable that had the above provision been in effect before Medicare, Canada's national health insurance program would never have been implemented.

CNA believes that the use of alternative funding mechanisms can stimulate and facilitate the rebuilding of the health system.

First Ministers Health Accord

In September 2000, just before the federal election campaign was launched, the federal government and the provinces, including Quebec, concluded the "First Ministers' Action Plan on Health System Renewal" – also referred to as the "Health Accord." Under the accord, the federal government agreed to restore CHST cash to pre-1995 levels and to guarantee a minimum level of funding for the subsequent five years. Additional funds for early childhood development were provided (within the CHST), and new money for medical equipment, health information technology and primary care was also provided (outside the CHST).

While the September 2000 accord did provide for stable and predictable funding, there is no requirement in federal legislation that the provinces spend the new money in any particular way. Moreover, the provincial and territorial premiers are now making demands for additional money. The five-year peace on the health financing front, which the Accord was supposed to secure, lasted less than a year.

The provincial and territorial governments are to begin "reporting to Canadians" – not the federal government - on the state of their health care systems in September 2002.

2.3 Current Policy Reviews

Two major health policy reviews are now underway at the federal level: The Senate Study on the State of the Health Care System in Canada and the Commission on the Future of Health Care in Canada. These reviews appear to imply that the federal government is itself looking for "another way."

CNA hopes these two major health policy reviews will result in action to redress the gaps in the health system.

It is also worth noting in this context that provincial governments have commissioned reviews of the health system. The two recently completed reviews in Quebec and Saskatchewan made recommendations about the structure and financing of the system and about health human resources. Both identified low morale among health care professionals as among the major challenges facing the health care system.

In December 2000, the Clair Commission in Quebec recommended:

The main players in the health and social services sector, in particular the Conseil du Trésor [Treasury Board] and the MSSS [Ministry of Health and Social Services], the unions, professional associations and corporations as well as institutions and the health-care facilities under their authority, recognize the urgent need to counteract the low morale and lack of motivation prevalent among staff in the health sector.

And in April 2000, the Fyke Commission in Saskatchewan concluded that

One of the biggest challenges facing Medicare is the poor morale among staff. These problems are not universal, and there are undoubtedly some dynamic, adaptive organizations that create excellent work environments, despite the stresses of contemporary health care. Nevertheless, many staff members are faced with heavy workloads and overtime, and are consequently less inclined to see the health care sector as an interesting, rewarding, and valuable place to work. Students may be less attracted to a career in health care due to the perceived pressures and the wider range of career options available these days.

These provincial findings clearly imply an urgent need to improve the quality of workplace life for all health professionals, including nurses.

3.0 REVITALIZING THE NURSING WORKFORCE

Accordingly, the CNA is proposing that the federal government adopt a four-part strategy to revitalize the nursing workforce.

The most pressing issue is retention of those currently in the nursing workforce. The solution to this issue lies in providing nurses access to continuous learning opportunities and best practices; in supporting their desire to respond to the public's preference for specialists and specialty care; and in strengthening leadership skills of the profession. CNA recommends the federal government fund:

- technological supports needed to electronically deliver nursing education and continuing education;
- development of electronic testing capacity for certification exams;
- identification, updating and dissemination of national standards of practice; and
- training and development of nursing leaders and senior decision-makers.

The costs of these initiatives would be \$20 million a year over the next five years to be allocated as follows:

- \$3 million for the identification and updating of nursing practice standards;
- \$4 million for dissemination of practice standards;

- \$3 million for training and development of nursing leaders;
- \$5 million for the development of technological supports for delivering distance education; and
- \$5 million for the facilitation of certification and, in particular, specialty certification, including electronic testing and preparation.

Secondly, and relevant to retention of nurses, CNA recommends that the federal government assist in the improvement of working conditions, supporting employers to provide continuing education, mentoring and work-life balance policies. CNA proposes the creation of an award program to recognize employers who implement programs that promote nursing excellence. CNA also proposes that the federal government invest in the expansion of the accreditation program in acute care facilities, to track and report on indicators related to working conditions. The costs of these initiatives are \$80 million a year over five years beginning in 2004.

Thirdly, CNA recommends that the federal government facilitate recruitment of 20,000 new nurses by reducing tuition costs for students. In the United Kingdom, tuition costs have been eliminated. CNA believes Canada should assess adopting a similar approach. In the meantime CNA recommends the federal government provide bursaries to nursing students to cover 50 per cent of their annual tuition costs. This investment should be coupled with a national campaign to interest people in pursuing a nursing career. The costs are \$21.5 million a year over the next 10 years to be allocated as follows:

- \$20 million in the form of bursaries to cover 50 per cent of the annual cost of tuition for 2000 students; and
- \$1.5 million to fund a recruitment and public awareness campaign.

