



## Context and Policy Issues

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Canada is experiencing steady increases in the utilization of diagnostic laboratory services. An interprovincial study demonstrated rising laboratory expenditures per capita over five years (1996/1997 to 2001/2002) in Ontario (8%), Manitoba (8%), Alberta (14%), Saskatchewan (15%), and British Columbia (34%).<sup>1</sup> A 44% increase over four years (1997/1998 to 2001/2002) was shown in outpatient laboratory testing expenditures in British Columbia, exceeding growth in government budgets for the same period.<sup>1</sup>

In recent years, the demand for vitamin D testing has dramatically increased across Canada due to public awareness of reported health benefits such as protection against colorectal cancer and cardiovascular disease.<sup>2,3</sup> In Ontario, vitamin D testing increased by 2,500% between 2004 and 2009.<sup>2</sup> As a result, annual costs to the province increased from \$1.7 million in 2004 to \$66 million in 2010. In December 2010, Ontario restricted the coverage of vitamin D testing to people with certain medical conditions.<sup>4</sup> Deb Matthews, Minister of Health and Long-term Care for Ontario, believes the restriction in coverage will save the province \$64 million a year.<sup>2</sup> Saskatchewan, Manitoba, Nova Scotia, Newfoundland, and Prince Edward Island have made similar decisions.<sup>2</sup> Alberta is reviewing Ontario's guidelines, but has not made any decisions.<sup>5</sup>

Modifications in the systems for payment and/or tracking of laboratory services may be necessary to tackle future increases in utilization, manage costs, achieve

efficiencies, and ensure a sustainable laboratory system in Canada.

## Objectives

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The purpose of this report is to provide information regarding how laboratory testing is funded and tracked across Canada. The following questions will be addressed:

- How are tests paid for in public and private laboratories in Canada?
- Is there a global budget or ceiling on payments, or are they paid for on a per-test basis?
- Do laboratories keep track of the number of tests performed over a period of time?
- Are there any jurisdictions that do not have any publicly funded private laboratories?

## Findings

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It is not intended that the findings of this environmental scan provide a comprehensive review of the topic. The results of this report are based on a limited literature search and on personal communications with Canadian health care officials. This report is based on information gathered as of February 2011.

Hospital laboratories across Canada are globally funded by provincial and territorial governments, based on a budgeting process.

In British Columbia, outpatient laboratory services are available through public (regional health authorities) and private providers, and are part of the fee-for-

service schedule funded through the provincial Medical Services Plan (MSP). A total budget guideline has been established for outpatient services.

In Manitoba and Ontario, private outpatient laboratory tests are reimbursed on a per-test basis and there is a cap to funding in both provinces.

In Alberta and Saskatchewan, all laboratory services are supported through global funding provided to the regional health authorities. In Quebec, the fees for tests

conducted in private laboratories are paid for by the patient and reimbursed by medical insurance plans. There are no private laboratories in Nova Scotia, Newfoundland, New Brunswick, Prince Edward Island, or the territories.

Although tracking is performed in most jurisdictions, not all have information systems in place to assess the utilization of specific tests. Table 1 shows the payment and tracking systems for laboratory tests in Canadian jurisdictions.

**Table 1: Payment Systems for Laboratory Testing in Canada**

Jurisdiction	Payment Information	Tracking
<b>British Columbia</b>	Inpatient laboratories are globally funded through the regional health authorities. Outpatient laboratory services are available through public (regional health authorities) and private services. Outpatient laboratory testing is part of the fee-for-service schedule established between the government and the BC Medical Association. The majority of tests are funded through the provincial MSP. A total budget guideline has been established for outpatient services, which requires that corrective action be taken for any significant variation from negotiated expenditure targets.	Tests are tracked as part of routine performance management and budgeting support.
<b>Alberta</b>	Laboratory tests for insured services are provided by the regional health authorities directly, or on a contracted basis by private services. Alberta Health and Wellness provides global funding for laboratory testing to Alberta Health Services.	A unique procedure code is associated with each test, allowing the activity of a particular test to be tracked over time.
<b>Saskatchewan</b>	Laboratory tests for insured services are provided via the regional health authorities, either directly or on a contracted basis from private services. Regional laboratories are funded on a global basis by the Ministry of Health. They also generate revenue that supports their operating budgets, separate and apart from Ministry funding (e.g., through renting space, parking stalls, and cafeteria services).	Regional laboratories have an information system that keeps track of various statistics.
<b>Manitoba</b>	Public laboratories are operated by Diagnostic Services of Manitoba Inc., a single, province-wide lab services agency. Public tests are paid for out of the regional health authorities' global budgets. Private laboratories bill on a fee-for-service basis under a capped contract with Manitoba Health.	More reliable data can be collected from laboratories in larger cities that have a laboratory information system in place. It is

