

## Annex IV-A

### The Canada Assistance Plan/Extended Health Care Interface

During discussions between the Task Force and the government of Nova Scotia, questions were raised about the interface between the Canada Assistance Plan (CAP) and the Extended Health Care Provisions of the Established Programs Financing (EPF) Act. Prior to the introduction of EPF introduction on April 1, 1977, expenditures on behalf of persons 'in need' for health care not cost-shared under the medical and hospital insurance programs, were cost-shareable under the CAP. For example, if 80 per cent of residents in Newfoundland's intermediate care nursing homes were in need, then Canada would pay 50 per cent of those resident's cost thus, effectively paying for 40 per cent of Newfoundland's total nursing home intermediate care services.

The EPF extended care payments were considered by the federal government to cover nursing home intermediate care service, adult residential care service, converted mental hospitals, home care service and ambulatory health care service. After April 1, 1977, none of the costs incurred by the provinces in these areas were cost-shareable under the CAP.

Figure IV-A-1 demonstrates that two provinces, Newfoundland and Prince Edward Island, and Yukon have actually lost in absolute terms as a result of the change from CAP to EPF. The distribution effect over the provinces was certainly perverse in relative terms: Ontario and the western provinces gained much more than did Quebec and

the Atlantic provinces. This occurs for two reasons. First, the extended health care covered by EPF was for services that were relatively well developed in the east as well as the west (indeed, this is why they were considered well enough established to be included under the EPF). Second, a higher proportion of those using the service were 'in need' in the east than in the west.

Whatever the historical causes, the Task Force acknowledges that it is legitimate to be concerned about this outcome in Quebec and the Atlantic provinces. This acknowledgement must be tempered with the caution that the CAP may also be seen to have provided Quebec and the Atlantic provinces with a kind of extra 'catch-up' in the past, based on their having more persons in need. The EPF now equalizes the treatment of the provinces, but because the eastern provinces previously enjoyed favoured treatment, they gain little or actually lose from the change. This is the unavoidable result of moving from special treatment to equal treatment under any program.

Nevertheless, the Task Force notes that the eastern provinces and Quebec did not receive as much of a 'bonus' from the extended health provisions of EPF as did western provinces. This adds some strength to the arguments for providing an additional amount for the east and Quebec, either through CAP, equalization or health-related programs (as recommended in the Hall Report).