

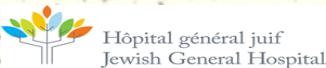
Public Health Care Expenditure, the Wealth of a Nation and Institutional Ingenuity: The Case of Québec

François Béland, PhD

Département d'administration de la santé
Université de Montréal

Co-Directeur, SOLIDAGE
Groupe de recherche Université de Montréal et McGill sur
les services intégrés aux personnes âgées.

Bending the Cost Curve in Health Care, Saskatoon, 28 septembre 2012



Hôpital général juif
Jewish General Hospital

Solidage,
Institut Lady Davis



Université
de Montréal

Département d'administration
de la santé
Groupe de recherche Interdisciplinaire en
santé (GRIS)



McGill

Service de gériatrie
Faculté de médecine

Topics

- # Governmental health care spending in Québec, two stories
- # Tricks
- # GDP and government revenue and spending
- # GDP, government revenue and HCE
- # Getting the money: own sources of revenue, federal transfers and deficit
- # History: The great determinant or opportunity for human ingenuity



Governmental health care spending in Québec:

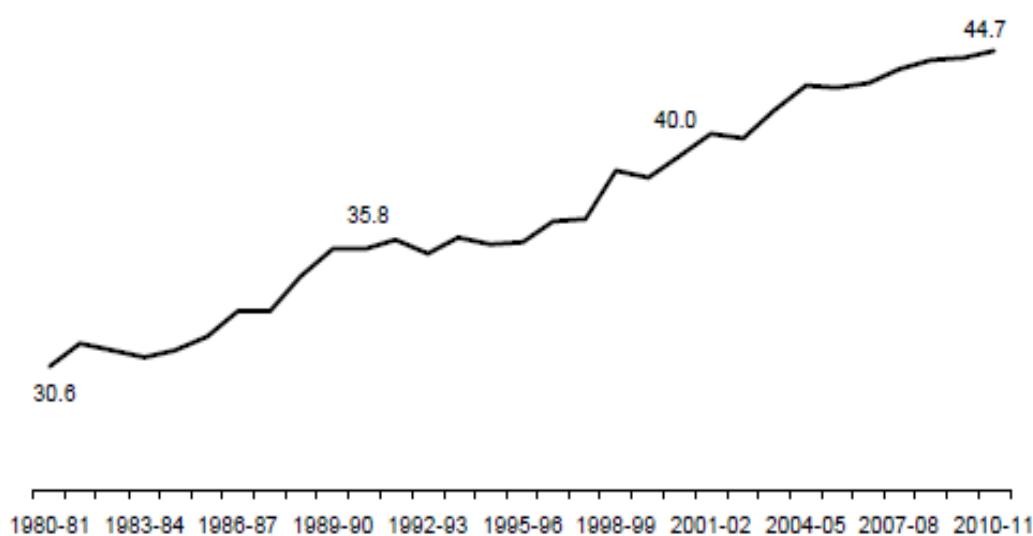


Two stories



Health care and social services spending as a percentage of program spending: Finances Québec Québec: 1980-81 to 2010-11

Health-care spending's share of program spending,
1980-1981 to 2010-2011^P
(percent)



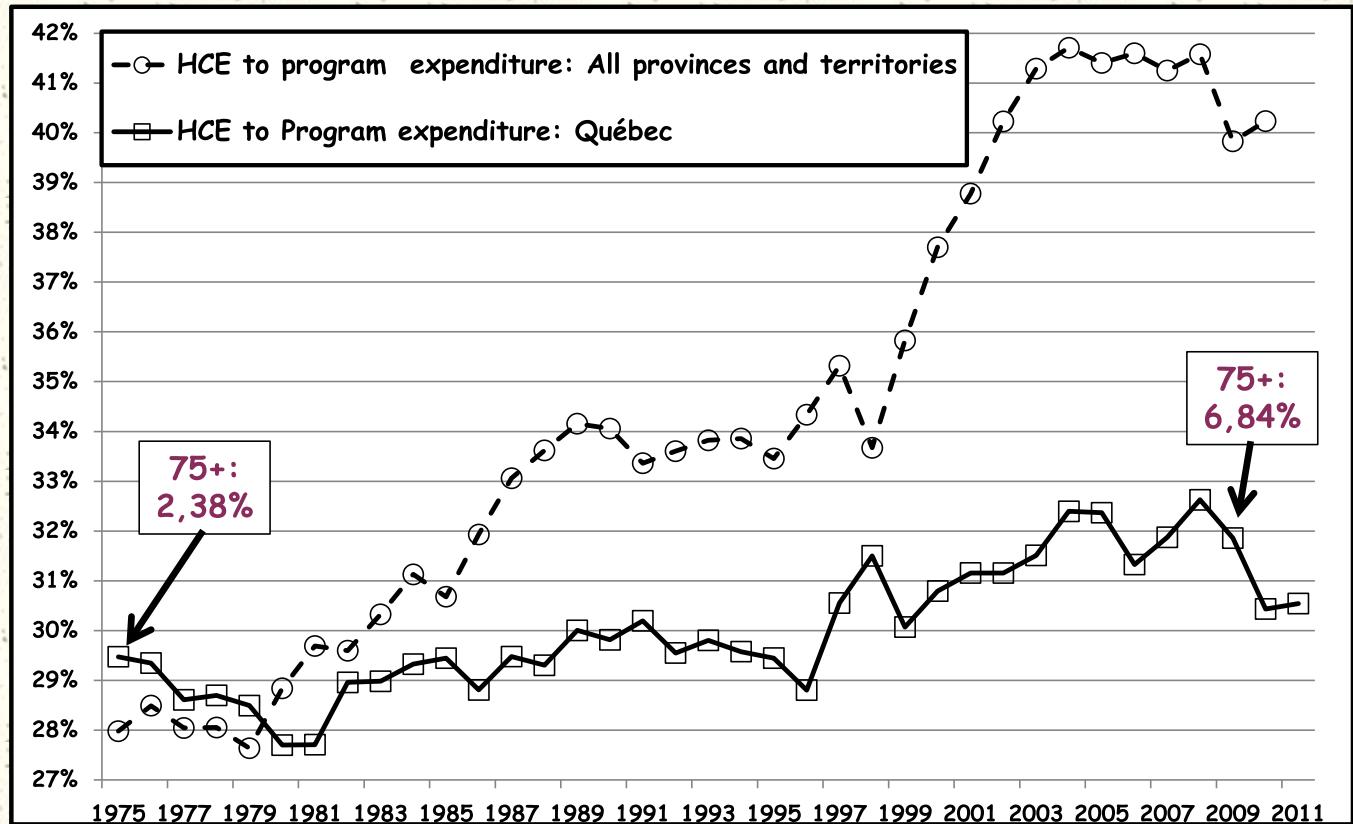
P: Preliminary results for 2009-2010 and projections for 2010-2011.

