hospitals, although these were substantial. For example, the rate for hospitals other than mental and tuberculosis institutions went up over the ten-year period from 1,371 to 1,684 days for every thousand population.

"Looking at the picture as a whole then, we find a sharp rise in hospital operating costs. On a *per capita* basis, the net national average for hospitals excluding mental and tuberculosis facilities had, in fact, more than doubled, going up from $10.19 to $26.51. Just how serious their situation had become was evident in the fact that over the same 10-year period, the total operating deficits for the classes of hospitals I have mentioned increased thirteen-fold.

COST TO PATIENTS

"If the situation was serious for hospitals, the mounting costs of care also worked hardship on consumers of their services. There had, of course, been a considerable development in the field of voluntary and commercial hospital insurance plans but these had definite drawbacks. There were, for example, difficulties with respect to covering different segments of the population such as farmers, older people and those in lower income brackets. In addition, the plans contained limitations in relation to such matters as pre-existing conditions and catastrophic illness which made them less than adequate in many cases.

"A further positive factor in the picture was the existence of various types of public insurance plans in certain Canadian provinces. These ranged from a scheme covering residents in the outports of Newfoundland to province-wide programmes in Saskatchewan and British Columbia. The operation of such programmes also gave impetus to effective action being taken on a national basis....

"To sum up then, our hospital insurance and diagnostic services programme was developed to meet the problem of rising costs of hospital care with its twin implications for hospital financing and for the economic situation of patients. Closely related, of course, was the need for maintaining and improving the standard of hospital care itself.

"How should this be done? Obviously it represented a very complicated problem. Action by the Federal Government was necessary from the financial viewpoint and also in order to ensure a degree of uniformity and a high quality of insured services available to Canadians in all parts of the country. At the same time, it was vital to preserve as much decentralization of activity as possible -- in so far as the 10 provinces were concerned which under our constitution have primary responsibility for health matters, and also with regard to hospitals whose independence and autonomy was a long-standing tradition. How could these various objectives be met simultaneously?

"Fortunately we did not have to tackle the job completely from scratch. Back in 1948, what was then described as a first step towards hospital insurance had been initiated in the form of a joint federal-provincial programme of health grants. These covered a wide range of services and were designed primarily to strengthen efforts in such fields as hospital construction, professional training, general public health, public health research, mental health, cancer and tuberculosis control.

"...The results of these national health grants -- which initially involved annual federal allocations of $30 million and which now amount to almost double that figure -- have been most encouraging. As far as hospitals are concerned, the grants have helped provide some 83,000 new adult patient beds. The majority of these have been in general and chronic hospitals, the bed-population ratio of which has been raised from 4.7 to 5.7 per thousand. In addition, the grants have aided in doubling the number of trained full-time hospital personnel and there has also been a tremendous improvement and expansion with respect to hospital equipment....

VOLUNTARY EFFORTS NOT CURTAILED

"When it came to implementing hospital insurance, the basic tools were, therefore, already in our hands. What was done was quite simple in principle. The system of voluntary hospitals developed over the years by community and religious groups was left intact. Government did not take over ownership or control of these institutions. At the same time, public support of their services was provided through joint federal-provincial contributions as had been done in the case of certain of the national health grants. No overall single programme was enforced across the country. Instead, provinces were free to develop their own programmes in line with their own particular circumstances, provided that these programmes came within the scope of the broad framework set up by the Federal Parliament. What is more, the task of administration was left to the provinces and this included the ways and means by which their share of costs would be raised.

"This is the basic structure which emerged and which I believe justified my reference to it as being unique. In no other country to my knowledge, has the conception of voluntary hospitals been so combined with public financial support. In no other country with a federal system of government has responsibility been so apportioned as, on the one hand to preserve a fundamental degree of decentralization, and on the other to ensure a large measure of uniformity throughout a dozen separate jurisdictions....

"As far as the programme itself is concerned, there are many aspects which should be mentioned. In fact, there are too many for any one speech, because, while the principle behind it is relatively simple, the actual details are quite complicated. Certain points, however, are of outstanding importance. One is the

(Continued on p.5)