

Health Care Funding

Fact Sheets on Key Health Care Issues

A need for long term stability and predictability

Funding issues have dominated discussions of health care for some time. Leading up to the publishing of the Romanow report, there were loud and persistent claims about the doubtful sustainability of medicare, about more private funding being desirable, and about the need for more money to the provinces from the federal government. Where are we now?

Overall Picture



The Canadian Institute of Health Information (CIHI) estimates that total health expenditures in Canada in 2002 were \$112 billion, of which \$79 billion (71%) was publicly funded. The federal share of the public funding was estimated to be \$11 billion (16%). As well, the federal government also wants to count the tax points transferred to the provinces for health funding beginning in the late 1970's that are currently estimated to be worth \$10.5 billion per year.

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The provinces maintain the tax share is general revenue and not part of the federal contribution to health funding. Moreover, they complain that the federal funding cuts in the 1990's forced rapid increases in the portion of provincial budgets for health care (now in the range of 32% to 44%, depending on the province).

Romanow Proposals

Major recommendations in the Romanow report addressed "long term stability and predictability" of funding as critical to sustain the system. The recommendations included increased federal contributions totaling approximately \$30 billion over the next five years, roughly half as a dedicated Canada Health Transfer (CHT), and the other half as a set of specific allocations to "buy change" over the first three years. These changes would include funding for home care, prescription drugs, primary care,

"We urge you to recommend a solution to the federal-provincial-territorial impasse that ensures strong, stable funding for health care. Federal funding must enable all parts of the country to provide quality health services that meet national standards."

**Ecumenical Health Care Network
Appearance before
the Romanow Commission
May, 2002**

diagnostic services, rural and remote access, and aboriginal health.

Government Accord



The accord established between the federal and provincial governments on February 5, 2003, provides for

increased transfers from the federal government. There are conflicting interpretations about the specific amounts, but overall it appears that the increases are only about **half** of the levels recommended by Mr. Romanow. He suggested the federal contribution should be at least 25% of the funding for medically necessary services (some advocates argue the federal share should be based on total public funding which would raise the requirement by \$5 billion yearly). With the announced increases, the federal funding remains at less than 20%.

The concern about federal funding has not only been about the level but also about provincial accountability to use the funds for intended purposes, particularly health care reform. The Romanow report recommended a Health Council of Canada be established jointly by the provincial, territorial and federal governments. It is unclear from the government accord how specific and definite the provincial obligations will be in use of federal funds.

Future Prospects

The bottom line is that funding increases will be relatively modest compared to the service pressures for health care. Calls for increased funding, including more privatization are likely to continue.

This Information Fact Sheet is one in a set of information resources produced by the Ecumenical Health Care Network. The Ecumenical Health Care Network is a project of the Commission for Justice and Peace of the Canadian Council of Churches. The Network includes representatives from the Canadian Conference of Catholic Bishops, the Anglican Church of Canada, the Evangelical Lutheran Church in Canada, The Presbyterian Church in Canada, the United Church of Canada, the Catholic Health Association of Canada, and Kairos: Canadian Ecumenical Justice Initiatives.

The Network has organized educational events and has made representations to the Standing Senate Committee on Social Affairs, Science and Technology (<http://www.united-church.ca/jpc/healthcare/senate-brief.shtm>), the Royal Commission on the Future of Health Care (<http://www.ccc-cee.ca/english/jp/index.html>) and various Ministers of Health. For more information on the work of the Ecumenical Health Care Network, please contact:

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