Source: Secrétariat du Conseil du trésor, expenditure budgets.

Finances Québec, For a More Efficient and Better Funded Health-Care System, Page 7, Gouvernement du Québec, Québec, 2010



Health care spending as a percentage of program spending: CIHI Québec and All Provinces and Territories: 1975-2011



ICIS, *Tendances nationales de santé, 1975 à 2011*, Tableau B.4.4,



Tricks



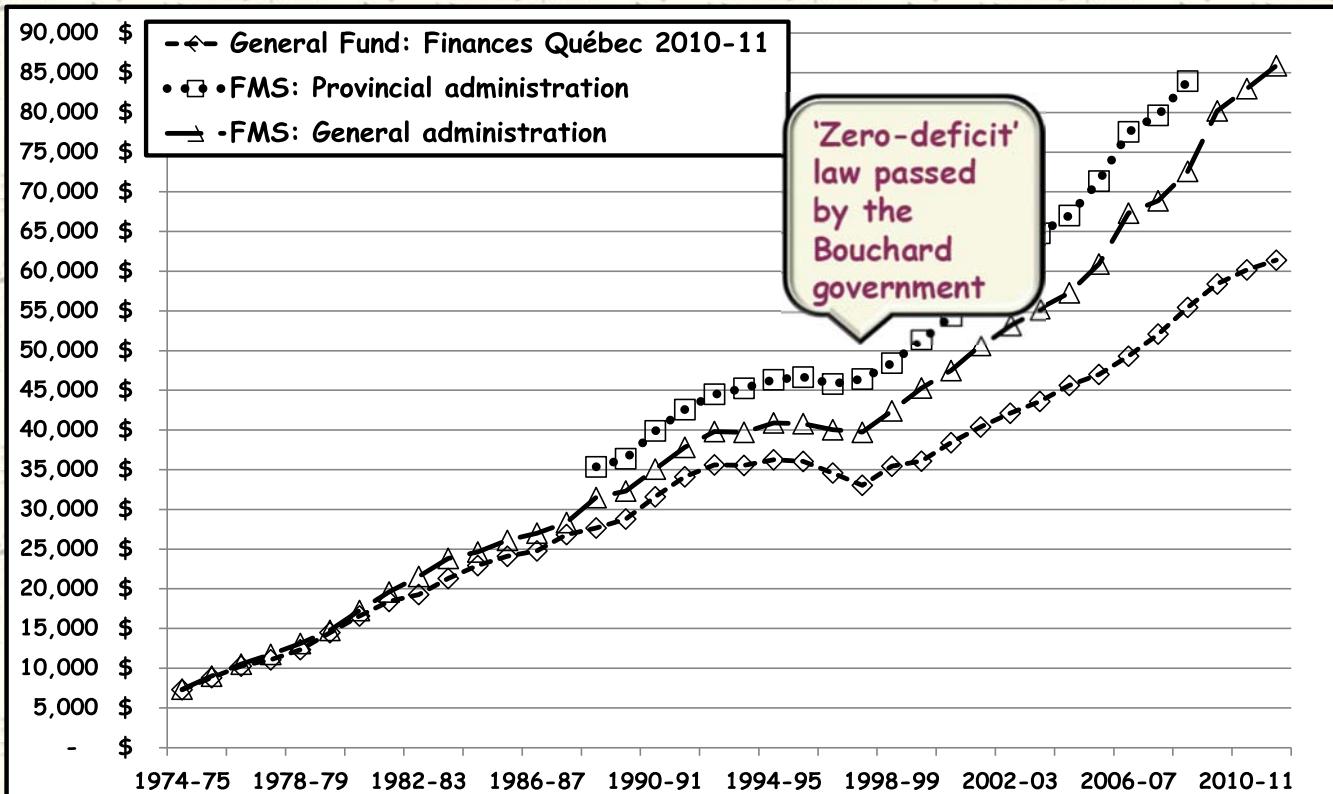
Provincial Program Spending: Ratios of Budgetary Provincial Documents Estimates to FMS's 'General' and 'Provincial' Government, Fiscal Year 2008-09

