

The Ontario Health Care Funding Plan

Let the *bad* times roll

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The first 8 years of Liberal government

- All program spending increased 7.2% per year.
- Health care spending just slightly *less*.
- Health care spending increases declined in recent years.

The First Liberal Plan

- Cut increases from 7.2% annual average to 1.8% annual average over next two years.
- Health care would get biggest increase: 3.6%.
- Social services, education, training, colleges get smaller increases.
- Justice: -1.8% annual *decrease*.
- All other areas: -5.6% annual *decrease*.

The First Plan (Cont'd)

- LTC: 4.2% annual increase.
- Community Care Access Centres (mostly home care): 2.2% annual increase.
- Hospital: 3.3% annual increase.

The Auditor General Comments

- Auditor General found those funding proposals for health care over to be “optimistic”.
- Hospital funding increases to be cut *almost in half*.
- "The expense estimates assume that the hospital sector will achieve savings totalling \$1 billion between 2011/12 and 2013/14."

AG Report (Cont'd)

- The Auditor concludes: "if hospitals do not find \$1 billion in savings and do not succeed in freezing compensation, they will likely run deficits or may have little alternative but to cut services."
- Ministry is "still working" on its cost saving strategies and "was unable to provide detailed plans or quantify the savings that it hoped would result".

The Election Promise

- Very quietly, Liberals reduced health care funding promise in election platform.
- 3.6% over first two years fell to 3.2%.
- Also: 3.2% for the following two years.
- Exactly the same level as promised by the Progressive Conservatives -- \$53.7 billion for health care by 2015-2016.

Worse than Mike Harris

- In his first term (1995-1999) Harris increased health care 17.33%.
- Annual average increase was 4.07%, almost a percent above current Liberal plan.
- Ontario inflation over the four years averaged 1.55%. Currently over 3% and predicted to stay above late '90s rate in 2012.
- Second term PC government (1999-2003) saw bigger health care increases: 25.6%.

Drummond

- Drummond Commission appointed before the election to report *after* the election.
- Bay Street Denizen.
- Clear from get go he would recommend more cuts.
- After meeting, him, after the election, McGuinty immediately reduced funding plan again.
- More to come in January from Drummond...

