

“Towards a Sustainable Health Care System in the New Millennium”

Submission to the House of Commons Standing Committee on Finance

2000 Pre-Budget Consultation Process

September 10, 1999

Ottawa, Ontario

Executive Summary

On the cusp of the new millennium, it is appropriate to reflect with pride on our nation’s past and to plan with compassion, innovation and creativity for our nation’s future. The new century will present us with many challenges—an ageing population, increased knowledge with corresponding advances in technology and research, competitiveness at home and abroad— to meet the needs of Canadians.

CMA recognizes that we live in a world that is increasingly interdependent. A world where globalization has meant that we, as a country, must look forward and beyond our borders when it comes to determining how we can reach our collective potential.

As we plan for the future it is vital to recognize the importance of the social programs that must remain essential features of our society. Our health care system is an important and defining feature of what it is to be Canadian.

CMA believes a well funded, sustainable, quality health care system must be at the forefront of the federal government’s strategic priorities.

The haste to reduce health care costs over the past several years has left a destabilized and demoralized health system in its wake. Diminished access to critical health care services and insufficient human resources are only part of the legacy. Rebuilding Canadians’ confidence in the health care system will not be easy.

CMA noted the important first step that was taken by the federal government in its 1999 budget. A reinvestment of \$11.5 billion earmarked for health care was an important signal to Canadians. However, with the complete restoration of funds in 2003/04 the

The mission of the CMA is to advocate, on behalf of Canadians, for the highest standards of health and health care for the country, and to provide leadership on behalf of physicians.

I believe in that mission. I believe that the medical profession must take a leadership role, both individually and collectively. And indeed has a responsibility to speak up for quality health care.

Dr. Hugh Scully, President, CMA
Presidential Inauguration Speech,
August 25, 1999

Sustainable (adjective);

... using a resource so that the resource is not depleted or permanently damaged...

Webster’s II New Riverside
University Dictionary

health care system will only be back to its 1995 nominal spending levels, some seven years after the fact – with no adjustment for the increasing health care needs of an increased number of more aged Canadians, inflation or economic growth.

CMA is encouraged with federal government's recent initiatives to increase health research funding. This is of direct benefit to the health of Canadians; to the health care system; to foster the development of health care as an industry and to ensure our best and brightest medical scientists and health researchers are educated and remain in Canada. However, we know that more needs to be done to ensure innovation and competitiveness.

We would like to echo the words of the Prime Minister who said *we consider Medicare to be the best example of how good social policy can be good economic policy, too. While reflecting the desire of Canadians to show compassion for their fellow citizens, Medicare also serves as one of our key competitive advantages.* A sustained health care system will ensure a healthy population, and a healthy labour force that contributes to the productivity of the nation.

In seeking to place the health care system on the road to long-term sustainability, the CMA is committed to working in close partnerships with the federal government and others in identifying, developing and implementing policy initiatives that serve to strengthen Canadians' access to quality health care

The CMA looks forward to contributing to the search for solutions. To work with the federal government and others in building a responsive, flexible and sustainable health care system for all Canadians. In this spirit of co-operation the CMA offers the following recommendations:

1. That the federal government fund Canada's publicly financed health care system on a long-term, sustainable basis to ensure quality health care for all Canadians.
2. That the federal government introduce a health-specific portion of federal cash transfers to the provinces and territories to promote greater public accountability, transparency and visibility.
3. That the federal government, at a minimum, increase federal cash for health care by an additional \$1.5 billion, effective April 1, 2000.
4. That beginning, April 1, 2001, the federal government fully index the total cash entitlement allocated to health care through the use of a combination of factors that would take into account the changing needs of Canadians based on population growth, ageing, epidemiology, current knowledge and new technologies, and economic growth.
5. That the federal, provincial and territorial governments adopt the guiding principle of national self-sufficiency in the production and retention of physicians to meet the medical needs of the population, including primary to **highly**

- specialized medical care, and the requirements for a critical mass for teaching and research.
6. That the federal government establish and fund a national pool of re-entry positions in postgraduate medical education.
 7. That the federal government establish a National Centre for Health Workforce Research.
 8. That the federal government enhance financial support systems, such as the Canada Student Loans Program, for medical students in advance of any future tuition increase, and ensure that these support systems are set at levels that meet the financial needs of students.
 9. That health care services funded by the provinces and territories be zero-rated.
 10. That the federal government establish a National Health Technology Fund to increase country-wide access to needed health technologies.
 11. That the federal government continue to increase funding for health research on a long-term, sustainable basis.
 12. That the federal government commit stable funding for a comprehensive tobacco control strategy; this strategy should ensure that the funds are invested in evidence-based tobacco control projects and programs, which would include programs aimed at prevention and cessation of tobacco use and protection of the public from tobacco's harmful effects.
 13. That the federal government support the use of tobacco tax revenues for the purpose of developing and implementing tobacco control programs.
 14. That the federal government place a high priority for funding tobacco prevention and evidence-based cessation programs for young Canadians as early as primary school age.
 15. That the federal government follow a comprehensive integrated tobacco tax policy
 - a) To implement selective stepwise tobacco tax increases to achieve the following objectives: (1) reduce tobacco consumption, (2) minimize interprovincial/territorial smuggling of tobacco products, and (3) minimize international smuggling of tobacco products;

- b) To apply the export tax on tobacco products and remove the exemption available on tobacco shipments in accordance with each manufacturer's historic levels; and
 - c) To enter into discussions with the US federal government to explore options regarding tobacco tax policy, raising Canadian tobacco price levels in line with or near the US border states, in order to minimize international smuggling.
16. That the dollar limit of RRSPs at \$13,500, increase to \$15,500 for the year 2000/01.
 17. That the federal government explore mechanisms to increase RRSP contribution limits in the future given the delay in achieving pension parity, since 1988.
 18. That the 20% Foreign Property Rule for deferred income plans such as Registered Retirement Savings Plans and Registered Retirement Income Funds be increased in 2% annual increments to 30% over a five year period, effective the year 2000.
 19. That the federal government explore the regulatory changes necessary to allow easier access to RRSP funds for investment in small and medium-size businesses.
 20. That the federal government undertake the necessary steps to creditor-proof RRSPs and RRIFs.