Public Health Care
WE'VE GOT THIS!

Report
June 2019
For forty years, the Canadian Health Coalition has been working to protect and improve public health care in Canada. We are a coalition of health care workers, seniors, unions, community organizations, faith-based organizations and academics, as well as affiliated coalitions in the provinces and one territory.

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A Campaign to Save Public Health Care in Canada

We often hear about the fact that our publicly funded, publicly delivered health care system is the jewel in the crown of Canada’s admired social services. No one is left out for lack of money or due to poor health status. We take care of the sick regardless of their income and everyone is covered. Our health care system reflects Canadian values and we cherish its existence.

But we also hear regularly that our health care system isn’t sustainable and that it is draining public budgets. Canada is lagging behind other OECD nations for wait times and health outcomes. The negative news about our health care system inevitably leads to a debate about “public versus private”. The push to privatize keeps on rearing its ugly head.

It was a central question in the Romanow Commission on the Future of Health Care in Canada (2002). It was prevalent in the study by the Standing Senate Committee on Social Affairs, Science and Technology on the State of the Health Care System in Canada (Kirby Committee) (2002). It has been the subject of a Supreme Court of Canada decision (2005) and is currently being debated in the BC Supreme Court. It is a constant subject of editorial comment in our national newspapers and a favourite topic of the right-wing, corporately funded Fraser Institute.

"Instead of learning from path-breaking jurisdictions on this front and enacting real reforms, we as Canadians insist on revisiting sterile debates about public vs. private because we can’t seem to put to bed the zombie that nirvana exists out there if we only embraced more private financing or private delivery. We never seem to get around to needed health care reform."

The argument in favour of private, for-profit health care rests on two main claims: first, that the funding required for our public health care system is unsustainable, and second, that the public system is cumbersome and more costly due to the lack of competition. According to privateers, long wait times and lack of choice for patients are the inevitable result. For-profit care is put forward as the solution that would inject another source of funding and ease pressure on the public system. The problem with these arguments is that they simply aren’t true.

It has been demonstrated time and time again that private, for-profit health care won’t deliver healthier outcomes, reduced wait times or affordability. In fact, it costs more. Just look to the U.S. In 2017, U.S. health care spending accounted for 17.2% of GDP and the per capita health care cost was $12,865. In Canada that same year, health care spending was 10.4% of GDP, representing $6,032 per person.³ Private health care drains resources and creates longer wait times in the public system. It takes a toll on overall population health and exacerbates economic inequality. These are the real impacts of private health care drawn from evidence around the world.

This evidence is being brought forward yet again by the defendants of public health care in the Cambie case in BC, where Brian Day is seeking to operate private clinics with public subsidies.

If successful, Day’s Charter challenge would have far-reaching impacts on public health care for all Canadians. In seeking the freedom to double-bill and bring in private health insurance, Day is targeting provincial legislation that upholds the Canada Health Act’s guarantees of accessibility and universality.

While this is going on in BC, historic provincial spending restraint has led to more stress on the public system across the country. Austerity in provincial budgets has led to longer wait times as well as creeping health care privatization. For-profit surgical and diagnostic clinics have been popping up in BC as well as Ontario, Saskatchewan, Alberta, Quebec and Nova Scotia. And in a stated effort to improve the system and cut costs, sweeping hospital reforms in Alberta, Quebec, Nova Scotia, Manitoba and now Ontario have created chaos and
understaffing in hospitals. All of this threatens the accessibility of health care. Even more importantly, it threatens the future of public health care as more and more stories delineate its shortcomings and need for improvement.

But the "public vs. private" debate takes the discussion entirely in the wrong direction because we have collectively been asking the wrong questions. Is there anything really wrong with our health care system and if so, what would it really take to fix it?

For all Canadians to have access to high-quality health care, we need increased federal leadership. We need to fund the system fairly, ensure that it stays public and modernize and expand it. As we approach the federal election, the Canadian Health Coalition is calling on all Canadians to speak up and demand a real commitment from government to protect our cherished health care system.

Together – We’ve Got This.

