

## APPENDIX E

# COMPUTATION OF ESTABLISHED PROGRAMS FINANCING CONTRIBUTIONS TO THE PROVINCES FOR HEALTH SERVICES

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Pursuant to the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977* (EPF), each province receives transfers for hospital insurance, medical services and post-secondary education. Under EPF, the basic transfer payment is computed by taking the average federal contribution in 1975-1976 and adjusting it to an escalator that takes into account a moving average of the rate of growth of GNP per capita.

This appendix provides details on the method used to compute provincial entitlements for health EPF and explains how cash transfers and tax point transfers are obtained.

### A. COMPUTATION OF ESTABLISHED PROGRAMS FINANCING TRANSFER PAYMENTS

The total transfer for health services to which each province is entitled is computed as follows:

$$\text{Total EPF contribution payable (health)} = \left[ \begin{array}{l} \text{Per capita entitlement for insured health services} \\ \text{Per capita entitlement for complementary services} \end{array} \right] * \left[ \text{Escalator} \right] * \left[ \begin{array}{l} \text{Population of the province} \end{array} \right]$$

The per capita entitlement for insured health services corresponds to the average per capita cost incurred by the federal government for hospital insurance and medical care for the base tax year of 1975-1976; the cost was, at that time, equal to \$144.34 per