



**PROTECT.
STRENGTHEN.
EXPAND.**



HEALTH ACCORD ESSENTIALS



What is the Health Accord?

The Health Accord is a legal agreement between the federal and provincial/

territorial¹ governments on health care funding. Running from 2004 to 2014, this 10-year plan recommitted leaders to the *Canada Health Act*, set wait time and other goals, and increased health care funding by 6 per cent each year.

Why is the Health Accord important?

The accord provided stable funding after deep cuts in the 1990s. It has brought the federal government's cash share of provincial health spending up to 20 per cent, which is not the 50 per cent it covered at the start of Medicare, but better than the 10 per cent of 1998, before the first health accord.

The accord is also important because it promoted national standards. The Prime Minister and Premiers recommitted to the *Canada Health Act* and its requirements: public administration, universal access, comprehensive coverage, accessibility without extra charges or discrimination, and portability across provinces. It committed the federal and provincial governments to a set of common goals around wait times, home care, prescription drugs, and team-based primary care.

On wait times, the accord has been successful: eight out of 10 Canadians are getting treatment within the timelines set in 2005, for the five chosen procedures. We need to do more, but progress has been made.

In the other areas (home care, drugs, and primary care), progress has been poor because the governments set only loose goals, with no financial strings attached.

Now, Prime Minister Stephen Harper doesn't want even loose goals — in fact, he's refusing to negotiate another accord.

What is Harper's plan for health care?

The Harper government will cut health care funding and let provinces go their own way, with no national goals or commitment to uphold national standards. This will lead to 13 different health care systems and more privatization.

Without notice, without discussion, the federal government announced a take it or leave it health care funding plan in December 2011.

That plan will keep federal health care funding on its current track until 2017, at which point cuts will kick in. Instead of increasing at 6 per cent a year, the health transfer will be tied to economic growth, with a 3 per cent floor.

The federal government is also changing how it divides the health transfer between provinces, leaving some worse off. Starting in 2014, the transfer will be cash only (still based on population), instead of being a mix of tax and cash points, adjusted for each province's wealth. Backtracking on an earlier promise, the federal government will not fully protect provinces that lose funding.

Together, these two changes to the Canada Health Transfer mean \$36 billion (8.3 per cent) less in federal funding for health care over 10 years. Over time, the federal government's share of health care spending will shrink to a small fraction of its original 50 per cent contribution — down to 18.6 per cent by 2024 alone.

Many federal Conservatives would like to get out of funding health care altogether. Some prominent Conservatives propose eliminating transfers and equalization payments, instead turning over revenues from the federal Goods and Services Tax to the

¹ In this backgrounder, for brevity, we use "provinces" to mean "provinces and territories."



provinces. Without the clout of federal cash transfers, the federal government would be unable to uphold the *Canada Health Act* and national standards.

As University of Ottawa law professor Errol Mendes put it: cash transfers from the federal government “are the only potential carrot and stick available ... to encourage nation-wide social development and promote equity between the provinces.”

Stephen Harper has already encouraged provinces to rely more on the for-profit sector to deliver health care, stating for example: “We also support the exploration of alternative ways to deliver health care. Moving toward alternatives, including those provided by the private sector, is a natural development of our health care system.”

Already, the federal government is ignoring violations of the *Canada Health Act*, allowing for-profit health care to grow and doing next to nothing about user fees, extra billing and other violations of Medicare rights.

The federal government is also pursuing a trade agreement with the European Union that would increase prescription drug costs by \$2.8 billion a year and open Medicare up to trade challenges by multinational corporations.

Unchallenged, the Harper Conservatives will further weaken Medicare. Their plans would lead to:

- Increased for-profit delivery, meaning higher costs and worse quality;
- Continued high inflation in drug and seniors’ care costs;
- No plan to give community care the boost it urgently needs;

- Cuts to Medicare, meaning two-tier care; and,
- Further weakening of the *Canada Health Act* and national standards.

What are the privatizers doing?

Groups that profit from health care have laid the groundwork over the last few years by framing Medicare as unsustainable and outmoded. Corporate-backed think tanks push privatization as the solution.

- The Fraser Institute calls for a five-year moratorium on the *Canada Health Act* to “give provinces freedom and encourage experimentation with alternative financing schemes.”
- The Macdonald-Laurier Institute says the federal government should cut the Canada Health Transfer and allow provinces “the maximum amount of flexibility to design, regulate and provide health care.”
- The Frontier Centre for Public Policy wants more private sector involvement in health care financing and delivery.
- Among the major backers of a new Conference Board program, the Canadian Alliance for Sustainable Health Care, are insurance companies, banks, big pharma, and medical products manufacturers — all of whom want a bigger share of the health care market.

What does CUPE propose?

CUPE is calling on the federal government to:

- Negotiate with the provinces and territories a new 10-year Health Accord with stable and adequate funding, including at minimum the 6 per cent escalator;

- Enforce the *Canada Health Act*, including the ban on user fees and extra billing, and correct gaps in monitoring and reporting under the Act;
- Implement a national strategy to reduce healthcare associated infections, with dedicated funding for microbiological cleaning standards, more in-house cleaning staff, lower hospital occupancy, and mandatory public reporting;
- Promote access to effective primary health care with funding for new and expanded Community Health Centres;
- Create a national continuing care program (residential and home/community care), with dedicated transfers financed from general revenue and *Canada Health Act* standards plus minimum staffing and phasing out of for-profit delivery; and
- Establish a national pharmacare program, and exempt health care from trade agreements, starting with CETA.

For more on these changes and why they are needed, see: cupe.ca/health-care/public-solutions