1) Fund it Fairly

In the midst of the challenges to public health care, we are reminded of the inadequate response of the federal government when it came time to renegotiate with the provinces at the end of the 2004 Health Accord.

At the outset of public health care in Canada, the federal government used its spending power to ensure provincial governments implemented public health insurance by providing 50% of the necessary funding. That made the federal government and the provinces partners in Canada’s public health care system. By the time the Romanow Commission was created in 2001, federal funding had eroded to 11%. The Romanow Commission was tasked with looking into the pressing issues in our public health care system and making recommendations to meet changing needs. As Romanow reported, public health care is “as sustainable as we want it to be”. He recommended increased funding with an expanded federal role. The 2004 Health Accord was a partial response to the Romanow Commission recommendations. It provided for federal funding increases of 6% per annum over 10 years. The Accord brought federal funding up to 23% by 2016.

Rather than negotiate a renewed Health Accord, in 2017 the federal government pressured each of the provinces to sign bilateral agreements. Funding is now based on a percentage of nominal GDP growth, with a guaranteed minimum increase of 3% annually.

Health care costs increase over time due to a combination of factors, including inflation, population increases and demographic changes. In 2018, the Parliamentary Budget Officer (PBO) studied the growing gap between the current funding arrangement and forecasted health care costs. The PBO’s analysis demonstrated that federal support will not keep pace with provincial and territorial cost pressures. This will further deteriorate the federal share of health care funding over time.

The Provinces are Starving our Hospitals

On the face of it, this seems to be an odd claim. Health care takes up the largest percentage of expenditures in each province, from 28.5% in New Brunswick to 46.4% in Quebec.

According to the Canadian Institute for Health Information (CIHI), hospitals accounted for the single largest public health care expenditure in 2018, growing 3% over the previous year to represent 28.5% of total public health care spending. It’s no wonder that when spending is constrained, hospitals are targeted. Over the last two years, even when health care budgets have grown, the increases to hospitals and acute care services have barely met inflationary increases in most provinces. And some provinces are now consumed with yet another round of hospital restructuring in an effort to reduce costs.
**Cross Country Snapshot**

**Newfoundland**

In the context of much criticism of the province’s fiscal situation and an upcoming provincial election, the 2019-2020 budget for health care operations, including acute care hospital services, was set at close to $100 million less than the previous year’s spending. According to the Ministry of Finance’s Budget Estimates, $2.330 billion was spent in 2018-2019, compared to the $2.238 billion forecast in 2019-2020. At the same time, the province is aggressively moving to revitalize hospital and long-term care infrastructure with P3 development. This has public health care defenders concerned that hospital operations will be handed over to the private sector.

**Prince Edward Island**

A late spring election prevented the government in PEI from tabling a 2019 budget. The budget is expected in June. Budget documents from 2018 reveal that hospital and acute care services received an additional $4.8 million in funding, which only amounts to a 1.2% increase. That was in the context of a $75 million budget surplus in 2017-2018. Another surplus is expected as the province closes its books on the current fiscal year, but residents are complaining about a lack of access to primary care and crowded hospitals. It is also worth noting that PEI scores the worst among Canadian provinces on meeting national wait time targets for hip and knee replacement surgery.

**Nova Scotia**

Health care spending and delivery in Nova Scotia has undergone significant changes over the past several years. In 2014, the government undertook a massive restructuring to collapse nine regional health authorities into one in an effort to reduce administrative costs. Since then, Nova Scotians have experienced problems accessing primary care, as well as disruptions and chaos in the hospital system. An additional $191 million in health care spending was announced in the 2019-2020 budget; this is mostly going to a P3 hospital project and administrative cost increases. The budget for health authorities, which fund hospital operations, was increased by only $60 million or 3%. With the province’s population growth at 2.2% in 2018 and inflation currently tracking at 2%, this additional funding represents a cut in real dollars.

