Canada Health Transfer – Transition to 2014

The federal government plans to move to an equal per capita allocation of the CHT in 2014 and Minister Flaherty indicated that he wanted to consult with provinces about how to make a smooth transition. The interest in changing the formula and consulting with provides an opportunity to institute a fairer and more optimal allocation, one that more effectively utilizes federal health care dollars to address the health care needs of Canadians.

When it comes to health care in a country as diverse as Canada, there are two realities that can't be ignored. The first is that cost of care rises with age. The second is that each region of the country has a somewhat different demographic profile. BC believes addressing these two realities should form the basis of future allocation of the CHT. The Final Reports of both the Kirby Commission and the Senate Special Committee on Aging pointed to the desirability of federal health transfers being adjusted to reflect differences across provinces in the age of the population they serve.

A Proposal for an Equal Percentage Per Capita Contribution to Health Care

Because Canadians of different age groups have different associated health care costs, B.C. would propose that the CHT allocation be based on the principle that the federal government should make an equal percentage contribution to the health care of all Canadians in a way that reflects the demographic profile of provinces.

Provinces with older populations (and more costly service requirements) would receive slightly more than under an equal per capita allocation. Since we would be using national values, provinces that chose (or could afford) to spend more on health care would not receive extra funding[1].

This approach would reflect actual service costs in a way that is fairer than a simple equal per capita model, since it does not under-compensate jurisdictions with older populations, nor over-compensate those with younger populations.

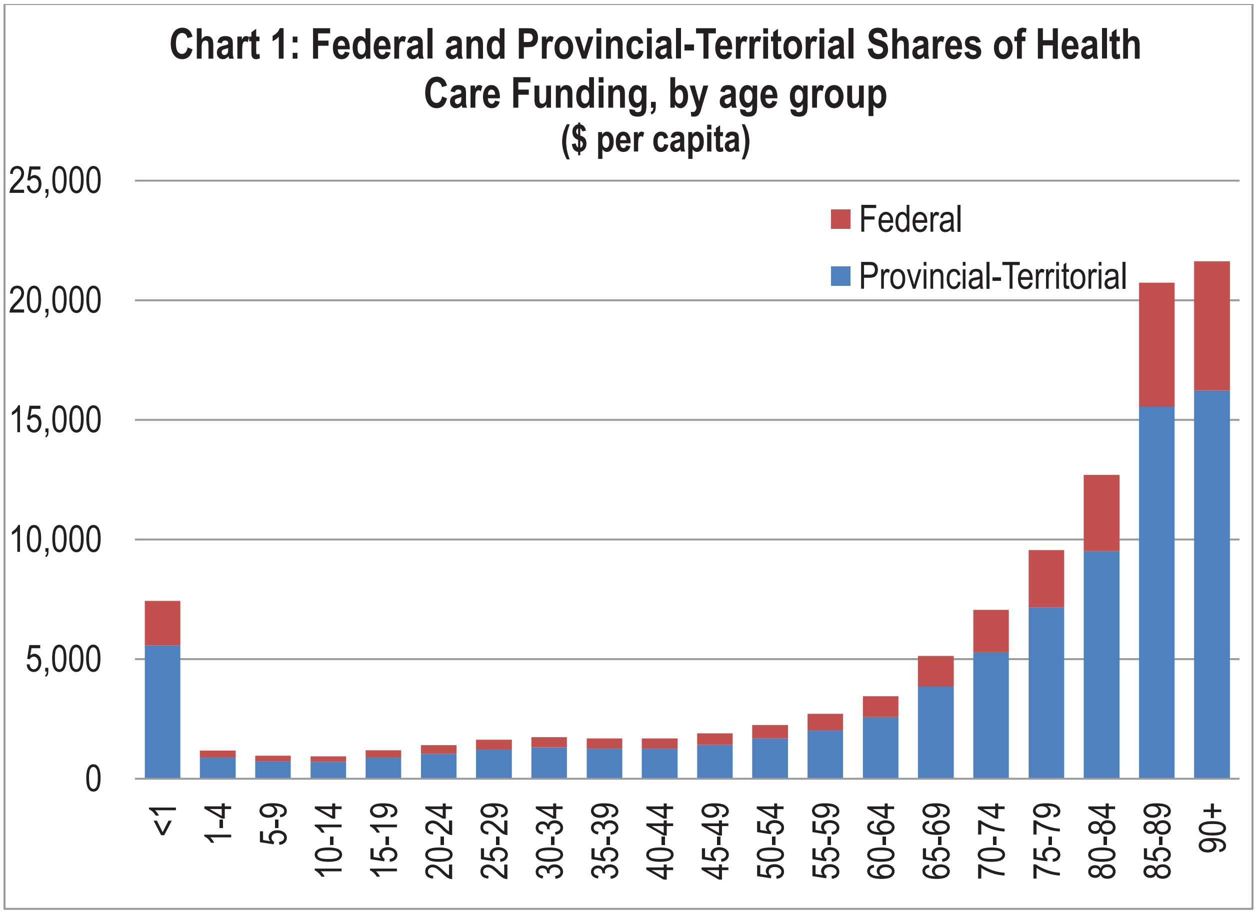
It would also be a more efficient use of federal funding, as the focus of funding would shift to one that more directly relates to the health care requirements of Canadians at various ages than funding for provincial health care programs.

