



# Canadian Health Care Funding Module

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# Topics

- Relevant Policy
- Funding Outline
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- Global Comparison



# Relevant Policy

- *Canada Health Act*<sup>1</sup>
  - Outlines the premise of what healthcare encompasses in Canada and sets the five criteria that provincial healthcare insurance plans must meet:
    - *Public Administration*: Must be run through a non-profit public organization.
    - *Comprehensiveness*: Must cover all medically necessary procedures and services.
    - *Universality*: All residents of the province must have equal access to services.
    - *Portability*: Provinces/territories must cover services for their citizens while they are out of province.
    - *Accessibility*: Access to health services must not be obstructed through financial charges or discrimination of any kind.



# Relevant Policy

- *Canada Health and Social Transfer Act<sup>2,3</sup> – Currently Canada Health Transfer and Canada Social Transfer*
  - Policy that specified the terms and conditions under which the federal government funds provincial governments, in the form of tax credits and cash transfers to be used for health, post-secondary education, and social assistance. Effective 1997-2004.
  - Split into *Canada Health Transfer (CHT)* and *Canada Social Transfer (CST)* in 2004 for more transparency and accountability, where CHT contributes to healthcare and CST covers post-secondary education, social assistance and social services, early childhood development, and early learning and childcare.
  - Starting in 2014-2015, all provincial and territorial transfers will be on a per capita cash basis only.

# Funding

## Federal<sup>2,4</sup>

- The federal government contributes to provincial revenues through:
  - *Tax credits*: writing off a certain percentage of federal tax and adding on that percentage to the provincial tax.
  - *Cash transfers*: agreed upon block sums transferred directly to the provinces.
  - *Direct health coverage*: the federal government is directly responsible for providing health coverage to the First Nations, RCMP, and the Canadian Military Forces.
  - In 2013–14, the Federal Government will transfer \$62.3 billion to provinces and territories. From this sum Ontario will receive \$19.9 billion through major transfers (Canada Health Transfer and Canada Social Transfer) – an increase of \$9 billion from 2005–06.<sup>5</sup>



# Funding

## Provincial<sup>4</sup>

- The provincial/territory governments are responsible for:
  - Organization, administration, and delivery of Medicare.
    - Medicare is actually 10 provincial programs (e.g. OHIP for Ontario).
  - Directly financing healthcare expenditures.
- The provincial revenue is generated primarily through taxes.
  - Alberta and British Columbia charge individual premiums to those who request Medicare benefits. Set amounts from these premiums are earmarked for healthcare.<sup>4</sup>
- The provincial/territorial governments cover all insured health services, either by direct coverage of costs through municipalities or, in Ontario's case, through Local Health Integration Networks.<sup>4</sup>

