NO.1

PROTECT.
STRENGTHEN.
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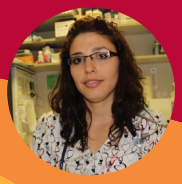


PROTECT MEDICARE:

STABLE AND SUFFICIENT FEDERAL FUNDING

Provinces and territories need stable and adequate funding from the federal government to protect public health care. Canadians want national standards and equal access to health care no matter their income or region. To get us there, the federal government must sit down with the provinces and territories and negotiate a new 10-year agreement with at least 6 per cent annual increases in the Canada Health Transfer.

The funding

The federal government covers only one fifth of provincial health spending, where it used to cover half – and it wants to scale back further. The 2004–2014 Health Accord provided stable funding after deep cuts in the 1990s. It has brought the federal government's cash share of provincial health spending up to 20 per cent[1] from a low of 10 per cent in 1998[2] and part way to its original 50 per cent share. The current federal government wants to reverse this progress.

The federal government plans to cut $36 billion in health care funding to the provinces* – without consulting them. Instead of increasing at 6 per cent a year, the health transfer will be tied to economic growth, with a 3 per cent floor. No discussion, no agreement, no national vision.

The federal government is also changing how it divides the health transfer between provinces, leaving most of them worse off. Starting in 2014, the transfer will be cash only and based on population, instead of a mix of cash and tax points adjusted for each province's wealth. Backtracking on an earlier promise, the federal government will not fully protect provinces that lose funding.

CUPE calls on the federal government to:

Negotiate with the provinces and territories a new 10-year Health Accord with stable and adequate funding, including at minimum the 6 per cent escalator.

Together, these changes to the Canada Health Transfer mean $36 billion (8.3 per cent) less in federal funding for health care over 10 years. Over time, the federal government's share of health care spending will shrink to a small fraction of its original 50 per cent contribution – down to 18.6 per cent by 2024 alone.[3]

$36 billion less means:

- The federal government will have a harder time upholding the *Canada Health Act* and national standards, with less financial clout.
- Provinces will cut services and privatize, as they did when federal health transfers shrank in the 1990s, bringing: higher costs for families and more unpaid work for women; longer waits and two-tier care; more hospital overcrowding and avoidable deaths from medical errors and health care associated infections; and worse quality and higher costs for services delivered by the private sector.

* In this fact sheet, for brevity, we use "provinces" to mean "provinces and territories."

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The federal government has choices. The Parliamentary Budget Officer has shown that, instead of downloading financial problems onto other levels of government, Ottawa can increase program spending and transfers by $25 billion in 2012 alone – and more over time – while maintaining fiscal sustainability.[4] Fair tax measures at the federal level would garner the public treasury an additional $29 billion per year.[5]

The process

The prime minister should sit down with premiers and work out a long-range vision and concrete plan. Health care is complex and important; previous health accords involved many first ministers meetings. Most premiers want those discussions. Canadians deserve them.

Medicare is a national program, and Canadians expect a national plan. Allowing for an asymmetrical agreement with Quebec, the Health Accord must otherwise be one agreement applying the same terms and conditions across Canada.

Instead, the federal government is meeting with provinces separately, disadvantaging those with fewer resources and greater needs. Stephen Harper has not hosted a first ministers meeting on health since elected in 2006, and there is no meeting in sight even as the Health Accord nears an end.

The solution

Canadians want the federal government to protect Medicare with sufficient long term funding and a vision for the country. A renewed 10-year accord with at minimum 6 per cent annual increases in the Canada Health Transfer will bring the federal government closer to its original 50 cents on the dollar commitment and a leadership role on national standards. And a joint agreement, not 13 separate plans, is essential.

No. 1 in a series of fact sheets on CUPE's health accord proposals

Find citations in fact sheet notes and fact sheet references documents online at **cupe.ca/health-care/public-solutions**

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