Fourthly, CNA recommends that the federal government enhance the capacity of universities to educate nursing students and rebuild the research and academic components of the profession. Specifically, the government should subsidize 50,000 new undergraduate seats, 25,000 new seats for master students and 3,000 new PhD seats, as well as graduate fellowships. The funding required, based on current costs, is \$9.5 million a year over the next 10 years to be allocated as follows:

- \$4 million to fund undergraduate seats in order to restore the number of seats to the 1990 level;
- \$4 million to fund master seats;
- \$1 million to fund PhD seats; and
- \$500 thousand to fund graduate fellowships and post-doctoral studies.

It is proposed that the new funding be allocated through direct provision of benefits to *individuals* by the federal government and through provision of benefits to *institutions*, such as schools of nursing or hospitals via a “neutral” third party.

4.0 STRENGTHENING MEDICARE THROUGH THE TAX SYSTEM

Revitalizing the nursing workforce is one way to strengthen Medicare.

In this regard, CNA proposes that, where possible, the tax system be used to provide direct benefits to individuals. For example, bursaries to cover 50 per cent of the cost of tuition could be delivered to nursing students directly in the form of a refundable tax credit.

CNA also believes the federal government should respect its commitments to extend Medicare coverage to include such benefits as those relating to home care and pharmacare. It understands the difficulty of launching new programs using the traditional mechanism of cost-sharing and is aware of the “leakage” problem associated with running cost-shared and block-funded programs side-by-side. And CNA appreciates why the federal government is reluctant to block-fund new programs in any case, given the lack accountability such programs entail. Accordingly, CNA is recommending that other mechanisms for strengthening Medicare be explored.

In particular, CNA believes it is appropriate for the House of Commons Standing Committee on Finance and the Minister of Finance to examine the feasibility of delivering new, or supplementary, health insurance benefits directly to Canadians through the tax system. The examination should look at mechanisms that ensure that the funds allocated are spent on services linked to health and well-being. The examination should also identify the costs of the new benefits, as well as the impacts on various economic groups, on implementing each mechanism. The caveat for CNA is that any new mechanism respect the principle of universality, as well as the other four principles of the Canada Health Act.

This is not a new idea.

In 1966, the Carter Commission on Taxation suggested, almost as an aside, that the mechanism of refundable tax credits might be a way to provide for health insurance coverage. At the time, the Commission suggested that refundable tax credits could be used to extend coverage beyond the extent hospital insurance program and the (then) proposed medical care insurance program to “drugs and dentistry.” The same logic applies to home care and pharmacare. Acceptance of this logic would permit the federal government to meet its commitments in respect of these new programs without the need for either cost-sharing or block-funding.

The commission also pointed out that if Medicare were to become truly comprehensive, the medical expense credit could be eliminated. The Department of Finance estimates that the medical expense credit cost the federal government \$465 million in forgone revenue in 2001.

5.0 CONCLUSION

Canada's nurses are among the best in the world. Their skills, their knowledge and their commitment to improving the health of Canadians, are well recognized. So too is their resilience in the face of cutbacks to the health system that took place in the 1990s.

However, the future of the profession is challenged by demographics and the absence of career opportunities. The consequences are being felt in terms of diminished access to timely, high quality care. The bad news is these challenges have been known, and ignored, since 1997. The good news is it's not too late, but the federal government must act now – in the next budget – to address this national problem.

In addition, Canada's nurses, along with most other Canadians, ask the federal government to take a leadership role in addressing the issues facing the health of Canadians. Disputes over whether a tax point is a federal contribution or a provincially sourced revenue are a pointless substitute for addressing real issues. CNA agrees with Mr. Romanow that there must be another, better way.

Perhaps imaginative use of the tax system and the mechanism of refundable tax credits is one better way to meet Canadians' real needs. It would allow the federal government to assert national leadership.

As Canada prepares for involvement in military action as well as for emergency response to terrorism, the availability of a strong health system, including qualified health care providers, is critical. There is no doubt in my mind, that when called, Canadian nurses will be there. Making them ready, making sure they are as well-supported as others for the roles they will be playing is fundamental. CNA believes that investing in Canada's health system is, and must be, an element of a security agenda.

The proposals in this submission are fiscally responsible, constitutionally possible, and, if implemented, would make a significant contribution to meeting Canadians' health care needs. The Canadian Nurses Association looks forward to the federal government's response.