



**A STRONGER ROLE FOR THE FEDERAL
GOVERNMENT IN HEALTH CARE**

**A Submission to the House
of Commons Standing
Committee on Finance**

Pre-Budget 2015 Consultations

August 6, 2014

EXECUTIVE SUMMARY

The Health Action Lobby (HEAL) is a coalition of 41 national health organizations (see appendix for full list of member organizations), representing more than 650,000 providers and consumers of health care across the full continuum of care. HEAL is the largest coalition of health care provider organizations in Canada.

HEAL is pleased to offer this pre-budget brief and will be addressing the following theme laid out by the Standing Committee on Finance: "Supporting families and helping vulnerable Canadians by focusing on health, education and training."

Recommendations:

- 1. Explore the concept of a Demographic Top-Up Transfer; this is based on the assumption that it is reasonable for the federal government to provide a stable proportion of funding that stands at no less than 25% of total provincial and territorial spending on health services**
- 2. Establish a National Health Innovation Fund targeted in three priority areas: primary health care; mental health and addictions; health human resources**
- 3. Develop a national strategy based on the adoption of a common set of national health system performance indicators that cover the full continuum of care**

INTRODUCTION

HEAL calls on the federal government to assume its leadership role in health and health care, and believes all federal political parties must clearly articulate where they stand on the role of the federal government:

1. In advancing the health of Canadians;
2. In working effectively with the provinces and territories, health care providers and consumers; and
3. In determining the combination of policies, programs, and investments through which this can be achieved.

In the view of HEAL, effective and sustained national leadership is needed to work with the provinces and territories, and providers to ensure Canadians receive quality health services in a timely fashion while improving overall health system performance and accountability. Our vision for the federal government is: *"To advance the health and health care of Canadians, working collaboratively with the provinces and territories, health care providers and the public to ensure the delivery of appropriate, integrated, cost-effective, and accessible health services and supports."*

AUGMENTING THE CANADA HEALTH TRANSFER AND DEMOGRAPHIC TOP-UP TRANSFER

While HEAL is sensitive to current economic conditions and concur that public dollars must be spent prudently, the change to limit growth in the Canada Health Transfer (CHT) funding formula will decrease federal cash as a percentage of total provincial and territorial public health spending over time; from 20.4% (2010/11) to 18.6% (2035/36), and fall to 13.8% over the following 25 years.^{i,ii} Framed another way, the CHT will average 17.7% of provincial and territorial health spending from 2011-12 to 2035/36, then 13.3% over the next 25 years.ⁱⁱⁱ

While HEAL believes the performance of the health care system demands continuous improvement, meets patient needs, and is cost-effective, further discussion is required to determine the appropriate share of federal funding to the provinces. In the absence of a definitive empirical answer, HEAL is of the view that it is **reasonable for the federal government to provide a stable proportion of funding that stands at no less than 25% of total provincial and territorial spending on health services.**^{iv} The federal government's commitment to a stable CHT is an investment in the continued economic prosperity of Canada. Improved health within the population and cost-effective health care can result in considerable savings over the medium- to longer-term.

The change to the CHT does not take into consideration the health care needs of particular populations, for example, provinces with older populations have increased health care demands compared to younger populations. The residents in the four Atlantic provinces are older on average than the Canadian population and this trend will increase over the next decade. In 2013, the proportion of the population aged 65+ averaged 7.4% for Atlantic Canada versus 5.3% for Canada, and in 2026 these figures are projected to be 25.4% and 20.8% respectively.^v

In light of the compounding effect that aging will have on the shift to equal per capita CHT cash, **HEAL recommends that the federal government explore the concept of a *Demographic Top-Up Transfer*.** Such a Top-Up Transfer would be allocated on the basis of a combined weight of the age-sex composition of a province's population compared to the average age-sex specific health expenditure profile.^{vi vii viii}

A STRONG LEADERSHIP ROLE

HEAL believes that the federal government has a responsibility, and must continue to play a strong leadership role to safeguard national health care standards, work with provincial and territorial governments to stop the growing disparities in non-core publicly-funded health insurance benefits, and invest the appropriate levels of resources to advance the health of Canadians.

