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Empowering health care providers in the digital era

Digital Health Care Market Study
Report 3

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FOREWORD

The COVID-19 pandemic has shown that digital health care technologies can work to complement traditional, in-person care. Soon gone may be the hassles of taking time off work and commuting to your doctor's office for every single health care interaction.

New, digital health care technologies promise benefits across Canada's public health care system. Digital technologies can empower health care providers to work more efficiently and provide better health care to patients across Canada. Patients can save time, gain convenience, and maintain access to high-quality services and treatments that meet their needs. And governments may find efficiencies via lower costs and increased productivity in the health care system.

During this transition, policymakers should enable public health care providers to best leverage the forces of competition. By ensuring that providers can adopt the newest innovations, the Canadian health care system can foster the development of the next generation of digital products and services. Such pro-competitive policies will allow health care providers to offer the best quality care to their patients, regardless of whether it is delivered through a digital service or an in-person visit.

To foster competition in the digital future, Canada's public health care policy needs to be modernized. This includes adapting the rules that govern how providers do their jobs. Improving how providers are paid, as well as how and where they can practice, can encourage the uptake of digital health technologies. This will increase innovation and choice for both health care providers and patients.

When policymakers adapt rules, it is important that health care providers are given the flexibility to choose the tool or method of care that is most appropriate. In turn, this will allow providers to take advantage of competition in driving investments in innovation. This leads to better patient outcomes, lower costs, and a more promising future for the Canadian public health care system.

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EXECUTIVE SUMMARY

This report makes three recommendations to Canadian governments and policymakers on ways to improve how health care providers work within Canada's public health system. By increasing the use of digital technologies, health care providers can leverage the benefits of competition. This will accelerate innovation and create greater choice for patients.

Research shows that Canadians want access to digital health care solutions, but that adoption to date is low. While the pandemic encouraged advancements in digital health care, policymakers must ensure that rules and regulations evolve quickly to support the new normal.

Empowering health care providers to use the best available digital technologies will lead to better health care services and patient outcomes. It will also spur innovation and the development of new products within the digital health care industry. This includes offering alternatives to in-person care, such as email or text, virtual visits, and remote patient monitoring.

However, existing barriers can block competition and prevent providers from offering the best and newest digital products and services to their patients. In conducting this study, we heard from stakeholders that:

- **Current payment models can limit the adoption of digital health care tools.** The way that governments pay health care providers significantly affects how they deliver care to Canadians. Many existing payment models have not yet normalized the delivery of virtual care, and need to be updated to allow providers to better integrate digital health care into their practices. This will enable them to take advantage of competition and offer newer, more convenient and effective digital services.
- **Providers that are licensed to practice in one province or territory often cannot provide services in another.** This can limit flexibility in a world where more services are provided digitally, and the specific location of a provider is less important.

- **Other existing policies can impede providers.** Some health care providers are capable of doing more, but are prevented from doing so by existing “scope of practice” rules. Other rules prevent prescriptions and lab test orders from being filled in another province or territory. Finally, ambiguous professional guidelines on virtual care can disincentivize professionals from adopting competitive technologies altogether. These barriers can impede the adoption of innovative digital health solutions.

Thankfully, there are solutions that could reduce these frictions. By leveraging competition, governments and policymakers can harness innovation to deliver increased access, greater choice, and better patient outcomes across Canada’s public health care system. In particular, governments and policymakers should:

- 1. Review payment models for health care providers to support the appropriate use of digital health care.**
 - a. Expand billing codes and digital programs to promote the uptake of valuable innovative technologies.
 - b. Use lessons learned from the COVID-19 pandemic to create permanent and appropriate virtual care billing policies in the short term.
 - c. Reform compensation models in the longer term to further enable digital health care and support better health outcomes.
- 2. Implement licencing frameworks that allow providers, where appropriate, to practice beyond provincial and territorial borders to improve digital health care delivery.**
- 3. Review and modernize policies to facilitate the effective uptake of digital health care.**

Each of these solutions will encourage a robust digital health ecosystem that creates a demand for digital health technology. Competitive forces can then act to meet that demand and deliver products and services. Competitive markets are the best way to increase provider efficiency, improve access to care, and ensure more effective health outcomes within Canada’s public health care system.

ABOUT THE COMPETITION BUREAU

The Competition Bureau (Bureau) is an independent law enforcement agency that protects and promotes competition for the benefit of Canadian consumers and businesses. [Competition lowers prices, increases innovation and fuels economic growth.](#)

As part of its mandate, the Bureau advocates to policymakers for increased competition in regulated sectors of the economy, such as health care, telecommunications and banking. This report forms part of a market study that the Bureau has undertaken to support this goal. Market studies allow the Bureau to apply a competition lens to a range of the industries it examines. This type of analysis helps to highlight issues that could restrict competition and to recommend solutions to policymakers for the benefit of Canadians.

In this report, the Bureau reviews how health care providers can best leverage the forces of competition, and provides recommendations to policymakers to encourage greater innovation and choice.¹

¹ This study will not predetermine the Commissioner of Competition's position in any current or future investigation or intervention pursuant to the *Competition Act*.

METHODOLOGY

To inform its study, the Bureau gathered information from a range of primary and secondary sources. The study draws from public research, journalism and other reports. It also incorporates confidential information² shared with the Bureau by companies, governments, and consumers.

The Bureau conducted more than 75 interviews, received 42 written submissions and heard from 425 Canadians through an online survey. The Bureau also commissioned expert opinions, including from an individual who regularly works with digital health care entrepreneurs, a regulatory expert, and a doctor who was a key participant in bringing digital health care to Canada.

The Bureau thanks everyone who took time to provide information and to help advance this important study.

