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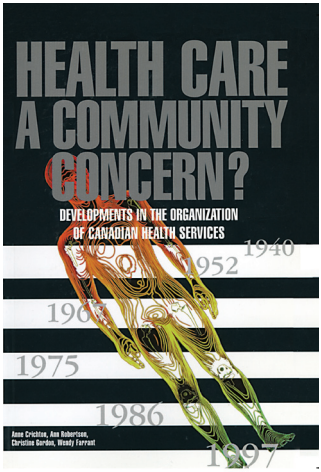

HEALTH CARE: A COMMUNITY CONCERN?
by Anne Crichton, Ann Robertson, Christine Gordon, and Wendy Farrant
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PART VIII

Afterword

CHAPTER 28

Continuing Cutbacks: Implications for Health Services and Health

The Liberal government has had difficulty in keeping its election promises to maintain social programs at the same level of financing as before. The national debt continues to rise because of interest payments on earlier annual deficits. This has resulted in a move by the federal government to replace the Established Programs Financing Act (EPF) transfers and those of the Canada Assistance Plan with one Canada Health and Social Transfer (CHST) from October 1995, which puts the onus on the provincial governments to allocate the social redistribution across all the social programs. And Mendelson (1996) has said that:

> Without federally imposed national standards, the single payer medicare system will certainly erode. ... Straightforward user fees could be initiated for some services. A private tier, either partially subsidized or unsubsidized, could be permitted ... a special income tax surtax could be imposed on sick people for the value of services they receive from medicare. ... Doctor's extra billing could be legalized again. ... All these alternatives have one thing in common, Canadians end up paying more for health care, except they have the privilege of not paying it in taxes. ... The dam will surely burst if the federal government pulls its finger out. The only question then will be where the system will restabilize. ... If the federal government allows the CHST to dwindle or even diminish enough that it loses its moral authority, it is the end of universal single payer medicare. ... For welfare and personal social services we don't even have to bother waiting for the CHST cash to disappear for national conditions to end. ... The federal government having withdrawn from any protection of those most vulnerable in Canada, has paved the way for a merciless attack on all the programs developed over the last thirty years to provide at least some semblance of a social

> safety net. ... It certainly will have an impact on the health of the Canadian people. (pp. 5–7)

Many people (e.g., Schultz 1995; Valpy 1995) believe that social minimum programs rather than health care will be the main losers as a result of CHST cutbacks.

In order to offset reductions in social transfers, the federal Minister of Human Resources Development, Lloyd Axworthy, commissioned a series of reports (Canada 1994) which reviewed the possibilities of restructuring unemployment insurance and social assistance schemes. Now Axworthy has been moved to a new position while reductions to their social programs go on.

It has been suggested that the tax system which protects high income Canadians should be reviewed, interest rates should be lowered to prevent Canadian resources going to foreign investors, and all non-profit organizations should be encouraged. However, others, such as Courchene (a political analyst at Queen's University), think that Canada has overextended itself and must downsize. He believes that: "An 'active labour force strategy' can be pursued and social services rationalized so that health and welfare can be rolled into well being" (Schultz 1995, 14).

The National Forum on Health

The federal Liberals, returned to power in 1993, made an electoral promise that they would maintain the current health care system and that they would engage in discussions across the country in a National Forum on Health. Four subcommittees have been set up to deal with four themes which have been identified: (1) the determinants of health; (2) evidence-based decision making; (3) values that should guide health system renewal and policy development; (4) ethical dilemmas and the identification of strategies to improve the effciency of the health care system and to put resources where they have the greatest potential to improve the health of Canadians.

The forum asserts that public participation is essential and has arranged to hold a series of discussion groups across the country. While these seem to have been well attended in the east (where the provinces and their populations are anxious to have continuing national support), they have not attracted many participants in British Columbia, which is engaged in its own strategies for developing consumer involvement at the local level.

The forum has published a series of papers to stimulate debate on such topics as *The Public and Private Financing of Canada's Health Care System* (Canada 1995a) and a *Workbook* (Canada 1995b) for those attending (or unable to attend) discussion sessions. Its final report has just been published (Canada 1997).

Privatization as One Solution to Cutbacks

During the Liberals' earlier term of office (to 1984) there did not seem to be much support for the privatization of health services in Canada (Stoddart and Labelle 1985; Fried, Deber and Leatt 1987),[1] for Canada had distinguished itself from its American neighbor by instituting the publicly provided hospital and medical care upon which it prides itself.

However, when the Progressive Conservatives (PCs) took office in 1984, there was more discussion of such neo-conservative concepts. But it was left to the provincial governments to act on the privatization idea. In his attempts to balance the provincial budget in Alberta since taking office in 1993, Ralph Klein cut back a number of health care services that Canadians had begun to take for granted and he encouraged those who wanted to continue to access these services (or bypass waiting lists) to go to private providers or cross the border to get care in the United States. Klein's drastic cuts have resulted in strong opposition so that he has had to back off to some extent.[2]

Similarly Mike Harris, Premier of Ontario since 1995 and a supporter of privatization, has engaged in a series of major reductions in spending — closing hospitals and reducing doctors' remuneration as well as making cuts to other social programs. Again, this has resulted in major demonstrations in the province.