The federal government would then be sharing more directly and equally in the cost of providing health care to all Canadians, regardless of where they live in Canada

Based on B.C. Finance simulations, this alternative represents a compromise between the current equal tax plus cash approach and the straight equal per capita cash approach.

[1] The use of national values for health care transfers is not without precedent. Under the Health Insurance and Diagnostic Services Act (HIDSA) half of the cash transfer was based on national averages.

National health expenditure data already exists that can be used by the federal government to make an equal percentage contribution based on demographic profiles.



Intergovernmental Fiscal Relations Branch
BC Finance
October 17, 2011

CHT Allocation Model Based on Demographics and Health Care Services Utilization, 2014/15

Population

	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
NL	4,376	18,522	24,119	25,747	27,477	29,513	28,698	29,411	30,937	34,397	39,384	42,539	41,928	40,300	34,194	23,407	16,079	10,584	6,106	3,562	511,281
PE	1,547	6,190	7,634	8,046	9,387	10,316	9,491	8,975	8,562	9,284	10,316	11,966	11,554	10,213	9,181	6,190	4,642	3,507	2,063	1,444	150,509
NS	8,937	36,350	45,186	45,989	54,123	63,863	59,143	55,930	56,332	61,955	67,277	79,427	76,013	67,177	59,043	41,872	30,024	21,589	13,455	8,636	952,320
NB	7,043	28,472	36,219	37,929	42,356	48,694	45,475	46,078	46,481	49,197	54,127	62,075	60,666	55,133	47,487	33,100	23,442	17,304	11,067	7,344	759,688
QC	91,699	367,500	431,679	399,137	450,662	543,064	519,561	567,771	557,326	517,854	565,160	647,518	617,186	533,824	455,884	339,076	236,630	182,796	114,398	65,786	8,204,511
ON	154,189	614,569	743,293	754,832	837,696	965,624	971,393	950,006	924,241	952,891	1,013,870	1,092,954	952,592	801,586	674,852	488,930	367,269	281,918	181,645	106,739	13,831,090
MB	16,829	66,301	79,581	78,669	85,157	93,977	89,618	86,171	81,305	81,102	83,940	95,193	88,300	74,715	60,725	43,390	32,238	25,953	17,944	12,571	1,293,677
SK	14,715	58,541	68,915	66,269	70,926	76,219	75,478	73,785	68,280	64,363	67,856	81,407	78,442	65,951	51,977	38,321	30,699	25,089	17,255	11,433	1,105,922
AB	56,426	220,189	244,095	218,834	230,255	275,551	322,395	326,170	294,521	277,680	267,034	287,746	260,162	205,574	157,762	107,820	78,203	60,298	37,843	23,422	3,951,982
BC	50,384	200,434	234,691	240,100	275,860	328,047	335,960	328,047	307,813	321,737	340,268	373,824	348,581	307,012	255,226	184,708	134,424	101,870	66,010	42,771	4,777,769
YK	412	1,649	2,061	2,061	2,164	2,473	2,370	2,267	2,267	2,576	2,679	3,092	3,092	2,679	1,855	1,134	515	515	103	0	35,965
NT	799	2,797	3,197	2,997	2,997	3,796	3,996	3,996	3,396	2,797	2,797	3,197	2,597	2,098	1,498	799	499	499	100	0	44,854
NU	811	3,243	3,446	3,243	3,446	3,345	3,142	2,635	1,926	1,824	1,926	1,520	1,216	1,014	811	507	203	0	0	0	34,257
Canada	408,167	1,624,756	1,924,116	1,883,854	2,092,506	2,444,481	2,466,722	2,481,242	2,383,387	2,377,658	2,516,634	2,782,458	2,542,330	2,167,275	1,810,496	1,309,252	954,868	731,922	467,990	283,709	35,653,824

