

Health care costs are on the rise in Canada and COVID-19 is a new cost driver

Conference Board of Canada releases study on health care cost drivers, pre and post COVID-19

OTTAWA, October 30, 2020 – The Conference Board of Canada, in partnership with the Council of the Federation, has released a [new study on health care cost drivers in Canada](#). The study confirms that the COVID-19 pandemic has already had a significant impact on Canada's health care sector.

Projections conducted prior to COVID-19 suggest that health care expenditures would increase steadily over the next 10 years. Based on the level of new expenditures already incurred by governments, COVID-19 represents a significant new cost driver that will further impact health care spending, particularly over the short to medium terms. Looking ahead, total health care expenditures are projected to increase at a pace that far exceeds the rate of growth of the Canada Health Transfer.

"This report confirms that health care costs are increasing year after year, and the federal contribution to health care is not keeping pace. Canada's Premiers are calling for the federal government to become a full funding partner, to ensure Canadians can continue to receive the health care they need, both during the COVID-19 crisis and beyond. The federal government must finally commit to raising its share of health funding through the Canada Health Transfer from the current level of 22% to 35%, and maintain at least this share of funding over time," said Québec Premier François Legault, Chair of the Council of the Federation.

This impact paper examines three scenarios to determine the scope and magnitude of additional health care spending associated with the pandemic. The scenarios suggest the additional health costs will range from \$20.1 billion to \$26.9 billion in 2020–21 and between \$15.7 billion and \$21.9 billion in 2021–22. By 2030–31, the pandemic would result in an additional \$80 billion to \$161 billion in health care expenditures.

"Over the next decade, health care costs are projected to increase dramatically from a combination of traditional factors, including population growth, population aging and inflation along with new financial pressures stemming from the COVID-19 pandemic," said Greg Hermus, Principal Economist at The Conference Board of Canada.

The study was funded by the Council of the Federation.

About The Conference Board of Canada

The Conference Board of Canada is the country's leading independent research organization. Our mission is to empower and inspire leaders to build a stronger future for all Canadians through our trusted research and unparalleled connections.

About the Council of the Federation

The Council of the Federation comprises all 13 provincial and territorial Premiers. It enables Premiers to work collaboratively, form closer ties, foster constructive relationships among governments, and show leadership on important issues that matter to Canadians.

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