Health care needs more **funding**

Prior to 1977 federal and provincial governments shared health costs on a 50/50 basis. Today, federal cash transfers account for only 16 per cent of provincial health expenditures.

The shrinking federal commitment

The Liberals passed legislation in 1977 that ended the federal obligation to provide a fixed portion of health care spending. Throughout the 1980s funding was further eroded as the federal government increased cash transfers by less than inflation and population growth. As transfers declined so too did the federal government's ability to enforce national standards and control health care policy.

With the creation of the Canada Health and Social Transfer (CHST) in 1995, health care transfers were lumped in with funding for post-secondary education and social assistance. Cuts continued but it grew harder to track how the provinces were spending federal health care dollars.

As public spending on health care was rationed, private spending – out-of-pocket expenses, insurance premiums and negotiated health plans – grew. In 1975 public funding accounted for 76.4 per cent of the total health care bill. By 1986 it had fallen to 73.5 per cent and today it is only 70.7 per cent. Private payment for health services is increasing.

All of the facts point to a massive failure on the part of the federal government to protect and strengthen public Medicare.

New spending falls short of cuts

Despite the Liberal government's claim that they have replaced all of the cash cut from cash transfers, transfers to the provinces by 2003/04 will still be almost $10 billion short of what they would have been had they not been cut.

For the period 1993/1994 – 2003/04

Cash cut =	$34.6 billion
Cash replaced =	$24.7 billion
Shortfall =	$9.9 billion

If inflation and population growth are considered the shortfall is greater still.

Federal transfers fail to keep pace

Between 1993/94 and 1997/98 the federal cash transfer to the provinces fell from $18.8 billion to $12.5 billion, a massive one-third cut.

Between 1997/98 and 2000/01 health expenditures by the provinces and territories increased by $14 billion but federal cash transfers – for health, education and social assistance – increased by only $3 billion.

The 1999 federal budget boosted cash transfers by $11.5 billion on a one-time basis over five years. In 2000 the federal budget contained a one-time cash supplement of $2.5 billion for health care and post-secondary education. Still, the cash transfer in 2000/01 was $15.5 billion, well below the $18.8 billion in 1993/94.

In September 2000 the federal government and provinces reached an agreement to increase cash transfers by $18.9 billion over five years – 2001/02 to 2005/06. An additional $2.3 billion was earmarked for medical technology, primary care reform and health information technology.

These cash infusions still fall far short of replacing the cash cut from the system over the past ten years.

Cuts erode quality, confidence

Health care, Canada's premier social program, took a big hit as a result of these cuts.

Emergency rooms were clogged, ambulances shuttled patients to available care, waiting lists increased, home care services were stretched, long term care beds were scarce, hospital wards closed, health care workers lost their jobs and workloads became close to unbearable. The quality of health care suffered.

The funding cuts and their negative impact fostered a climate of dissatisfaction undermining public Medicare. Preying on this discontent, for-profit corporations are poised to sweep into the $112 billion Canadian health care market.

Accountability is lost in the CHST

The CHST helps fund post-secondary education, social assistance and health care. But there is no way to tell where CHST cash transfers are spent.

Even within health care, these funds could be spent on direct health services or diverted to for-profit corporations to purchase equipment.

Canada's Auditor General Sheila Fraser says

> "It's clear that Canadians don't know how much of the federal contribution is intended for health care."
>
> "Parliamentarians are expected to make decisions on billions of dollars transferred to the provinces and territories for health care but they still don't have enough information to know the extent to which the *Canada Health Act* is being respected."

Romanow recommends reforms

In his report, Roy Romanow makes these recommendations:

- Create a separate Canada Health Transfer so that we can track federal health care spending
- Increase the federal share of provincial health expenditures to 25 per cent
- Add $8.5 billion in short term funding for programs including primary health care, home care and catastrophic drugs and add $6.5 billion to the base transfer by 2005/06

These funding increases are the minimum necessary to sustain our public health care system. All funding should be tied to a commitment of public delivery.

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