



Healthcare in Canada: Managing Fiscal Realities, Demographic Pressures

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Canada 2020 - A New Health Accord for All Canadians

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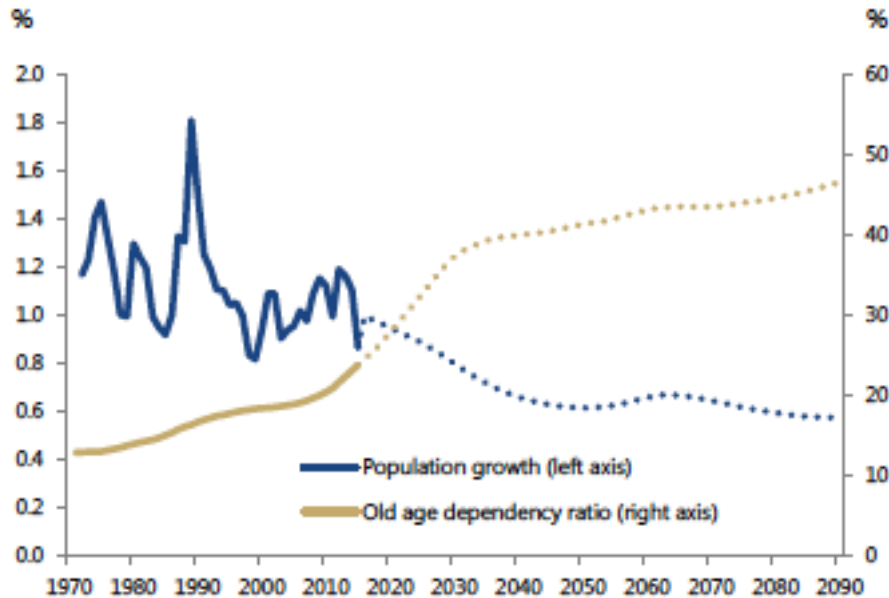
Ottawa, Canada

Context

- Aging population driving health costs higher
- Vertical fiscal imbalance
- Multiple demands on federal purse
- Public expectation of results

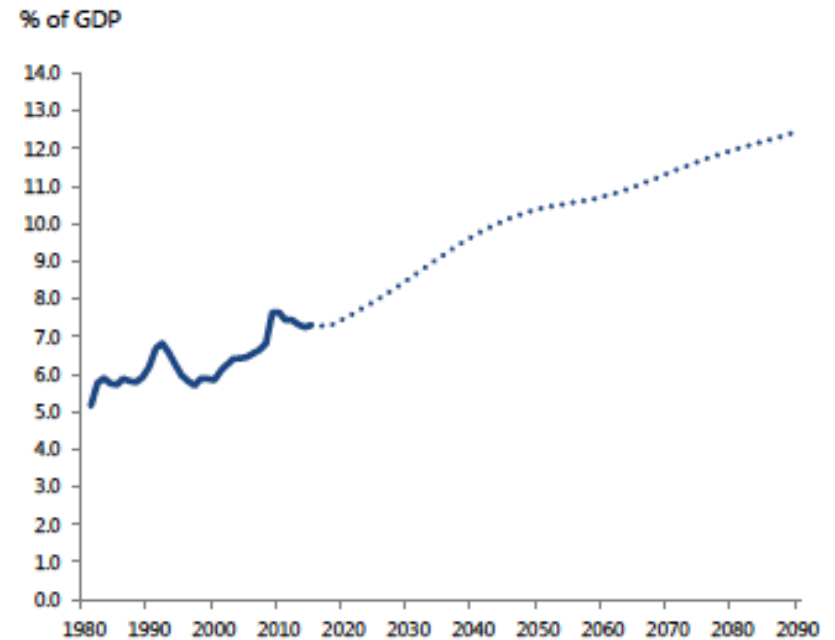
Aging population driving costs higher

Population growth and population ageing



Sources: Statistics Canada and Parliamentary Budget Officer.

