



*A Model for Innovative, Sustainable, Cost-Shared  
Healthcare Service Delivery and Governance*

Report to the Standing Senate Committee  
on Social Affairs, Science and Technology

November 9, 2011

Leah Hollins  
Chair, Canadian Blood Services Board of Directors

Dr. Graham Sher, MB BCh, PhD, FRCPC  
Chief Executive Officer, Canadian Blood Services

## ***Profile, Governance and Accountability at a Glance***

### ***Corporate Profile***

Canadian Blood Services is a national, not-for-profit charitable organization that manages the supply of blood and blood products in all provinces and territories outside of Québec. Canadian Blood Services also oversees the OneMatch Stem Cell and Marrow Network, offers diagnostic services in certain areas of the country and provides national leadership for cord blood and organ and tissue donation and transplantation. The provincial and territorial Ministries of Health provide operational funding to Canadian Blood Services. The federal government, through Health Canada, is responsible for regulating the blood system.

### ***Governance***

**Provincial and Territorial Ministers of Health:** The provincial and territorial ministers of health provide the operational budgets for Canadian Blood Services and act as the organization's Corporate Members. The Ministers have the authority to appoint the organization's Board of Directors and approve Canadian Blood Services' three-year corporate plan.

**Provincial and Territorial Blood Liaison Committee:** This committee provides support and advice to the ministers and deputy ministers of health on issues affecting the blood system. Each funding province and territory has membership.

**Board of Directors:** Comprising individuals appointed by the provincial and territorial Ministers of Health, the Board is responsible for the organization's governance, overall affairs, strategic plan, budget and reporting on Canadian Blood Services' performance to the members. The Board of Directors has 13 members, including medical, scientific, technical, business, public health, regional and consumer interest representatives.

### ***Public Accountability***

**National Liaison Committee:** The National Liaison Committee (NLC) reports directly to the Canadian Blood Services' Board of Directors and is co-chaired by two Board members who are consumer representatives. It consists of at least 10 members representing consumer groups, patient/recipient groups, health-care professionals, hospitals and national partners or sponsors. The purpose of the NLC is to work directly with external stakeholders from across Canada to inform, discuss and engage on a variety of topics relating to Canada's blood system and other lines of business and its impact on the broader health-care system.

**Regional Liaison Committees:** The Regional Liaison Committees (RLC) are advisory committees comprising 12–24 members reporting to Canadian Blood Services, with seven committees representing specific regions. Committee members meet to identify issues and offer ideas, opinions and concerns from across Canada. The committees ensure that Canadians contribute to decision-making. A representative from each RLC also acts as a member of the NLC.

## ***Introduction***

### ***A sustainable model for integrated, cost-shared healthcare in Canada***

Canadian Blood Services manages the supply of blood and blood products in all provinces and territories outside of Québec. Thirteen years after its inception, Canadian Blood Services has seen its mandate evolve into areas not imagined when federal, provincial and territorial governments created it in 1998.

In addition to operating the national blood system, we are currently developing and launching Canada's first, national, public umbilical cord blood bank to improve outcomes for Canadian patients. And, since the 2008 merger of the Canadian Council for Donation and Transplantation with Canadian Blood Services, we are facilitating life-saving kidney transplants and working with governments and the organ and tissue donation and transplantation community to see needed break-through performance for organ and tissue donation and transplantation in this country.

Today, Canadian Blood Services is emerging as a trusted partner in the development and delivery of healthcare services and policy. In these respects, our scope is unparalleled within our country's healthcare arena, which is profoundly shaped by its decentralized approach.

We view Canadian Blood Services as an innovative, sustainable model for governance and service delivery—one that is accountable and transparent to the public, to be leveraged across the country through continued federal investment in existing provincial/territorial systems. It is within this context that we welcome the opportunity to contribute to the discussion on the review of the 10-year plan to strengthen healthcare. This is an important and pressing issue affecting all Canadians and is of vital interest to us.

## ***Setting the Context***

### ***Beginnings: Public health catastrophe dictates accountable, national service delivery model for blood***

Canadian Blood Services was created in 1998 in response to the inquiry led by Justice Horace Krever into the tainted blood tragedy—the largest public health catastrophe in the country's history. In the wake of the Krever Commission, Canadian Blood Services was given the mandate for a national blood supply system that assures access to a safe, secure and affordable supply of blood, blood products, and their alternatives.

In this regard, our core activities include recruiting and managing blood donors, collecting whole blood, plasma and platelets, testing, manufacturing, safely storing and distributing and effectively managing the inventory of blood and blood products.

Blood and blood products are always needed and are critical in the treatment for accident and trauma victims, organ transplants, cancer treatments, surgeries, anemia, premature infants and various blood disorders.

