

Intelligence MEMOS



From: Don Drummond and Duncan Sinclair

To: Canada's Ministers of Health

Date: January 7, 2022

Re: **FIXING MEDICARE II**

There is a common Canadian misconception that Medicare's services are free.

They are not.

Government are simply aggregators of taxes and there is only one taxpayer.

Unaware of the cost, nobody, consumer or provider, has any incentive to use or order sparingly what they perceive to be a free good or service. A concern in the early days of Medicare, it was ameliorated to some degree by Saskatchewan's long since abandoned levy of health premiums as well as taxes from its population, together with limited co-payments at the point of service for those who could afford them.

Before COVID-19's attendant extraordinarily large expenditures from the public purse, some 30 percent of healthcare expenditures in Canada were [paid](#) for privately, either out-of-pocket (\$993.80 per capita) or through supplementary insurance (\$842.60), a total in 2019 of \$78.59 billion.

A lot of money.

Think about low-income Canadians whose access to the many much needed services excluded from Medicare's "comprehensive" coverage is non-existent or severely limited because they don't have upwards of \$1,000 a year to spend out of pocket or for private health insurance.

Most provincial and territorial governments have developed programs to subsidize access to some such services as the federal government has also done for Indigenous people on reserve. But the benefits provided are far from consistent throughout the country and do not conform to what Canadians should and do expect of a genuine nationwide health system that purports to be universal and not rationed by the ability to pay.

Were Medicare to be universal, portable, accessible, truly comprehensive, and administered/managed as a genuine system, as Canadians are led to believe exists, no person would go without the many kinds of care and support they need but can't afford to achieve, maintain and restore their good health.

Nobody would fall through the cracks transferring among its many components. Currently the discussion of complementing Medicare with Pharmacare is bogged down by concerns about cost and how it would be paid for. Such concerns would be magnified considerably were the range of insured services to be expanded more broadly to make health's care and support throughout Canada genuinely people-centered and fully comprehensive.

These long-existing problems will worsen rapidly with the aging of the population, continued imbalance between health promotion and health restoration, and the certainty of rapid and prolonged escalation of the cost to governments even as they confront the current high level of public and private debt.

We need a fundamental re-think of how to:

1. Optimize population health, shifting focus to bring health promotion into balance with the longstanding focus on health restoration.
2. Improve the efficacy and efficiency of healthcare services to achieve better outcomes and limit increases in the already high costs. These may well increase at 5-6 percent per year even maintaining the status quo; and substantially more if Medicare was expanded to be genuinely comprehensive.
3. Best finance the increased cost.

Extending apparently 'free' access to the full range of health and healthcare services is important to preserve the well-established advantage of avoiding for everybody the deterrent effect of user fees. Using the present model, that would require substantial across-the-board tax increases. There are alternatives, options that urgently need to be set out for public discussion, debate, and decisions made by our governments.

Fundamental changes are urgently needed, even in an icon like Medicare, to meet its contemporary challenges, to be true to its five famous principles, to provide genuinely people-centred health support and care, and to fix the system's too-long neglected failings.

Canada needs to get to them now.

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