**New Brunswick**

In its 2019 budget, the government of New Brunswick added investments in training and recruitment of nurses as well as primary care. However, the budget for regional health authorities, which includes hospitals, was increased by just 2.4% in 2019-2020. With 20.8% of its population over the age of 65, New Brunswick has the greatest pressure on its health care system among Canadian provinces due to its aging population. Factoring in aging and inflation, the budget increases do not meet the requirement for status quo funding even though the government was able to present a balanced budget. Along with the budget announcement, the New Brunswick government signalled its intention to seek special demographic funding from the federal government.

**Quebec**

The 2019-2020 budget in Quebec allocated over $3 billion in additional health funding, which represents a 5.4% increase. In fact, this year funding to front-line services, including hospitals, increased by over 6.6%. This is much more substantial than most other provinces. However, it should be noted that the current government was elected on a promise to increase health care spending after massive cuts were undertaken by the previous
government. Between 2014 and 2016, over $1 billion was cut from health care, resulting in severe staffing shortages and long wait times. In addition to increased health spending, strong economic growth allowed the province to deliver a large surplus, estimated by some to come in at $5 billion. The surplus is a source of resentment by some public health care advocates; they argue that staffing shortages are a result of years of austerity and restructuring and that the health care system therefore needs more funding.

Ontario

Hospitals in Ontario have suffered under repeated rounds of cuts. Major cuts in the late 1990s were accompanied by a massive program of hospital restructuring that resulted in more than $3.9 billion in funding being diverted away from care. Funding levels didn’t meet inflation between 2006 and 2016, which meant real-dollar cuts to hospital budgets. After just under two years of respite, Ontario hospitals again are under threat as cuts to programs, services and staff are being announced across the province. In the 2019-2020 budget, the provincial government set funding at less than the rate of inflation and population growth. To protect service levels and stop cuts, hospital funding would need to increase by 5.3% per year for the next four years.

The impact of Ontario’s decades of hospital cuts are stark. Ontario has by far the fewest hospital beds left of any province in Canada. The rates of hospital overcrowding in Ontario are unheard of among developed nations. News stories abound of patients waiting on stretchers in hallways and even bathrooms for days or weeks for a proper hospital bed. Ontario has the fewest nurses per patient in Canada, and the gap is growing each year as underfunding results in downsizing of health care staff.

Manitoba

Amidst growing concern over staffing shortages and increasing wait times for surgeries, diagnostics and emergency room care in Winnipeg, the Government of Manitoba effectively cut health care spending for a third consecutive year in its 2019 budget. Despite a budget speech claiming that investments in health care are at historic levels, the new funding amounts to a 0.5% increase. Overall health care spending increased by $47.8 million on a $6.5 billion total health budget. A 0.5% increase in funding amounts to a 2% decrease in real dollars. Manitoba has embarked on a massive restructuring of its health care system, including core hospital services in Winnipeg, which serve close to 60% of the province’s population. Two years into the reform, the hospital system in Winnipeg is under a great deal of stress with increasing wait times, service gaps and a critical shortage of staff.

Saskatchewan

The Government of Saskatchewan has increased its funding for the provincial health authority that funds hospitals and community care from $3.65 billion to $3.77 billion. This represents a 3% increase, but it includes $30 million for mental health services, which reduces the amount for hospitals to approximately a 2.4% increase. While this increase meets inflationary pressures, it shows restraint by not taking into account the pressures on health care facilities as a result of population aging and growth. In 2017, the Government of Saskatchewan restructured health care delivery by merging nine regional health authorities into one, aimed at reducing hospital budgets. It has also introduced private, for-profit surgical and diagnostic clinics over the past several years.

Alberta

With the recent change in government, a budget for fiscal year 2019-2020 is not expected in Alberta until the fall. Over the past four years, health budgets in Alberta have been increased by approximately 3% per year. According to the government, this increase was based on a formula that took inflation and population growth into account. However, the new government campaigned on a plan to reduce the deficit and freeze health care funding.
**British Columbia**

In 2019-2020, the Government of British Columbia invested an additional $1.1 billion in health care, representing a 5.5% increase. Regional services, which pay for hospitals as well as mental health and community based services, were increased by 8%. In 2018, the increase to the same budget line amounted to 3%, and in 2017 it amounted to 4.3%. Included in these numbers is targeted funding aimed at reducing surgical wait times: $75 million was allocated for 2018-2019 and $100 million for 2019-2020. These increases come on the heels of health care funding austerity that put wait times for surgical procedures among the highest in Canada and that generated a proliferation of private clinics to which previous governments turned a blind eye.