This is the final report in a series of three that presents the results of the Bureau's [Digital Health Care Market Study](#):

- The first report, [Unlocking the power of health data](#), makes major recommendations to Canadian policymakers on ways to make it easier to access and share personal health information—securely and efficiently—to benefit competition.
- The second report, [Improving health care through pro-competitive procurement policy](#), focuses on how strategic use of government purchasing rules can bring about greater competition, innovation and choice for both health care providers and patients within public health care systems.
- This third report, *Empowering health care providers in the digital era*, focuses on how adapting compensation and mobility rules for health care providers can encourage competition and innovation in Canada's digital health care space.

² Confidential information provided to the Bureau is protected by section 29 of the *Competition Act*. References to such information have been anonymized.

THE CHALLENGE FACING CANADA

Key takeaways

- Canadians access innovative health care solutions through health care providers. Empowering providers to use the best digital technologies through pro-competitive policies will lead to better health care outcomes.
- In Canada, demand for digital health care by patients is high, but technology adoption is low. Canadians want access to digital health solutions, but relatively few have used them to date.

The COVID-19 pandemic highlighted the potential of digital health care solutions. When public health measures reduced the availability of in-person care, technological solutions demonstrated that virtual health care can be provided safely and effectively.³

Even though the technology behind digital health care has existed for decades, systemic barriers have historically prevented its widespread adoption.⁴ While the COVID-19 pandemic accelerated adoption, more work needs to be done to normalize and encourage the use of digital health care solutions in the longer term.

The term digital or virtual health care in this report uses the definition adopted by the Canadian Medical Association (CMA), the College of Family Physicians of Canada, and the Royal College of Physicians and Surgeons of Canada. Virtual health care is defined as:

Any interaction between patients and/or members of their circle of care, occurring remotely, using any forms of communication or information technologies with the aim of facilitating or maximizing the quality and effectiveness of patient care.⁵

This all-encompassing definition covers a wide range of digital products and services, including telephone consultations with patients, secure messaging, and video or remote patient monitoring.

³ Canada Health Infoway (2022). [Creating a more accessible and sustainable health system](#).

⁴ Canadian Medical Association (2022). [Virtual Care](#).

⁵ Virtual Care Taskforce (2022). [Virtual Care in Canada: Progress and Potential](#), p. 3.

Some of the benefits of enabling providers to offer digital health care solutions include:

- preventing the spread of communicable disease during in-person visits;
- improving on-going care for people living with chronic diseases;
- keeping care in the community and reducing pressures on hospitals;
- allowing Canadians to access health care when they need it;
- reducing barriers to access, for example for those with mobility issues or living in remote areas; and
- saving time and money—for example, by not needing to take time off work to go to the doctor's office.⁶

Canadians want digital health care

Canadians appreciate the convenience, flexibility, and ease of use of digital health care. In 2019 alone, Canadians saved \$595 million and avoided 120 metric tonnes of CO₂ emissions by using virtual care instead of travelling to in-person appointments.⁷ Virtual care also enabled Canadians to avoid taking off 11.5 million hours of work.⁸

Digital technologies promise to improve access to health care for patients. For example, the *2021 National Survey of Canadian Physicians* reported that:

- **89%** of patients find it easy to receive care via telephone;
- **60%** find it easy to receive care through video; and
- **69%** find it easy to receive care through secure messaging.⁹

⁶ Canada Health Infoway (2022). [Creating a more accessible and sustainable health system](#).

⁷ Those amounts include savings of \$65 million and 23,000 metric tons of CO₂ from primary care visits and \$530 million and 97,000 metric tons of CO₂ from rural and remote patients who used telehealth. See Canada Health Infoway (2020). [2019-2020 Annual Report: Connecting Canadians through healthcare innovation](#), p. 33.

⁸ Canada Health Infoway (2020). [2019-2020 Annual Report: Connecting Canadians through healthcare innovation](#), p. 33.

⁹ Canada Health Infoway and Canadian Medical Association (2021). [2021 National Survey of Canadian Physicians: Quantitative Market Research Report](#), p. 19.

More than 70% of physicians believe that virtual care improves patient access and enables both quality and efficient care.¹⁰ A CMA survey reports that 91% of Canadians are satisfied with the quality of virtual care.¹¹

Data released by the Canadian Institute for Health Information indicates that 48% of physicians provided at least one virtual care service in February 2020. This percentage grew to 83% by September 2020.¹² A survey published by the CMA and Canada Health Infoway in August 2021 found that 94% of physicians were currently using some form of virtual care solutions. Almost all of these physicians said they would continue using virtual care after the COVID-19 pandemic.¹³

Digital health care is not being used to its full potential in Canada

Despite Canadians' strong desire for digital health care solutions, research indicates that Canada lags in adoption of digital health care in many areas.

According to a survey by Canada Health Infoway, during 2021, only 15% of Canadians had made an appointment with their regular doctor electronically. Only 14% had visited their provider virtually online by video.¹⁴ Only 10% consulted with a provider about a health issue or concern by email or text/SMS message or online chat.¹⁵

A similar survey by the Canadian Institute for Health Information found that only one third of all Canadians accessed digital health care from April 2020 to March 2021.¹⁶

¹⁰ Virtual Care Taskforce (2022). [Virtual Care in Canada: Progress and Potential](#), p. 6.

¹¹ Virtual Care Taskforce (2022). [Virtual Care in Canada: Progress and Potential](#), p. 6.

¹² Virtual Care Taskforce (2022). [Virtual Care in Canada: Progress and Potential](#), p. 5.

¹³ Virtual Care Taskforce (2022). [Virtual Care in Canada: Progress and Potential](#), p. 6.

¹⁴ Canada Health Infoway (2022). "Use of Digitally-enabled Health Services in the past 12 months." [Canadian Digital Health Survey: Virtual Care Use](#).

