

Canada's electronic health records initiative stalled by federal funding freeze

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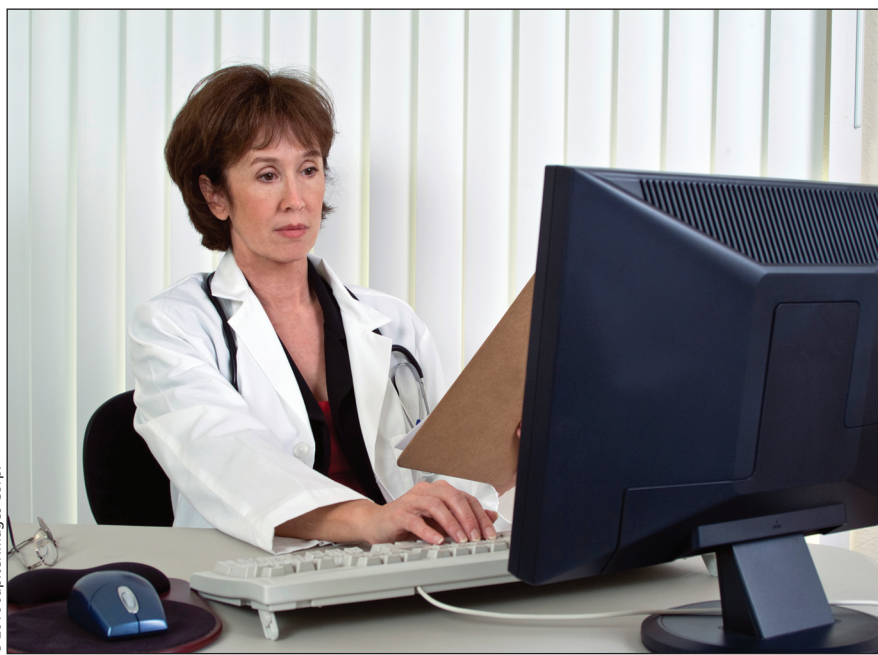
The federal government's failure to release \$500 million in promised funding has slowed the next phase of the multibillion-dollar national effort to implement electronic health records (EHRs), says Canada Health Infoway President Richard Alvarez.

The year-long freeze on federal funding has compromised plans to roll-out initiatives designed to improve physician uptake of electronic records, Alvarez says. This will do nothing to improve Canada's status as an international EHR laggard, Alvarez says.

"The next very serious phase is basically in community physicians' offices," says Alvarez, head of the federal agency created in 2001 to promote provincial and territorial EHR programs. "The vast majority of the [new] money was earmarked for that. That's an absolutely crucial step in this journey. We've been slowed down. If we don't have money to invest in that area we obviously can't do that until such time as the money is reinstated."

The \$500 million was promised in the 2009 federal budget, raising the government's overall electronic health records investment to \$2.1 billion. Since 2001, Ottawa has paid \$1.6 billion for an array of programs in which federal funds have been matched by provincial and territorial monies to build nationally compatible systems and platforms. Alvarez estimates that about \$3 billion has been invested to date by various levels of government in the development of EHRs in Canada.

A 2007 study, prepared for Canada Health InfoWay in collaboration with McKinsey and Company, indicated that the total incremental cost of creating a nationally integrated EHR system by 2017 would be in the neighbourhood of \$10–\$12 billion. An additional \$4 billion would be needed to provide integrated systems to allied health profes-



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Canadian physician utilization of electronic records was pegged at 37% in a November, 2009 study by the New York-based Commonwealth Fund. That placed Canada last among 11 nations in the study.

sionals working in long-term care facilities, home care, public health and mental health. As well, McKinsey estimated a national system would cost between \$1.5 billion and \$1.7 billion annually to operate.

But once fully implemented, electronic records will quickly pay for themselves in terms of cost savings to the health care system, Alvarez says. "In the studies that we've done, the benefits are anywhere between six and seven billion dollars annually."

Canada's progress to date in the adoption of the EHRs has been slow in comparison with that of other nations. In a study of electronic health record adoption among 11 wealthy nations, released by the New York-based Commonwealth Fund in November 2009, Canada ranked last in physician utilization. In Australia, Italy, the Netherlands, New Zealand, Sweden and the United Kingdom, EHRs are nearly universal.

Canadian progress has been further stalled by the year-long freeze on federal funding. "It basically was frozen pending [provincial government] reviews that were going on in Ontario," Alvarez says. "As well, our own auditor general was reviewing us and the federal government was doing due diligence." In November 2009, Auditor General of Canada Sheila Fraser released a review that praised Canada Health Infoway's management but said more must be done to ensure that provincial and territorial EHR systems are mutually compatible. (www.oag-bvg.gc.ca/internet/docs/parl_oag_200911_04_e.pdf).

Alvarez surmises that part of the reason for the delay in the release of the \$500 million has been federal funding priorities. "I don't want to undermine things by saying that the squeaky wheel always gets oil first, but quite frankly, when governments are faced with long waits in certain areas for treatment, that

becomes a loud noise. And so, some of the issues that are truly transformational in terms of patient safety, in terms of improving the efficiency, tend to get forgotten.”

With visits to doctors constituting an estimated 80% of patient contact with the health care system, the paucity of physician utilization of electronic records represents a massive gap in the national effort to capitalize on new information technologies, which have been demonstrated to deliver significant benefits by major health care providers, such as the United States Department of Veterans Affairs and Denmark’s national health system.

By delaying the process of EHR implementation, not only are patients being denied to opportunity of better care, but the system as a whole is missing out on the opportunity to achieve vast cost-savings. Alvarez adds. “The opportunity costs are huge.”

In a case study highlighted by Canada Health Infoway in its vision statement, a \$12-million diagnostic imaging system in place across 11 hospitals in British Columbia’s Fraser Valley is yielding at least \$4.5 million in cost reductions annu-

ally through lower film costs, productivity gains and freed-up storage space ([www2.infoway-inforoute.ca/Documents/Vision_2015_Advancing_Canadas_next_generation_of_healthcare\[1\].pdf](http://www2.infoway-inforoute.ca/Documents/Vision_2015_Advancing_Canadas_next_generation_of_healthcare[1].pdf)).

The US Department of Veterans Affairs credits EHRs as playing a contributory role in a 10% increase in cholesterol screening following a heart attack. Such benefits, combined with fewer medical errors, have led to little increase in treatment cost per patient between 1995 and 2004, while the average cost of health care in the rest of the US has risen by 40%.

Alvarez and other experts also say that there are significant regional and institutional variations in the adoption of EHRs across Canada.

Canadian hospitals have been reasonably successful in implementing automated health records, says Denis Protti, professor of health information science at the University of Victoria in British Columbia and author of a study on information technology in 10 countries that concluded that government leadership and physician uptake is crucial to successful EHR implementation (*Healthc Q* 2007;10[2]:107-16). Although good data

comparing hospital utilization in Canada with other nations is lacking, “we’re in the upper half or upper third” with regard to this aspect of electronic health records, Protti says.

Alberta leads all provinces in the adoption of EHRs, while Ontario trails, Alvarez says. In Alberta, “they got started earlier. Ralph Klein drew a line in the sand and set the tone from the top. Politicians have to take tough decisions.”

Alvarez projects that 50% of Canadians will have access to EHRs by the end of 2010 if the provinces proceed with scheduled implementation plans. The national plan is “only as good as the jurisdictional progress,” he notes. “And you know as well as I do that in the last year we’ve had some setbacks, typically in Ontario. That said, we’re going to get pretty close to our 50% target.” — Paul Christopher Webster, Toronto, Ont.

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First of a series on electronic health records