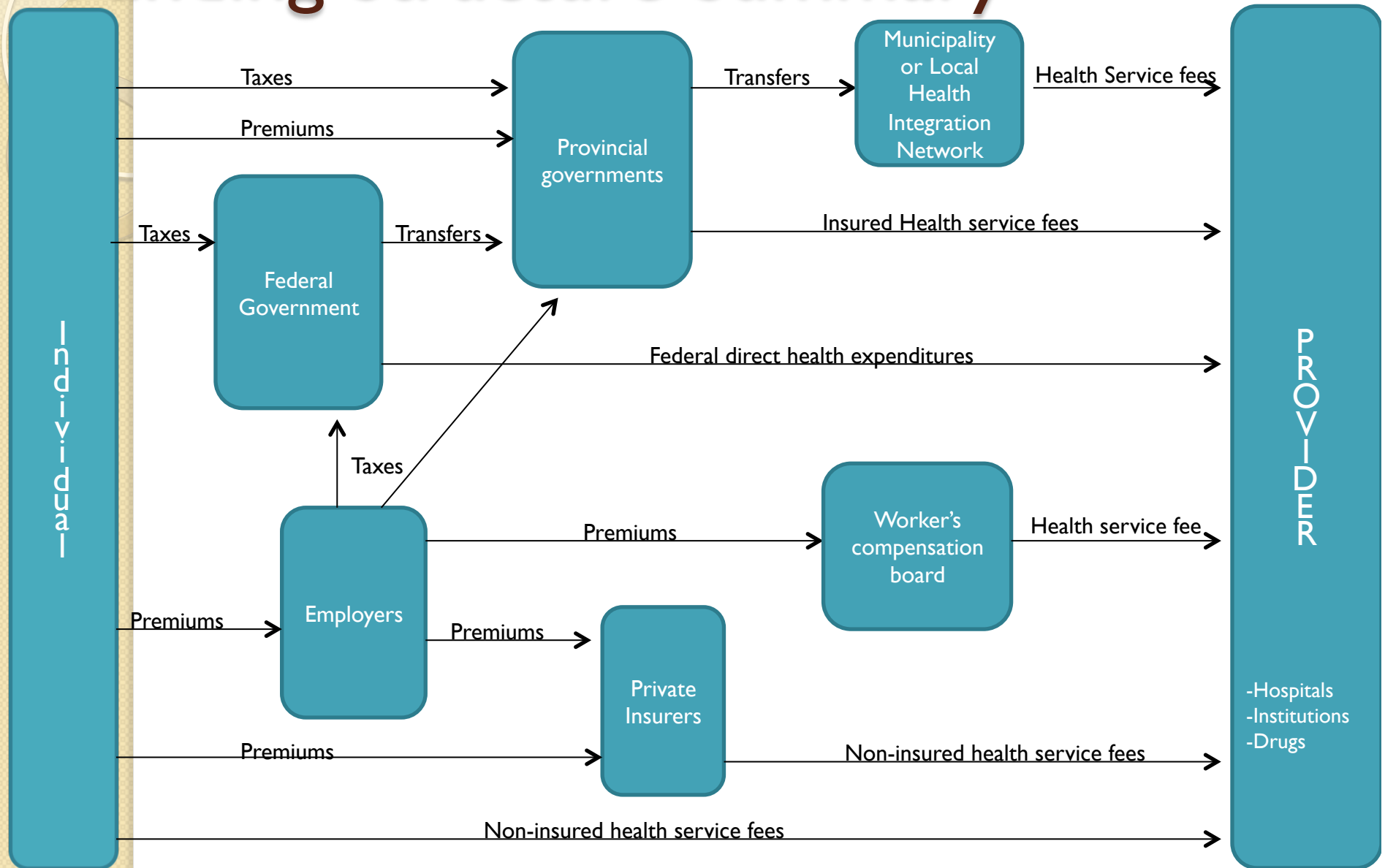


# Funding

## Private

- Approximately 30% of Canadian Healthcare is privately funded, primarily for services not deemed medically necessary (e.g. dentist visits, cosmetic or elective surgeries) and medications.
- The sources include<sup>4</sup>:
  - Out of pocket from the individuals using the service
  - Private insurers
  - Worker's Compensation Board (WCB)