Our national operations touch and integrate multiple aspects of the Canadian healthcare system for the ultimate benefit of the patient, including P/T governments as our Corporate Members and funders, Health Canada as our regulator, medical scientists for state-of-the-art transfusion medicine research, and, of course, hospitals, blood banks and physicians who administer blood and blood products.

***Unique perspective: An accountable, evolving, pan-Canadian healthcare service provider***

Given our experience, Canadian Blood Services brings a uniquely valuable perspective to Committee discussions, particularly related to accountability and reporting to citizens: that of an accountable, evolving, pan-Canadian healthcare service provider funded by all P/T jurisdictions (except Québec.)

This corporate-wide focus on accountability and public reporting is integral to Canadian Blood Services.

We believe the governance model put in place by the ministers of health at the time of our creation, and which exists to this day, offers unique opportunities and benefits which could also be beneficial to other sectors of the healthcare system.

An innovative, cost-shared funding model, which has worked so well for the blood system, has the same potential to transform other areas of healthcare in terms of accountability, sustainability and equality—all to the benefit of the patient.

Our commitment to openness and transparency has helped restore trust and confidence to a critically important sector of healthcare—one relying heavily on the goodwill of donors, volunteers and the public.

Today, we have emerged as a mature, sustainable, cross-jurisdictional healthcare system provider and trusted partner—an achievement which continues to evolve through cross-jurisdictional collaboration—both through our corporate governance structure and on an operational basis, as we develop and launch pan-Canadian initiatives like our organ registries and the cord blood bank.

***Accountability and transformation: From crisis to confidence***

Canadian Blood Services transformed the Canadian blood system and restored confidence by tackling critical safety and quality issues and by ensuring Canadians receive safe blood products in a timely and seamless manner. We took a system born out of a source of outrage and turned it into a pan-Canadian institution worthy of the trust of the public, donors and healthcare providers.

We did this by launching a series of transformational changes that saw the creation of a national inventory system for blood, the introduction of technology to create a robust national blood information management system, and the introduction of new blood testing technologies.

These changes also included standardizing processes to ensure quality, launching nation-wide recruitment drives, opening stand-alone collection sites and merging and consolidating various blood manufacturing and testing activities across the country in order to create a better integrated and efficient system.

The benefits of a pan-Canadian approach to managing the blood system have been key to our successful transformation:

#### ***Consistent quality standards***

First, this approach ensures national consistency in service quality and standards. All blood donations are systematically tested to the same quality standards. Similarly, if a new safety test or screening measure is introduced, it is implemented across the country. This ensures that Canadians have access to blood and blood products of the identical quality irrespective of location of collection, manufacturing or distribution.

#### ***Equal access across the country***

The second important benefit of note is our ability, thanks to a national inventory system, to meet demand across the country by being able to move products from areas with a surplus inventory to areas experiencing shortages.

A unit of blood can be moved wherever it is needed across the country, regardless of where the blood is collected. This is critical because the ability to collect blood varies across provinces, as does the utilization of blood products. Large urban areas, for example, with many hospitals offering sophisticated healthcare treatments, use larger volumes of products than would be available from local collections sites. Our ability to manage the blood product inventory at a national level enables us to move products from more rural areas where collections are often stronger and the need for products is less.

#### ***Sustainable costs and service***

The third benefit of taking a national approach is related to our ability to negotiate contracts for drugs derived from blood products and medical supplies such as blood bags. By pooling the requirements at the national level, the volumes are sufficient to benefit from cost savings.

Today, there is virtually no wait time for blood or blood products and our pan-Canadian system means these products are equally accessible to all patients across the country.

### ***Ongoing Public Input***

The principles of accountability, public engagement and transparency have also made essential a variety of public consultation mechanisms.

We have built solid stakeholder relationships over the years through our National and Regional Liaison Committees and have a proven engagement methodology that allows for discussion and information exchange on a variety of topics relating to the blood system and other lines of business and their impact on the broader healthcare.

We have an established feedback program to regularly solicit opinions from our stakeholders, be they donors, recipients, volunteers, hospitals, clinicians or members of the public, in addition to our stakeholder engagement activities. All Board meeting minutes are posted on the Canadian Blood Services website and, two times a year, Board meetings are open to the public.

These practices allow recipients, donors, their families, healthcare providers and patient groups to have substantial input into our processes.

### ***Accountability and governance: Arm's length model brokers cost sharing and emergence of leaner, more efficient operations***

Accountability, engagement and transparency are also embodied in our cross-jurisdictional corporate governance structure and are the drivers behind our business and finance practices.