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Jurisdiction	Payment Information	Tracking
		more difficult to collect and extract data from the manual systems in rural areas.
<b>Ontario</b>	Hospital-based inpatient and outpatient laboratory testing is funded through the hospitals' global budget. Hospitals control expenditures for their laboratories, and these are included in budget submissions to the local health integration networks and the Ministry of Health and Long-term Care. Private community-based laboratories submit claims to OHIP on a per-test basis. There is a cap to funding for private laboratories.	All laboratories are required to submit the number of reportable tests conducted each year to the Ministry of Health and Long-Term Care. In addition, hospital laboratories are required to calculate and submit workload unit reports based on MIS Standards.
<b>Quebec</b>	Public laboratories are financed by the Ministry of Health and Social Services and are included in the overall budget of public hospitals. The government does not reimburse testing outside of hospital laboratories. The fees for all routine tests conducted by a community laboratory are paid by the patient at the time the service is provided and reimbursed by most group medical insurance plans.	All state laboratories produce periodic statements including each test analyzed during the period.
<b>Nova Scotia</b>	The Nova Scotia Department of Health and Wellness insures inpatient and outpatient lab services at an approved publicly funded hospital. Laboratory services outside of approved hospitals are not insured under Nova Scotia Medical Services Insurance. There are no private laboratories.	Records are kept for all laboratory services processed in a hospital.
<b>New Brunswick</b>	Laboratory testing is provided by the regional health authorities. Laboratories receive global funding from the Department of Health. Laboratories submit their budget to their respective regional health authority and are expected to stay within their funding envelope. There are no private laboratories.	Tracking is based on the MIS workload system.
<b>Prince Edward Island</b>	All laboratory testing is provided by hospital services under Health PEI. Laboratory services are part of hospital services throughout the province and are globally funded through hospital operating budgets. There are no private laboratories.	Laboratories do not routinely report the number of specific tests they perform.
<b>Newfoundland and Labrador</b>	All regional health authorities in Newfoundland have laboratories that are publicly funded. Tests are funded by the health authorities through a global budget. There	Lab workload is monitored monthly. Variances in test

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	is a ceiling in that the lab receives its budget based on historical and projection data. Lab workload is clinician driven and funding allocation may require adjustment based on increased testing requests. There are no private laboratories.	utilization can be identified. Resources are not currently available to monitor utilization by test and physician.
Nunavut	The Government of Nunavut provides global funding to Qikiqtani General Hospital for laboratory testing. There are no private laboratories.	The number of tests ordered is tracked. Trending is not usually performed.
Northwest Territories	The government provides global funding for laboratory services located at Stanton Territorial Hospital in Yellowknife; the funding is based on historical budgets. There are no private laboratories.	Tests are tracked using MIS Standards.
Yukon	The Government of Yukon provides global funding to Whitehorse General Hospital for laboratory testing. There are no private laboratories.	The number of tests ordered is tracked and trending is performed.

MIS Standards = Standards for Management Information Systems in Canadian Health Service Organizations; MSP = Medical Services Plan; OHIP = Ontario Health Insurance Plan.

## Conclusions

All inpatient hospital laboratories are globally funded across Canada. British Columbia, Manitoba, and Ontario currently have separate funding pools for laboratory services. Alberta and Saskatchewan have adopted a consolidated global budget for all laboratory testing. Quebec and Nova Scotia do not reimburse testing outside of hospital laboratories. There are no private laboratories operating in Atlantic Canada or the territories. Not all jurisdictions track the utilization of specific tests.

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