

Reforming Canada's 'National' Health Care System

Presentation to Robarts
Centre For Canadian
Studies Summer Institute
2001



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9 July 2001

Outline of Presentation

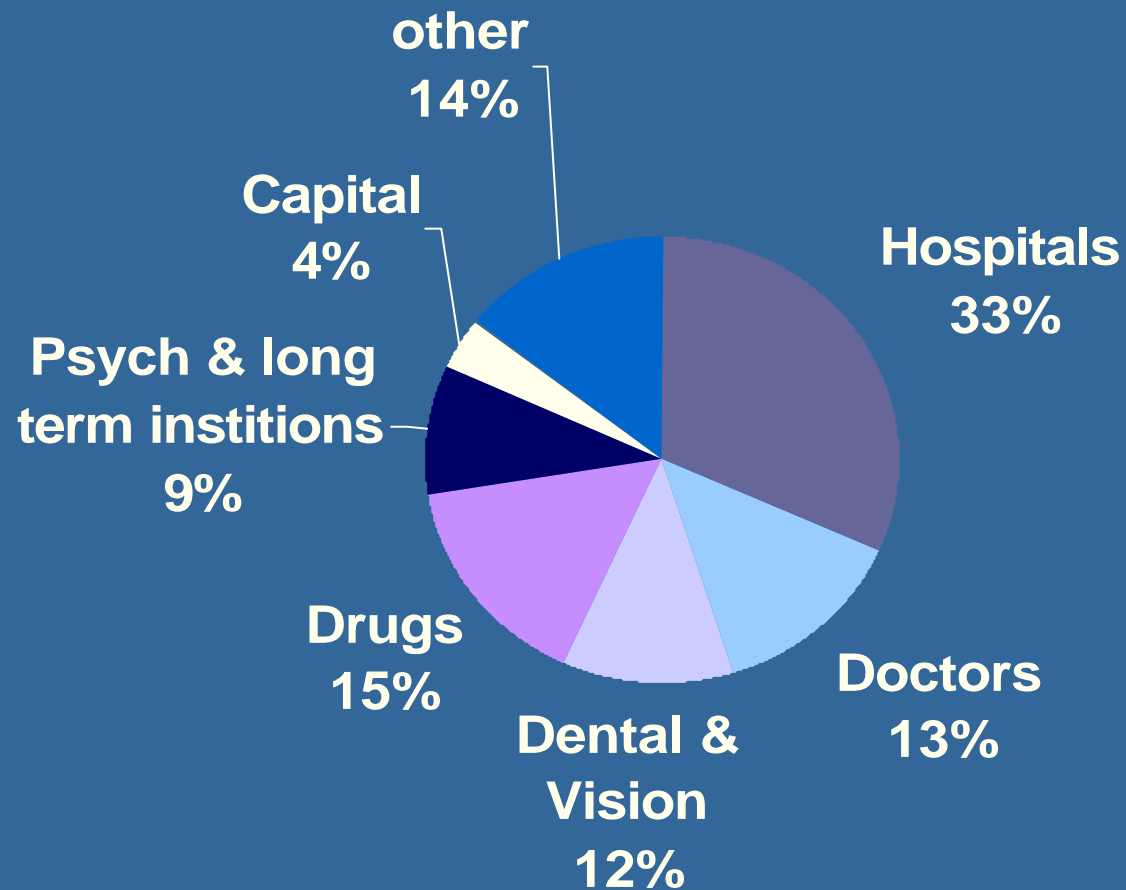
- Description of Canada's health care system
 - Size of the system today
 - How the system is organized
 - How it is paid for
- Current pressures for change
- Where will the future take us?



