

FINANCING CANADA'S HEALTH SYSTEM

CNA POSITION

Governments are responsible for providing funding for health services.

The Canadian Nurses Association (CNA) believes health services should be universally accessible to all Canadians no matter where they live. The accessibility of health services is dependent on the allocation of adequate funding. Funding cuts over the last decade have resulted in restrictions to the accessibility of health services.

Funding is needed to support health services not now covered in provincial/territorial health insurance plans, such as community and public health services; wellness programs; home care services; and, support for purchases of pharmaceuticals. Funding is also needed to support the implementation of innovative models of health care delivery. Preference should be given to not-for-profit delivery of health services.

Effective management of the health system is dependent on certainty in funding allocations over several years.

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

The health sector, at the national, the provincial/territorial, and the local/regional levels, must analyse the impact of decisions and policies related to the financing of health services on the safety of patients, on the quality of care, and on professional practice.

BACKGROUND

Provincial and federal governments are jointly responsible for the design and operation of the health system. Government spending accounted for 70 per cent of the total expenditure on health care in Canada in 1999.¹ Relative to other G-7 countries, Canada's public involvement in health is below that of all other countries except the U.S. (which is at 46 %).²

The federal government plays a vital role in the health system. Not only does it regulate the quality of the environment and product safety, it also supports health research and data collection on public health and population health. The federal government has a financial role in the health system as well. It provides cash and tax points to provincial governments to support provincial health insurance plans.³

Provincial governments manage provincial health insurance programs. The scope of the services included, or covered, by the provincial insurance programs varies from one province to another. The provincial health insurance programs cover "medically necessary" physician services and hospital care. Provincial governments also sponsor a mixed bag of programs, which provide other health services to some population groups.

¹ Canadian Institute of Health Information and Statistics Canada, *Health care in Canada*, May 2001.

² Ibid.

³ Deber, Raisa. *Getting what we pay for: Myths and realities about financing Canada's health care system*, February 2000.



During the past two decades, federal and provincial governments have cut funding to social programs, including health. The results of the funding cutbacks include: the range of health services covered by provincial health insurance programs has been reduced (de-listing); job opportunities and development and training support for health professionals have been severely curtailed; health services have become less accessible to Canadians. There are gaps in our knowledge on the impact on health outcomes of the funding cutbacks. However, the Canadian Institute of Health Information (CIHI) reports that low-income Canadians are less likely to seek preventive care services, such as screening for breast and ovarian cancers.⁴

On average, Canadians spend \$850 per person on health insurance and out-of-pocket costs for health services.⁵ The elderly and low-income Canadians are less likely to have supplementary health insurance to cover the costs of dental and vision care, of physiotherapy, of dieticians, and of pharmaceuticals, which are not included in the provincial health insurance programs.⁶ Anecdotal evidence shows that the dental and physical health of many Canadians is deteriorating because they cannot afford the costs of these health care services. Action to expand the range of insured services will begin to address the current health inequities faced by the elderly and low-income Canadians.

Data on the users of the health care system show that those Canadians living in remote areas, are hospitalized more often than others.⁷ At the same time, evidence confirms the effectiveness of treatment outside of hospitals. The absence in remote areas, of alternatives to hospital services, may explain the differences in hospitalization rates. Action to augment the accessibility of alternative services for Canadians living in remote areas, will begin to address some of the inefficiencies in the health system.

The cost of the health system in Canada has been growing steadily since the 1980s. The 1999 overall figure translates into a cost per person, of \$2,815.⁸ This represents a four per cent increase over the expenditures in 1998. The National Forum on Health concluded in its final report, that Canada's health expenditures needed to be re-aligned to improve the effectiveness of the system.⁹ The forum recognized that Canadians' needs for health services will change over time and that government financing of the health system must facilitate on-going analysis of, and planning to meet future health needs. Similarly, governments must stimulate research to improve prevention, diagnosis and treatment services.

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Replaces:

Federal Financing of Canada's Health Care System (1995)

Cost-Effective Health Care: The Nurse's Role (1995)

Also see:

CNA Position Statement: *Framework for Canada's Health System* (2000)

CNA Fact Sheet: *The Primary Health Care Approach* (2000)

CNA Fact Sheet: *The Canada Health Act* (2000)

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⁴ Canadian Institute for Health Information and Statistics Canada, *First annual report on the health of Canadians*, April 2000.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ Canada health action: Building on the legacy, final report of the National Forum on Health