Groups	Provinces	Budgetary documents/ FMSGeneral	Budgetary documents/ FMSProvincial
Outlier	Québec	76.4%	66.0%
Ratios < 95%	Newfoundland	93.0%	87.6%
	Prince Edward Is.	93.8%	85.9%
	Saskatchewan	93.9%	86.2%
	Alberta	94.8%	87.9%
95% < Ratios < 100%	Nova Scotia	97.1%	85.9%
	British Columbia	99.6%	88.6%
	Ontario	97.5%	87.9%
Ratios > 100%	New Brunswick	100.5%	87.7%
	Manitoba	110.9%	100.8%

Sources: Statistiques Canada, CANSIM, Tables 380-0001 & 380-0002; Finances Canada, Tableaux de référence financiers, <http://www.fin.gc.ca/frt-trf/2011/frt-trf-11-fra.asp>, referenced 27 July 2012.



Program Spending: Three Different Estimates in Current \$



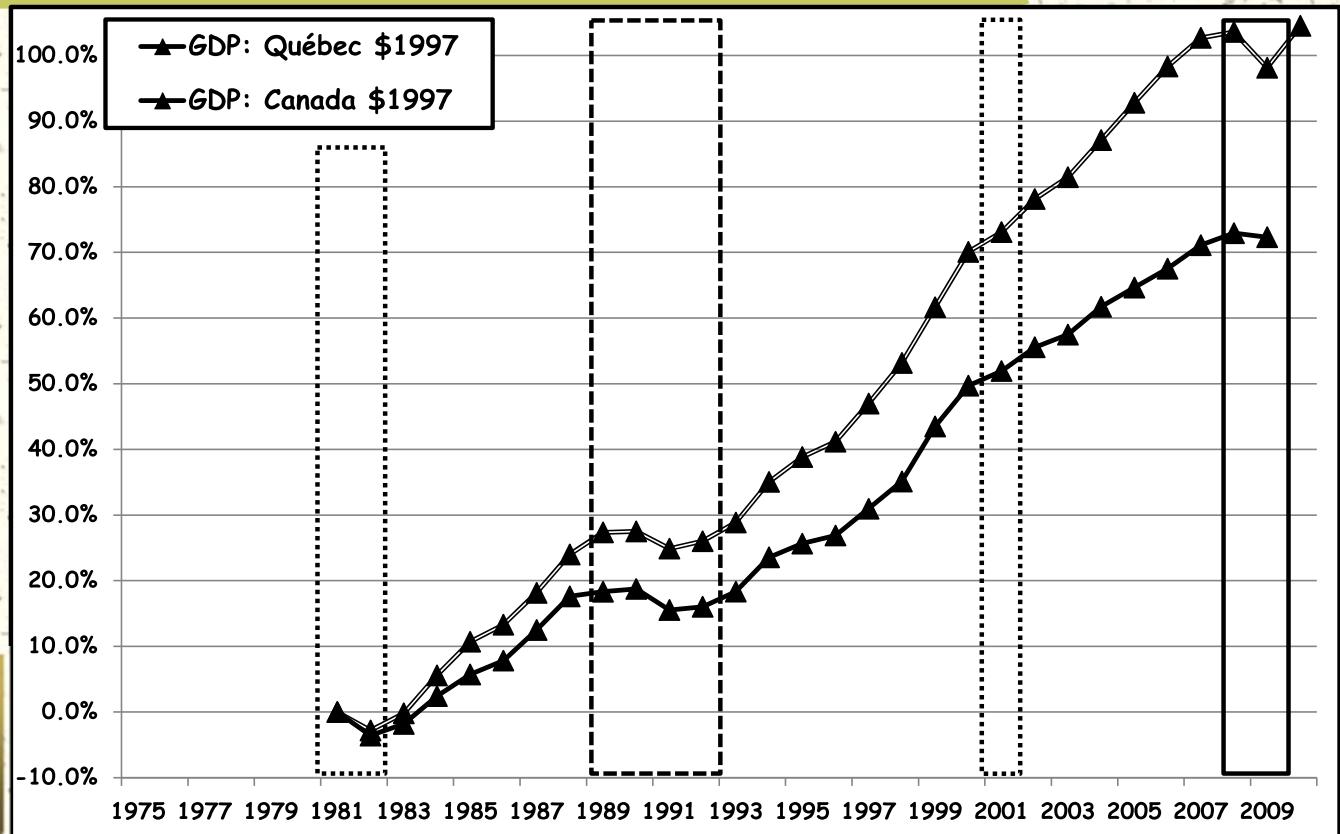
Sources: Statistiques Canada, CANSIM, Tables 380-0001 & 380-0002;
Finances Québec, Budget 2012-2013: Données historiques, Table 6, page 7, Québec, Gouvernement du Québec, 2012