Health care in Canada today is a \$95 Billion industry

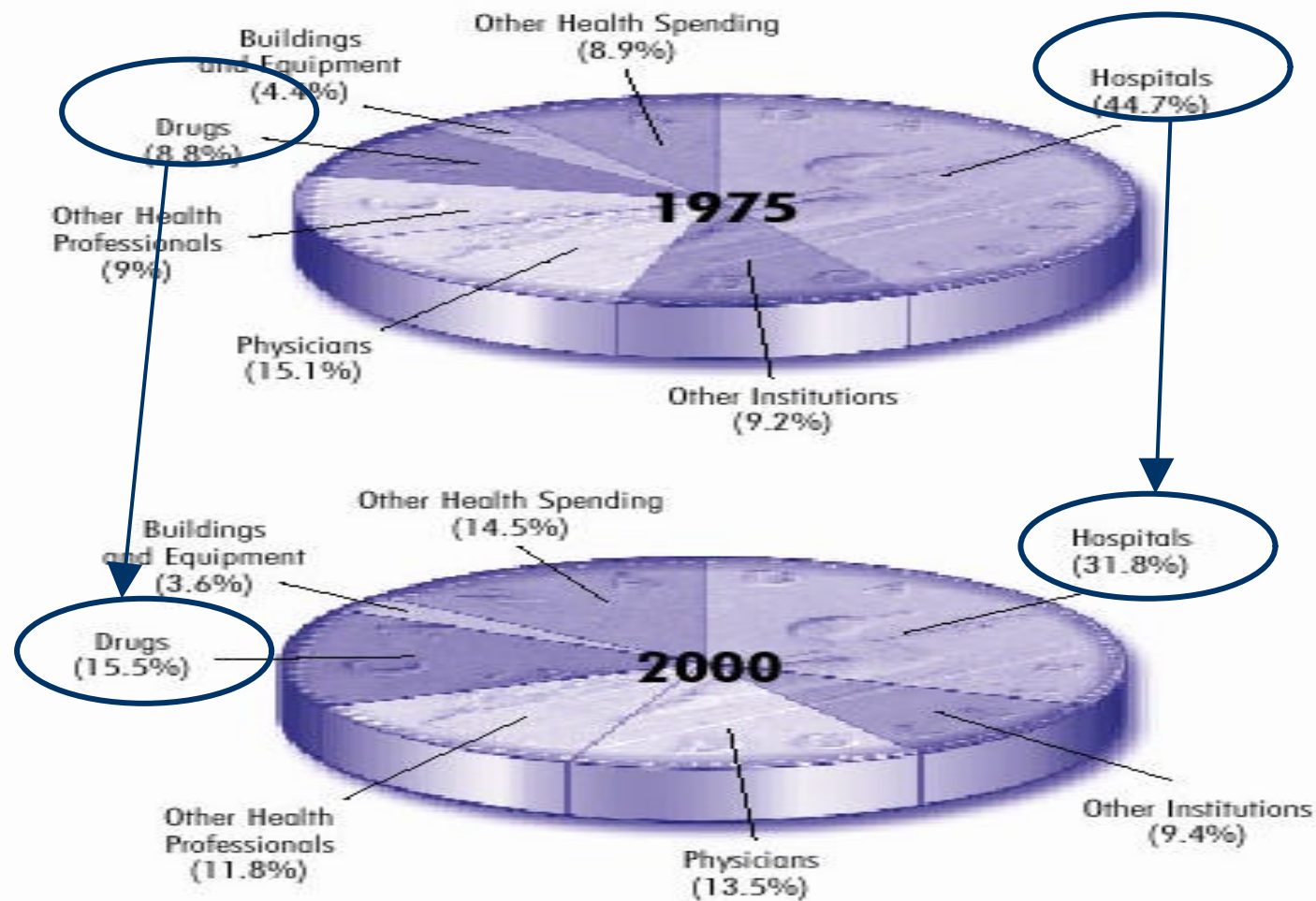
Hospitals	\$30.2 B
Doctors	\$12.8 B
Dental & vision etc.	\$11.3 B
Drugs	\$14.8 B
Psych, long term & other institutions	\$8.9 B
Capital	\$3.4 B
Admin, public health, research, other	\$13.8 B
TOTAL	\$95.1 B

Component shares of Canada's health system

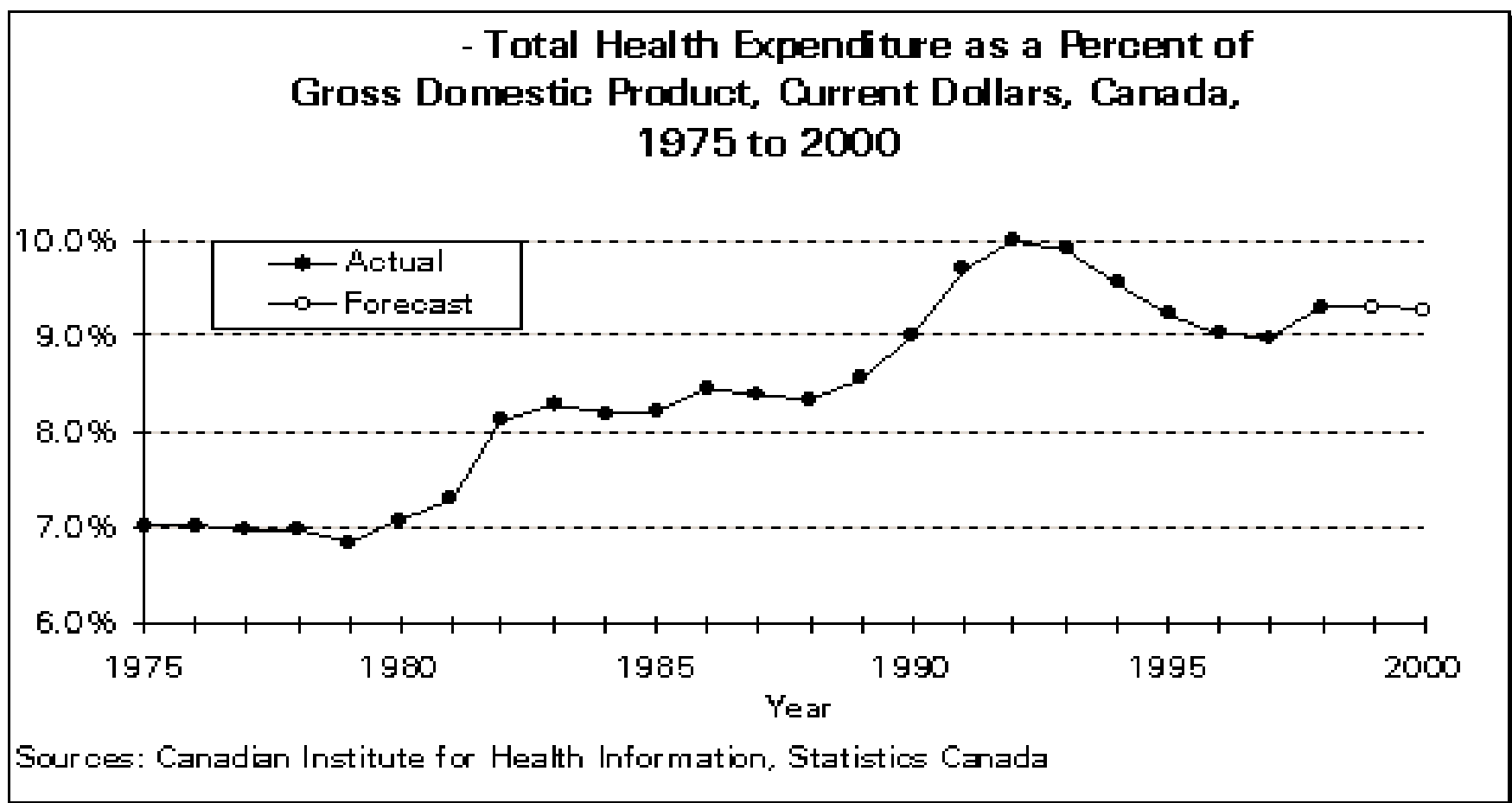


Dividing the Health Care Dollar

The way that we spend health care dollars is changing. Twenty-five years ago, a much larger share went to hospitals, and payments to physicians were the second—*not* the third—largest area of spending. The figure below shows how the distribution of total public and private health care expenditure in Canada has changed between 1975 and 2000 (forecast).