¹⁵ Canada Health Infoway (2022). "Use of Digitally-enabled Health Services in the past 12 months." [Canadian Digital Health Survey: Virtual Care Use](#).

¹⁶ Canadian Institute for Health Information (2022). [Virtual care: A major shift for Canadians receiving physician services](#).

Furthermore, a report by the Information and Communications Technology Council reports that: “Canada lags its international counterparts in most adoption trends and indicators.”¹⁷

By facilitating digital health care solutions, Canadians can benefit from increased access to the public health care system. Competition puts Canadians in the driver’s seat and incentivizes health care innovators to create new solutions that help providers make better use of available resources and increase access to higher-quality services.¹⁸

¹⁷ Information and Communications Technology Council (2021). [Digital Transformation: The Next Big Leap in Healthcare](#), p. 9.

¹⁸ Competition Bureau (2022). [Why competition matters](#).

MAKING THE CASE FOR COMPETITION

The first two reports of this study focus on health data and information,¹⁹ and public procurement of digital products and services.²⁰ This final report ties together the last piece of Canada's public health care chain: health care providers.

Health care providers work with patients to choose the best course of treatment for any particular health issue. In doing so, providers leverage a variety of health care products and services that are brought to market by entrepreneurs and businesses.

Providers, therefore, need to be supported by a health care policy environment that empowers them to make the best choices for their patients. In order to create and nurture that environment, policymakers face a tough task. Health care policy needs to keep pace with the speed of innovation to support new technologies and forms of patient care. This report identifies key opportunities to advance health care policy to support the use of new digital products and services by health care providers.

Such progress is equally important for competition. By adapting policies to accommodate the newest innovations, health care providers—and the public health care system more generally—can foster the next generation of digital products and services. Unless policies keep pace with innovation, providers may not have a strong incentive to invest in learning and buying new technologies. This can create a regrettable friction: market forces are constantly working to deliver valuable new products but, without a conducive policy environment, these innovations may not reach providers or patients. This can compound itself into a vicious cycle, where entrepreneurs fail to gain traction in the marketplace and have less reason to compete or innovate further.

This study seeks to motivate and facilitate a policy process that promotes competition. By working together, health care policymakers, providers, and innovators can ensure that a healthy and competitive digital health care ecosystem continues to grow. Doing so will ensure that all Canadians can benefit from the benefits of competition, including lower costs, greater choice, and increased innovation.

¹⁹ Competition Bureau (2022). [Unlocking the power of health data](#).

²⁰ Competition Bureau (2022). [Improving health care through pro-competitive procurement policy](#).

BACKGROUND: HOW HEALTH CARE PROVIDERS ARE PAID IN CANADA

Part of this study explores how Canada’s public health care funding mechanisms affect the adoption of digital health technologies. This backgrounder explains how some health care providers—primarily physicians—are paid under these funding mechanisms.

The public versus the private system

In Canada, payments for health care services fall into two major categories often referred to as the “public” and “private” systems.²¹ Health care providers are paid through public or private funds, depending on the type of service they provide, where it is provided, and to whom it is provided.²²

This study focuses on the public system. In this system, whenever a provider delivers specified health care services, their services are funded by a provincial or territorial government.²³ Public health plans set out the conditions of payment for the delivery of hospital, physician and some other medical services to Canadian residents. These services can include visits to your family doctor, immunizations, emergency care and non-cosmetic surgeries.

The private system refers to health care services that are not covered by public health plans. These services include prescription medication and psychology services.²⁴

Provider payments in the public system

Public health plans are funded through a mix of federal and provincial or territorial revenue.

Through the [Canada Health Transfer](#),²⁵ the federal government looks to ensure that public health plans meet certain criteria set out in the [Canada Health Act](#). Centrally,

²¹ Government of Canada (2011). [Canada’s Health Care System](#).

²² Government of Canada (2011). [Canada’s Health Care System](#).

²³ Hogg, P. (2019). *Constitutional Law of Canada: 2019 Student Edition* (5th ed., chapter 32-4).

²⁴ In some scenarios, these services can either be subsidized or fully covered by provincial insurance plans.

²⁵ Government of Canada (n.d.). [Canada Health Transfer](#).

provincial and territorial health plans aim to “provide reasonable access to medically necessary hospital and doctors’ services.”²⁶

Provincial and territorial governments play a more direct role in paying providers. Each province decides which health care services are covered by its plan.²⁷ They also decide the rates that health care providers will be paid for these services. The types of [services that are typically covered for a physician](#) within Canada’s public systems range from major surgery, surgical assistance and anesthesia, minor surgery, consults and visits, diagnostic and therapeutic services, special services and obstetrical services.²⁸

How different health care professions are paid

This study focuses primarily on physicians who work in the public health care system. These providers are most commonly self-employed.²⁹ Like other businesses, many providers pay some or all of their own overhead expenses. This can include things like office space rental, computer systems, and administrative staff. Providers pay these amounts out of the revenues they earn from performing services under the public system.

Other professionals are paid differently. In the public system, nurses are most commonly paid salaries negotiated between their provincial or territorial government and their respective nursing union.³⁰ Other contributors to Canada’s public health care system may be paid by salary or hourly wages.

Fee-for-service is the dominant payment model for physicians

Providers who are self-employed are paid according to agreements negotiated between their respective professional association and the provincial or territorial government where they work. The most common of these payment models is called **fee-for-service**. Fee-for-service pays providers fixed rates whenever they perform a medical task—for example, medical procedures or consultations with patients.^{31,32}

²⁶ Government of Canada (2011). “The federal government.” [Canada’s Health Care System](#).

²⁷ Hogg, P. (2019). *Constitutional Law of Canada: 2019 Student Edition* (5th ed., chapter 32-7).

