

***Creating the Winning
Conditions:
A Reality Check***

Thunder Bay Research Institute

**Bill Tholl
President and CEO
October 24, 2014**

Objectives:



- ❖ Reality check: new imperative for research and innovation.
- ❖ Key issues and concerns.
- ❖ Five winning conditions.
- ❖ HealthcareCAN role: in helping create these winning conditions?

Reality Check: Alice in Wonderland



- ❖ Unpredictable playing field.
- ❖ Uncooperative flamingo.
- ❖ Unfurling hedgehog
- ❖ Unrelenting soldiers





Paradox Lost: Nicholson's Basic Premise

- ✓ Strong research but...
weak innovation performance.
- ✓ Junior partner in North America
- ✓ Demand pull versus supply push
- ✓ Ecosystem versus production pipeline
(or linear model) of research and innovation.
- ? Market for health research behaves like any other
markets. (Lazar et. al. 2014 "Paradigm Freeze").



Healthcare Research: Sources of market failure?



- ❖ **Supply Side:** marked by increased concentration/ consolidation; monopolistic/oligopolistic behaviour; low BERD/GERD (\$500B in “dead money”); downward rigidities in prices.
- ❖ **Demand Side:** Service imperative squeezing out teaching and research? Procurement historically fragmented but increasingly monopsonistic (e.g. CoF group purchasing)
- ❖ In search of *workable competition... selling our strengths; buying our weaknesses.*

Reality Check

SWOT Diagnostic



- ❖ **Strengths:** Academic research strong/well-regarded; Healthcare system still highly valued.
- ❖ **Weaknesses:** Health system performance is weak by int'l standards. "Innovation by accident, not by design".
- ❖ **Opportunities:** CIHR strategic Initiatives (e.g. SPOR; PHSI); Ontario Health Innovation Panel; Ambrose/Naylor Panel.
- ❖ **Threats:** Robbing Peter to pay Paul; changes in funding for healthcare and research

Will Rogers: "Everyone likes progress, it's the changes they don't like!"

Breaking the “Paradigm Freeze” (Lazar et.al)

