

HOSPITAL CARE IN CANADA

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method of financing which is embodied in a formula contained in the Federal Act.

FINANCING

"Here two factors had to be considered. First there was the wide variation in per capita hospital costs among the provinces. Second, there was the fact that per capita income was quite different in various parts of the country. In order to allow for these factors, a new departure was initiated in federal grants-in-aid. Under the national health grants, for example, little provision is made for relating federal contributions to provincial costs and fiscal needs. What is used there is basically a flat grant system. Under the hospital insurance programme, however, this system was set aside and one involving variable grants introduced....

VARIATION IN FEDERAL SHARE

"With all provinces participating, federal payments would represent about 50 per cent of national shareable costs. On a province-by-province basis, however, the proportion of shareable costs met by the Federal Treasury would vary considerably. For example, a low-cost province like Newfoundland might receive up to 62 per cent of its shareable costs, while a high-cost province like Saskatchewan might receive as low as 43 per cent of its shareable costs....

"While a high-cost province receives less than 50 per cent of its shareable costs, and a low-cost province receives more than 50 per cent of its shareable costs, the high-cost province will receive a higher per capita payment than does a low-cost province. For example, using the same provinces I have just mentioned, federal payments to Newfoundland might amount to \$10.25 an insured person as against \$14.70 in Saskatchewan....

SCOPE OF SERVICES

"I hope you have followed me through this rather complicated labyrinth. There are other aspects of the programme's financing which I want to mention but I will give you a break and leave these for a moment. Let us look at the scope of services covered by the programme. These embody both inpatient and outpatient care. A complete range of inpatient services must be provided by any province participating in the plan and these include: accommodation and meals at the standard ward level; necessary nursing services; laboratory, radiological and other diagnostic procedures together with necessary interpretations; drugs when administered in hospital; routine surgical supplies; the use of operating-room, case-room and anaesthetic facilities; and the use of radiotherapy and physiotherapy facilities where available.

"In effect, the only hospital bill an insured patient receives is for semi-private

or private accommodation where these are not medically necessary.

"The range of outpatient services covered by the Federal Act is equally comprehensive and includes all those I have just listed for inpatients. The fact is, however, that the outpatient sector is not mandatory for provincial programmes. Rather it is optional, with the provinces themselves deciding how far they wish to go in this direction. Whatever they do, the Federal Government stands ready to support them in the same way as in the case of inpatient services....

"Quite apart from the medical advantages, of course, the more outpatient services which are made available on an insured basis, the greater the impact will be in preventing unnecessary use of inpatient facilities. Admittedly the provinces do face problems in this respect, but on the basis of recent developments I am optimistic about further progress being made in this very important field.

TYPES OF HOSPITAL

"While I am on the subject of services, I should indicate the types of hospital which are covered by the federal-provincial programme. These include active-treatment, chronic and convalescent institutions....

"You may have noticed that I did not mention mental and tuberculosis hospitals as coming within the insurance programme. These were, in fact, excluded from the federal offer to the provinces but, in the case of the Province of Ontario, they have been brought under its programme, with the cost being financed solely out of provincial revenues.

"There were a number of considerations which led to the exclusion of these institutions from the joint programme. For one thing, the insurance plan was designed to assist individual Canadians in financing the cost of hospital care. In the case of mental and tuberculosis hospitals, these costs were already being carried by the provinces rather than by individuals. Then too, the whole future of the form of this specialized type of care was and continues to be somewhat uncertain. Tuberculosis sanatoria usage has been declining steadily with more and more beds being left empty. As for mental illness, there has been a considerable growth of psychiatric wings in general hospitals. Both of these trends were given recognition in the Federal Act which covers mental and tuberculosis care when furnished in general hospitals.

"Now to get back to the matter of financing. The federal contribution -- which at the moment would amount to something over \$225 million annually with all provinces participating -- is derived from the general revenues of the Dominion Government. There are no premiums or ear-marked taxes at the federal level. As for the provinces, their share can be raised from any source which they see fit to utilize. Some provinces rely on general revenues as the sole or principal source of funds. Others levy property taxes, sales taxes, co-insurance charges or premiums. In