



ACR Fact Sheet #1: The Health Care Accord: Having a say in the funding of health care in Canada

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Backgrounder: ACR and the Purpose of this Document

ACR (Association of Advocates for Care Reform) is concerned with the quality of life and care in residential care facilities in BC. Residential care facilities in BC “provide 24 hour professional nursing care and supervision in a protective, supportive environment for people who have complex care needs and can no longer be cared for in their own home.”ⁱ Regrettably, these facilities have experienced a decline in resourcing levels in the recent years.

This decline in resourcing too often results in high workload assignments for staff and a growing loss of universal access to an integrated, sufficient professional health care team (e.g. Registered Nurses, Physicians, Occupational and Physical Therapists, Music Therapists, Speech Language Pathologists, Social Workers, Chaplains, Nurse Practitioners, etc.). These team members are necessary for the provision of quality and timely care to residents of facilities who are increasingly aged, and with increasingly medically complex conditions, including dual diagnoses and various dementias.

ACR is concerned about this service decline – within residential care and beyond. The purpose of this fact sheet is to describe how health care is funded in Canada, to provide some key points for reflection and to encourage participation in the discussions that have begun around the renewal of the Health Care Accord. These conversations are an opportunity for all Canadians to influence the evolution of ‘their’ health care system to reflect ‘their’ values and priorities.

What is the Health Care Accord?ⁱⁱ

The “Health Accord” (the First Ministers’ Accord on Health Care Renewal) is an agreement between the federal government and the provinces/territories that describes how the federal government will provide funding for insured health services, as well as specifying which issues the provinces/territories should prioritize (like home care). The funding agreements of the current Accord expire in 2014. Discussions are now underway to renegotiate how health care will be funded in the future.

How is health care funded in Canada? How do Canada’s provinces and territories receive funding for health services?

Under the Constitution of Canada, there is a division of responsibility for the provision of health care between the federal government and the provinces. Canada has a publically funded health insurance system (often referred to as “Medicare”). This means that as a resident of Canada,

your tax dollars and other fees fund the health care system so that you do not have to pay a fee every time you visit the doctor or go to the hospital.

The federal government collects some of your tax dollars and then sends funds to the provinces and territories through a payment called the “Canada Health Transfer.” The provinces use these funds (together with other revenues, like BC’s Medical Services Plan [MSP] premiums) to put together the systems that provide you with care. There is variation in what care is covered in provincial plans, outside of physician and hospital services.

The federal government retains responsibility for delivering health care to certain groups (e.g. First Nations, Inuit and veterans) and for national public health and health protection programs.

What exactly is the Canada Health Transfer?

The Canada Health Transfer is a fund which transfers money for health services from the federal government to the province or territory. The funding amounts are “made on an equal per capita basis, and include both cash and tax point transfers. The levels of funding are “set in legislation up to 2013-14 and grow by 6 per cent annually as a result of the automatic escalator.”ⁱⁱⁱ

What is the Canada Health Act?

The Government of Canada describes it this way: “The Canada Health Act establishes criteria and conditions for health insurance plans that must be met by provinces and territories in order for them to receive full federal cash transfers in support of health.”^{iv}

The Canada Health Act was adopted in 1984. It requires the provinces and territories to provide “universal coverage for medically necessary health care services provided on the basis of need, rather than the ability to pay.”^v It does not tell the provinces or territories how to organize health care.

What are the principles of the Canada Health Act?

The Canada Health Act says that provincial health coverage needs to be:

- Portable - If you are a resident of BC visiting another province or country, the BC health care system is responsible to pay for medically necessary care
- Accessible – All insured persons need reasonable access to medically necessary services
- Universal – Each insured person should have coverage on the same terms as another insured person
- Comprehensive – All medically necessary services should be covered
- Publically administered – The health care system must be operated on a non profit basis by the provincial or territorial government

What kind of basic health care services are covered in BC?