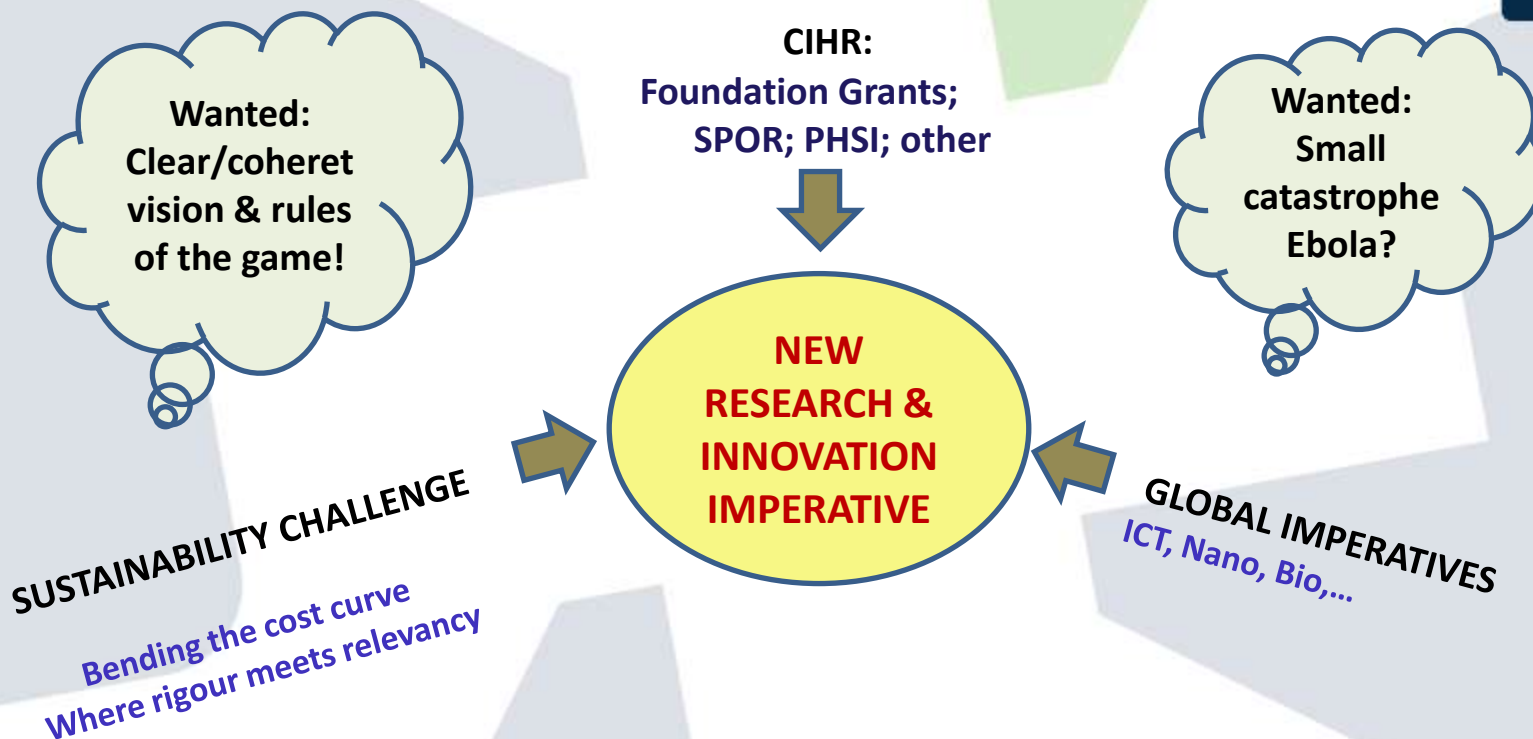


EXHIBIT ES-1. OVERALL RANKING

COUNTRY RANKINGS

Top 2*
Middle
Bottom 2*



	AUS	CAN	FRA	GER	NETH	NZ	NOR	SWE	SWIZ	UK	US
OVERALL RANKING (2013)	4	10	9	5	5	7	7	3	2	1	11
Quality Care	2	9	8	7	5	4	11	10	3	1	5
Effective Care	4	7	9	6	5	2	11	10	8	1	3
Safe Care	3	10	2	6	7	9	11	5	4	1	7
Coordinated Care	4	8	9	10	5	2	7	11	3	1	6
Patient-Centered Care	5	8	10	7	3	6	11	9	2	1	4
Access	8	9	11	2	4	7	6	4	2	1	9
Cost-Related Problem	9	5	10	4	8	6	3	1	7	1	11
Timeliness of Care	6	11	10	4	2	7	8	9	1	3	5
Efficiency	4	10	8	9	7	3	4	2	6	1	11
Equity	5	9	7	4	8	10	6	1	2	2	11
Healthy Lives	4	8	1	7	5	9	6	2	3	10	11
Health Expenditures/Capita, 2011**	\$3,800	\$4,522	\$4,118	\$4,495	\$5,099	\$3,182	\$5,669	\$3,925	\$5,643	\$3,405	\$8,508

Notes: * Includes ties. ** Expenditures shown in \$US PPP (purchasing power parity); Australian \$ data are from 2010.