²⁸ Canadian Institute for Health Information (2021). [National Grouping System](#).

²⁹ Not all physicians are self-employed; some are paid salaries and their employer bills for the services as discussed below, or these physicians could have agreements directly with the province to work on a salaried basis.

³⁰ Canadian Federation of Nurses Unions (2021). [Nurse contracts in Canada](#).

³¹ Canadian Institute for Health Information (2019). [Physicians in Canada, 2017](#), slide 35.

³² Canadian Institute for Health Information (2021). [National Grouping System](#).

Self-employed providers can be paid under several other models. Sometimes referred to as alternative clinical payment methods, these models include:³³

- **Capitation:** Providers are paid a fixed amount per patient over the period of time that they treat them (e.g., a given amount per patient per year). This rate can be adjusted for an individual patient's circumstances, which could affect the amount of care they need (e.g., age, illness, etc.).
- **Salary:** Providers are paid a wage for a given period of time by their employer—for example, a primary health clinic or hospital.
- **Blended:** This model most commonly combines either capitation or salary and fee-for-service so that providers would be paid either a base capitation rate or salary, plus extra amounts for certain consultations or procedures.
- **Bundled:** This payment model pays a single amount for the total care related to a condition or a medical event for a fixed period of time. For example, bundled payments could cover a surgery and 90 days of post-operative care for a joint replacement.³⁴

³³ College of Family Physicians of Canada (2016). [Physician Remuneration in a Patient's Medical Home](#), pp. 1–2.

³⁴ UBC Centre for Health Services and Policy Research (2014). [Episode of Care Payments: Funding Across the spectrum](#).

Figure 1 shows that, on a Canada-wide basis, approximately 70–75% of clinical payments occurred under a fee-for-service regime. However, the use of fee-for service varies by province or territory, with some making greater use of this model than others.³⁵ Provincial and territorial governments ultimately set the compensation model and fee schedules used in their jurisdictions.

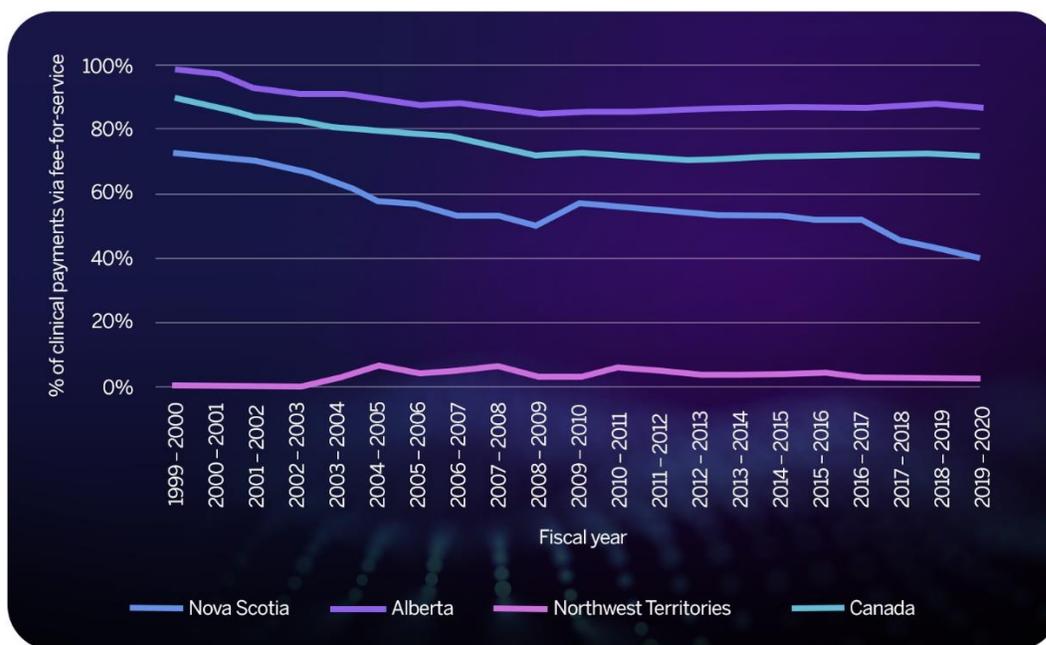


Figure 1: Percentage of total clinical payments via fee-for-service by fiscal year, 1999–2000 to 2019–2020³⁶

³⁵ Canadian Institute for Health Information (2021). [Physicians in Canada, National Physician Database](#). Note that of Canada’s 10 provinces, Alberta uses fee-for-service the most while Nova Scotia uses fee-for-service the least. The Northwest Territories is an outlier, using fee-for-service for less than 5% of payments on average; the methodology notes for this database indicate that the majority of physicians in the Northwest Territories are salary-based.

³⁶ Canadian Institute for Health Information (2021). [National Physician Database — Payments Data, 2019–2020](#).

BARRIERS TO COMPETITION

Key takeaways

- In Canada, health care providers face barriers that limit how they can provide digital health care services.
 - First, the current fee-for-service model can disincentivize physicians from adopting digital health care tools.
 - Second, providers can find it burdensome or impossible to provide services across provincial and territorial borders.
 - Finally, other rules governing how professionals practise can impede their adoption of digital health care technologies.
- These barriers affect the digital health care landscape in Canada—limiting competition, innovation and choice for Canadian patients.

Throughout this study, the Bureau met with dozens of industry stakeholders, including governments, regulators and pan-Canadian health organizations, and received written feedback from many others. Much of this feedback focused on the role of policymakers in allowing health care providers to take full advantage of competition and innovation in Canada's digital health sector.

Through these consultations, the Bureau identified three important barriers to competition. By addressing these barriers, policymakers can act to ensure that health care providers are empowered to deliver innovative, digital health care—leading to better health outcomes and greater convenience for both patients and providers. In turn, this will spur innovation and the development of new digital health care products and services.