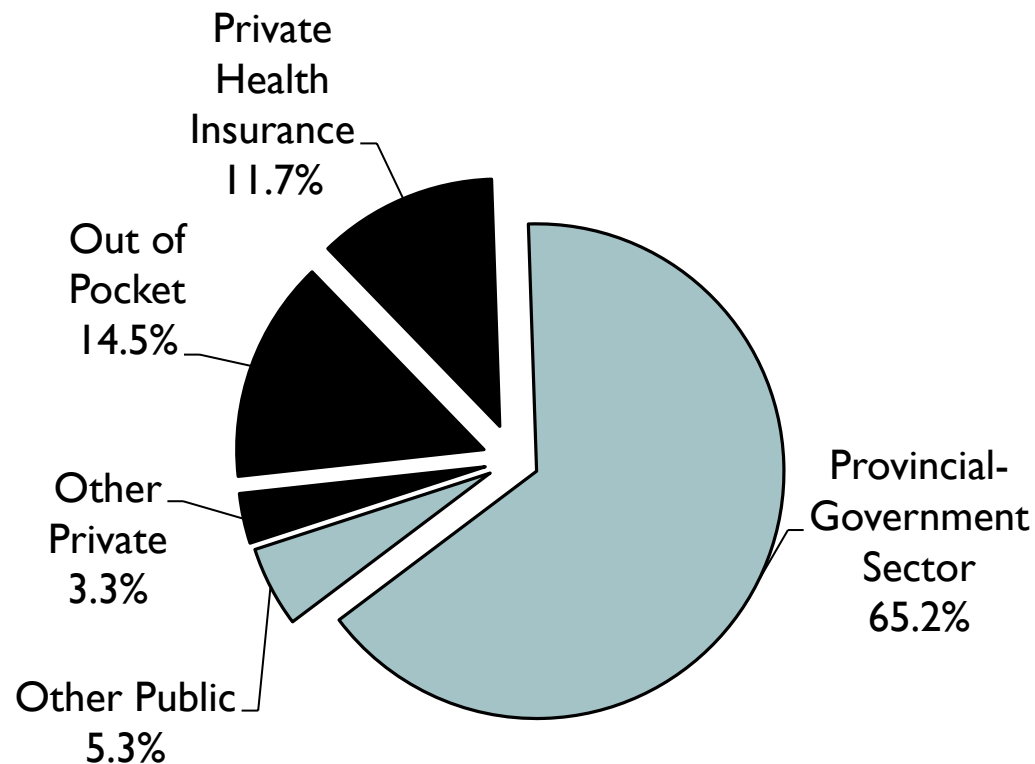
# Funding Structure Summary



Source: Funding, Expenditures and Resources, *Public Health and Preventive Medicine in Canada*, Chandarakant P. Shah (2003)



# Expenditures- Total Contributions



- Total projected spending for 2012<sup>6</sup>:
  - \$207.4 billion
  - 11.6% of GDP

2010 data

Adapted from the Canadian Health Information National Health Expenditure trends 1975-2012 presentation

Data source:- National Health Expenditure Database, CIHI; Statistics Canada.

# Expenditures

Category	Percentage of Expenditure (1975)	Percentage of Expenditure (1999)	Percentage of Expenditure (2012)
Hospitals & Physicians	60	45	43
Other Institutions	9	10	11
Other Professionals (Nurses, PT, OT, Dentists, etc.)	9	12	11
Drugs	9	15	16
Other Expenditures (Admin, capital, etc.)	13	18	19

Data source- Canadian Institute for Health Information. *National Health Expenditure Trends 1975-2001, 1975-2012*



# Global Comparison

Country	Public-Share in Total Healthcare Expenditure	Total Health Expenditure as a % of GDP
Canada	71.1	11.4
Germany	76.8	11.6
France	77.0	11.6
USA	48.2	17.6
UK	83.2	9.6

Data source- Canadian Institute for Health Information. *National Health Expenditure Trends 1975-2012*

# References

1. Canada Health Act, c-6, section 7. Government of Canada. 1984-04-01. Retrieved 2013-05-13.
2. Department of Finance Canada (2011). Canada Health Transfer. Retrieved from [www.fin.gc.ca](http://www.fin.gc.ca)
3. Department of Finance Canada (2011). Canada Social Transfer, Retrieved from [www.fin.gc.ca](http://www.fin.gc.ca)
4. Dr. Shah, C. P. (2003) Public Health and Preventative Medicine in Canada (5<sup>th</sup> edition). Toronto, Elsevier Canada. pg 425-457
5. Department of Finance Canada (2012). Federal Support to Provinces and Territories, Retrieved from [www.fin.gc.ca](http://www.fin.gc.ca)
6. Canadian institute for Health information. *National Health Expenditure Trends 1975 to 2012, 1975-2001*; Ottawa 2012.