Health Care Sustainability and Renewal in Canada

CASHC
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Canadian Outlook

• Fiscal and household restraint will hold overall GDP growth to 2.4 per cent this year, 2.7 per cent in 2012.

• U.S. economy finally seems to have found its footing, but with weak housing sector and huge fiscal deficits.

• Canadian outlook is positive enough to allow the federal government to return to fiscal balance…

• … but some provinces will continue to struggle.
The Loonie and the Oil Price

WTI $US, $US/$C

Sources: The Conference Board of Canada; U.S. EIA; Statistics Canada.
Unemployment Rate vs. Natural Rate (percent), 1981-2015

Sources: The Conference Board of Canada; Statistics Canada.
Federal and Regional Balances
National Accounts Basis ($ billions)

Sources: Statistics Canada; The Conference Board of Canada.
Federal and Provincial Gov’t Debt
(as a Share of GDP 2010-11)

Sources: The Conference Board of Canada; Statistics Canada; various government budgets.
Demographics and Fiscal Sustainability

• An aging population will:
  — Put upward pressure on public finances
  — Limit economic growth potential

• Long term sustainability of provincial fiscal situation depends on:
  — A more strategic approach to deal with growth in healthcare spending
  — Engaging a public discussion on options going forward
Labour Force Growth
(average annual growth)

Sources: The Conference Board of Canada;
Some Recent Budgets

• Federal: Balanced budget in 2014-15
  • Election commitment to continue annual growth in health transfers at 6 per cent beyond 2014

• Quebec: Balanced budget in 2013-14
  • health care spending now expected to grow at 5 per cent annually
  • still need to find $3 billion in cuts and revenues

• Ontario: plan to balance by 2017-18
  • To get there, annual health care spending growth must slow to below 3 per cent.
The Fiscal Outlook for Québec

- CBoC recently produced a detailed long-term fiscal study for Québec
  - Unchecked, health-care spending will significantly outgrow the economy between 2010 and 2030
  - In a business-as-usual scenario, the Québec sales tax would have to increase to 19.5 per cent by 2030 to maintain a fiscal balance
- For most provinces, the business-as-usual scenario is not sustainable
Public Health Spending - Québec by Age and Gender ($ per person)

Sources: CIHI; The Conference Board of Canada.

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What can be done?

• First step is to build a common vision of sustainable health care among key stakeholders

• Identify policies, strategies, and practices that contribute to ongoing transformation of the health-care system

• Include all dimensions of what is needed to create a sustainable health care system
Dimensions of a Sustainable Health-Care System

• Financial and economic
  – Economic performance
  – Current and future health-care spending
  – Fiscal balances
  – Public and private health-care investment and expenditures
  – Current funding structures and challenges

• Firm-level performance
  – Relationship between health-related costs, workforce health and firm performance
Dimensions of a Sustainable Health-Care System (cont.)

• Health-care system organization and delivery at the institutional level
  – Improving health-care system’s operations, productivity, and efficiency
  – Addressing quality of care, value for money, deployment of the health-care workforce, technology use, and innovation
• This provides the setting for CASHC research