

FINANCING CANADA'S HEALTH SYSTEM

CNA POSITION

Health is one of the fundamental rights of every human being. Access to health-care services is among the conditions necessary for health. The Canadian Nurses Association (CNA) believes that a publicly funded, not-for-profit health system is the most efficient and cost-effective way of providing access to health-care services for all Canadians.

CNA supports the principles of the *Canada Health Act*: public administration, comprehensiveness, universality, portability and accessibility. CNA believes the federal government must maintain a central role in financing the health system and in enforcing consistent application of the act's principles throughout the country. Federal, provincial/territorial and local jurisdictions must work constructively together to provide funding that ensures all Canadians, regardless of where they live, have reasonable and timely access to an appropriate range of health services that produce quality patient outcomes. Funding for services must extend beyond physicians and hospital care to reflect modern-day health-care practices, the range of health providers and health needs along all parts of the continuum of care. For example, these services must include:

- a national pharmacare program that addresses prescribing practices, drug pricing and equity in coverage across the continuum of care and between jurisdictions;
- home care services that keep people well in their homes, thus reducing the number of admissions and shortening the length of costly hospital stays;
- illness and injury prevention, rehabilitation, public health, mental health and wellness programs that promote healthy living, prevent and better manage chronic diseases and reduce the financial burden of illness; and
- support for aging in place and long-term care.

CNA is committed to the provision of quality health care to all on the basis of need rather than the ability to pay. CNA believes that private health-care financing will cause inequities in access to care and will not solve the issue of rising health-care costs in Canada's public system. CNA urges the government to halt further privatization of health-care financing and preserve Canada's universal access to health services and high standards of care.

CNA believes our publicly funded, not-for-profit health system is sustainable through better financial management. Effective financial management depends on predictable funding allocations. Therefore, CNA urges governments to commit to multi-year fiscal frameworks that enable longer term planning as well as the ability to be flexible and responsive to new health issues and innovations.

Publicly financed care requires reporting and accountability. Governments have an obligation to set and enforce policies that ensure health-care dollars are spent effectively and efficiently. A greater emphasis must be placed on measuring outputs and outcomes to validate that Canadians are getting value for their money. The health sector, at the national, provincial/territorial and local/regional levels, must analyze the impact of funding decisions and policies on the safety of patients, on the quality of care and on professional practice. The public must be informed of the impact of such decisions and policies.

Policies regarding financing of health services must be developed in consultation with key stakeholders, including members of the public.

Maintaining the efficiency and effectiveness of the publicly funded, not-for-profit health system also relies on the appropriate adoption of innovations in the organization and delivery of health-care services. CNA supports innovation in the use of technologies and processes that enhance productivity, improve quality of care and reduce costs. CNA welcomes the development of models of care that maximize the benefit of registered nurses' and nurse practitioners' knowledge and skills, advance continuity of care and care-giver, for quality patient care, and focus on prevention and better management of chronic disease. The adoption of emerging technologies, including drugs, diagnostics and therapies, must be based on solid evidence and evaluation. Governments are urged to support innovation by allocating more funds for technologies, health promotion and disease prevention, and research and evaluation.

Finally, governments must invest in the social determinants of health such as education, employment and other factors that reduce income disparities, enhance health status and reduce the demand for health-care services.

BACKGROUND

Federal and provincial/territorial governments are jointly responsible for the design and operation of the health system. The federal government has the responsibility of administering the *Canada Health Act* – the federal legislation for the provision of publicly financed health-care insurance. The act embodies the values and principles of medicare:

- comprehensiveness: all necessary physician and hospital services are covered
- universality: services are available to all insured citizens
- accessibility: citizens have access to all covered health-care services under uniform terms and conditions, regardless of ability to pay
- public administration: the government is the single payer for all covered services
- portability: citizens are covered across the country

Insured services covered by the *Canada Health Act* (medically necessary services provided in hospital or by physicians) are almost exclusively publicly financed. In addition to insured services, the provinces and territories also provide a range of health services at their own discretion. These non-insured services vary across the country and are funded in whole or in part by provincial/territorial governments.