**The Territories**

The combined population of Canada’s three territories is 121,396. This accounts for 0.3% of Canada’s population spread of 40% of the country’s land mass. Yukon, Nunavut and the Northwest Territories face a much different challenge in health care delivery than most Canadian provinces. They have the highest per capita health care costs and the poorest performance in health outcomes. In 2017, the federal government added $108 million over four years for a Territories Health Investment Fund. Interestingly, there is no threat of a private surgical tier developing in any of the Territories because it simply would not be profitable.

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Austerity programs over the past decade in most provinces have meant caps on surgeries, limits to operating room time and critical staffing shortages in hospitals across the country. When provincial budgets increase health funding, there is often still restraint levied in hospital funding. This has had an enormous impact on surgical wait times and emergency room overcrowding. The evidence from across Canada is clear: There is a capacity issue in our hospitals, and they have not been funded adequately over the past number of years.

It is important to keep spending on health care in perspective. While we often hear about the unsustainability of health care costs, at 10.4% of GDP, health care spending in Canada is lower than in many European countries and just slightly above the OECD average. It is also much lower than in the U.S.

**2) Keep it Public**

Within the constant calls for health care reform, there are repeated calls to reform the use of hospitals. Increasing use of day surgery, moving the chronically ill and seniors into community-based care, and investment in primary care are all discussed as ways to ease pressure on hospitals. These strategies don’t nearly go far enough to ensure our hospitals can meet the demand placed on them by both population changes and innovations in medical procedures. For example, the wait times for hip and knee replacement surgery are growing, not because these procedures used to be performed in a timelier way, but because they represent an innovation for an aging population. The demand for these procedures is a relatively new phenomenon.
Addressing Wait Times

Wait times are often used as an excuse to introduce private health care. The Fraser Institute presents annual reports on wait times that have been shown to use dubious scientific methodology and make exaggerated claims. Yet the annual wait time report continues to get news coverage in our national media chains, which in turn encourages more commentary on the perceived benefits of privatization.

But the introduction of for-profit care creates lots of problems. At the Cambie trial in British Columbia, Professor Marie-Claude Prémont, a health care policy expert, brought instructive evidence from Quebec, where a Supreme Court decision from 2005 required the province to lift its ban on private insurance.

According to Prémont, the subsequent changes have allowed patients to jump the queue by hopping between public and private care. Private clinics are being subsidized by the public system while also charging patients extra fees. As these changes take hold, the number of doctors leaving the public system for private clinics is rising dramatically, draining resources from the public system. This has led to a health care system skewed by market forces. People with resources have an advantage, and because of financial incentives, services are provided more readily where the profits are best. This all flies in the face of the Canada Health Act’s guarantees of universality and accessibility.

In addition to Prémont’s evidence, the defence in the Cambie case will bring forward experts from the U.S. to demonstrate the high cost of private insurance for both individuals and public finances. Higher administrative costs result from the fact that hospitals have to deal with many different insurance companies and insurance plans. Plus, the sheer necessity of earning a profit drives costs in private health care institutions. It also compromises patient safety in facilities that are driven to decrease staffing costs. The evidence is clear, but it is rarely discussed in the public domain.

Health care advocates have often been hesitant to get into the wait times debate. It’s true that we are not doing well with wait times for some elective surgeries. In every province, Canadians decry the wait times to see primary care physicians and specialists. Our media is rife with stories detailing overcrowded hospitals with emergency rooms turning patients away. Wait times for hip and knee replacements and cataract surgery still remain high compared to other OECD nations.

Given the current state of funding and the threats of privatization, it’s time to address the elephant in the room and find solutions. The most equitable, efficient and economic solutions to wait times and overcrowded hospitals are found within the public system.

BC is currently making a great deal of headway on improving wait times through a combination of additional funding for procedures with the longest wait times, centralized case management and centralized wait lists.