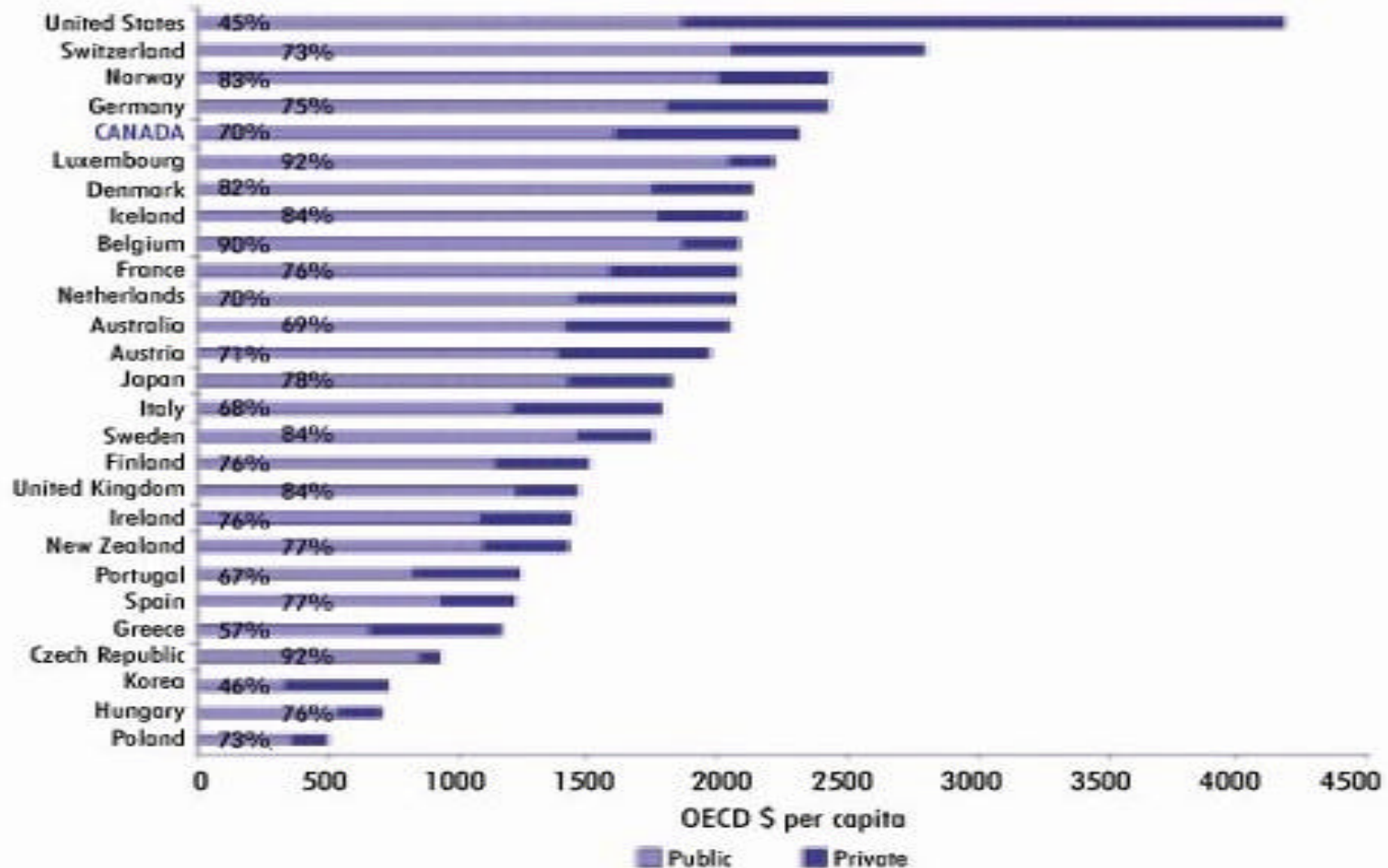


Health care has been a relatively constant 9% to 10% share of GDP over the last decade



How Canada Compares

In 1998, Canada was fifth among the 27 OECD countries in total spending per person on health care. But most had a higher share of spending from the public sector, as shown below. Estimates are adjusted for differences in prices (purchasing power) between countries.