The Canadian Blood Services' model of governance is a unique and successful arm's length model for Canada, one serving both the organization and its funders well since governments wisely created it 13 years ago. Our governance structure is multi-layered. It balances ministerial responsibility and accountability for spending public monies with the autonomy necessary for us to ensure a safe, secure and effective blood supply.

We have robust practices and procedures that include engagement with scientific, medical and community stakeholders to ensure we meet—if not exceed—the expectations of our regulators, members and the communities we serve.

The provincial and territorial ministers of health appoint the Canadian Blood Services' Board of Directors, approve our corporate plans and provide annual budgets. Our operations are regulated by the federal government through Health Canada.

The Canadian Blood Services Board of Directors is responsible for the overall direction of the affairs, operational activities and budget for the organization and is responsible for reporting on Canadian Blood Services' performance to the ministers as Corporate Members.

As recommended by Justice Krever, this model necessarily protects both governments and the integrity of the blood system and has allowed us to make timely and appropriate decisions, independent from individual governments, in the best interests of a national blood system. Indeed, this governance structure has created a unique health services delivery model that has successfully reformed and strengthened the national blood system.

In our early years, governments invested heavily to fix a broken system. Now that those investments have paid off in terms of stability, improved safety and restored trust, we are putting considerable focus on various ways to reduce costs by, among other measures, cutting expenses and improving process management and productivity.

While we perform a vital function in Canadian healthcare, we represent only approximately one per cent of the costs – close to \$1 billion yearly – with the proportion of our funding relative to overall healthcare spending decreasing over the past few years. We have required a smaller share of provincial healthcare funding over the last several years due to cost management and productivity improvements.

## ***Recommendation to the Committee***

As the dialogue in support of the 2014 health accord renewal progresses, the potential of cross-jurisdictional healthcare system integration and, ultimately, the sustainability of the system, is being discussed widely.

While pan-Canadian collaborations can be challenging, Canadian Blood Service's on-going corporate governance and funding model can be seen as a 13-year example of successful cross-jurisdictional cost-sharing in action. This model of accountability and sustainability is one to be emulated and supported through continued federal investment in existing provincial/territorial systems.

It is a model promoting collaboration whereby provincial jurisdictions still maintain their autonomy while agreeing on fundamental policies and programs. This model encourages collaboration and co-operation and is firmly centred on patient outcomes. It succeeds because it allows the provincial and territorial jurisdictions to accomplish more together than they can achieve separately.

Here are three specific areas where this model of agreement is paying off, with governments leveraging their investment in Canadian Blood Services' core competencies and singular experience:

### ***1. Organ and tissue donation and transplantation: Provinces and territories doing together what they cannot do alone***

In recent years, governments have recognized our success as an accountable, integrated and sustainable healthcare provider by evolving and expanding our mandate.

In 2008, F/P/T governments (except Québec) gave us a five-year mandate in organs and tissues donation and transplantation (OTDT), including the development of national patient registries for organ transplantation. Under the new arrangement, the Canadian Council for Donation and Transplantation (CCDT) became part of Canadian Blood Services, as did its work in leading practices and public education.

As part of this mandate, we were asked to work in collaboration with the OTDT community on recommendations to deliver accountability, consistency, improve performance, and, most importantly, ensure that more Canadians receive the organs and tissues they urgently need. Why is a national approach necessary? Canada is lagging behind in terms of donation rates - our rates are less than half that of the best performing countries. In fact, our donation and transplantation programs have reported relatively unchanged donation performance for over a decade. While it is true that some provinces have demonstrated success and improvement, the ability to sustain overall performance has been difficult for most areas. We know we can do better as a nation.

Our experience transforming the blood system and regaining public trust, our experience as a national healthcare service provider and our strengths acquired as a manufacturer of biologics are the same capabilities needed to help support transformation of an organ and tissue system.

### ***A Canadian first***

Our experience has also meant we have successfully delivered a National Living Donor Paired Exchange Registry and are in the process of building the National Organ Waitlist and Highly Sensitized Patient Registry. In particular, the Living Donor Paired Exchange is a registry that facilitates living kidney donation between those with a willing but incompatible donor and another pair in the same situation. It was launched in January of 2009, with the first surgeries taking place in June 2009.

With all provinces now participating, in a relatively short time, this cross-jurisdictional registry has significantly reduced wait times and facilitated almost **100 kidney transplants that would otherwise not have happened under separate provincial systems.**

In October 2010, two living donor kidneys were shipped inter-provincially by air (Halifax to Toronto and Toronto to Halifax in a domino exchange); **this was not only a first for the registry, but a Canadian first in terms of shipping kidneys from living donors.**

The National Organ Waitlist is a listing of the most urgent status patients and will replace the existing fax-based urgent status waitlist maintained by the London Health Sciences Centre. The registry will include all organs with the exception of kidneys, and will bring the benefits of a real-time, web-based system.

