

CFNU – news release

Reductions in federal health care spending worse than anticipated: New economic analysis

July 16, 2015 (St. John's) – A new report by the Canadian Federation of Nurses Unions (CFNU), released at the Council of the Federation, revealed that reductions in federal health transfers may be greater than first feared, leading to a greater strain on provinces already struggling to sustain Canada's public health care system.

“From its inception, health care was intended to be a partnership and a shared responsibility between the federal and provincial and territorial governments,” said Linda Silas, president of the CFNU. “The figures in this report show that the Conservative government is not upholding their end of the partnership, and this puts the Canadian health care system in jeopardy.”

The cuts are the result of changes from the funding model agreed to in the 2004 Health Accord to a new formula based on the growth rate of Canada's GDP. The report, [*The Canada Health Transfer Disconnect: An Aging Population, Rising Health Care Costs and a Shrinking Federal Role in Funding*](#), written by Hugh Mackenzie, argues that these changes mean federal support for health care will drop from the current range of 22-23% to 19%.

“As this study reveals, the long-term result of the federal government constraining health care transfers to the provinces and territories is not only to shift costs onto the provinces and territories,” said Mackenzie, an Economic Consultant and Researcher specializing in fiscal policy issues. “The federal government's actions pressure provinces and territories to cut spending on health care. Actions that limit the scope of public health services available to Canadians risks making private options more attractive and undermines public health care in Canada.”

Compared to the Health Accord's 6% escalator model, the report found that up to \$43.5 billion of health care spending will be cut over the next eight years, based on economic growth projections. This analysis predicts a loss of \$10.7 billion annually by 2024-2025. The report translates this funding shortfall into tangible impacts on services, and it suggests that could mean losses of 59 million home care visits, 2.6 million fewer patients served by primary care centres, 7,500 unfunded long-term care beds, and 24,000 nurses not employed.

“In 2012, when I was Parliamentary Budget Officer, we raised concerns about the Federal CHT Cash Transfer, relative to provincial/territorial health spending,” said Kevin Page, “The economic forecasts are much more sobering today, and incorporating these new numbers means the federal government has left an even larger fiscal hole for provinces and territories to try and fill.” Page said, “We should all be questioning how the provinces and territories will be able to meet Canadians' health care needs without a strong federal partner in both planning and funding.”

“This policy change flies directly in the face of reality, especially as more resources will be required to accommodate Canada's aging population, when funding will be needed for our provinces to modernize health care and put more emphasis on health prevention,” said Silas. “How is Canada going to answer calls for a Safe Seniors' Agenda, a National Prescription Drug Program or a National Health Human Resources Strategy, unless the federal government commits to a minimum of 25% funding for public health care in Canada?”

The report was delivered to Canada's Premiers at the Council of the Federation's annual summer meeting in St. John's on Thursday.

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The Canadian Federation of Nurses Unions (CFNU) is Canada's largest nurses' organization representing close to 200,000 nurses and student nurses. The CFNU has been advocating for national discussions on key health priorities, such as a national prescription drug plan, a comprehensive approach to long-term and continuing care, greater attention to health human resources, and federal government engagement on the future of public health care.

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