Source: OECD Health Data 2000

How Canada's health care system is organized

- All essential hospital and doctor's services are 'insured' without any charge at point of service for all residents, paid for from tax revenue
- Other services (e.g. drugs) are a mix of public and private, variable by province
- There is no private hospital or doctor system; everyone uses the same publicly financed system
- Canada's health care system has been extremely popular politically, but is increasingly under question

More basics about Canada's health care system

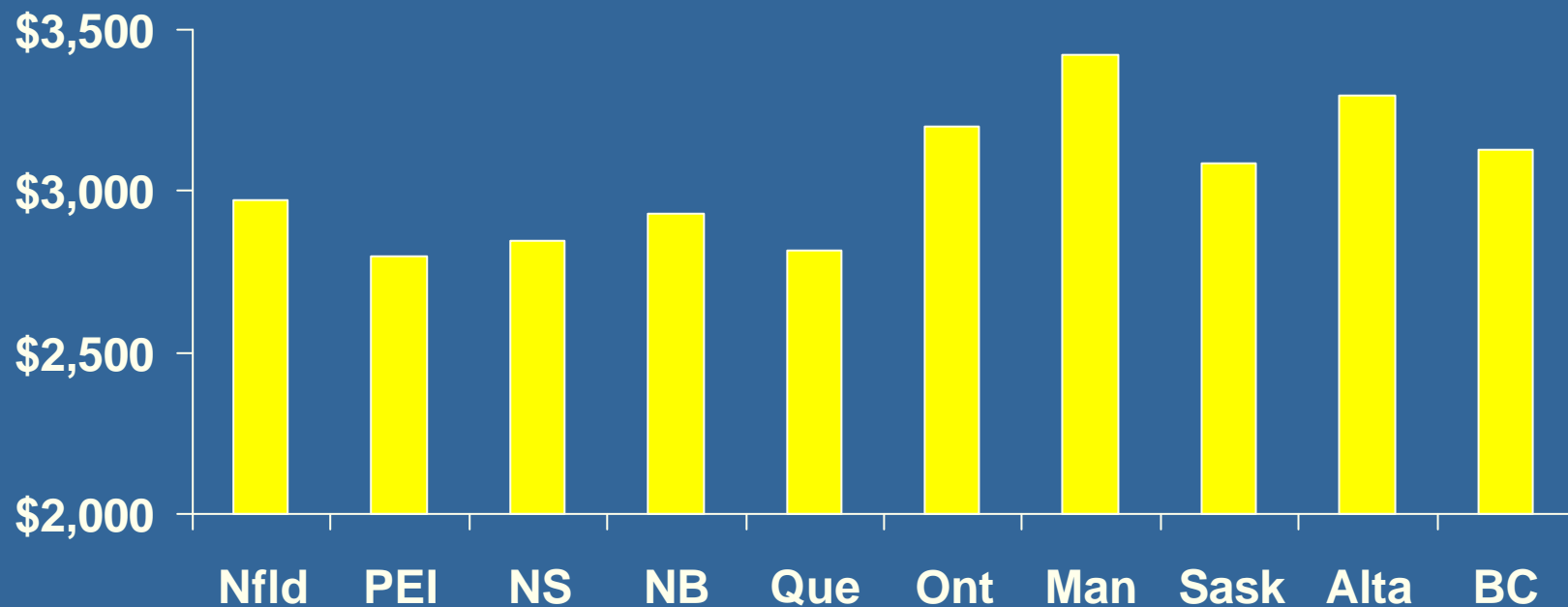
- Almost all hospitals are not-for-profit, owned and run by a non-profit agency or organization
- Hospitals are paid differently in different provinces, mainly on a historical budget basis rather than a per patient fee
- Doctors are mainly compensated on a fee-for-service basis, and most primary care is provided by single physicians practicing out of their own offices

Provinces are responsible for health care; federal government influences with funding

- Constitutionally, provinces are responsible for their own health care system
- Federal government provides partial financing in exchange for provinces paying for hospitals and doctors for all residents (without user charge)
- Each province offers a different mix of other health services as part of public system
- Each province organizes its health services in its own way

Spending on health care varies from province to province

Total health expenditures per capita 2001



Regionalization in Canada

The pace of regionalization varied across the country. The map below shows when changes began in each province/territory. And changes are continuing. For example, former regional health boards in Nova Scotia are being reformed, and those in Nunavut were phased out.



* The British Columbia Health Authorities Act was first introduced in 1993 as part of "New Directions". The Health Authorities Act was amended in 1997. Funding and legal responsibility for delivering services was transferred to BC health authorities in 1997.

Source: HEALNet Regionalization Research Centre, Saskatoon

What Services Are Covered?

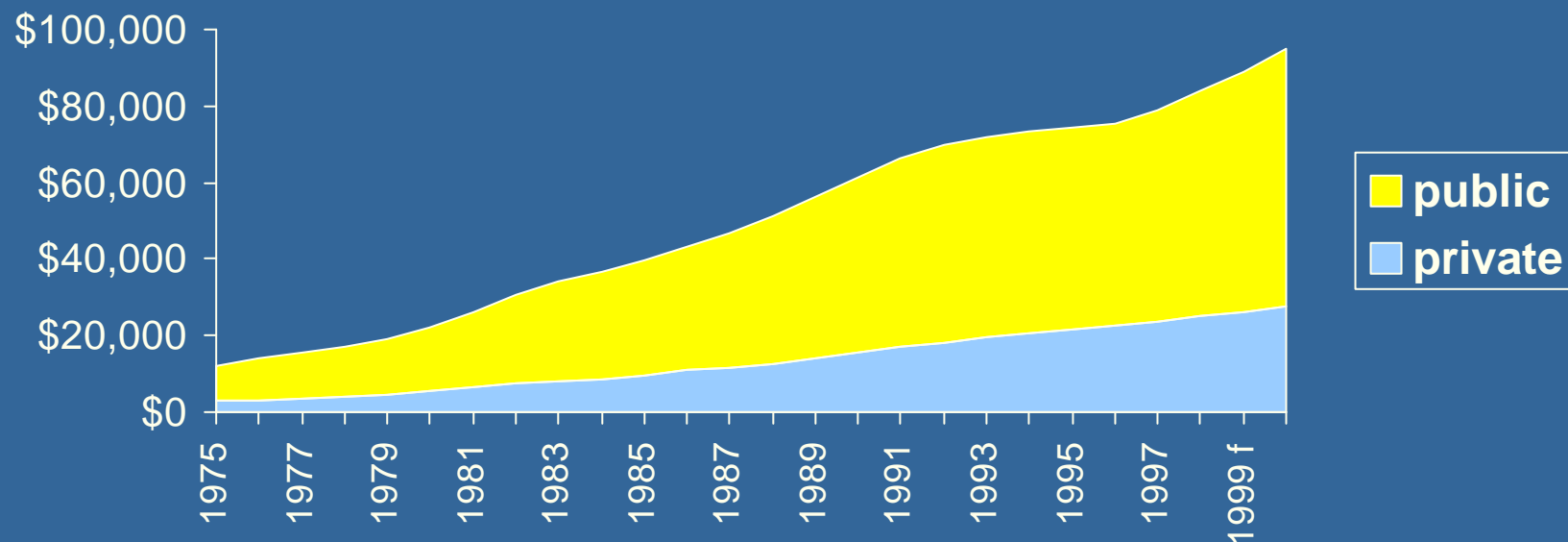
Each province and territory offers somewhat different home care programs. In 1999, all jurisdictions covered services such as assessment and case management, nursing care, and home support for eligible clients. But only some include prescription drugs and various types of therapy in publicly-funded home care programs. If home care clients want services beyond those covered, they typically have to pay for them themselves, either out-of-pocket or through insurance plans.