Elsewhere the provincial governments have come out against a two-tier system of care (e.g., British Columbia 1993c). In these provinces great efforts are being made to find out where savings can be made without changing Canada's ideological commitment to collectivist care — to sharing of resources.

The country is deeply divided on the privatization issue as shown by press reports in the summer of 1995. Coutts (1995), reporting on the Canadian Medical Association's annual meeting, described an emotional debate after which: "The doctors voted down a resolution supporting the idea of private insurance to cover all medical expenses — insurance which would, in effect, finance a private health care system."

The doctors went on to endorse a plan to start a national debate on whether private insurance for private medical services should be permitted. Coutts continued: "Calling for debate implies privatization may solve the problems of the health care system" (p. A5).

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1 Kamerman and Kahn (1989) have drawn attention to Paul Starr's book, *The Social Transformation of American Medicine* (1982) for its insights into how the free market provided a variety of vehicles for use of the medical profession in organizing a privileged and prosperous monopoly against which consumers were and are helpless.

2 The federal government reduced its transfer payments because Alberta's private clinics were charging basic rates plus additions for services.

But health systems analysts interviewed by her on this topic thought that useful economies could be achieved through better coordination of programs and program management.

Reduction in Bureaucracies

Meanwhile, the governments at the federal and provincial levels have felt it necessary to reduce their bureaucracies which have come under criticism as being too large and lacking in efficiency.

The reduction of government bureaucracies is not easy to achieve. In the last four years of his mandate Prime Minister Mulroney steadily reduced the federal public sector to a minor extent. The PC government then made some major reorganizations just before the election of 1993 which, it was hoped, would improve public sector coordination, but it was not until after the Liberal government was re-elected to power in 1993 that steps were taken to make greater reductions in the federal civil service. In 1995, 45,000 federal bureaucrats were offered early retirement.

The provinces have also been looking into this matter. So far as health services are concerned it has been hoped that devolving power to regional authorities would result in reductions to the provincial civil service. At the present time, however, the transfer of power has resulted in an increase rather than a decrease of appointments as the division of responsibilities has to be worked through. Provincial civil servants are strongly unionized and are likely to resist cut-backs, but considerable efforts are being made to transfer them to other positions in the health care system.

Reduction in Service Provider Positions

The closure of some hospitals and a large number of hospital wards has resulted in service providers' unions' concerns for their members. The British Columbia government agreed to a three-year accord when Shaughnessy Hospital was closed. This gave priority in applying for vacant posts which were advertised to those who had already been working in the system. Attempts are now being made to prepare applicants for moves from hospital to community through continuing education. Nevertheless there is great insecurity among all employees about these cuts which are likely to continue.

Hostile demonstrations by union members protesting the threats of job reductions have already occurred in Alberta and Ontario.

Improved Organization

The cost of health care has continued to rise despite the governments' concerns about debts and deficits. Evans, a renowned health economist, has said (Coutts 1995) that the health care system could be reformed and restructured

effectively without having more resources put into it. The emphasis until now has been on gap filling rather than streamlining, and many improvements in organization could result in savings. This argument focusses on the way the health care system has been managed rather than on its financial supports. It is easy to see where management has been inefficient and where it needs to be reformed.

It has been clear from 1977 onward that the federal government wished to see the provinces put more of their resources into community care. The new EPF grants included a $20 per capita incentive to develop "home care" services — a clear signal to the provincial governments that there was need to reform and restructure the distribution of resources away from the hospitals. Though minor efforts were made to develop long-term and continuing care, there was no major shift in resource allocation. To take one example of the situation today, the Vancouver hospitals claim eighty percent of the budget of the Regional Health Board. (This budget does not include medical services plan or pharmaceutical costs but does include public and mental health, drug and alcohol services as well as continuing care.) One of the problems has been the lack of communication between hospital policy makers and community health care organizers and the separation of budgeting for each of these activities at the provincial level, so that efforts such as the British Columbia hospital-community partnership and the Saskatchewan scheme to shift money across to community services have failed to make more than a tiny dent in the traditional process of resource allocation.

The solution proposed for improving organization in most provinces is regionalization. By bringing services into smaller units closer to the people, better communication should be achieved, and by increasing public understanding of the problems of the system, it should be possible to make economies or impose rationing without upsetting consumers too much. This concept will be discussed in the next chapter.

Summary

The Liberal government elected in 1993 has had difficulties in maintaining its electoral promises to maintain funding for social programs. It has restructured its federal-provincial transfers into one Canada Health and Social Transfer which, from October 1995, put the responsibility on the provincial governments to decide how to allocate this grant between all its social programs.

Discussions have continued about the best way to raise revenues and allocate them.

A National Forum on Health considered the determinants of health, evidence-based decision making, values and organizational strategies.

It seems that the health care system has adequate resources to achieve its goals provided these resources can be better allocated. There has been lack of communication between different sectors of the system. Some provincial governments have preferred to consider partial privatization of health care services as a solution to cost control while others have set their faces against a two-tier system. The country seems to be deeply divided on this issue.

The governments at all levels have been under pressure to reduce their bureaucracies. The federal government has made large cuts, provincial governments have not yet done much to reduce their public service positions, but it is hoped that they may do so if regionalization continues. There have been considerable reductions in service provider positions in the hospitals.

Another perceived solution is to give the responsibility for resource allocation to a lower level of authority.