The three barriers that the Bureau identified are:

Barrier 1: Payment models can limit the adoption of digital health care tools

Canadian health care is moving from fully in-person care to a hybrid mix of in-person and virtual care. To facilitate this transition, the Bureau heard that policymakers need to strike the right balance between encouraging use of new technologies and ensuring appropriate patient care. Striking this balance will allow for providers and patients to take full advantage of digital technologies safely and effectively.

In the current climate, providers lack proper funding mechanisms to make investments in innovative, new digital care technologies. This means that they are unable to take full advantage of competitive products and services to offer the best quality care to their patients.

Some examples reported by stakeholders show that certain technologies are not funded under existing fee-for-service payment models. Two important examples include:

- **Remote patient monitoring:** Digital tools exist that collect and send data from a patient to a health care provider using the internet. These tools allow providers to closely monitor patients who have chronic conditions, or who are recovering from medical procedures. Studies indicate that remote patient monitoring can improve health care outcomes by improving quality of life, decreasing hospitalizations and reducing health care costs.³⁷

However, the Bureau heard that providers are usually not paid for using these tools. When this is the case, providers bear the cost of purchasing these products, but receive no financial compensation for their use. Faced with these economics, many providers may choose to forego the use of remote patient monitoring and default to traditional in-person care. This is a situation where competitive markets have brought about valuable innovation, but existing payment models fail to provide the financial incentive for both doctors and patients to benefit from the innovation.

- **Secure messaging:** Only a few provinces in Canada pay providers to send and receive secure messages with patients. This mode of care can be used for simple interactions that do not require a visit to the doctor's office, such as prescription renewals, updates on symptoms and follow-up questions.

Between 2019 and 2020, the use of secure messaging tools doubled. Even though providers are often not compensated for providing this service, the percentage of providers making use of this mode of communication rose from 18% in March 2020 to 36% in May 2021.³⁸

Some stakeholders told the Bureau that some provincial and territorial governments hesitate to pay for this type of messaging because they fear overuse.

³⁷ Canada Health Infoway (2014). [Connecting Patients with Providers: A Pan-Canadian Study on Remote Patient Monitoring—Executive Summary](#), pp. 7–8.

³⁸ Canada Health Infoway and Canadian Medical Association (2021). [2021 National Survey of Canadian Physicians: Quantitative Market Research Report](#), p. 15.

To combat any potential overuse, jurisdictions could consider placing reasonable limits on virtual services, rather than simply restricting them outright. Doing so could ease communication and bring efficiencies for both providers and patients—saving patients a trip to the doctor’s office, and freeing up providers to see more patients.

Other compensation models might be more appropriate for digital health care

A recent Health Canada study suggests that fee-for-service might not be the best payment model to encourage the uptake of virtual care solutions.³⁹ To further this work, the Bureau undertook its own economic analysis of various payment methods:

Fee-for-service

Under existing fee-for-service payment models, providers are paid for each procedure or consultation they complete. This means that providers’ incomes are tied directly to *how many* procedures or consultations they complete, and not necessarily the *efficacy* of those treatments.

Additionally, fee-for-service systems are rigid in that they require payors to list every type of procedure or consultation allowed, as well as the authorized fee for each. This has two effects:

- First, if a procedure or consultation is not included in the list, then providers will not be paid for doing it.⁴⁰ When innovation happens quickly, it can take time for new treatments to be vetted and covered by public health plans. Any associated time lag can be measured in patients being denied the benefits of these new treatments.
- Second, if fee-for-service payments to providers do not adequately cover the cost of a given consultation or the required technology, providers could lose money and be less inclined to offer innovative, digital health services.⁴¹

³⁹ Falk, W. (2021). [The State of Virtual Care in Canada as of Wave Three of the COVID-19 Pandemic: An Early Diagnostic and Policy Recommendations](#), p. 49.

⁴⁰ College of Family Physicians of Canada (2016). [Physician Remuneration in a Patient’s Medical Home](#), p. 4.

⁴¹ Luft, H. (2009). [Economic Incentives to Promote Innovation in Healthcare Delivery](#); *Clinical Orthopedics and Related Research*, pp. 2498–2499.

Capitation

Capitation pays providers a fixed fee for each patient in their care. This system can encourage providers to take on more patients, thereby increasing access to care. By moving away from a fee schedule, capitation payments can encourage providers to adopt technologies that can make patient interactions more efficient. This can improve access to care by allowing a given provider to see more patients.

However, capitation can also encourage providers to prefer patients with better health, reducing access to care for those who need it most. Because capitation models pay a set fee per patient, and healthier patients naturally use the health care system less, providers can be incentivized to select healthier patients. Reviews of capitation-based practices have also shown that capitation payment models did not reduce hospital usage despite incentives to do so.⁴²

Salary

Salary-based methods pay providers a fixed income regardless of how many patients they treat. These models can work well in less populated areas where fee-for-service and capitation models would be less attractive to providers. Additionally, because salaried providers may not have the same incentive to perform as many procedures or consultations as possible, they might spend more time with patients and do more preventive care. Such preventative care may, in turn, increase quality of care and lead to better health outcomes.⁴³

However, salaried providers might not have the same financial incentive as providers paid with other methods to make use of digital tools to increase their own efficiency, reduce costs, and increase patient choice and convenience. This is because seeing more patients, or seeing the same amount of patients at a reduced cost, will not result in any financial gain to the provider.

Blended

Blended models are typically some form of capitation or salary combined with fee-for-service. The goal of this model is combine the advantages of each method while limiting the downsides.⁴⁴

⁴² College of Family Physicians of Canada (2016). [Physician Remuneration in a Patient's Medical Home](#), pp. 5–6.