Service	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NF	NWT	YK
Assessment & case management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nursing care	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medical equipment and supplies	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Occupational/physiotherapy	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓
Speech therapy					✓		✓					
Respiratory therapy		✓					✓					
Social work	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓
Home support	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Prescription drugs		✓	✓		✓		✓	✓				

Source: Health Canada, Provincial and Territorial Home Care Programs: A Synthesis for Canada, with updates compiled by CIHI

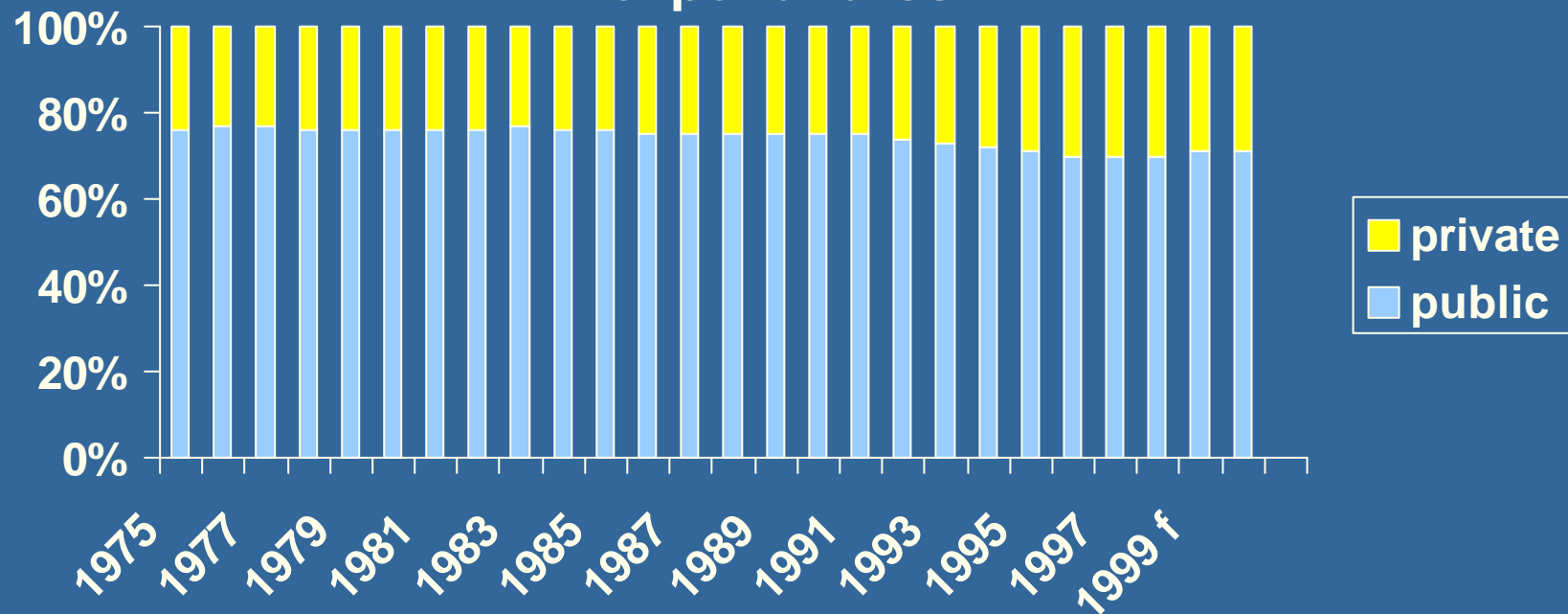
Canada's health care system is financed partly by taxes (public) and partly by charges (private)

Total, public and private health expenditures
(\$000,000s)