Canada has a single-payer system for all insured services. Hospitals are not-for-profit institutions and most physicians' services are provided through private practices.

Government funding has consistently accounted for about 70 per cent of total health-care expenditures in Canada over the past decade.¹ The remaining 30 per cent of total expenditures are privately funded through private insurance or out-of-pocket expenditures. The privately funded expenditures largely relate to therapies not covered under the *Canada Health Act* – for example, optometry, dentistry, home care, physiotherapy and pharmaceuticals. Two major federal reports released in 2002 – *The health of Canadians: The federal role*² and *Building on values: The future of health*

¹ (Canadian Institute for Health Information [CIHI], 2008)



*care in Canada*³ – recommended modernizing the *Canada Health Act* and expanding publicly funded insured services in keeping with the shift in delivery of care out of hospital.

Health spending has increased significantly in recent years. The steadily rising demand for health services in Canada has focused increasing attention on the costs of providing those services. The percentage of Canada's gross domestic product (GDP) spent on total publicly and privately paid health services has ranged between 8.9 per cent in 1996 to a projected 10.7 per cent in 2008,⁴ the highest in the nation's history. Hospitals account for the largest proportion of spending, but their share of total expenditures has decreased from 45 per cent in the mid-1970s to 28 per cent in 2008.⁵ Drug expenditures have increased from 9.5 per cent of total spending in 1985 to an anticipated 17.4 per cent in 2008; it is one of the fastest-growing components of health-care spending.⁶

In regards to total health spending per capita (public and private spending), Canada placed fifth among 23 Organisation for Economic Co-operation and Development (OECD) member nations in 2006, after the United States, Norway, Switzerland and Luxembourg.⁷ By contrast, Canada ranked tenth among OECD countries in public-sector health expenditures as a per cent of GDP.⁸

Canadians' need for health services will change over time and government financing of the health system must facilitate ongoing analysis and planning to meet future health needs. There is evidence to show that increasing private health insurance or private funding does not reduce health-care costs. A review of the use of private health insurance in OECD countries shows that: (a) countries with significant private health insurance alternatives have the highest total health spending levels per capita; (b) private health insurance has not significantly reduced financial burden on the public coffers; and (c) where private health insurance plays a primary role, there is inequity in access for those without the private coverage.⁹

The notion of increasing private for-profit service delivery as a solution to improving the health system's efficiency and effectiveness was rejected by the Romanow Commission. Romanow recommended that governments should ensure the public system has sufficient capacity to provide universally accessible services to all Canadians, a solution more in line with the principles of the *Canada Health Act*.¹⁰ In comparisons of for-profit health care and not-for-profit health care, for-profit health care was characterized by lower staffing levels, poorer health outcomes and higher patient mortality rates.¹¹ Increasing for-profit delivery of health care could also make Canada vulnerable to trade agreement challenges that could endanger the standard of care in the Canadian health system.¹²

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² (Standing Senate Committee on Social Affairs, Science and Technology, 2002)

³ (Commission on the Future of Health Care in Canada, 2002)

⁴ (CIHI, 2008)

⁵ (CIHI, 2008, p. xiii)

⁶ (CIHI, 2009, pp. v, 3)

⁷ (CIHI, 2008)

⁸ Ibid.

⁹ (Organisation for Economic Co-operation and Development, 2004)

¹⁰ (Commission on the Future of Health Care in Canada, 2002)

¹¹ (Devereaux, Choi, Lacchetti, et al, 2002; Comondore, Devereaux, Zhou, et al., 2009)

¹² (Rachlis, 2004; Priest, Rachlis & Cohen, 2007)



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Also see:

CNA publication:

The next decade: CNA's vision for a healthy tomorrow (2009)

Association of State and Territorial Health Officials position statement:

A Transformed Health System for the United States in the 21st Century (2008)

Canadian Doctors for Medicare position statement:

Canadian Doctors for Medicare Position on Activity-Based Funding in Canadian Hospitals and Other Surgical Facilities (2008)

International Council of Nurses position statement:

Publicly Funded Accessible Health Services (2001)

Replaces:

Financing Canada's health system (2001)