⁴³ College of Family Physicians of Canada (2016). [Physician Remuneration in a Patient's Medical Home](#), pp. 6–7.

⁴⁴ College of Family Physicians of Canada (2016). [Physician Remuneration in a Patient's Medical Home](#), p. 7.

Bundled

Bundled models often involve paying a flat rate for the total care related to a condition or a medical event for a fixed period of time.⁴⁵ Because providers cannot receive extra payments for additional procedures or consultations, this model incentivizes care teams to make the necessary investments to provide high-quality care in the most efficient manner.

Payment methods create financial incentives that can reduce digital adoption

Ultimately, the payment method chosen will have a significant effect on the type and amount of treatments that a provider will offer. In order to ensure that the Canadian health care system can benefit from the competition and innovation brought about by digital health care technologies, providers must be properly compensated for providing digital care, regardless of their method of compensation.

⁴⁵ UBC Centre for Health Services and Policy Research (2014). [Episode of Care Payments: Funding Across the spectrum](#).

Barrier 2: Licensing requirements across provinces and territories

Canada's current set-up for medical licensing can prevent providers from operating across provincial and territorial lines. Some stakeholders told the Bureau that the licensing requirements in various provinces and territories are unclear and confusing, so much so that they avoided providing cross-jurisdictional virtual care altogether.

An Australian initiative to promote cross-jurisdictional virtual care shows opportunities to deliver better patient outcomes when health care providers can practice more broadly.⁴⁶ That initiative targets specific improvements in treatment for those in rural and remote parts of the country, as well as for those with chronic illness. More generally, allowing providers to serve patients in multiple provinces or territories has the potential to open up new business models. By promoting competitive methods of providing care, Canadians can benefit from boosted innovation and improved productivity.

For this study, the Bureau focused on physician licensing processes. However, similar licensing barriers often apply to other professionals, such as nurses, pharmacists and other health care providers.⁴⁷

⁴⁶ See, for example, Australian Digital Health Agency (2020). [Safe, seamless and secure: evolving health and care to meet the needs of modern Australia](#), pp. 38-43.

⁴⁷ See, for example, Competition Bureau (2007). [Self-Regulated Professions—Balancing Competition and Regulation](#).

Current licensing requirements create three significant barriers for providers who wish to practise across provincial or territorial boundaries:

- **Administrative burden:** Licensing processes in each jurisdiction can be complicated and lengthy. In Ontario, for example, physicians reported that upwards of 40 documents are needed to apply and obtain a licence.⁴⁸
- **Varying requirements:** Professionals who are qualified to practise in one jurisdiction might have to undergo additional training to practise in another part of the country.
- **Cost:** Licensing processes in Canada can be costly. The yearly costs alone can deter physicians from obtaining licences in multiple jurisdictions. Figure 2 shows the licensing fees for each territory and province in Canada; if a physician wanted to practise in all 13 province and territories, the fees would exceed \$18,000 per year.

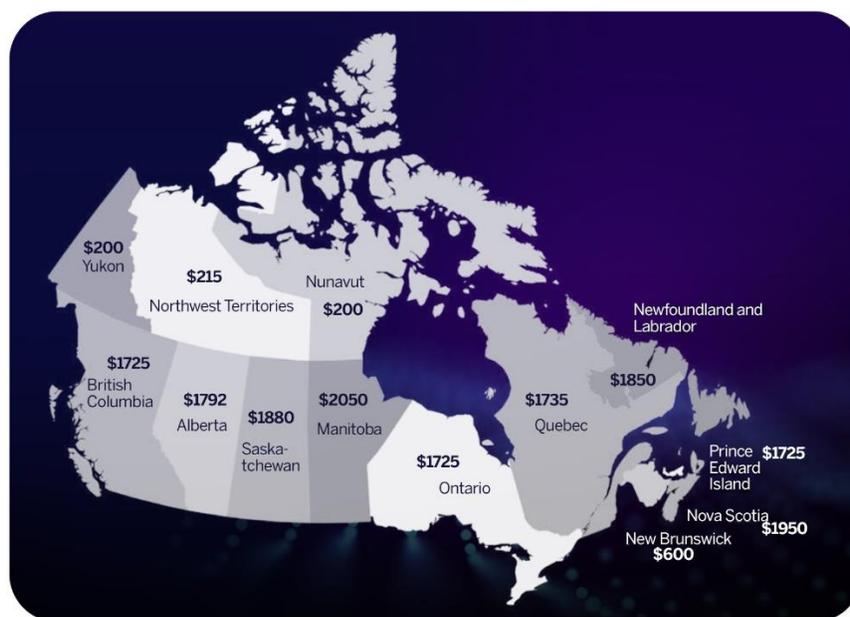


Figure 2: Annual provincial/territorial licensing fees for physicians across Canada, 2022.⁴⁹

The challenge for regulators

Developing a system for licensure across provinces and territories is challenging for policymakers. Each jurisdiction can have different health and administrative needs.

⁴⁸ *Globe and Mail* (2019). [Why isn't there a single medical licence for all doctors in Canada?](#)

⁴⁹ From multiple sources. See full list in table in Part 3 on our [website](#).

Balancing quality of care, patient safety and equitable access to care is paramount, especially when fostering the delivery of virtual care across the country.

The multi-jurisdictional nature of health care in Canada makes it difficult to manage issues such as complaints and oversight of care. While the Bureau understands the importance of these issues, striking the right balance is crucial to fully realizing the benefits that competition can bring to patients—including greater innovation, choice and convenience.