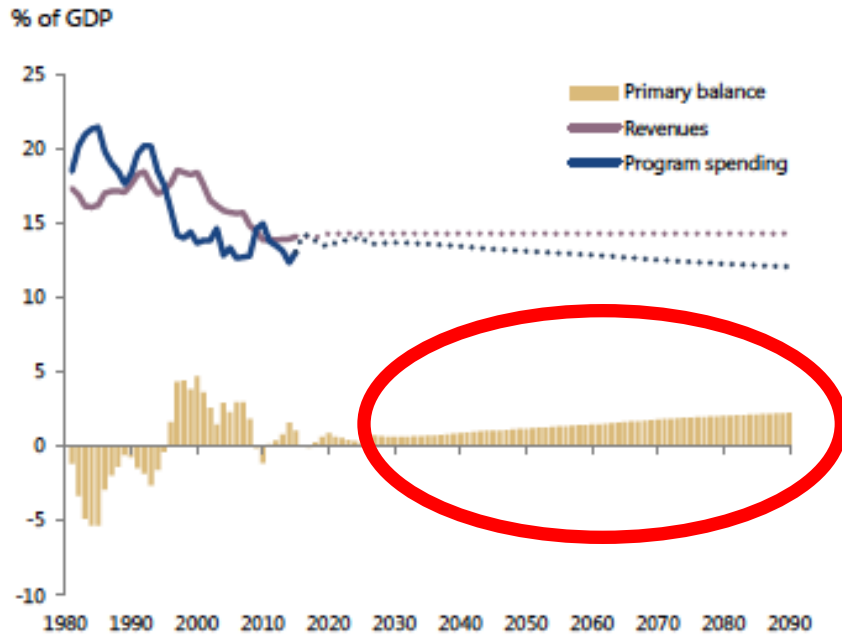
Health spending increases with population ageing and excess cost growth



Sources: Statistics Canada and Parliamentary Budget Officer.

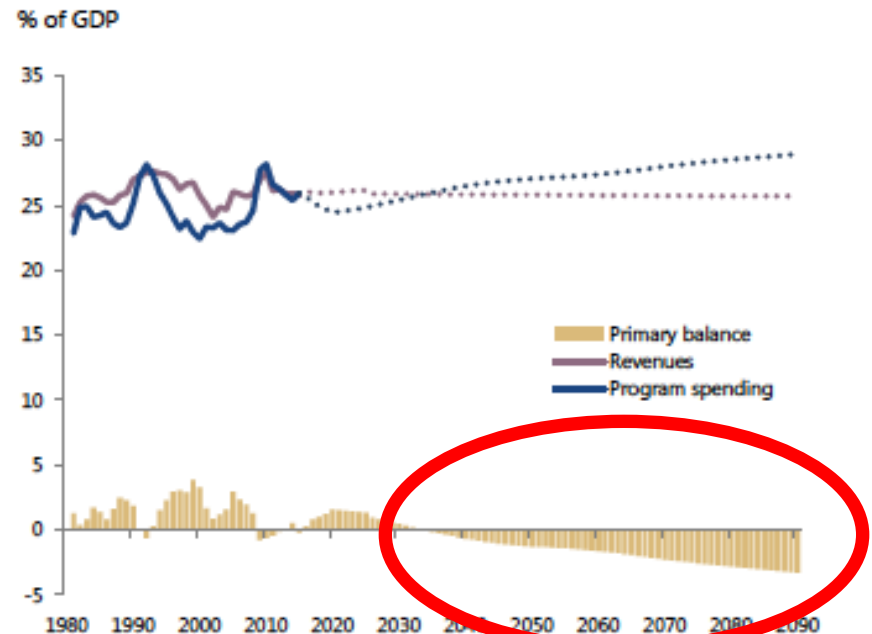
Diverging fiscal contexts

Federal revenues, program spending and primary balance



Sources: Statistics Canada and Parliamentary Budget Officer.

Subnational government own-source revenues, total program spending and primary balance

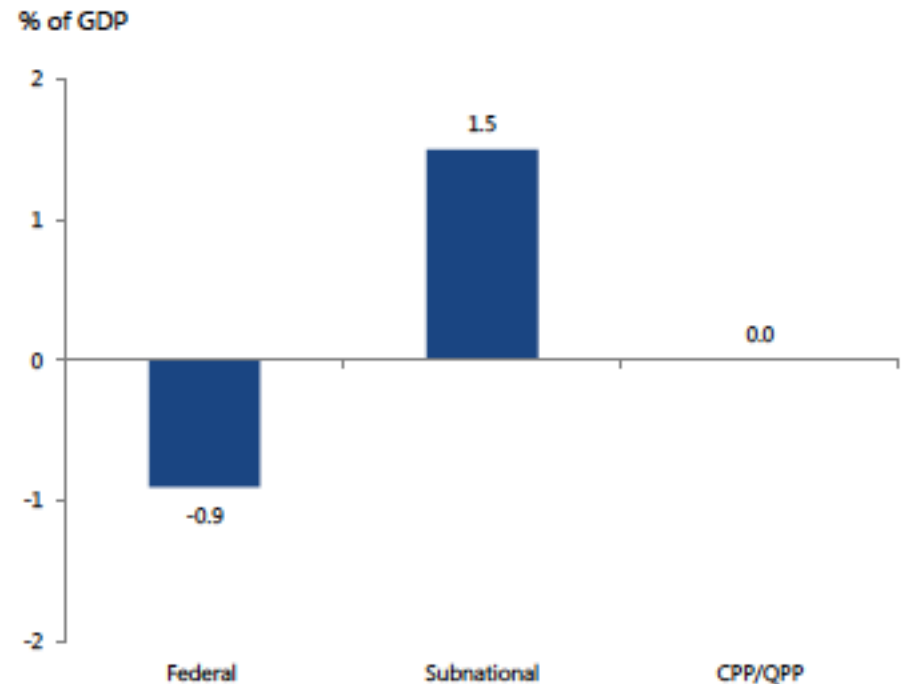


Sources: Parliamentary Budget Officer and Statistics Canada.