The Post-Election Revision

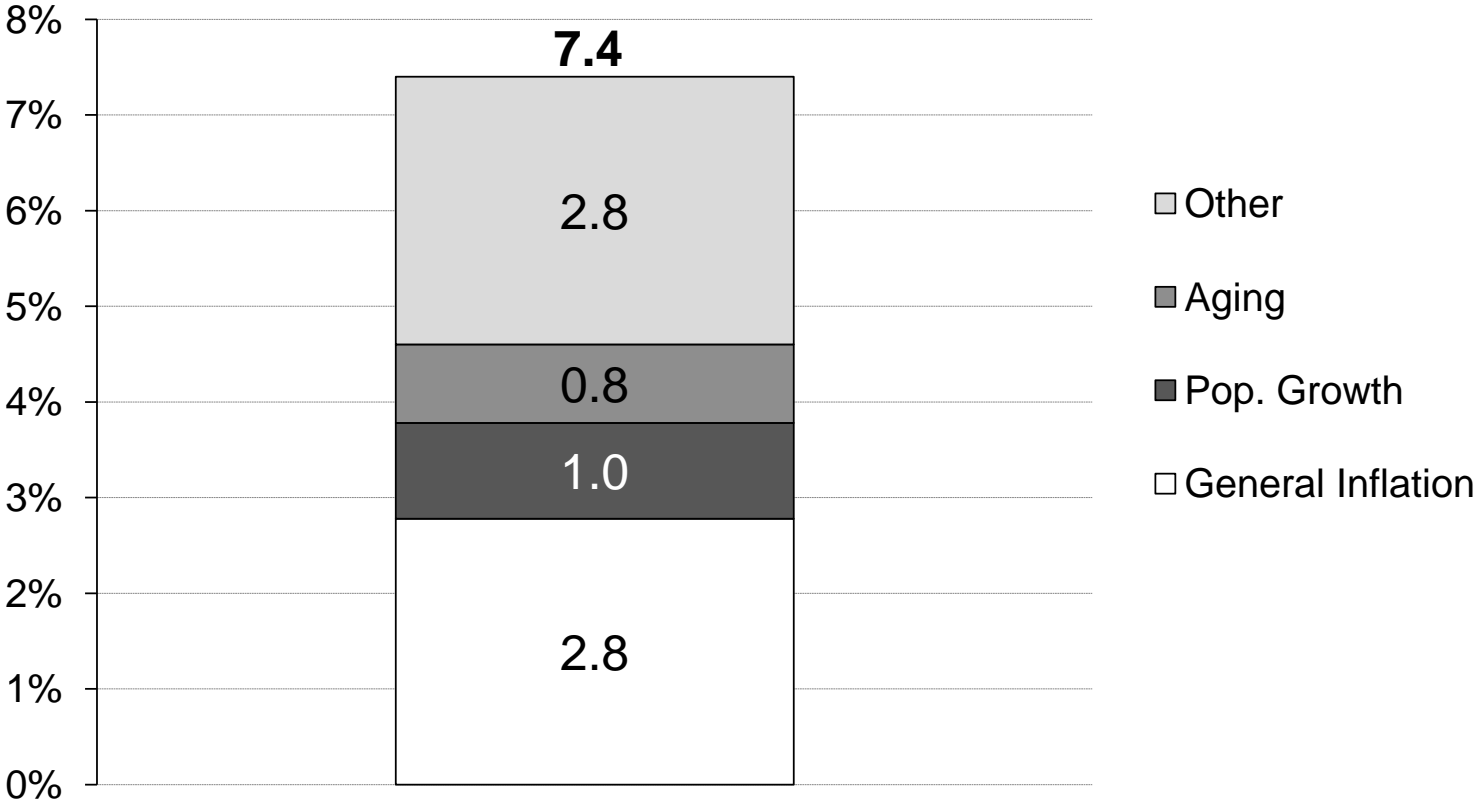
- So, shortly after election, Liberals reneged on funding promise.
- Instead of 1.8% increase, now promising 1% increases for next SIX years.
- *Reportedly*, plan is to give health care 3%.
- Other sectors in trouble.

Canada Health Transfer

- Feds promise 6% increase per year until 2015-2016.
- This means five more years of 6%.
- Over \$700 million a year extra for Ontario.
- Ontario “own money” contribution to health care will only be about 1.6% for next 4 years.