“In B.C. is one of the few provinces that hasn't lost ground in terms of having their patients meet recommended benchmarks,” said Frood [CIHI spokesperson]. “They've actually shown a steady increase in patients meeting that criteria.”

Innovations from around the world can provide guidance on how to effectively reduce wait times within the public system. For example, in Scotland, which also has a single-payer, public health care system, the government implemented an 18-week wait time standard from referral to treatment. It used a strategy that included system reform to allow for centralized case management, improved diagnostic and referral pathways, operating room efficiencies and normalizing day surgery, improved planning for hospital capacity including human resource issues, accurate tracking and reporting, and performance management.

Some of these innovations are already being implemented in various Canadian provinces. However, it can’t be left up to individual provinces to take the initiative to implement these strategies. It’s the national scope of Canada’s
health care system that makes it so great. We overcome provincial and regional diversity to deliver a program that has broad implications for all Canadians.

Canada’s public health care system costs less and provides better care than a for-profit system. It provides care to those who need it regardless of their income and resources. Certainly that isn’t something Canadians want to lose.

3) Expand it

When Tommy Douglas first brought public health care to the province of Saskatchewan, he intended to expand it to cover medication, vision and dental care as well. Public coverage for prescription medication was also recommended by the seminal Hall Commission, which led to the introduction of public insurance for hospital and physician services nationwide.\(^{46}\) Today, Canada is the only country in the world with a public health care system that doesn’t cover prescription medication. Among OECD countries, Canada pays some of the highest prices for medication.\(^ {47}\)

Currently, one in four Canadian households can’t afford the medications they need. As a result, over 640 people die prematurely every year.\(^ {48}\) A million Canadians are having to choose between putting food on the table and buying their medication. In a country as rich as Canada, this is unacceptable.

Our patchwork system of public and private drug plans is inadequate and inequitable. It is leaving countless Canadians falling through the cracks. While two-thirds of Canadians are covered by an employer-sponsored drug plan, the coverage provided by these plans varies widely.\(^ {49}\) Expensive co-payments and deductibles can prevent people from filling their prescriptions. Those who are unemployed, self-employed, or employed part-time often lack any drug coverage.

Pharmacare is the missing piece of Canada’s public health care system. Many studies have pointed to the enormous cost savings that would result from pharmacare: savings from bulk purchasing of medication, savings to employers and individuals who currently pay private insurance premiums, and savings to the health care system that is currently burdened with patients who have gotten sicker because they can’t afford their medication. A 2018 study by the PBO estimated the savings to the federal Government alone would be approximately $4.2 billion,\(^ {50}\) An earlier study by the Canadian Centre for Policy Alternatives and Canadian Doctors for Medicare estimated the savings to both the public and private sectors would be up to $30 billion.\(^ {51}\)

In Budget 2018, the Government of Canada created the Advisory Council on the Implementation of National Pharmacare. After a year of consulting with Canadians, in June 2019 the Council recommended that Canada adopt a fully public, universal pharmacare program.\(^ {52}\) The Government should implement this recommendation as soon as possible so that prescription medication is covered just like doctors and hospitals.

To keep pace with changing health needs and innovations, Canada’s public health care system must be modernized. It must be expanded to cover all medically necessary care. In addition to prescription medication, this includes long-term care and home care for seniors as well as mental health services and dental care. This would improve the health of Canadians and take some of the pressure off hospitals. By covering these services, our health care system would truly be comprehensive and accessible.
Together, We’ve Got This!

As Canadians, we value our public health care system, a system in which access to care is based on need and not the ability to pay. But that system is currently under threat from chronic underfunding and increased privatization. The Canadian Health Coalition is therefore calling on its allies to stand up for public health care. Although our system has its challenges, we shouldn’t be turning to the private sector for solutions. Instead, we should be looking to improve the public system by funding it fairly and expanding it to include things like pharmacare.

Public health care gives us peace of mind. When we get sick, we know we’re covered. Let’s work together to protect our public system. Together, we’ve got this!


7 Share of health spending was calculated using the spending “Estimates” for each province as presented by their respective Departments of Finance.