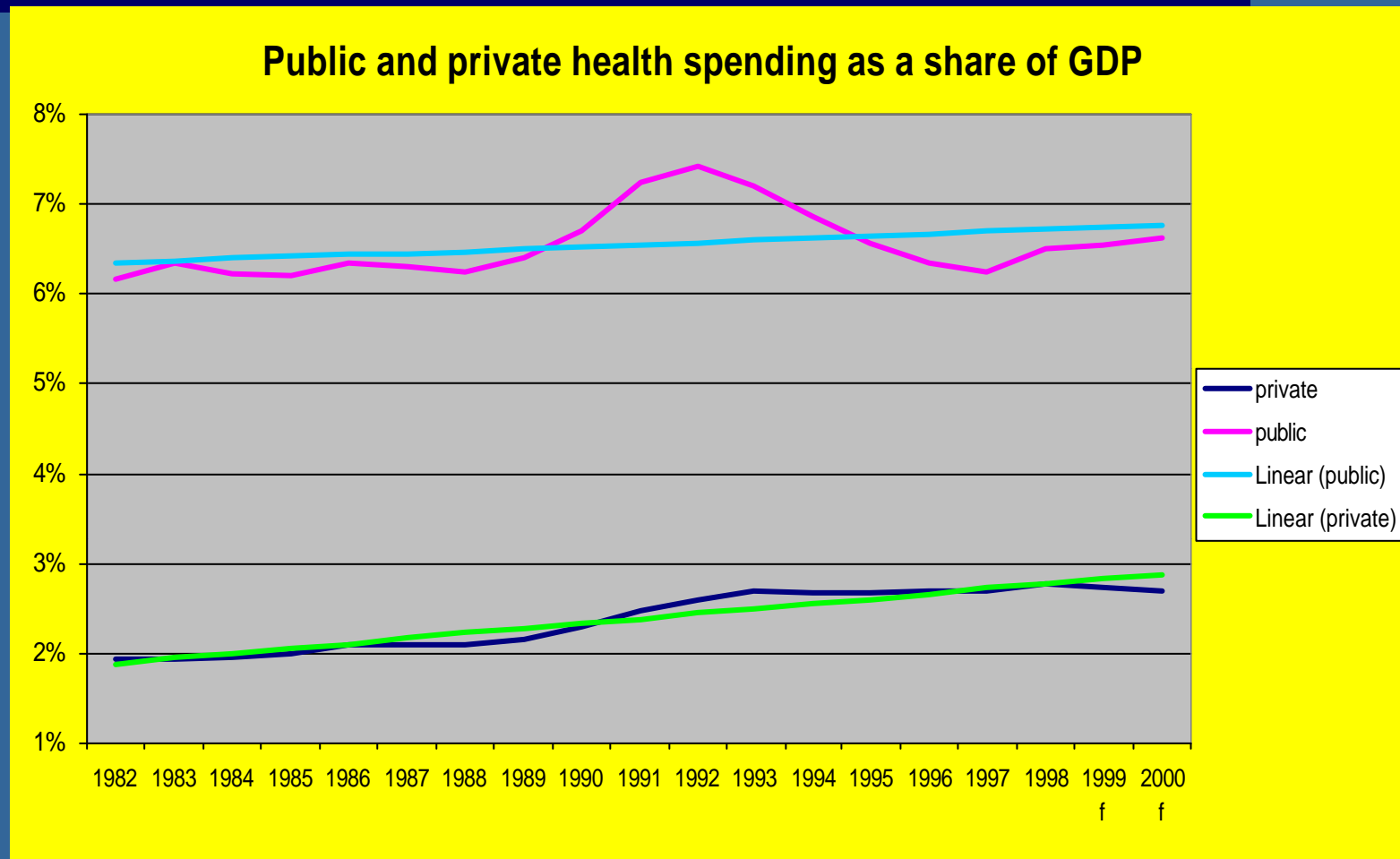


Public share of health expenditures declining very gradually

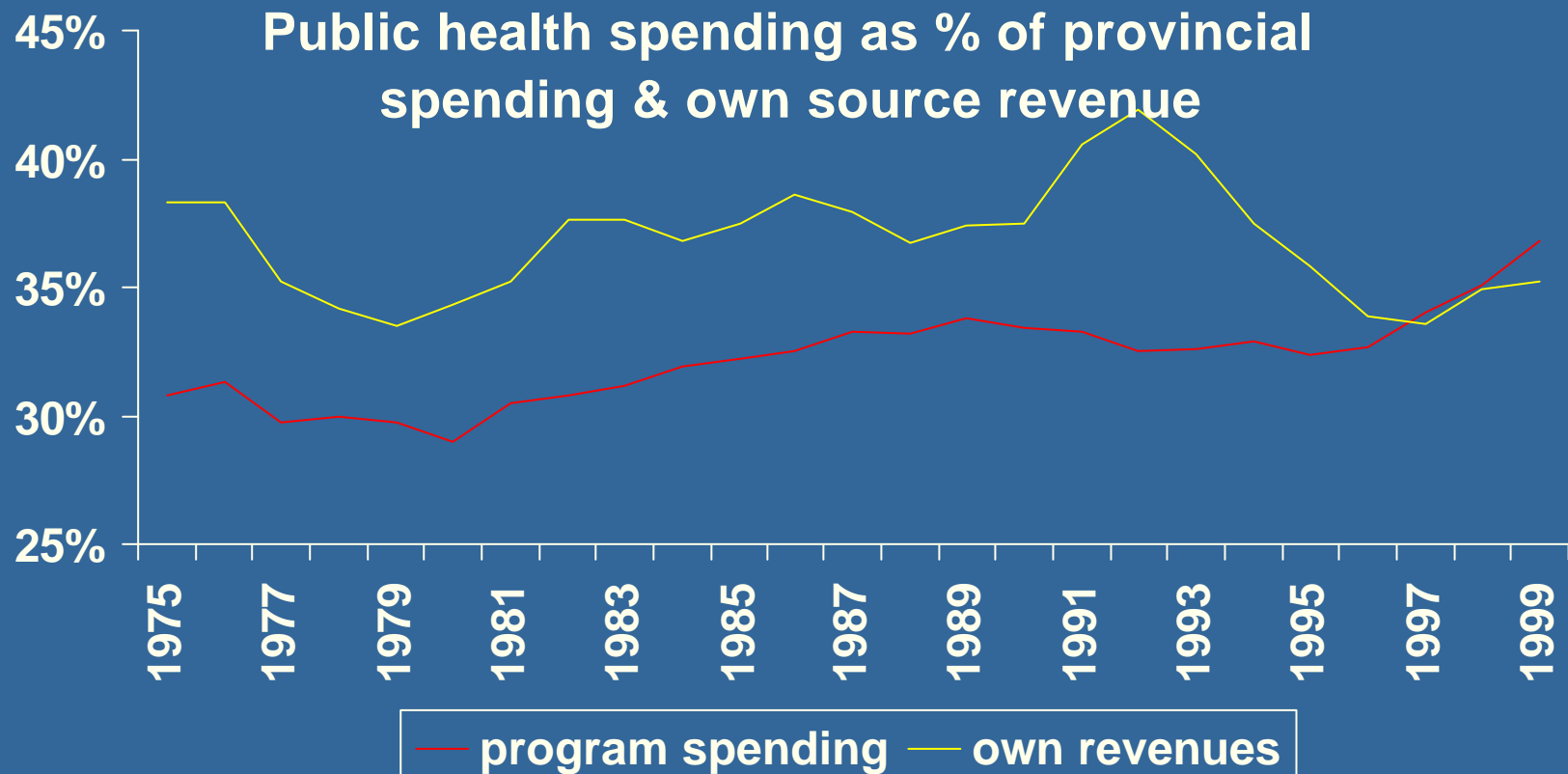
Public and private shares of total health expenditures