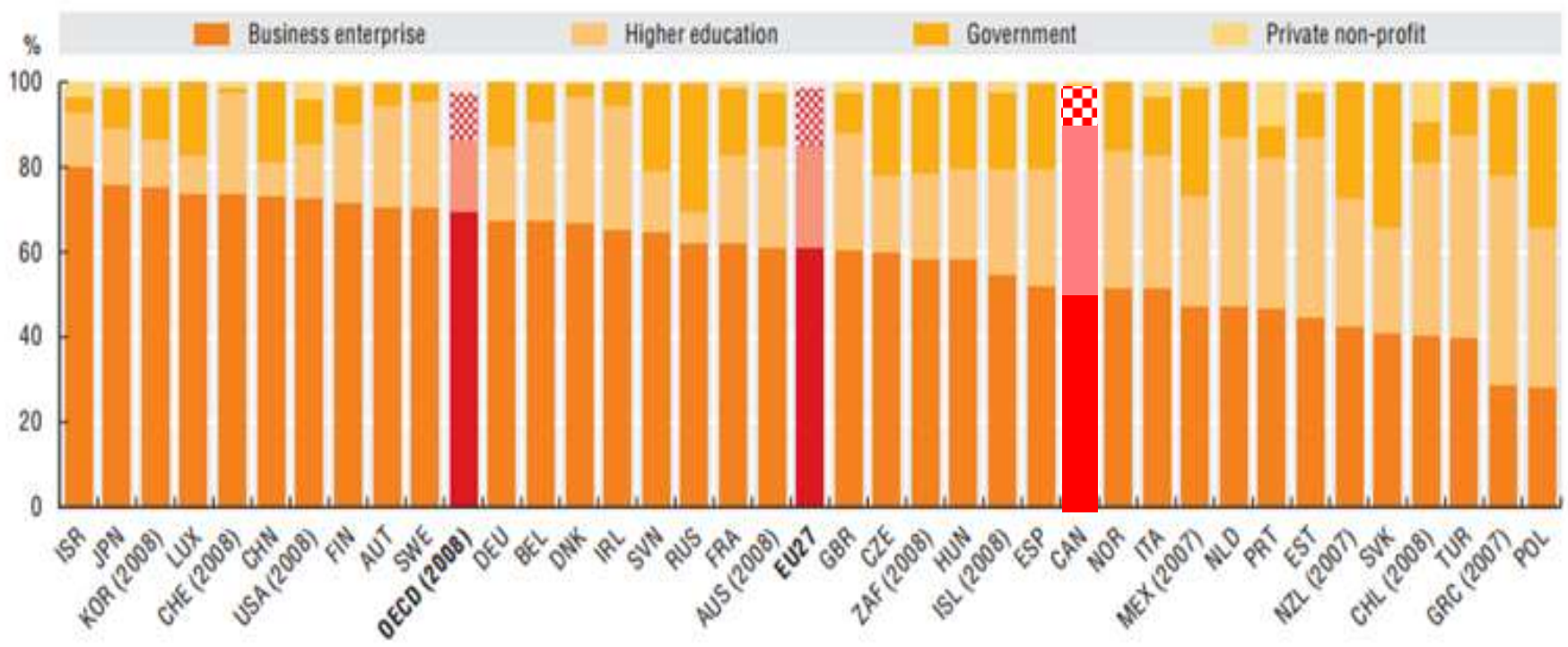
Source: Calculated by The Commonwealth Fund based on 2011 International Health Policy Survey of Sicker Adults; 2012 International Health Policy Survey of Primary Care Physicians; 2013 International Health Policy Survey; Commonwealth Fund National Scorecard 2011; World Health Organization; and Organization for Economic Cooperation and Development, *OECD Health Data, 2013* (Paris: OECD, Nov. 2013).



How does Canada Compare?



R&D expenditure by performing sectors as % of GDP, (source OECD 2009)



Winning conditions

In search of blue oceans!

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Creating Winning Conditions: *Perspective of an economist.*

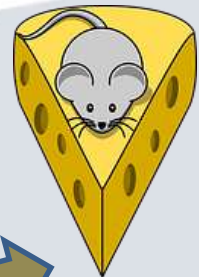


- ❖ Recognize global competition: absolute vs comparative advantage.
- ❖ Leverage up Canadian strengths (e.g. low corporate taxes; integrated data bases; health services research capacity; decentralized h.c. system).
- ❖ Beware of Canadian weaknesses (e.g. high costs of undertaking research; decentralized h.c. system)
- ❖ Find ways and means of working better together (e.g. promoting a culture of collaboration; creating/sustaining networks).

Creating Winning Conditions for Health Research to Prosper



- ❖ Demand side: *Engagement Strategies*
 - ...Payers/purchasers (importance of AHSCs to the ecosystem)
 - ...Public (cite “Innovation Sensation”)
- ❖ Supply Side: *Collaborate to compete:*
 - ...On the right track (e.g. NCEs, SPOR)
 - ...Leverage up comparative advantages (cite “CCTCC”)
- ❖ Cultural shift: *Yes we Can!*
 - ...No excuses: e.g. mkt too small (Israel? Switzerland?)
 - ...Need for “high-impact” leadership (cite PHSI findings)
- ❖ Reduce uncertainty:
 - ...Secure adequate research funding (1% Sol’n);
 - ...Move from “innovation by accident to innovation by design”.



