

*Health Care*

It is obvious that the first component of the resolution is based on a misunderstanding, or possibly a complete misinterpretation of the objectives, concepts and principles of the federal proposal to the provinces for new financing arrangements in the health care field.

Let me emphasize at this point that the view the federal government is retreating by stages or otherwise from its financial responsibilities towards health care is inaccurate, misguided and misleading to Canadians who have come to rely on the existing insured-benefit program and who, in the final analysis, pay the costs thereof. As I will elaborate, the objective of the proposal for new financing arrangements is to provide greater flexibility to the provinces as well as the incentive to re-organize and create greater rationalization in their health care systems. In proposing a new form of contribution—that is, the per capita payment approach with provinces being able to apply the federal payments throughout the entire range of health services—the federal government is merely using the major instrument at its disposal to exert its force for fundamental change and to play the necessary role of the catalyst in expediting such change.

To understand properly the nature and purpose of the latest federal proposal for health care financing, which my colleague the Minister of Finance (Mr. Turner) and I placed before provincial ministers a few days ago, it would be appropriate to review briefly the circumstances which led to a re-examination of existing cost-sharing arrangements and the history of discussions that have taken place with the provinces on this matter for the past two and a half years. As all hon. members of the House are aware, the rate of escalation in costs of insured hospital and medical services has been a major concern to both the federal and provincial governments for a number of years. Several initiatives for reducing the escalation have been undertaken at both levels and on a joint basis. I am pleased to report that the steps that have been taken jointly with the provinces, and also taken by the provinces alone, have led to a situation in which the provinces have achieved a reasonable degree of success in their efforts to control costs. I feel certain that all hon. members will join me in an expression of appreciation to the provinces for such efforts.

However, these measures will have a short-term impact since they are not directed towards removing some of the glaring inefficiencies in the health care system. A more fundamental and comprehensive approach is required, an approach that will concentrate on the identification and development of less costly but equally effective methods of delivering health care services. The report of the committee on the cost of health services, as hon. members know, contains some 80 recommendations for reducing health costs. The majority of these lie in the sphere of the provincial authorities, and in our subsequent assessment of these recommendations in consultation with the provinces it became evident that the present arrangements did not offer sufficient flexibility to provinces to encourage implementation of many of the more economical methods of providing services.

● (1240)

It was in the light of the foregoing circumstances that the provinces, in relation to the recommendations of the committee on the cost of health services, began to press the federal government for more flexibility in the use of the federal contribution. It was in response to this pressure that my predecessor, the Hon. John Munro, made known to his provincial counterparts at the federal-provincial conference of Ministers of Health on December 10 and 11, 1970, that he was prepared to re-examine the existing hospital and medical insurance legislation in consultation with them, for the purpose of developing a new approach to health care financing.

In stating his views at that time, Mr. Munro emphasized the need for a new approach, a rational and flexible approach which would reward efficient and effective provision of services and discourage inefficiency, ineffectiveness and the waste of costly resources. It was suggested that we should be seeking a form of financing arrangement that would enable the provinces to achieve greater flexibility in determining their priorities in the health care field within the context of national goals and in pursuing the most effective approach in line with these priorities; in other words, to encourage the introduction of more economical methods of providing services and other measures conducive to the development of a total health care system.

This is the objective which we established when we started to review the existing legislation and from which we have never deviated in the cause of formulating the latest proposals that we submitted to the provinces. Indeed, during the course of the many discussions which have taken place during the last two years with the provinces, although they disagreed in varying extent with some of the features of our proposals, never questioned the basic objective.

At this point it might be useful to members of the House if I were to set out more precisely these objectives. I will list six of them. They are: One, to reduce the rate of escalation in the cost of health services without impairing the quality of care, but introduce a form of contribution that would provide a greater incentive for control of costs; two, to give the provinces greater flexibility to determine their priorities in the health care field and to pursue the most effective approach in line with these priorities, consistent with the existing national standards; three, to optimize the use of all health resources; four, to permit the development of special programs like the thrust fund to bring about reorganization of the health care delivery system and thereby improve the efficiency of the system. The fifth objective was to simplify the financial arrangements between the federal and provincial governments, and the final objective was to meet the existing system of comprehensiveness, accessibility, universality and portability in respect of the basic hospital and medical care services and to obtain agreement for the co-operative development of additional standards in the over-all area of health services.

Surely, the establishment of these specific objectives as a basis for developing a new financial arrangement with the provinces and the nature of the discussions that have taken place with the provinces during the past two and a