The federal government advances the health of Canadians by:

1. Enforcing legislation, such as the *Canada Health Act*;
2. Being the fifth largest health delivery organization for a number of specific populations (i.e., Indigenous Peoples, Military & Veterans, Corrections);
3. Investing in public health, health literacy, health promotion, illness and injury prevention programs;

4. Overseeing the food regulation and inspection process;
5. Reviewing and approving drugs and medical & assistive devices, and natural health products;
6. Implementing policies, programs and investments in health research;
7. Introducing tax-based policies to address health issues (e.g., caregiver tax credit, medical expense deduction);
8. Introducing national programs targeted to benefit certain groups of Canadians;
9. Developing national strategies (e.g., mental health, housing, poverty); and
10. Creating national health agencies (e.g., Canadian Institute for Health Information, Canadian Institutes of Health Research, Canadian Patient Safety Institute, Canada Health Infoway, Mental Health Commission of Canada, Canadian Agency for Drugs & Technologies in Health, Canadian Partnership Against Cancer).

The health of Canadians will depend on investments in publicly-funded health care and health promotion and illness prevention as well as on an effective and accountable system of health care delivery. HEAL encourages the federal government to work with the country's health care providers to ensure that Canadians receive services that are evidence-based and cost-effective.

Given that Canada's aging population, we need to ensure that the health system adopts the right mix of health policies, programs and investments to promote overall quality of life and access to care.

To assist with the spread of proven innovations that would improve health outcomes and overall system performance, HEAL recommends that the **federal government introduce a time-limited, strategically-focused fund - a *National Health Innovation Fund* - targeted in three priority areas:**

- i. *Primary Health Care* – to accelerate the implementation of evidence-based, community-based primary health care, with interprofessional delivery models at the local level.
- ii. *Mental Health & Addictions* – to target resources to specific outcome-based provincial and territorial programs to improve access to evidence-based, interprofessional mental health services and community supports.
- iii. *Health Human Resources* – to create a pan-Canadian Health Human Resources observatory that promotes inter-provincial and territorial discussion on leading practices, sharing of policies, perspectives and information to improve the supply, mix and distribution of health care providers.

In articulating a role for the federal government in health and health care, HEAL believes it is essential that the federal, provincial and territorial governments **work collaboratively to develop a national strategy based on the adoption of a common set of national health system performance indicators that cover the full continuum of care.**

CLOSING REMARKS

HEAL would like to thank FINA for the opportunity to present this pre-budget brief. Our recommendations are not merely about costs but ensuring we have a vibrant and sustainable health care system that leads to better outcomes and a healthier Canada while offering the best value for all Canadians.

Appendix – List of HEAL members

Please see a list of current member organizations: <http://healthactionlobby.ca/en/membership/our-members.html>

ⁱ Office of the Parliamentary Budget Officer. *Renewing the Canada Health Transfer: Implications for Federal and Provincial-Territorial Fiscal Sustainability*. January, 2012.

ⁱⁱ The Canadian Institute of Actuaries and the Society of Actuaries while health care expenditures will rise from 44.3 percent to 69.3 percent of provincial and territorial revenues from 2012 to 2037, the federal share will drop from 21 percent to 14.3 percent over the same time period. Source: Canadian Institute of Actuaries; Society of Actuaries. *Sustainability of the Canadian Health Care System and Impact of the 2014 Revision to the Canada Health Transfer*. September, 2013.

ⁱⁱⁱ Office of the Parliamentary Budget Officer. Fiscal Sustainability Report 2012. September 27, 2012. Page 19.

^{iv} In 2004, Premiers called on the federal government “...to provide sufficient funds to increase the federal share of provincial/territorial health and social program funding to 25 percent in 2009/10.” Council of the Federation Communiqué, February 24, 2004.

^v Sources: 2013 Statistics Canada. Population by Sex and Age Group, by Province and Territory 2013. 2026 Statistics Canada Table 052-0005 Projected Population, by Projection Scenario, Sex and Age Group as of July 1, Canada, provinces and territories (M1).

^{vi} The data for this calculation is available from the Canadian Institute for Health Information.

^{vii} GM Marchildon, Mou H. *The Funding Formula for Health Care is Broken. Alberta’s Windfall Proves it*. Globe & Mail, October 9, 2013.

^{viii} The Quebec Government identifies this issue in its 2013-2014 Budget in a section called “A Fairer Allocation of the CHT: Taking the Aging of the Population into Account”. Page E.29..