*HealthcareCAN...
make a difference!*

What is HealthcareCAN?

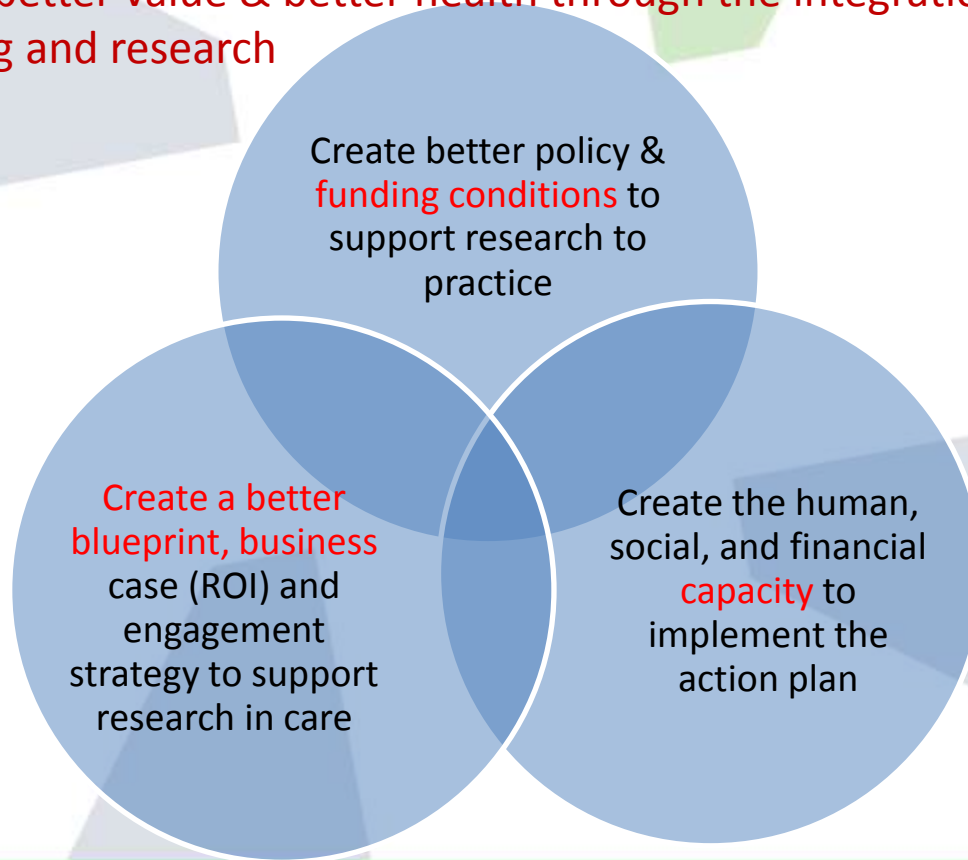


- ❖ **Merger of two legacy organizations: CHA and ACAHO**
- ❖ ***Advocacy:* National voice for healthcare organizations across the full continuum of care on issues such as health research.**
- ❖ ***Representation:* National voice on issues such as emergency planning (Ebola); Vanessa's Law.**
- ❖ ***Service Excellence:* Trusted source of professional development training and development programs.**

AHSN Symposium Action Plan

(March 2014)

Vision: Better care, better value & better health through the integration of patient care, training and research



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Français



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Health research is dedicated to improving the well-being of Canadians. Canada's leading healthcare organizations – our research hospitals,

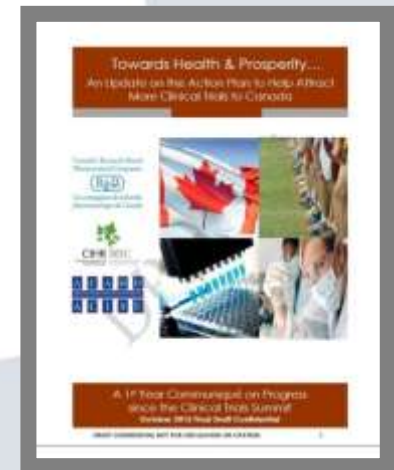
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Streamlining Clinical Trials



April 2014: Minister of Health Announces Canadian Clinical Trials Coordinating Centre.