Provinces will struggle financially

- Subnational government debt is unsustainable with a fiscal gap of 1.5 per cent of GDP.
- From 2016, the primary balance would need to increase by 1.5 pct pts. of GDP annually
- This would be equivalent to \$30.2 billion in current dollars above the projected baseline in order to return to a net debt-to-GDP ratio of 32.5 per cent after 75 years. (FSR, PBO 2016)

Government sector fiscal gap estimates



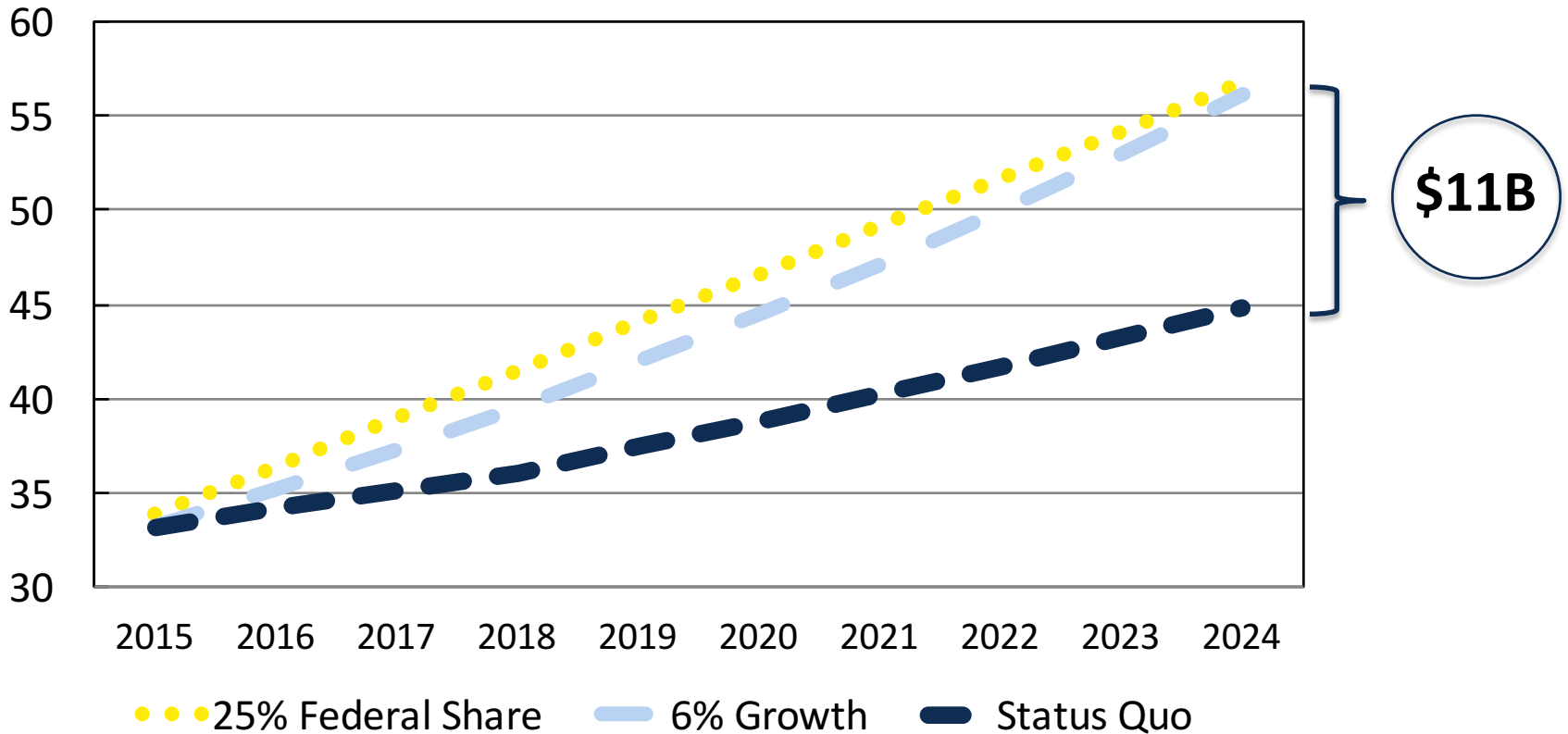
Source: Parliamentary Budget Officer.