Population Share

	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
NL	1.1%	1.1%	1.3%	1.4%	1.3%	1.2%	1.2%	1.2%	1.3%	1.4%	1.6%	1.5%	1.6%	1.9%	1.9%	1.8%	1.7%	1.4%	1.3%	1.3%	1.4%
PE	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.5%	0.4%
NS	2.2%	2.2%	2.3%	2.4%	2.6%	2.6%	2.4%	2.3%	2.4%	2.6%	2.7%	2.9%	3.0%	3.1%	3.3%	3.2%	3.1%	2.9%	2.9%	3.0%	2.7%
NB	1.7%	1.8%	1.9%	2.0%	2.0%	2.0%	1.8%	1.9%	2.0%	2.1%	2.2%	2.2%	2.4%	2.5%	2.6%	2.5%	2.5%	2.4%	2.4%	2.6%	2.1%
QC	22.5%	22.6%	22.4%	21.2%	21.5%	22.2%	21.1%	22.9%	23.4%	21.8%	22.5%	23.3%	24.3%	24.6%	25.2%	25.9%	24.8%	25.0%	24.4%	23.2%	23.0%
ON	37.8%	37.8%	38.6%	40.1%	40.0%	39.5%	39.4%	38.3%	38.8%	40.1%	40.3%	39.3%	37.5%	37.0%	37.3%	37.3%	38.5%	38.5%	38.8%	37.6%	38.8%
MB	4.1%	4.1%	4.1%	4.2%	4.1%	3.8%	3.6%	3.5%	3.4%	3.4%	3.3%	3.4%	3.5%	3.4%	3.4%	3.3%	3.4%	3.5%	3.8%	4.4%	3.6%
SK	3.6%	3.6%	3.6%	3.5%	3.4%	3.1%	3.1%	3.0%	2.9%	2.7%	2.7%	2.9%	3.1%	3.0%	2.9%	2.9%	3.2%	3.4%	3.7%	4.0%	3.1%
AB	13.8%	13.6%	12.7%	11.6%	11.0%	11.3%	13.1%	13.1%	12.4%	11.7%	10.6%	10.3%	10.2%	9.5%	8.7%	8.2%	8.2%	8.2%	8.1%	8.3%	11.1%
BC	12.3%	12.3%	12.2%	12.7%	13.2%	13.4%	13.6%	13.2%	12.9%	13.5%	13.5%	13.4%	13.7%	14.2%	14.1%	14.1%	14.1%	13.9%	14.1%	15.1%	13.4%
YK	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%
NT	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%
NU	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Canada	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

PT Health Expenditure ($ per capita) - national average

	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Canada	8,803	1,414	1,213	1,192	1,437	1,646	1,918	2,037	2,005	2,015	2,260	2,672	3,262	4,010	5,828	8,078	10,898	14,323	21,779	24,035	3,353

PT Expenditure assuming national average expenditure ($ million)

	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
NL	38,523	26,195	29,245	30,702	39,490	48,576	55,041	59,922	62,033	69,323	89,021	113,670	136,756	161,597	199,265	189,079	175,239	151,593	132,983	85,610	1,893,864
PE	13,622	8,754	9,256	9,595	13,492	16,979	18,202	18,285	17,168	18,711	23,317	31,976	37,685	40,951	53,503	49,999	50,592	50,237	44,934	34,712	561,970
NS	78,673	51,410	54,789	54,840	77,785	105,114	113,433	113,952	112,952	124,861	152,069	212,240	247,928	269,367	344,074	338,246	327,209	309,220	293,043	207,557	3,588,761
NB	61,997	40,268	43,916	45,229	60,873	80,147	87,217	93,880	93,200	99,149	122,345	165,872	197,873	221,074	276,729	267,381	255,476	247,854	241,023	176,523	2,878,026
QC	807,249	519,758	523,420	475,954	647,685	893,847	996,478	1,156,778	1,117,508	1,043,653	1,277,451	1,730,258	2,013,052	2,140,549	2,656,667	2,739,059	2,578,890	2,618,201	2,491,456	1,581,185	30,009,099
ON	1,357,366	869,191	901,258	900,105	1,203,927	1,589,352	1,863,056	1,935,543	1,853,219	1,920,401	2,291,687	2,920,523	3,107,032	3,214,235	3,932,704	3,949,580	4,002,651	4,037,940	3,956,023	2,565,485	48,371,279
MB	148,147	93,770	96,494	93,809	122,387	154,680	171,880	175,564	163,026	163,448	189,734	254,370	288,004	299,596	353,875	350,501	351,343	371,722	390,795	302,141	4,535,285
SK	129,536	82,795	83,561	79,022	101,935	125,452	144,762	150,329	136,910	129,714	153,378	217,529	255,853	264,453	302,898	309,561	334,575	359,351	375,799	274,792	4,012,204
AB	496,736	311,415	295,971	260,950	330,919	453,538	618,329	664,539	590,551	559,621	603,586	768,896	848,559	824,321	919,358	870,972	852,293	863,653	824,188	562,959	12,521,353
BC	443,543	283,476	284,568	286,310	396,463	539,944	644,346	668,364	617,204	648,410	769,119	998,908	1,136,954	1,231,070	1,487,329	1,492,074	1,465,010	1,459,093	1,437,625	1,028,016	17,317,825
YK	3,629	2,332	2,499	2,458	3,110	4,071	4,546	4,619	4,546	5,192	6,056	8,261	10,084	10,744	10,810	9,157	5,615	7,380	2,244	0	107,352
NT	7,035	3,956	3,876	3,574	4,307	6,248	7,664	8,141	6,810	5,637	6,322	8,542	8,472	8,412	8,732	6,456	5,444	7,154	2,176	0	118,958
NU	7,138	4,587	4,178	3,867	4,953	5,505	6,026	5,369	3,861	3,677	4,353	4,062	3,967	4,064	4,725	4,094	2,209	0	0	0	76,635
Canada	3,593,194	2,297,907	2,333,031	2,246,416	3,007,325	4,023,452	4,730,979	5,055,286	4,778,990	4,791,795	5,688,439	7,435,107	8,292,217	8,690,433	10,550,671	10,576,158	10,406,546	10,483,398	10,192,289	6,818,978	125,992,611