Despite previous efforts to simplify interprovincial licensing processes, little progress has been made. Historically, the Federation of Medical Regulatory Authorities of Canada (FMRAC) has led these efforts to simplify licensing processes in Canada.⁵⁰ During the COVID-19 pandemic, FMRAC continued work on various initiatives to simplify and harmonize licensing processes, including a fast-track licensure process,⁵¹ telemedicine policy,⁵² a single national licensure and a portable license.⁵³ However, in Fall 2021, FMRAC reportedly suspended its work on the national licence and licence portability.⁵⁴ No public information is available on why this work was suspended. More recently, in 2021, FMRAC released a framework to fast-track licensure for physicians holding full registration in another province or territory through “traditional routes.”⁵⁵ There is no public data on how this has affected licensing processes in Canada.

In the wake of the COVID-19 pandemic, some provinces and territories across Canada enacted short-term solutions to address the need for interprovincial mobility. These included temporary licensing agreements that allowed providers to offer virtual care across provincial and territorial boundaries. For example, Manitoba and Nunavut signed a temporary agreement that allowed physicians who were licensed in Manitoba to serve patients in Nunavut via telemedicine without needing to obtain a territorial licence.⁵⁶

More recently, some provinces and territories are moving to prevent cross-jurisdictional care, pointing to quality of care and safety issues. For example, the Yukon Medical

⁵⁰ Federation of Medical Regulatory Authorities of Canada (2016). [Model Standards for Medical Registration in Canada](#), p. 1.

⁵¹ Federation of Medical Regulatory Authorities of Canada (2021). [Framework on Fast-tracked Licensure](#).

⁵² Federation of Medical Regulatory Authorities of Canada (2019). [Framework on Telemedicine](#).

⁵³ Canadian Medical Association (2022). [Virtual Care in Canada: Progress and Potential](#), p. 12.

⁵⁴ Canadian Medical Association (2022). [Virtual Care in Canada: Progress and Potential](#), p. 12.

⁵⁵ Federation of Medical Regulatory Authorities of Canada (2021). [Framework on Fast-tracked Licensure](#).

⁵⁶ Canadian Agency for Drugs and Technologies in Health (2020). [Inter-jurisdictional Medical Licensing to Support Telemedicine](#), p. 5.

Council previously allowed all out-of-province doctors to offer virtual care to patients in the Yukon.⁵⁷ In early 2022, it updated its policy to require Yukon licensure for all primary physicians to practise there.⁵⁸ The College of Physicians and Surgeons of Ontario has recently proposed similar measures.⁵⁹

Barrier 3: Other factors restricting virtual care

In addition to licensing, stakeholders reported other policies that can restrict the use of virtual care. These include:

Scope of practice



The Bureau heard from some stakeholders that scope of practice regulations could restrict the ability of qualified providers, such as nurse practitioners and pharmacists, to offer virtual health care to their patients.

Scope of practice regulations dictate what services providers can deliver to their patients, based on their skills, competencies and education. These regulations are set by a variety of policymakers, including governments and self-regulatory professional colleges.

Many stakeholders have told the Bureau that expanding scope of practice regulations for some providers, such as nurse practitioners and pharmacists, could increase access to care in Canada. For example, increasing the scope of practice for nurse practitioners or pharmacists to provide virtual care in appropriate circumstances would lessen the workload for doctors, thereby increasing Canadians' access to health care.

Expanding scope of practice could increase the types of services a provider can offer, allowing them to compete using a wider range of products and services. When professionals who offer comparable services are allowed to operate independently of one another, the competition that results can lower costs and improve access.⁶⁰

Generally, the Bureau heard that regulators could provide more guidance on the services a provider is allowed to provide digitally to further enable the use of digital health care. Such moves would improve competition for any included services, resulting in patients benefiting from increased innovation, choice, and convenience.

⁵⁷ Yukon Medical Council (2020). [Telemedicine \(Virtual Care\)](#), p. 2.

⁵⁸ Yukon Medical Council (2022). [Standard of Practice: Telemedicine \(Virtual Care\)](#), p. 2.

⁵⁹ College of Physicians and Surgeons of Ontario (2022). [Virtual Care](#).

⁶⁰ Competition Bureau of Canada (2017). [Competition and the common cold](#).

Prescribing and requesting follow-up tests



Doctors, among other trained providers, need to be able to request follow-up tests and prescribe treatments to their patients across jurisdictional lines. For example, a requisition for a medical test or a prescription provided by a doctor in one province or territory might not be recognized by providers in another jurisdiction. Mutual recognition of these medical documents would facilitate virtual care across Canada.

Unclear professional guidance



Unclear or non-existent guidance from regulatory colleges could prevent providers from offering services digitally. A lack of information, or fear of misuse, can dissuade providers from offering digital health solutions to their patients. For example, some stakeholders told the Bureau that there is little guidance from regulatory colleges on what is allowed when it comes to virtual care. As a result, these providers may avoid offering digital health care altogether.

RECOMMENDATIONS

Policymakers need to enable health care providers to best leverage the forces of competition. Pro-competitive policies will allow health care providers to offer the best quality products and services to their patients. Such policies will allow providers to optimize their use of technology and offer the best care choices to their patients, whether that be a digital tool or service, or an in-person visit.

The Bureau has **three major recommendations** to help foster greater competition between health care providers in Canada:

Recommendation 1: Review provider payment models

Policymakers can better facilitate the appropriate use of digital health care by ensuring that payment models adequately compensate providers for using modern, innovative health care solutions.

Canadian provinces and territories can take three major steps in enabling health care providers to offer the best care to their patients:

a. Expand billing codes and digital programs to promote uptake of valuable innovative technologies.

Currently, billing codes across Canadian provinces and territories are not inclusive of all innovative technologies. This can hinder providers' uptake of technologies such as remote monitoring and secure messaging. To ensure that Canadians can benefit from competition for digital products and services, governments should expand billing codes to cover effective innovative technologies.

b. Use lessons learned from the COVID-19 pandemic to extend virtual care billing policies in the short term.