Wrap Up:

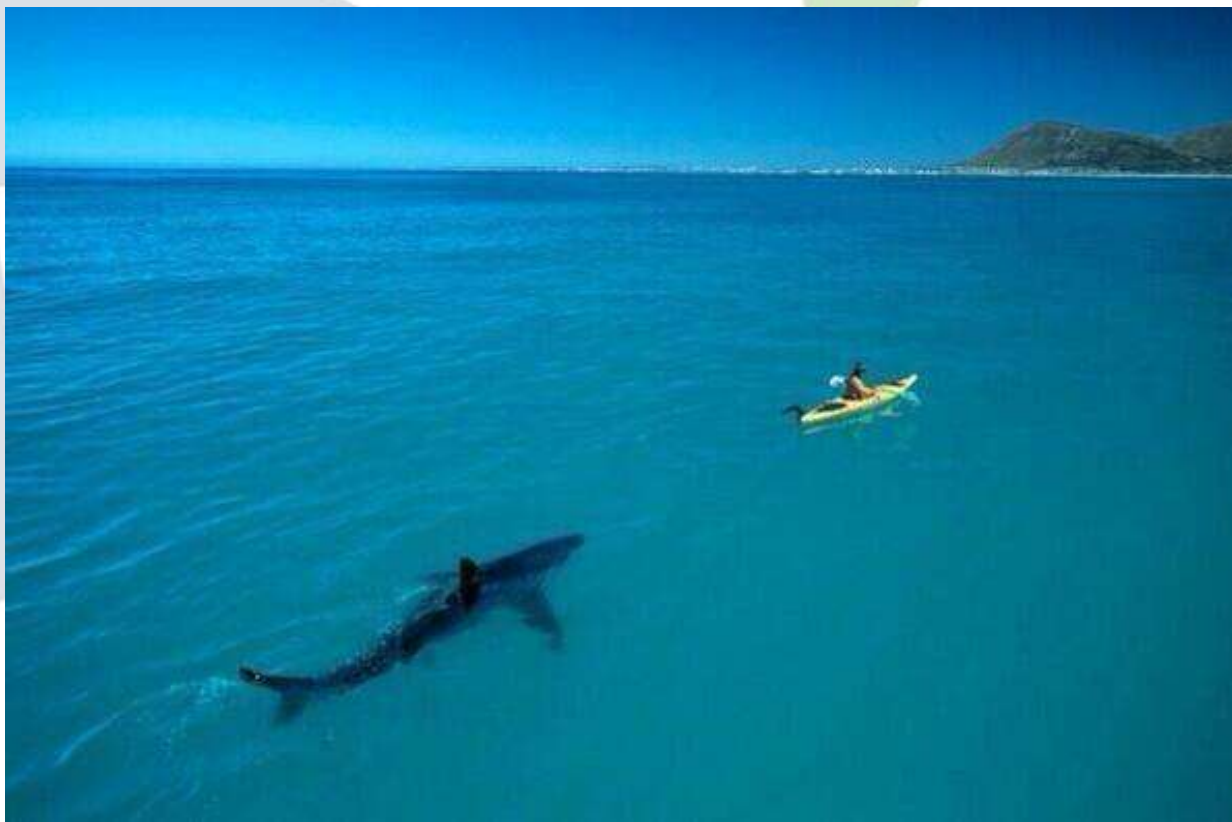
Five Winning Conditions



- (1) Need to embrace ecosystem concept (Nicholson)
- (2) Need a culture change (collaborate to compete).
- (3) Need to appropriately/adequately fund CIHR (Friesen Factor)
- (4) Need to bring research & discovery to life (theme of today).
- (5) Look for “blue oceans” (Selling our strengths, buying our weaknesses)

But, beware...

A Blue Ocean Strategy can turn red in an instant



Thank you!

btholl@healthcarecan.ca

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