PT Expenditure assuming national average expenditure (share of Canada)

<The Total vector below is used for demographic and utilization adjusted allocation>

	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
NL	1.1%	1.1%	1.3%	1.4%	1.3%	1.2%	1.2%	1.2%	1.3%	1.4%	1.6%	1.5%	1.6%	1.9%	1.9%	1.8%	1.7%	1.4%	1.3%	1.3%	**1.5%**
PE	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.5%	**0.4%**
NS	2.2%	2.2%	2.3%	2.4%	2.6%	2.6%	2.4%	2.3%	2.4%	2.6%	2.7%	2.9%	3.0%	3.1%	3.3%	3.2%	3.1%	2.9%	2.9%	3.0%	**2.8%**
NB	1.7%	1.8%	1.9%	2.0%	2.0%	2.0%	1.8%	1.9%	2.0%	2.1%	2.2%	2.2%	2.4%	2.5%	2.6%	2.5%	2.5%	2.4%	2.4%	2.6%	**2.3%**
QC	22.5%	22.6%	22.4%	21.2%	21.5%	22.2%	21.1%	22.9%	23.4%	21.8%	22.5%	23.3%	24.3%	24.6%	25.2%	25.9%	24.8%	25.0%	24.4%	23.2%	**23.8%**
ON	37.8%	37.8%	38.6%	40.1%	40.0%	39.5%	39.4%	38.3%	38.8%	40.1%	40.3%	39.3%	37.5%	37.0%	37.3%	37.3%	38.5%	38.5%	38.8%	37.6%	**38.4%**
MB	4.1%	4.1%	4.1%	4.2%	4.1%	3.8%	3.6%	3.5%	3.4%	3.4%	3.3%	3.4%	3.5%	3.4%	3.4%	3.3%	3.4%	3.5%	3.8%	4.4%	**3.6%**
SK	3.6%	3.6%	3.6%	3.5%	3.4%	3.1%	3.1%	3.0%	2.9%	2.7%	2.7%	2.9%	3.1%	3.0%	2.9%	2.9%	3.2%	3.4%	3.7%	4.0%	**3.2%**
AB	13.8%	13.6%	12.7%	11.6%	11.0%	11.3%	13.1%	13.1%	12.4%	11.7%	10.6%	10.3%	10.2%	9.5%	8.7%	8.2%	8.2%	8.2%	8.1%	8.3%	**9.9%**
BC	12.3%	12.3%	12.2%	12.7%	13.2%	13.4%	13.6%	13.2%	12.9%	13.5%	13.5%	13.4%	13.7%	14.2%	14.1%	14.1%	14.1%	13.9%	14.1%	15.1%	**13.7%**
YK	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	**0.1%**
NT	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	**0.1%**
NU	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.1%**
Canada	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	**100.0%**

CHT Cash Allocation ($ million)

	Equal per capita federal contribution		Equal age adjusted per capita federal contribution	Difference
		S16		
		S16		
Canada	32,100	32,100	32,100	0