Governments reacted to the COVID-19 pandemic by enacting temporary billing codes to enable virtual care across Canada. In the near term, where appropriate, governments should extend and update these billing codes on a more permanent basis. Updating billing codes to reflect lessons learned about digital health care during the pandemic will normalize the hybrid model of in-person and virtual care. This will provide policy support for health care providers to take advantage of competition and invest in the technologies and products and services necessary to support the new normal.

c. Reform compensation models in the long term to enable digital health care and support better health outcomes.

In the longer term, governments should consider reforming how providers are paid within the larger context of health care transformation. Existing fee-for-service models can limit the uptake of new digital health technologies. Policymakers should consider moving toward other payment models that can better encourage health care providers to more fully embrace digital health care technologies.

While these recommendations focus mainly on physician compensation, governments should also explore how other health professionals are paid. Such an examination should focus on whether there are opportunities to change or update payment models to financially encourage virtual care use by other providers as well.

Recommendation 2: Harmonize provider licensing rules in Canada

Harmonizing licensing rules will support the ability of providers to work across provincial and territorial boundaries in appropriate situations. Allowing providers to serve patients in multiple provinces or territories has the potential to open up new business models, which can boost innovation and improve productivity.

Regulators across Canada should therefore work together to improve licensing processes and enable providers, notably physicians, to offer virtual care in more than one jurisdiction. A first step to harmonization could be to create a regional or interprovincial licensing framework for health care providers. This framework should be supplemented by policies that outline when it is acceptable to provide cross-jurisdictional care.

Many pan-Canadian health organizations are already supportive of multi-jurisdictional licensure. For example, in 2021, a number of key stakeholders, such as the CMA, the Society of Rural Physicians of Canada, the College of Family Physicians of Canada, the Royal College of Physicians and Surgeons of Canada, and the Resident Doctors of Canada, wrote formal letters to provincial and territorial health ministers urging them to consider national licensure.⁶¹

⁶¹ [Society of Rural Physicians of Canada \(2021\). Re: National Approach to Licensure.](#)

The letter says that the COVID-19 pandemic revealed Canada’s health care system’s pre-existing gaps and weaknesses, and the need for health care professionals to be able to practise across provincial and territorial boundaries:

COVID has shown us that the time to act is now. The provision of healthcare to all Canadians needs a national approach to licensure.⁶²

Physicians already support national licensure. According to a 2019 survey performed by the CMA, 91% of physicians support a system of national licensure that would allow them to practise in all Canadian provinces and territories.⁶³



Furthermore, each provincial and territorial regulatory college for physicians has already agreed to a national standard for licensure, referred to as the Canadian Standard.⁶⁴ According to the Medical Council of Canada, “[t]he Canadian Standard sets out the academic qualifications that make an applicant eligible for full licensure in every Canadian province and territory.”⁶⁵ Despite this, regulatory colleges work individually and require separate licences at each provincial and territorial level.

Internationally, other countries with federated systems of governance have successfully implemented national licensure. Most notably, the Council of Australian Governments

⁶² Canadian Medical Association (2021). [Re: National Approach to Licensure](#), p. 2.

⁶³ Canadian Medical Association (2019). [Physicians overwhelmingly support national licensure: 2019 CMA Physician Workforce Survey results](#).

⁶⁴ Medical Council of Canada (n.d.). [Route to licensure](#).

⁶⁵ Medical Council of Canada (n.d.). [Route to licensure](#).

established the National Registration and Accreditation Scheme in 2010 so there would be one national licence for registered providers.⁶⁶

The Bureau is aware of the current pressures on the health care system resulting from the COVID-19 pandemic. In the short term, governments could consider extending limited, cross-jurisdictional agreements to enable provider mobility. In the longer term, working towards national licensure will allow both providers and Canadians to benefit from increased innovation and choice when it comes to health care.

Recommendation 3: Modernize policies to facilitate digital health care delivery

Certain policies at the provincial and territorial level may restrict the services that providers can offer digitally. Similarly, the lack of guidance surrounding these policies could dissuade providers from offering virtual care. This can include policies such as scope of practice, prescribing ability and/or the ability to request follow-up tests.

To ensure that patients experience the benefits of competition—including increased innovation and choice—regulators should review and modernize their policies to facilitate digital care by:

- ensuring that virtual care policies do not unnecessarily restrict the use and adoption of digital health care solutions;
- empowering providers to use the best mode of care for their patients; and
- adapting existing policies to enable the use of digital health care, where appropriate.

⁶⁶ Australian Government, Department of Health and Aged Care (2022). [National Registration and Accreditation Scheme](#).

NEXT STEPS

Government policy is central to ensuring that the public health care sector benefits from competition. To fully realize the benefits competition can offer both providers and patients, policymakers should consider the impact that policies could have on competition, and minimize any negative effects where possible.⁶⁷ This will allow providers and patients alike to benefit from increased innovation and access to care.

The Competition Bureau invites policymakers to review and consider the recommendations made in this report. Implementing these recommendations will serve to improve the incentives related to the compensation and mobility of health care providers across Canada. This will encourage providers to better leverage the forces of competition, which could result in lower costs, increased innovation and better choice for both providers and patients.

The Bureau welcomes the opportunity to continue working with policymakers to help ensure that policies support competition and innovation in this important sector.

⁶⁷ For more information, see Competition Bureau (2020). [Strengthening Canada's economy through pro-competitive policies](#).

How to contact the Competition Bureau

Anyone wishing to obtain additional information about the *Competition Act*, the *Consumer Packaging and Labelling Act* (except as it relates to food), the *Textile Labelling Act*, the *Precious Metals Marking Act* or the program of written opinions, or to file a complaint under any of these acts should contact the Competition Bureau's Information Centre:

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