Fiscal considerations on healthcare

- Federal role (% of total spending)
 - 22% (current)
 - 18% (status quo in a decade)
 - 25% (Council of the Federation's proposal)

Three scenarios for the future

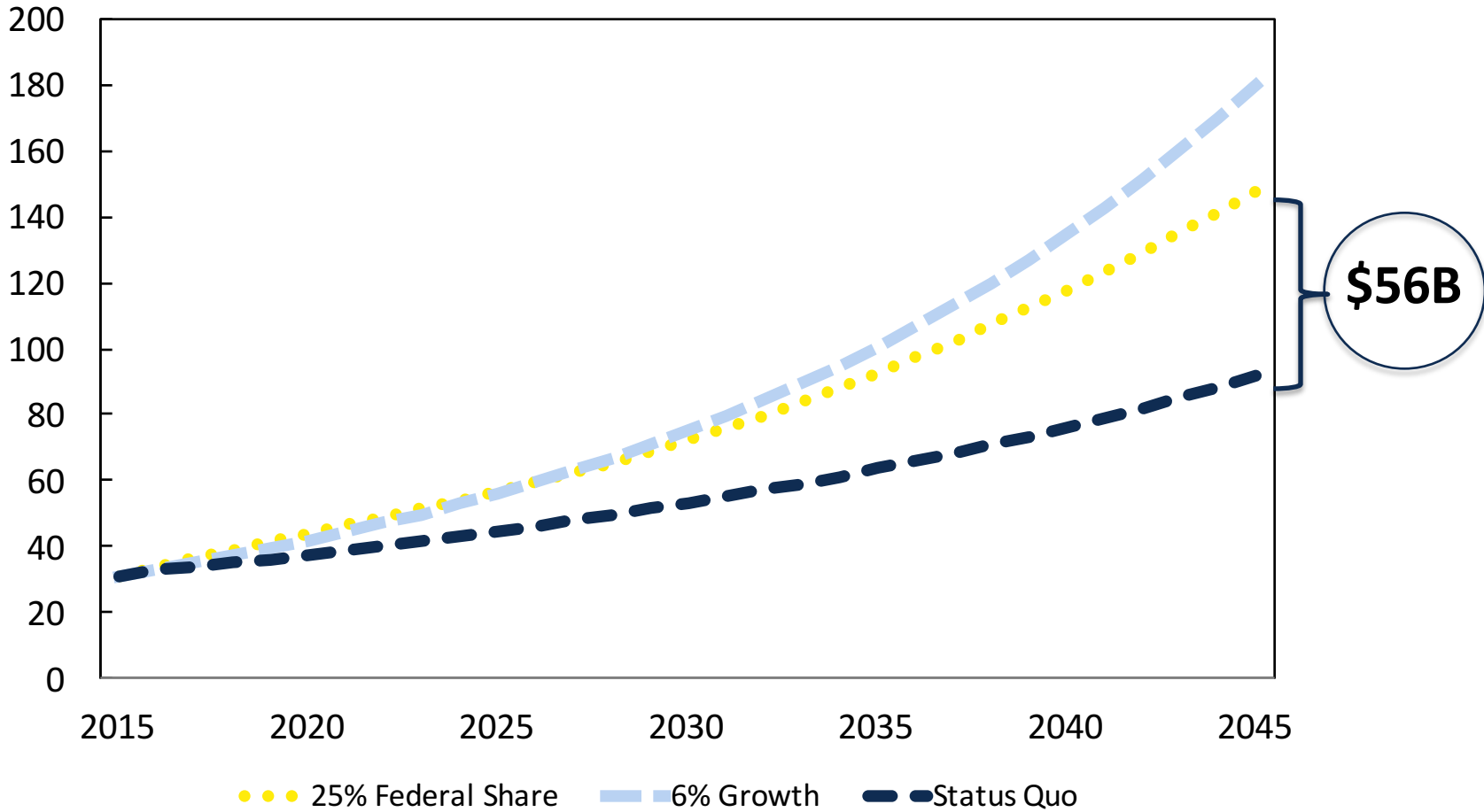
\$ billions



...moving to 25% federal sharing ratio by 2025 is feasible....

The longer term picture...

\$ billions



Revenues have been shrinking



Source: OECD Revenue Statistics for 2014

Linking performance and funding

- There is pressure to manage costs
 - Funding will need transparency and accountability for outcomes
- Getting tougher to finance healthcare (and everything else)
 - Federal government has pressures to address long-term underfunding within its own jurisdiction
- Solutions are tied to institutional legitimacy

Thank-you

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