As a % of GDP, the trend line of private health spending is rising more rapidly than public spending



But in the last few years, public health spending has taken an increasing share of provinces' program spending, and a slightly increased share of their own source revenues



Provinces complain about having to spend more on health care to the detriment of other programs

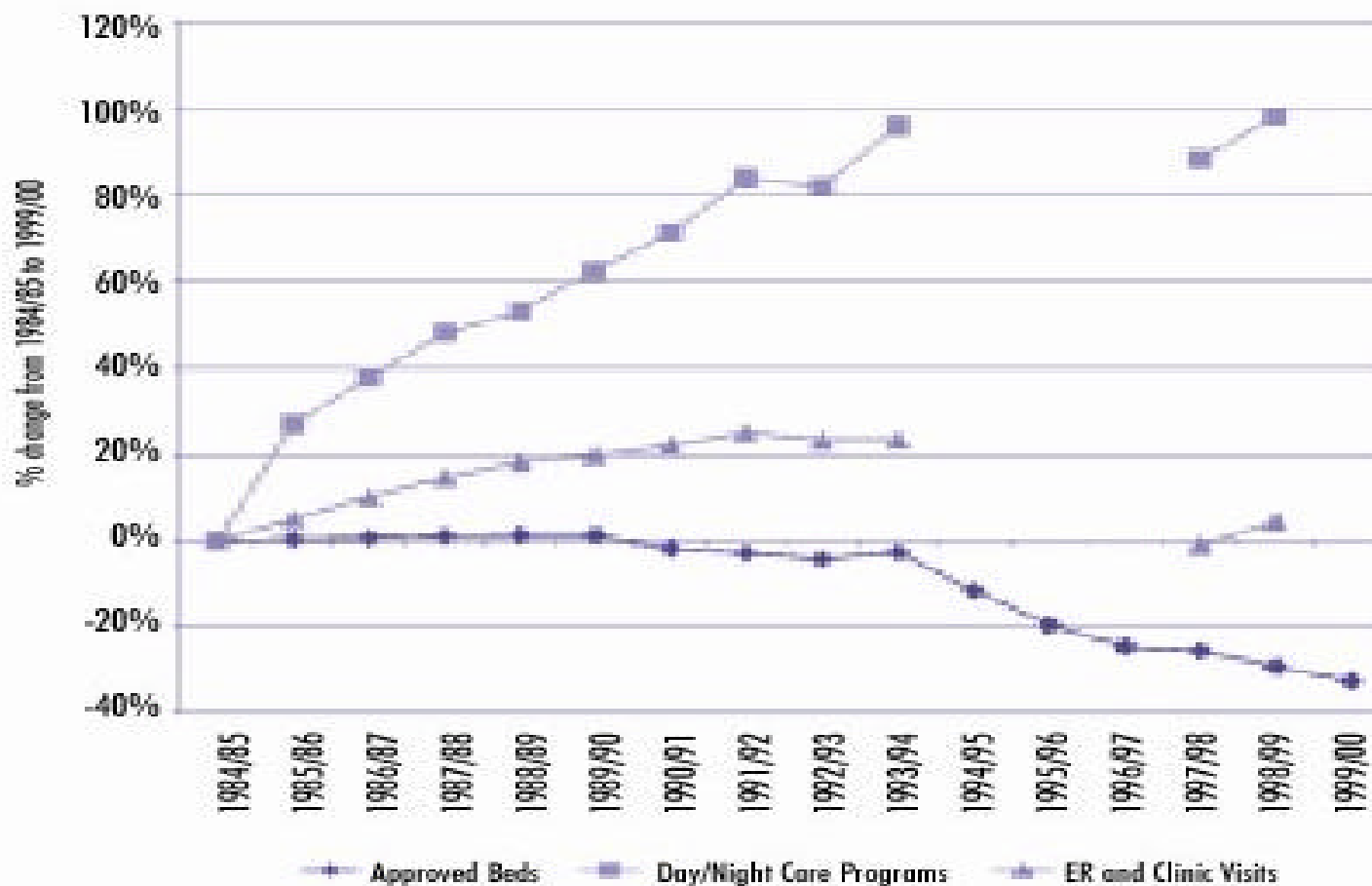
- Aggregate figures do not show full extent of financial pressure since one province (Alberta) much wealthier than others
- Provinces note that federal transfer revenue is not indexed to increase with GDP and argue that the federal government is not paying its fair share
- Provinces argue that aging population results in even greater health spending pressure