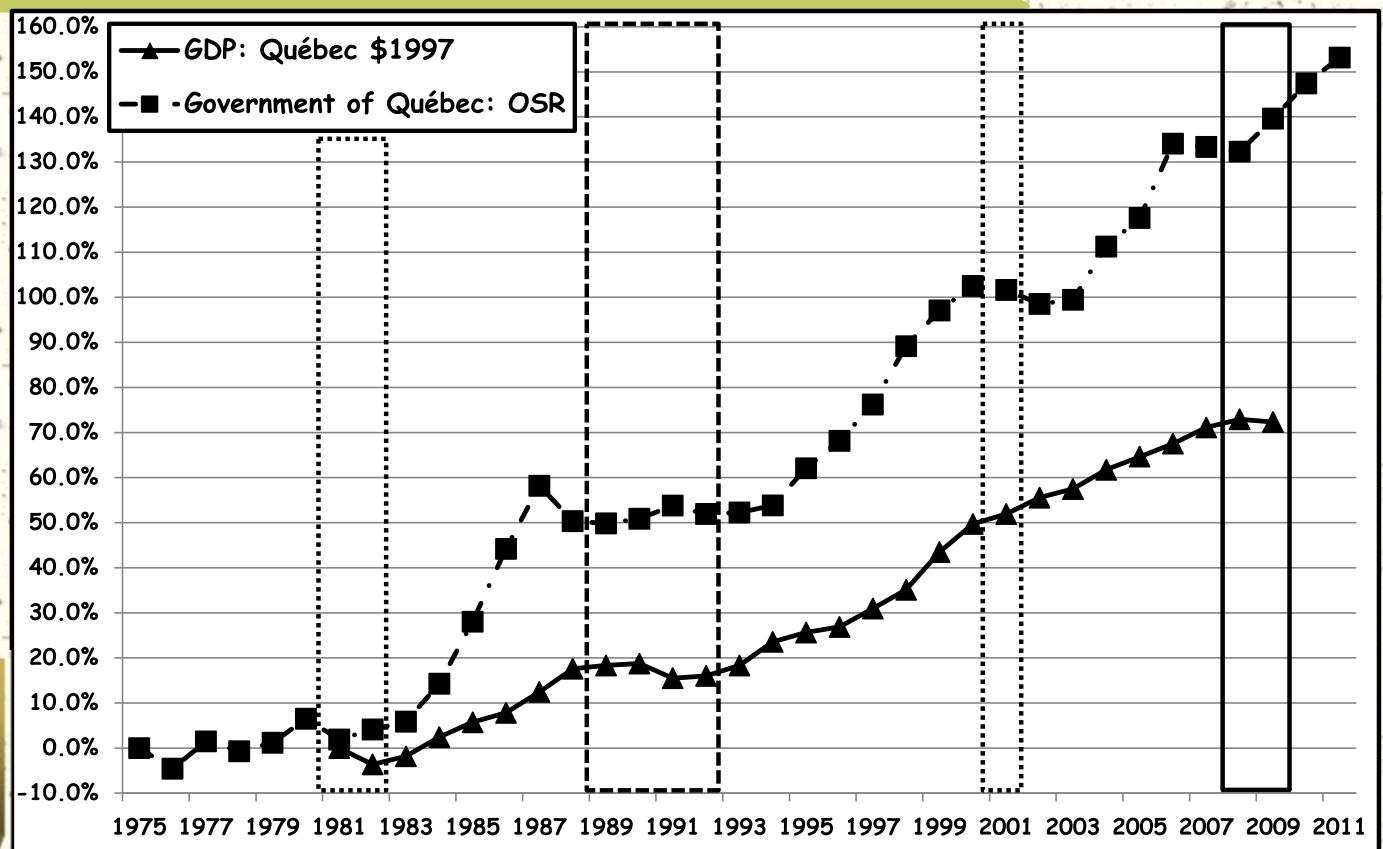
GDP and government revenue and spending



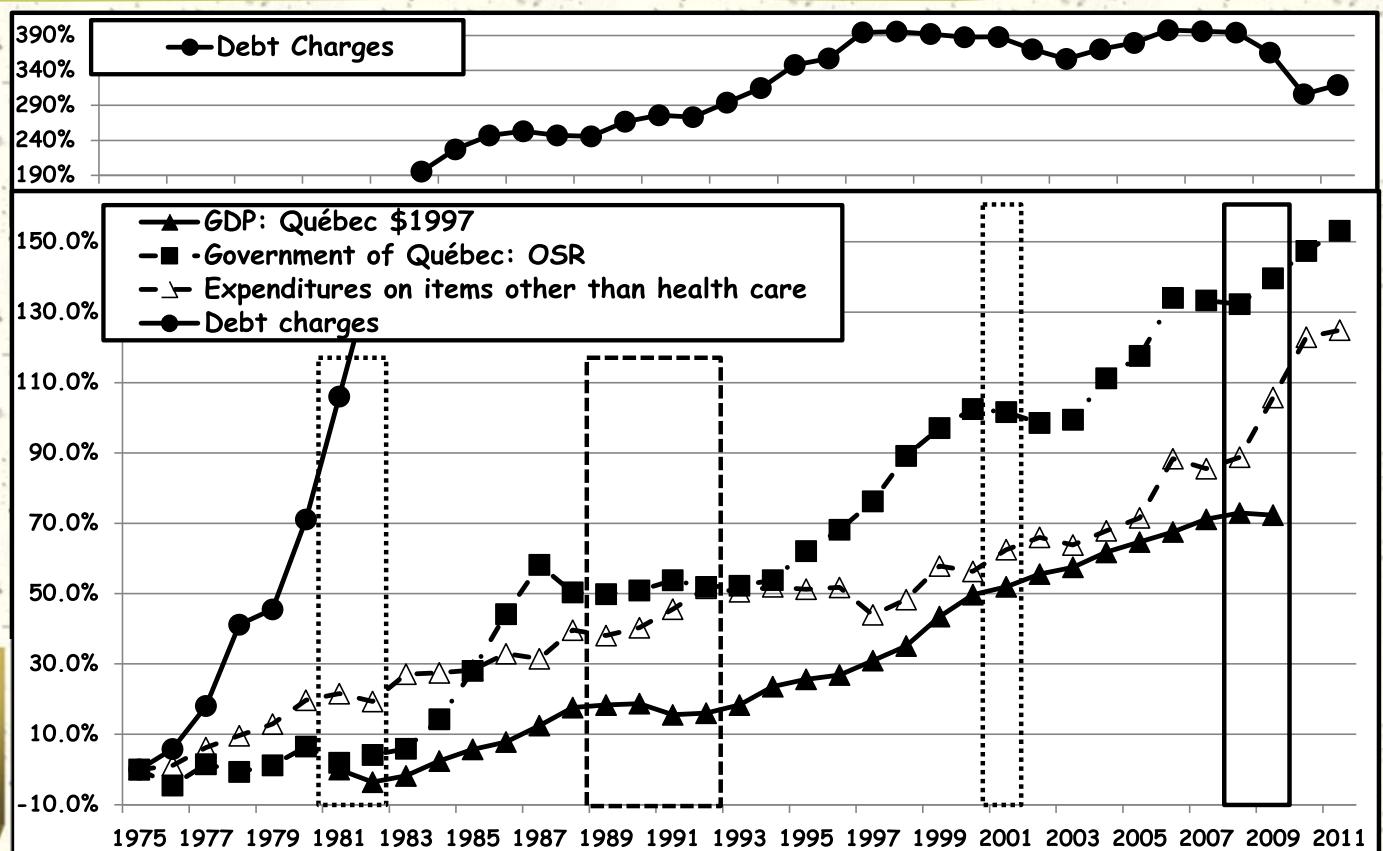
GDP: Cumulative Growth Rates in 1997 \$ [Recession series emphasized]



GDP and Government of Québec Own Source of Revenue: Cumulative Growth Rates in 1997 \$ [Recession series emphasized]