Basic health care covers medically necessary services like hospital care and doctor visits. In BC, residents pay MSP, which is an insurance premium that is paid one month in advance. MSP covers benefits like medically required services, diagnostic procedures (like x-rays), maternity care, and certain procedures that must be done in a hospital (for example, some dental and oral surgeries).^{vi}

Many services in BC are not covered by this basic health insurance (like eyeglasses, general dental services, hearing aids, psychological services, physical therapy etc.). These types of services are often called “supplementary benefits.” They are paid for either directly by the patient, or by an extended health plan. In some cases (seniors, low-income persons) are provided with government coverage for these services.

Why are some services funded in one province but not in another?

In reality, Canada has 13 different provincial and territorial health insurance plans.^{vii} Each province decides how exactly to use federal money from the Canada Health Transfer to provide health care. Though the provinces and territories must follow certain principles (as described by the “Canada Health Act”), how the actual monies are spent depends on each province. This is why one province may publically fund a service that is not covered in another part of Canada.

How much do Canadians spend on health care? What is it spent on?

In 2008, Canadians spent \$172 billion on health care. Of this amount, 28% of it was spent on hospital care, 14.6% on prescribed drugs, 13.4% on physicians’ services, 10% on other institutions (like nursing homes and residential care facilities), 7% on dental care, 6.6% on public health, and 1.8% on health research.^{viii} When you break the numbers down, this means that per capita, the cost for each Canadian on average, in 2008 was \$5,170.^{ix}

How does long-term/residential care fit into health care funding?

For historical reasons, the Canada Health Act has focused on providing funding services like physician care and hospital services. Beyond certain standards, other services are negotiable. The Canada Health Act of 1984 does not explicitly address funding to long-term, residential care facilities.

Why do I (or my family member) have to pay to live in a residential care facility? Do my taxes not cover this?

While public insurance generally covers 100% of the cost of staying in the hospital, it usually does not cover the cost of living in a residential care facility. Most residents of long-term care pay user fees (or “co-payments”) to live in the home. In BC, the costs of staying in (public) long-term residential care are shared between the government and the client. The client pays for their room and board (up to 80% of their income, to a maximum of \$2,932 per month), while the government pays for the health care (like nursing care).^x

Key Points:

*With an aging population, there is widespread concern that Provinces will not have the tax base to fund increased need for long term/residential care in the future.

*Presently funding for long term care/residential care is not included, via funding transfers, under the 1984 Canada Health Act to the Provinces.

*The negotiations that have begun for a new Health Care Accord provide an opportunity for all Canadians to discuss what kind of public health care system they want for their future.

Some Questions for Canadians to Consider:

1. Do you think the Canada Health Act should be enhanced to include things like: residential care, home care, pharmacare, mental health and addiction treatment?
2. What health care provisions would you consider to be good value for your tax dollars?

Getting Involved in the Dialogue: Possibilities for Action.

Here are some steps you might wish to consider:

1. Become informed. Family councils may consider sponsoring an Info Session in their Community. Speakers may be available through local Post-secondary institutions, various Medical/Health Care Associations, Community Health Care /Seniors Advocacy Groups
2. Contact your local MP and MLA (the Health Accord is a negotiation between the federal and provincial governments) and let them know of your interest in the Health Accord negotiations. You may consider preparing questions for them, such as those prepared by pharmacists in the 2011 election: http://www.pharmacists.ca/content/about_cpha/whats_happening/government_affairs/pdf/TalkingPoints2004_Election2011.pdf
3. Participate in various discussions underway, such as those of the Canadian Medical Association (www.cma.ca)

Contact ACR For More Information:

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References:

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^{iv} Health Canada. Canada's Health Care System [Internet]. 2011. Available from: <http://www.hc-sc.gc.ca/hcs-sss/pubs/system-regime/2011-hcs-sss/index-eng.php>

^v Ibid.

^{vi} BC Ministry of Health. About Health Insurance BC and Your Health and Medical Coverage [Internet]. 2011. Available from: www.health.gov.bc.ca/insurance/about_hi.html

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^{viii} Canadian Institute for Health Information. Health Care in Canada 2009: A Decade in Review [Internet]. 2009. Available from: http://secure.cihi.ca/cihiweb/products/HCIC_2009_Web_e.pdf

^{ix} Ibid.

^x BC Ministry of Health. Residential Care Client Rate Structure. [Internet]. 2011. Available from: <http://www.health.gov.bc.ca/hcc/rcr.html>