Provinces have taken aggressive steps to cut costs, contributing to public sense that health care system is deteriorating

- Radical reductions in number of acute care beds
- In some provinces, forced closure of some hospitals and 'restructuring'
- Years of wage freeze on nurses and support staff have now resulted in deep labour unrest
- There have been some cutbacks in benefits
- Despite 'no charges' ruling most doctors charge their patients for things like phone calls and reports that are not officially covered by a fee-for-service

How Hospitals Are Changing

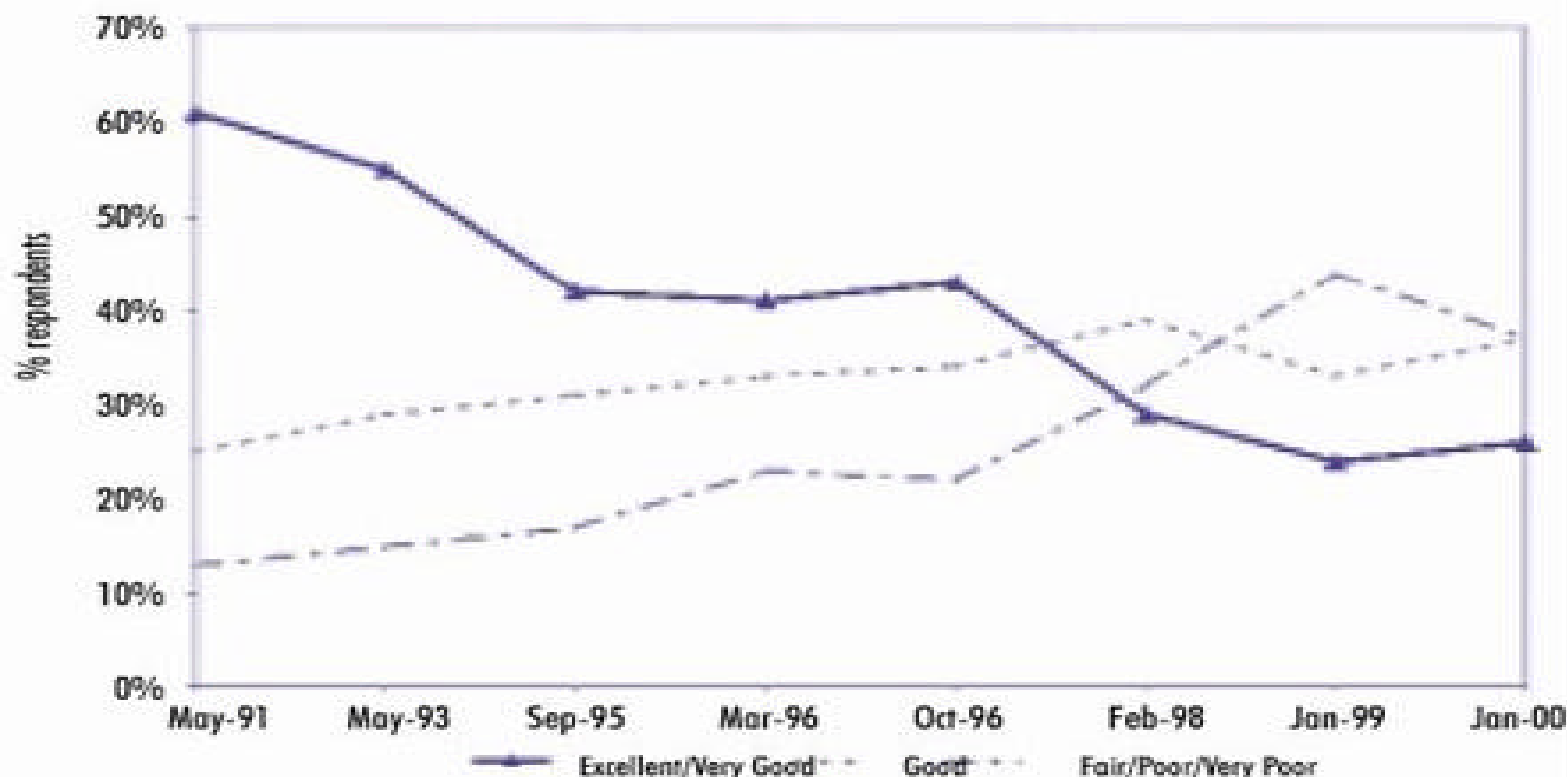
Since the 1980s, Canada's hospitals and the services that they offer have changed substantially. The graph below shows the percentage change in the number of approved beds and ambulatory services since 1984/85.



Source: Annual Hospital Survey, Statistics Canada (to 1994/95) and CIHI (1995/96 on)

How Canadians Rated Our Health Care System

Most respondents to Angus Reid polls throughout the last decade rated the health care system as good or better. But the proportion of respondents saying the system was excellent or very good has declined from just over 60% in 1991 to about one-quarter today. Note: The results are considered accurate to within 2.5 percentage points, 19 times out of 20.



Source: Conference Board of Canada (2000). *Canadians' Values and Attitudes on Canada's Health Care System: A Synthesis of Survey Results*. Ottawa: The Conference Board of Canada

Where will the future take us?

- System is not in stable equilibrium today
- There will be changes over next several years

Progressive change	Regressive change
Affirm no user charge policy	Implementation of user charges
Coverage of drugs & home care	De-listing of services
Reorganization of primary care, group practice	Continued dominance of fee for service solo practice model
Labour issues resolved through negotiation	Labour issues unresolved, 'back to work' legislation
Federal-prov. accommodation	Federal-prov. disunity