

## Fact Sheet 1 Funding of the public healthcare system: concerns on the horizon

### 1. Abolishment of the health contribution sooner than expected

The Québec Economic Plan stipulates the abolishment of the health contribution retroactively to 2016 for all taxpayers with an income of \$134,095 or less<sup>1</sup>. The reimbursement of the 2016 health contribution represents on the one hand, a reduction in the tax burden of individuals of \$441 million<sup>1</sup>, but, on the other hand, a part of the surplus which will not be invested in the public healthcare system.

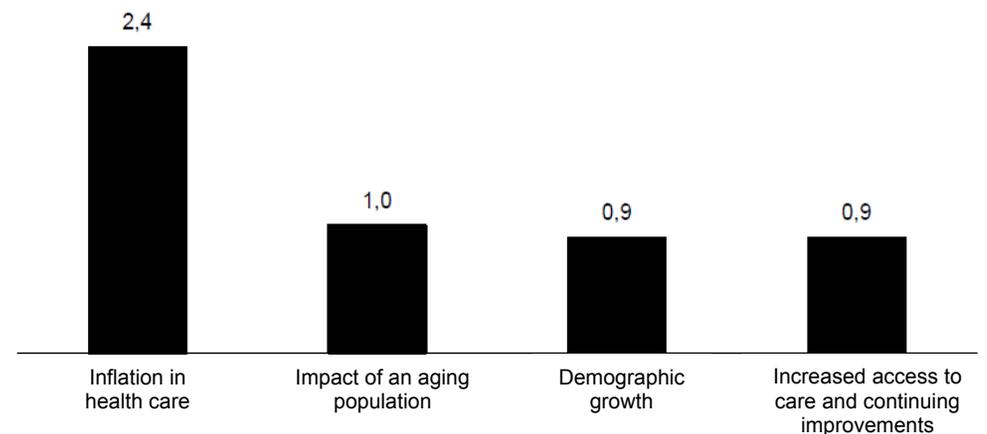
### 2. The growth in needs remains faster than that of the budgets

The budget of the big portfolio of Health and Social Services will see a growth of 4.2% in 2017-2018, 3.8% in 2018-2019 and 3.1% in 2019-2020<sup>1</sup>. However, expenditures related to health care are increasing at a much quicker pace. In fact, in 2016, the Conference Board of Canada estimated that the average annual growth in healthcare expenditures for the provinces and the territories will be 5.2% from 2015 to 2035<sup>1</sup>.

#### Summary:

- The growth in healthcare expenditures is explained by 4 major factors: inflation, the aging population, the demographic growth and the continuing improvement in the care.
- Inflation is the factor which will have the most impact in the growth of expenditures in health care from 2015 to 2035, since it takes into account the expected increase in the salaries and the cost of drugs (see the graph below).

**Average breakdown of the 5.2% growth in expenditures in health care of the provinces and territories according to the Conference Board of Canada, from 2015 to 2035**  
(in percentage)



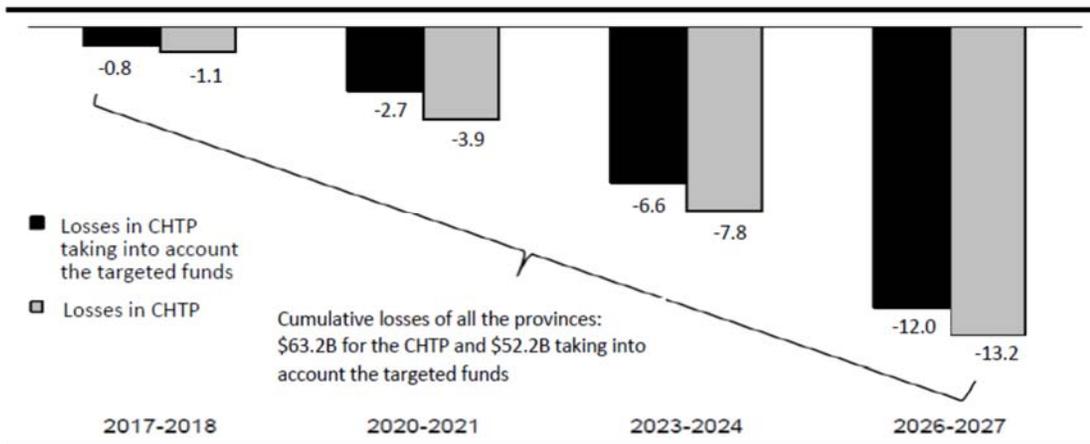
Source : Conference Board du Canada.

### 3. The erosion of the federal government's participation in health funding

Last December, the federal government decided to maintain the Conservative Government's decision to reduce the annual increase in Canada Health Transfer Payments (CHTP) by half. Also proposed were targeted funds of 11 billion dollars outside the CHTP<sup>2</sup>. Of this amount Québec got a payment of 2.5 billion over ten years<sup>1</sup>.

As the graph below shows, the global financial loss for the provinces only for 2017-2018, was evaluated at 1.1 billion dollars<sup>2</sup>. For Québec, it is an estimated loss of 250 million dollars for the same period<sup>2</sup>.

Impact of the reduction in the annual growth of the Canada Health Transfer Payments (CHTP) of 6% on the Canadian nominal GDP and a minimum of 3% (in billions of dollars)



Sources: Department of Finance Canada and the *ministère des Finances du Québec*

#### References

<sup>1</sup>Ministère des Finances, *Le Plan économique du Québec* – March 2017

<sup>2</sup>Ministère des Finances, *Le financement de la santé, Pour une juste part du financement fédéral en santé* – March 2017

#### Summary:

- The overall increase in the CHTP depends on the nominal GDP, with a minimum of 3%. The additional funding is therefore linked to the strength of the Canadian economy.
- The distribution of the CHTP between the provinces is done taking into consideration only the number of residents. Since the healthcare costs increase instead with the number of seniors in the population and Québec is one of the provinces with the largest aging population, this is not good news.

#### 4. Issues for the healthcare professionals

Since the needs always increase quicker than the budgets, the public healthcare system will have to quickly face the divestment of the services and care seen in the field. Only a massive re-investment in prevention, home care and end-of-life care will allow the healthcare professionals to breathe a little easier.

By combining this situation with the quick aging of the Québec population, the increase in life expectancy and a reduction in the active population, it must be admitted that unfortunately, new cuts are to come.