

*The Address—Mr. Cafik*

The committee drew attention to the need for co-ordinated government planning for health facilities and services. Many of its other recommendations cannot be fully implemented without such co-ordinated action. However, provincial efforts to improve the delivery of health care, both in regard to effectiveness and efficiency, cannot be maximized unless sufficient flexibility and incentives are provided through the federal-provincial financing arrangements. The federal government believes that changes can be made to achieve this desired result.

We subsequently proposed that future federal financial contributions to the provinces in respect of health insurance might take the form of a per capita payment to replace the contributions presently payable under the hospital insurance and medical care acts. Flexibility, which many provincial ministers desired, could be achieved through each province being free to use the federal contribution in accordance with its own priorities, provided existing national standards for coverage were maintained. Federal payments, therefore, could be applied to the total range of provincial health services, existing and innovative, and in the way deemed most effective, without the province incurring financial penalties as a result of cost-saving measures.

The federal minister emphasized that any new financial arrangements should not result in a lessening of federal-provincial co-operation in health matters, particularly with respect to improvements in the way in which health care services are arranged. The minister therefore gave his provincial colleagues an unqualified commitment that the federal government would continue and if necessary expand its role in promoting federal-provincial co-operation in the exchange of information, in the provision of consultative services and in the support of studies, surveys and research. The Department of National Health and Welfare has already increased its ability to respond to this commitment, particularly in its response to meeting the expressed desires and requests received from a number of provinces, in particular the smaller ones.

The minister felt that a fresh approach along the lines indicated would be the most effective way of containing costs without impairing the quality of care. The reactions of the provincial ministers of health at this meeting in December, 1970, to the general outline of the proposal was most encouraging. Following the meeting, the federal minister instructed that a detailed examination of the existing federal legislation be proceeded with at the official level and that an attempt be made to work out, in consultation with provincial officials, a suitable alternative cost-sharing arrangement for consideration by the ministers of health.

The outline of a possible approach was the subject of extensive bilateral discussions with the provinces at the official level during the months of April and May, 1971. While most provinces at this time expressed a positive attitude towards the principles and objectives of the approach, there was a common concern about the adequacy of some of the financial features, such as the escalation factor suggested and the base year upon which future costs would be calculated.

[Mr. Cafik.]

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Significant modifications were subsequently made in the initial approach, including the provision of special thrust funds to help provinces finance the reorganization of their health care delivery systems according to their particular needs. These modifications were thoroughly discussed with the provinces at the official level. Further substantial modifications were subsequently made in the suggested formula to meet continuing and additional provincial concerns which were considered justifiable.

The concern with health care costs was also an item on the agenda of the conference of first ministers which was held in Ottawa from November 16 to November 18, 1971, and it was on the agenda of a meeting of finance ministers which was held at the end of January, 1972. Both the then minister of national health and welfare and the President of the Treasury Board, the hon. member for Westmount (Mr. Drury), reviewed for the first ministers the progress made to that date in the legislative review and the search for an acceptable alternative to the current cost-sharing arrangements.

The President of the Treasury Board urged that most serious consideration be given to the proposed arrangements. He pointed out that the proportion of our gross national product being spent on health care was large enough to make Canada one of the healthiest nations in the world, if the money was spent wisely. He also urged that the cost-sharing arrangements be amended to maximize the probability of this being achieved through rationalizing health care in Canada.

The federal minister placed before a conference of health ministers which was held in Ottawa on December 16 and 17, 1971, a detailed federal proposal which is still before the provinces. I would like to review briefly its basic payment features. First of all, the federal payment would be made on a per capita basis per insured resident of each province, with the payment being revised annually in accordance with changes in population and general changes in the economy. This payment could be applied to the whole range of health services and would not be limited, as at present, to specific health services. The nationally accepted standard of comprehensiveness, accessibility, universality on uniform terms and conditions, and portability of hospital and medical insurance services would have to be maintained.

The per capita payment would be escalated by the rate of growth of the gross national product excluding, of course, the population component of that index. However, in order to protect the per capita payment against year to year fluctuations, the escalation factor would be based upon the moving average of five consecutive yearly indices. Per capita payments would be standardized among the provinces over a period of five years through appropriate yearly adjustments.

A thrust fund would be available on a different basis, and I will later describe this provision in more detail. The initial agreement with respect to the per capita payments would be for a period of five years, and for the thrust fund this would be available over a period of six years. All the features of the federal proposal as a package are designed to lead to the development of a total health care