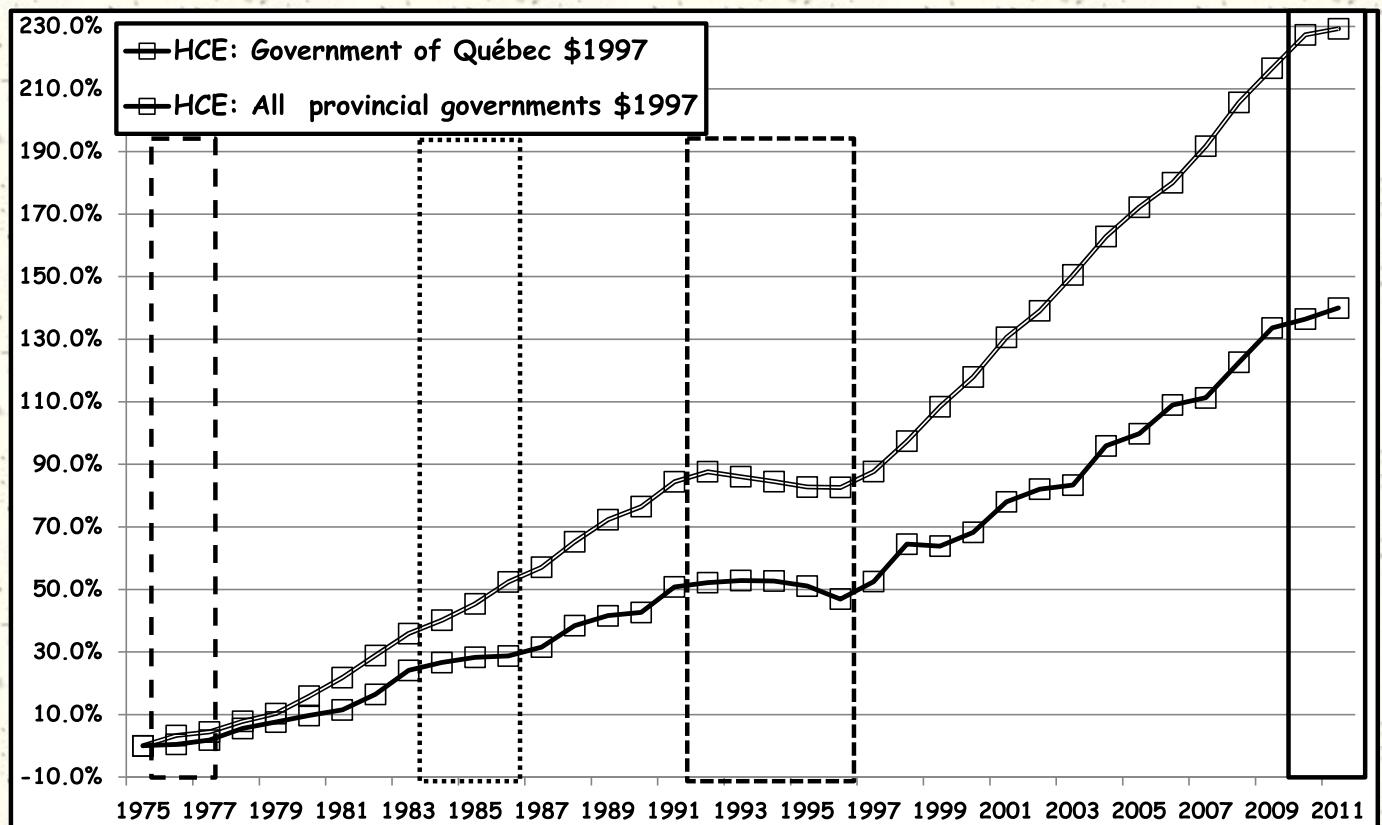
GDP, Own Source of Revenue, Debt Charges and Expenditures on Items Other Than Health Care: Cumulative Growth Rates in 1997 \$



GDP, government revenue and spending on health care

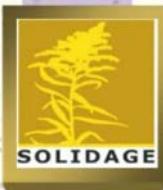
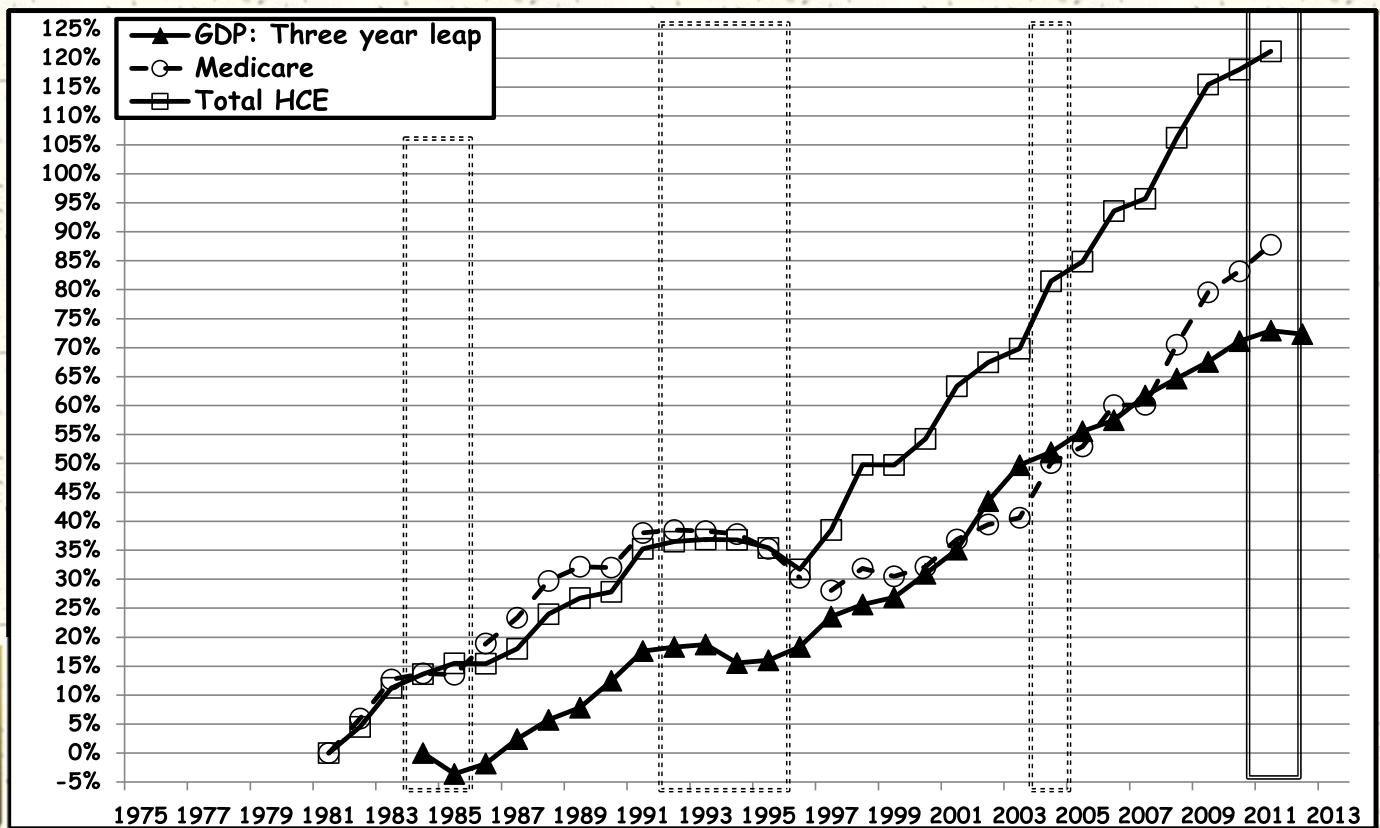