The Highly Sensitized Patient Registry is a kidney registry for patients more difficult to match because they have increased antibodies, commonly because of a blood transfusion, previous transplant or pregnancy.

### ***Extensive consultation***

For the work in designing a national strategy, Canadian Blood Services engaged in extensive consultation and planning with Canadian and international OTDT experts, patient groups, living donors and donor families, recipients and other interested stakeholders to define a new future for OTDT in Canada. Three committees were launched to lead the design of the new system. These included a steering committee responsible for overall vision and strategic direction and two separate organ and tissue expert advisory committees. Committee members were selected for their expertise and to ensure broad representation from across Canada.

As a result of the extensive planning and consultation, Canadian Blood Services recently submitted an integrated, cost-shared OTDT plan, on behalf of the OTDT community, that identifies gaps in the current Canadian system and provides a set of 25 recommendations focused on significantly improving system performance in this country.

The recommendations are currently with deputy ministers of health for review.

## ***2. National public cord blood bank: Leveraging in-house expertise in Canadian Blood Services' OneMatch Stem Cell and Marrow Network***

In 2011, as another testament to Canadian Blood Services' ability in developing an integrated, cost-shared system, provincial and territorial Ministries of Health (except Québec) provided the organization with funding for the creation and development of Canada's first, public umbilical cord blood bank to provide patients across the country with greater access to cord blood units.

Cord blood is a high-quality source of stem cells and a national bank will provide a solution to Canada's dependency on internationally sourced units. Cord stem cells can provide fewer complications post-transplant.

A national cord blood bank will provide physicians with more options when a family or unrelated donor cannot be found; increasing the chance of finding a Canadian donor will reduce the cost of transplant in Canada's healthcare system. As well, transplant and International Registries will have greater access through real-time capabilities. The goal is to achieve a target inventory of 20,000 cord blood units over eight years.

The Canadian Blood Services model is a particularly good fit for this mandate because of our in-house expertise developed by the OneMatch Stem Cell and Marrow Network (whose mission is

to secure, in a timely way, donors for stem cell and bone marrow transplant patients in Canada and abroad), and our existing national presence and infrastructure.

### **3. Bulk drug purchasing: A practical, national \$500 million pharmacare program**

There had been much discussion and debate around a national pharmacare strategy and we have been encouraged by the formation of the Pan-Canadian Purchasing Alliance for Drugs and Medical Supplies created in 2010.

There are many challenges to intergovernmental purchasing alliances, such as different health/reimbursement systems, different patient populations, legal issues, and progress, as a result, has been slow.

Canadian Blood Services has experience and expertise with a practical, national, pharmacare program—one that works because of our model of agreement with the provinces and territories.

We currently manage a \$500 million drug formulary program that purchases and distributes 32 biological agents on behalf of the provinces and territories to treat a variety of disorders, including hemophilia and rare immune disorders.

The formulary is pan-Canadian. It provides equal access to drug treatments regardless of where individuals live, and is based on evidence-based guidelines and rigorous surveillance and post-surveillance information.

We have an existing national logistics and transportation network in place that gets these life-saving drugs to the patients who need them, wherever they are.

Drug manufacturers say we are their biggest client worldwide because we are buying drugs for an entire country (except Québec). Being such a large bulk-purchaser means we have significant leverage in getting access and good pricing for the drugs.

## ***In Closing***

### ***Lessons of accountability: Canadian Blood Services as a sustainable model for healthcare delivery***

Author, economist and former Deputy Minister of Health for Ontario, Michael Decker, said in 2006 that crises can lead to better institutions, but only when the changes made reflect lessons learned. This is accountability, Mr. Decker suggested, because it leads to solutions rather than pointing fingers and

assigning blame. "When you have a failure, what do you do about it?" he asked. This, says Mr. Decter, is the question that leads to accountability reflected through improvement.

Incidentally, in this instance, he was referring to Canadian Blood Services.

The creation and continued evolution of Canadian Blood Services remains a bold model for healthcare: a service provider national in scope, federally regulated, nationally managed, and provincially funded.

We believe it is noteworthy we are the only publicly funded provider of a vitally necessary healthcare service operating on a pan-Canadian basis within 12 provincial and territorial jurisdictions. Provincial and territorial systems must continue to be supported and this investment leveraged.

Our experience to date has shown the structural complexity and inherent conflicts which attend an organization having national objectives, national standards, national healthcare delivery systems, but yet provincially funded, are not insurmountable.

Indeed, our cost-shared funding model is a successful example of accountability, sustainability and equality to be applied in other areas of healthcare, one that means Canadian patients can be assured the same service, quality, access and input, no matter where in the country they live.