

of the federal Government to provide provinces with the greatest possible flexibility in this matter while still adhering to the overall principle of public administration. I submit that the bill does just this.

On the question of universality, the bill admits the practical difficulties which a province might meet in covering all of its residents in a situation where it chooses to raise its share of the cost by a system of voluntary payment of premiums. The bill agrees, therefore, that in the beginning coverage of 90 per cent of the population, rising to 95 per cent within a short period of years, will be considered universal coverage for the purpose of making federal contributions.

Experiences under the Hospital Insurance and Diagnostic Services Act in a province such as Ontario, using a voluntary premium system, have shown that the attainment of this extensive coverage is entirely feasible. Acceptance of any lesser coverage by the federal Government would interfere with, to quote Sir Winston Churchill, "the magic of averages," in that it would be impossible for the provincial plan to be saddled with only the high-risk, high-cost segment of the population, while other competing plans provided coverage for the rest of the population.

The plan provides for payment for the provision of services of physicians and surgeons. Some provinces may wish to provide wider benefits, and it would be very desirable if they did so. Indeed, the fact that federal money is going to a province to assist in the cost of those services which form the greater part of medical expenses may mean that provinces are in a better position to provide greater benefits in a provincial plan.

The principle of portability has never been challenged, and the provinces have agreed to work out among themselves ways of implementing this principle.

Honourable senators, may I draw your attention to an amendment made in the original bill and now appearing as clause 4(3) in the bill, which empowers the Government, in accordance with terms set out in this clause, to add health benefits over and above those of physicians' services. In fact, when this amendment was passed, the Minister of National Health and Welfare said that it was his intention to recommend the inclusion of oral surgery carried out by dentists in public hospitals and in licensed private hospitals.

Clause 5 deals with the calculation of the federal contribution. In amount this is one-half of the average national per capita cost of physicians' and surgeons' services. The use of the national average provides encouragement for provinces to exercise reasonable economy in the operation of a provincial plan. A province in which the per capita cost is higher than the national average will receive less than 50 per cent of those costs. A province in which the per capita cost is lower than the national average will receive more than 50 per cent of the per capita cost.

Clause 6 explains the technical details of making federal contributions. In essence, the payments will be made on the basis of not less than 90 per cent of the estimated costs. Such payments will be made monthly, and adjustment will be made at the end of the year on the basis of actual costs.

Clause 7 sets out the procedure to be followed in the case of dispute between a province and the federal Government, particularly with respect as to whether or not the provincial plan qualifies for federal contributions. It also provides that in the event that a provincial plan is disqualified by the federal Government, recovery of any payments made to the province prior to disqualification will not be undertaken.

Clause 8 is in the bill to provide for a change in the methods of payment to provinces, and I consider this to be a most important clause. It is possible that following the deliberation of the Tax Structure Committee, Canada may want to withdraw from shared-cost programs and to provide tax room to the provinces in lieu. The bill provides for a "run-in" of five years to determine the cost trends of the medical care program on which information a determination of the appropriate amount of tax room could be based.

Clause 9 of the bill is a simple provision for an annual report to Parliament.

To sum up, Bill C-227 is essentially a financial bill giving the federal Government authority to make payments to provinces. The four principles which are set out as conditions which the provinces must meet in order to qualify for federal contributions must be regarded as minima in a medical care plan. It is important to note that the bill does not attempt to dictate to provinces the detailed nature or extent of a medical care plan which a province might wish to institute, beyond insistence on the four basic principles.