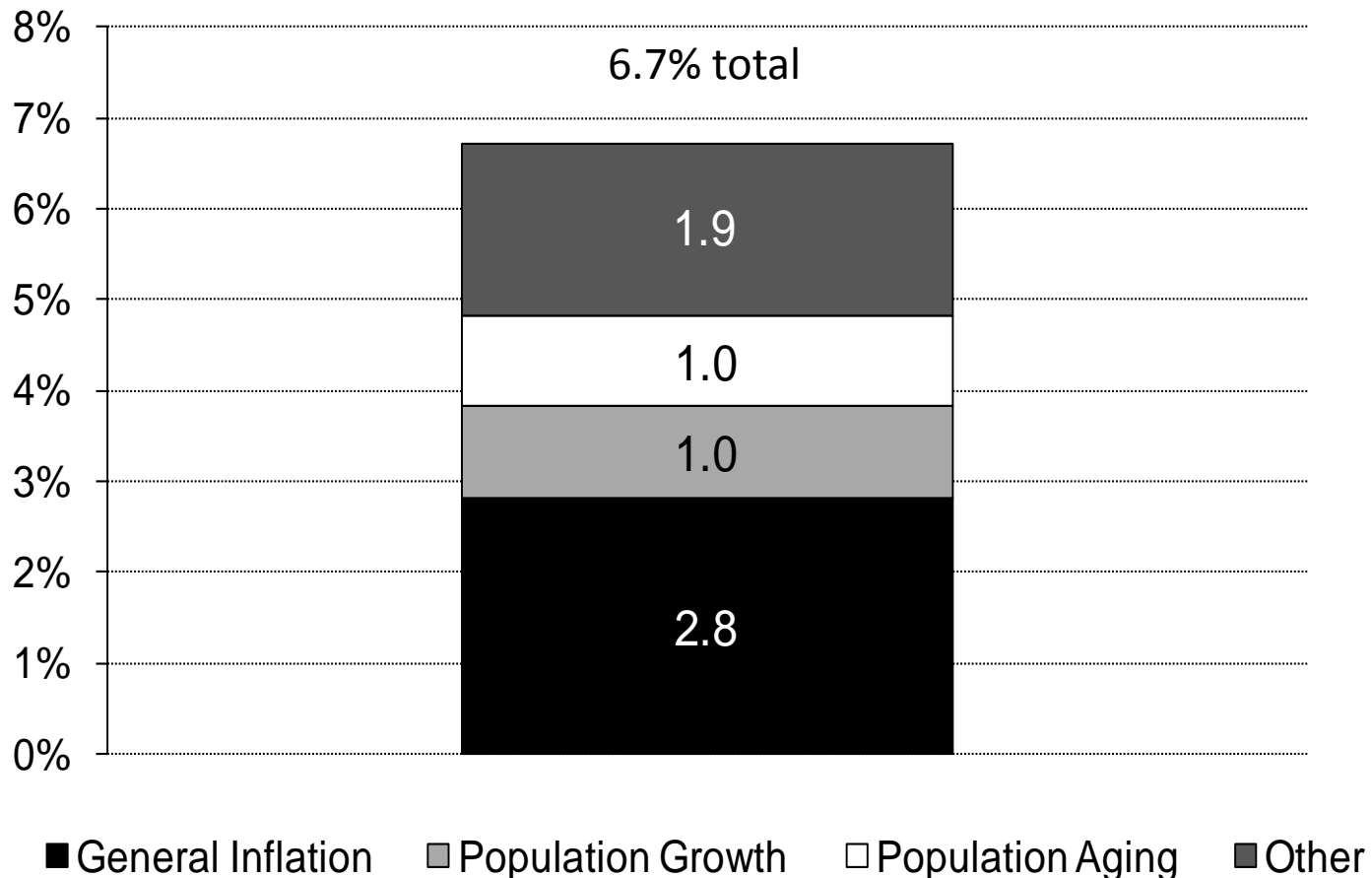
CIHI on Canadian Health Care Cost Drivers

