Federal 2004 Budget Falls Short on Sustainability for Public Health Care

Canadians were looking for the federal government to show its commitment to a publicly funded and delivered health care system. What they got was the status quo on health transfers and some token money dedicated to public health and mechanisms to deal with public health emergencies.

What We Needed

- Increase in federal funding to 25% of total provincial health expenditures to ensure sustainability of public health services.

- A National Drug Agency

    - Development of a national pharmacare plan
    - Develop changes to drug patent legislation
        - Prohibit two year injunctions granted to brand name manufacturers
    - $1 billion to implement a catastrophic drug plan

- Amend the *Canada Health Act* to

    - Include diagnostic services
    - Create a national home care program
    - Include palliative care

- Mandate the Canada Health Council to conduct a national review of long term care in Canada

What We Got

- A re-announcement from January 2004 of $2 billion for a one-time transfer to the provinces for health care.

- SARS, West Nile Virus, and avian flu forced the government to recognize the need to devote funds to public health emergencies. $665 million dollars in new money has been allocated as follows:

    - $165 million over two years for a Canada Public Health Agency (another $400 million for the agency will be transferred from Health Canada's current budget.)
    - $300 million over three years for provinces and territories to improve immunization programs
    - $100 million over three years for provinces to improve public health systems
    - $100 million for Canada Health Infoway to assist in the identification of infectious disease outbreaks.

What it Means

This budget contained no money or policy to integrate acute care, home care and long term within a public system; no money or policy to tackle the biggest cost-driver in health care – prescription drugs; and no desire to strengthen and expand the *Canada Health Act*. In this budget the Liberals are complicit in an approach that leaves health care open to massive contracting out and privatization through public private partnerships and for – profit delivery of *Canada Health Act* insured services.

Health care is the number one priority for Canadians. Finance Minister Ralph Goodale paid lip service that reality and made a point of saying that "sustainability must be our focus." However, this budget does nothing to ensure that publicly funded and delivered health care is sustainable, and that direct patient care is funded as a priority.

The budget re-announces a $2 billion one – time allocation to health care from the surplus. While tantalizing, this allocation actually inhibits provinces and territories from engaging in long term planning to deliver the health services that Canadians need. The best case scenario is that the money will be used for short term projects instead of long term funding commitments for clinical, non-clinical and support staff to deliver direct patient services. The worst case scenario is that the money goes to lower provincial deficits without any appreciable change to direct patient care. Neither scenario is appealing.

The budget continues to put our health care system at risk and to undermine the *Canada Health Act*. With federal funding hovering around 16% of total provincial health expenditures, Alberta, B.C. and Quebec are openly flaunting their desire to challenge the *Canada Health Act* through wholesale contracting out and public private partnerships. Martin and Goodale needed to boost the federal contribution closer to 25% of provincial health expenditures over the next three years. They have failed to do so.

The commitment of $165 million (augmented by $404 million of existing money from Health Canada) for the next two years to establish a public health agency is about half what is necessary to establish an effective agency. Evidence to date indicates that Health Canada and the government seem to be particularly confused about the mandate and role of this agency. Just how will it deal with outbreaks such as SARS, West Nile Virus, and avian flu is unknown. We can also expect the hospital acquired infections will increase as privatization and contracting out increase. It remains to be seen if a new public health agency and a new Chief Public Health Officer for Canada will have the mandate and resources to tackle these issues.

Martin's Liberal's have an expectation that the federal, provincial and territorial governments will come to some consensus on sustainability for health care in a meeting during the summer of 2004. Given past experience, this expectation may be unduly optimistic.

In sum, Paul Martin and the federal Liberals have elected not to strengthen publicly funded and publicly delivered health care. Instead, they hope that Canadians will overlook the failure of this budget to address the need for improved quality public health care as they head into an election campaign this year.

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