

Health Care Funding

Fact Sheets on Key Health Care Issues

A need for long term stability and predictability

In its submission to the Romanow Commission in May 2002, the Ecumenical Health Care Network urged the Commission to recommend a solution to the federal-provincial-territorial impasse that ensures strong, stable funding for health care. The Network stressed that federal funding must result in all people in Canada receiving quality health care services, regardless of where they live.

Major recommendations in the Romanow report addressed “long term stability and predictability” of funding as critical to sustaining the system. The recommendations included increased federal contributions totalling approximately \$30 billion over the next five years, roughly half as a dedicated



Canada Health Transfer (CHT), and the other half as a set of specific allocations to “buy change” over the first three years. These changes would include funding for home care, prescription drugs, primary care, diagnostic services, rural and remote access, and aboriginal health.

First Ministers’ Health Accord 2003

The accord established between the federal, provincial and territorial governments on February 5, 2003, provided for increased transfers from the federal government. There were conflicting interpretations about the specific amounts, but overall the increases were only about half of the levels recommended by Mr. Romanow. He suggested the federal contribution should be at least 25% of the funding for medically necessary services (some advocates argue the federal share should be based on total public funding which would raise the requirement by \$5 billion yearly). With the announced increases, the federal funding remained at less than 20% of the funding for medically necessary services.

“We urge you to recommend a solution to the federal-provincial-territorial impasse that ensures strong, stable funding for health care. Federal funding must enable all parts of the country to provide quality health services that meet national standards.”

**Ecumenical Health Care Network
appearance before
the Romanow Commission
May, 2002**

First Ministers' Agreement September 2004

Federal, provincial and territorial First Ministers met in September 2004 to reach yet another agreement to resolve health care funding and



delivery concerns. The accord secured stable federal funding for health care over the next ten years. The amount of new money is significant,

bridging the so-called “Romanow gap” and bringing federal transfers to approximately 25% of total provincial/territorial health spending. The new \$19 billion base transfer will increase by 6% per year, ensuring predictable, stable funding, and enabling the provinces and territories to undertake reliable multi-year planning and serious reforms.

In the last four years of the 10 year agreement, an additional \$23.2 billion will be transferred, for a total of \$41.2 billion in new funds.

The question is whether this massive infusion of funds has bought the kind of change that Mr. Romanow recommended?

Accountability and Future Prospects

In spite of the new funding, the federal government failed to achieve any meaningful commitments from the provinces and territories on accountability, in part because it was unwilling to insist on conditions.

The accountability requirements contained in the *Canada Health Act* are not being adequately enforced by the federal government. The spread of privatization that inadequate enforcement encourages is one of the most serious threats to the integrity and viability of Medicare.

An independent public accountability mechanism is essential to ensure that real health care reform takes place and to defend against the powerful economic interests who want to privatize the ‘profitable’ parts of health care. The new Health Council of Canada has the potential to correct this failure of accountability. It will, however, need to be given the power to do this.

This Fact Sheet is one in a set produced by the Ecumenical Health Care Network (EHCN). The Network is a project of the Commission for Justice and Peace of the Canadian Council of Churches and includes representatives from the Anglican Church of Canada, the Canadian Conference of Catholic Bishops, the Catholic Health Association of Canada, the Evangelical Lutheran Church in Canada, The Presbyterian Church in Canada, the Salvation Army, and the United Church of Canada.

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