Average Annual Growth Rate, 1998 to 2008

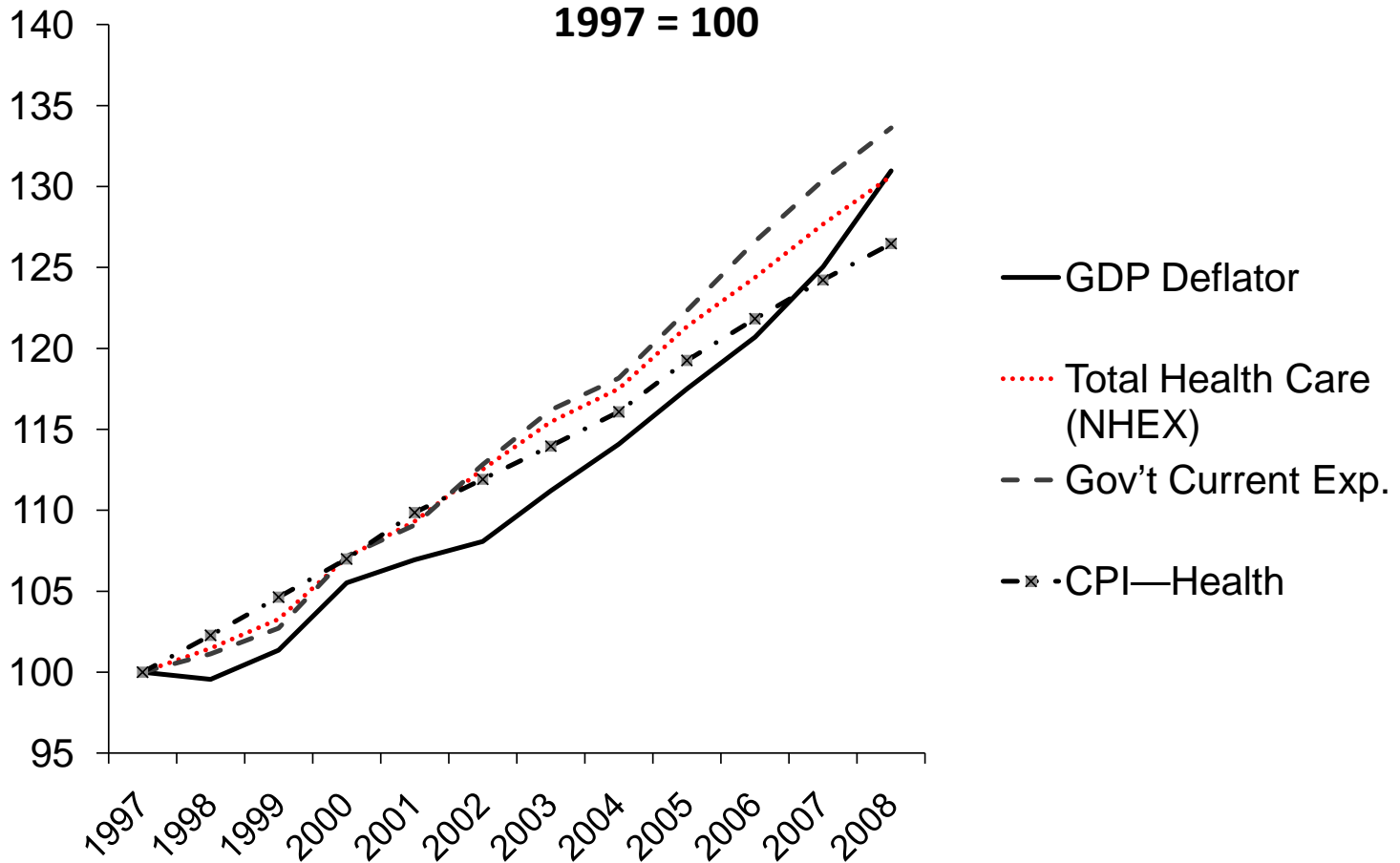


CIHI on Hospital Cost Drivers

Average Annual Growth, 1998 to 2008

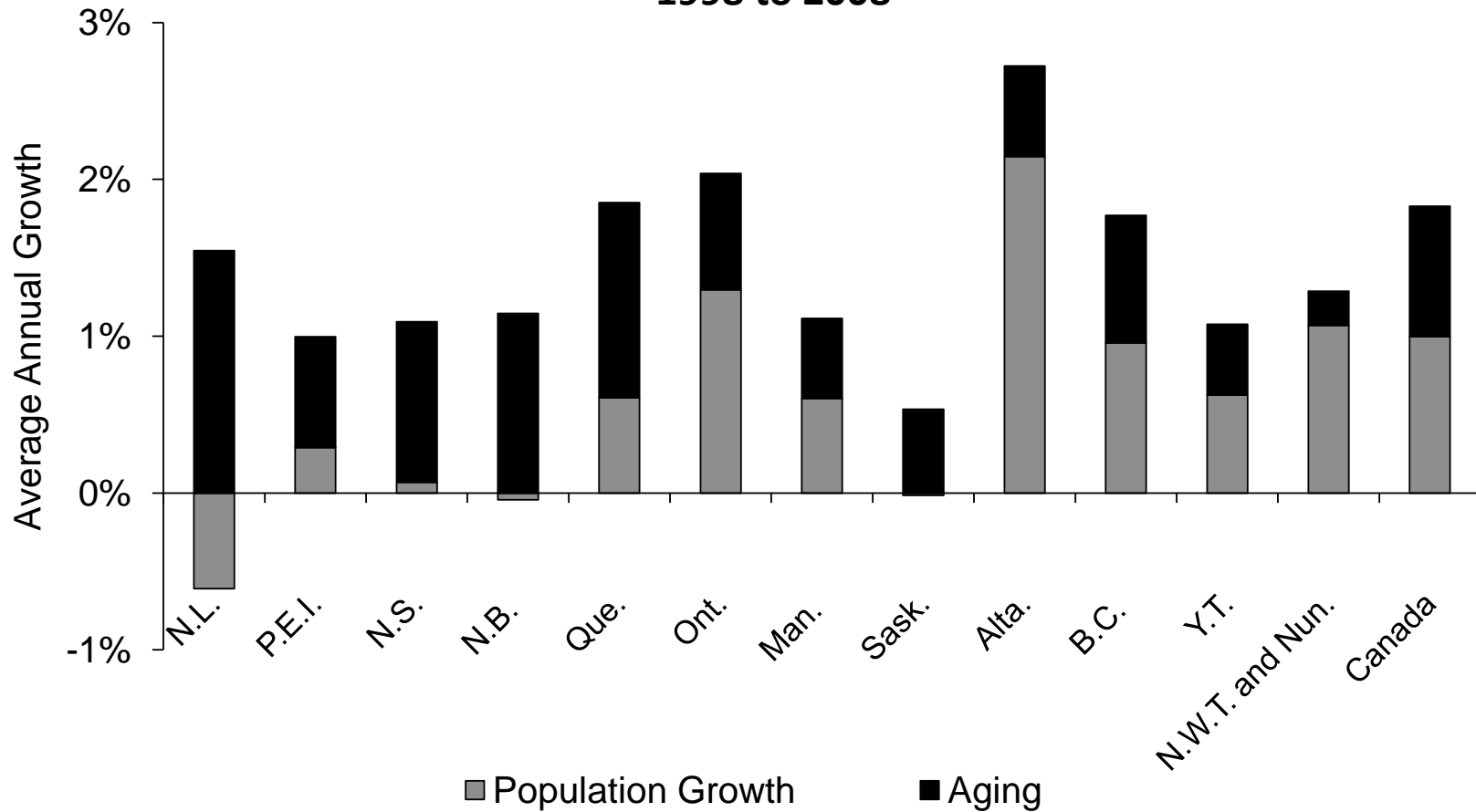


Health Inflation Differs Slightly Depending on Price Index Used -- CIHI



Ontario Aging and Population Costs Drivers Higher than Average

1998 to 2008



Impact

- Bottom line: aging, population growth, inflation pushing costs up 4.8% per year.
- Ontario facing more new costs than most other provinces due to population growth.
- AG saw health care funding as difficult when it was 3.6% for just two years. Now we face less money for more years.
- Will be a lot of talk about restructuring.
- In past, this did not save cash.
- We are in for cuts (called 'restructuring') – probably worse than during Harris.

Problems

Unless we change the funding plan

Doubts About Austerity?

- Economic Crisis raises doubt.
- Austerity has not worked in Europe.
- Many business economists are calling for government stimulus rather than austerity.
- *Some* signs of this in Harper government and Obama.
- No deviation by Ontario Liberals or PCs, yet.

We reversed Harris plan

- Ambulances began circling hospitals.
- There was no where to go.
- They talked the restructuring talk.
- Big campaigns.
- Ultimately Harris recognized there was no magic wand and that they had to fund health care. Lost funding came back and much more besides.
- We can reverse this plan too.

Thank you

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