HCE: Cumulative Growth Rates in 1997 \$ [Recession Impact Series Emphasized]



HCE, Medicare, and GDP: Cumulative Growth Rates in 1997 \$

[Recession Series Emphasized - anchored to GDP]

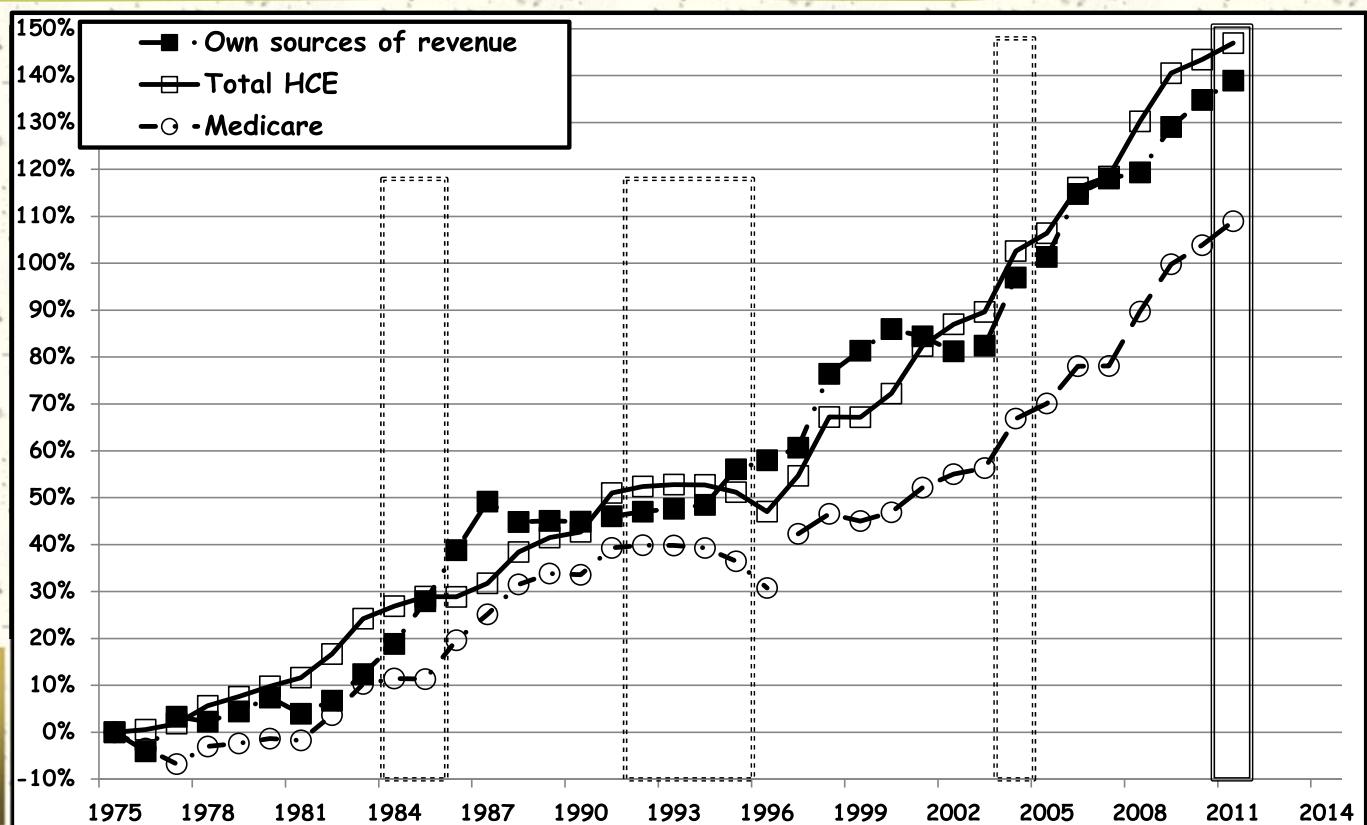


Getting the money: Own sources of revenue, federal transfers and deficit

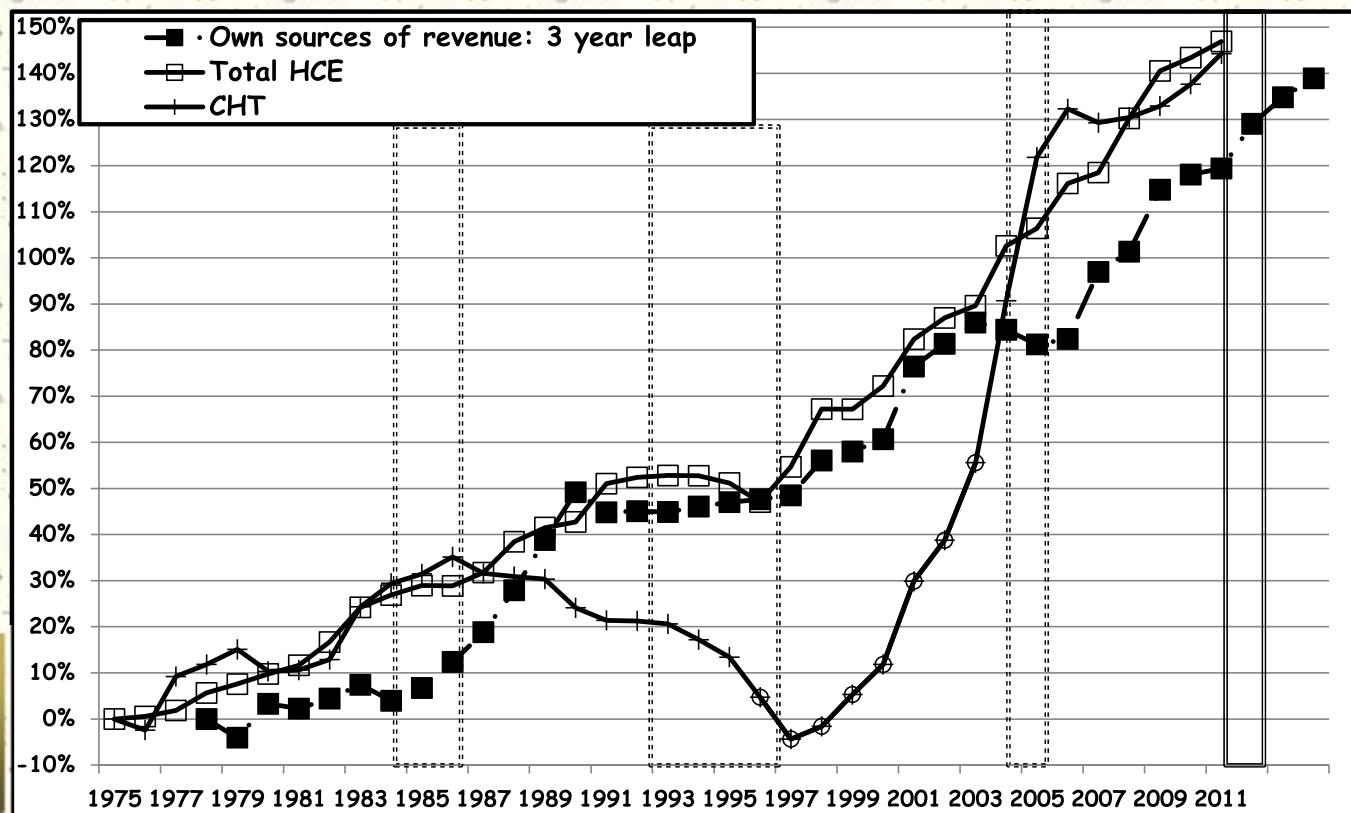


HCE, Medicare, and OSR: Cumulative Growth Rates in 1997 \$

[Recession Series Emphasized - anchored to OSR]



Own Sources of Revenue, CHT and HCE Cumulative growth rates in 1997 \$ [Recession Series Emphasized - Anchored on OSR]



History: The great determinant or opportunity for human ingenuity



This is about history!

- # Some events may repeat themselves all of the time
- # All events may repeat themselves some of the time
- # But all events cannot repeat themselves all of the time
- # Thus:
 - Idiosyncratic events modify the course of HCE



The 1989-92 recession

- # GDP and OSR worked in the same direction, their respective growth rate were falling
- # Debt charges were increasing
- # Federal transfer were cuts
- # And the cuts continued way beyond the recession
- # Consequences:
 - The government of Québec found itself in a very difficult situation that led to deep cuts in health and social services, mainly in Medicare covered services.



The 1997-2007 growth period

- # From 1997-2001, GDP, OSR, debt charges and CHT were all going in the right direction
- # HCE growth curve was positive
- # But then:
 - With the 2001 break and change of regime in GDP, OSR growth rates were reduced
 - Added to this, the 1999 and 2003 tax breaks
- # However, federal transfer for health was on a continuous upswing
- # And debt charges were not growing
- # The Québec government was able to finance HCE at the level it did



Where are we?

- # Increasing debt charges due to deficits in the 2008 recession
- # Sluggish economic growth
- # No tax increases [????]
- # Low OSR growth rates
- # Reduction of CHT rate of growth to 3% or GDP replacing in 2016 the 6% escalator clause.
- # All of these are acting together



