



Federal Budget 2021: It's Time to Increase the Canada Health Transfer

MONTREAL, March 4, 2021 – Canada's Premiers¹ held a virtual news conference today to renew their call on the Prime Minister to significantly increase the Canada Health Transfer (CHT) in the upcoming federal budget. Health care is the number one priority of Canadians. Now more than ever, they want to see their health care systems securely funded through a strengthened partnership among federal, provincial and territorial governments.

All governments are now focused on the COVID-19 pandemic, and are working together to address this crisis. But there remains an urgent need for immediate and long term federal investment to ensure the sustainability of our health care systems for the future. The pandemic, and the impact it is having on health care systems already under fiscal strain, demonstrates the risk of delaying action and the need to provide flexible and predictable support to our health care systems.

Canadians deserve to know that health care services will be there when they need them. They deserve access to high-quality and accessible primary care, diagnostic services, new technology and support for mental health. The ability of provinces and territories to deliver these services has been weakened due to the financial disengagement of the federal government over time.

Immediate and sustained funding increases are required to ensure the availability of these services and to meet the needs of a growing and aging population, to catch up on elective surgeries, treatments and diagnosis.

To achieve these goals, a new funding partnership is required. Provinces and territories are currently paying for 78% of health care costs and, if nothing is done, the federal share will continue to decline. Premiers urge the federal government to immediately increase its share of health care costs from 22% to 35% of total health care spending, which represents an increase of \$28 billion, from \$42 billion to \$70 billion, and to maintain this contribution level over time with a minimum annual escalator of 5%.

Recent analysis by provincial and territorial Finance Ministers demonstrates that once the COVID-19 pandemic is over, the federal government's fiscal situation is projected to improve rapidly, while provinces and territories will face the risk of successive increasing deficits largely due to health care cost pressures.

The CHT increase that Premiers are proposing would improve health care, putting the services that Canadians value on a more secure and sustainable footing by renewing and strengthening the fiscal partnership between the federal government, provinces and territories.

¹ Newfoundland and Labrador is operating in a caretaker period due to a provincial election and is unable to participate

Fiscal projections
(billions of dollars)

	2021-2022	2025-2026	2030-2031	2035-2036	2039-2040
Federal government					
Fiscal balance	-130.5	-23.2	-13.5	15.7	50.9
Provinces and territories					
Fiscal balance	-46.5	-63.1	-102.5	-154.6	-207.9

Source: Based on requested custom scenarios simulated by the Conference Board of Canada

QUOTE

“The Prime Minister has acknowledged that the federal government needs to increase health care funding but proposes to focus on the short term and in targeted areas rather than on the long term. The federal government has the necessary financial means and fiscal leeway. The upcoming federal budget is the right time for the federal government to act as a real funding partner to secure the future of health care systems in Canada.”

--François Legault, Chair of the Council of the Federation and Premier of Québec.

QUICK FACTS

- Before the pandemic, provinces and territories were expecting to spend \$188 billion for health care services in 2020-2021. The federal contribution through the CHT is set to reach \$42 billion this year, which represents 22% of these provincial and territorial health expenditures.
- Health care costs represent more than half a billion dollars per day and are projected to grow at an annual average rate of 5%, while the CHT is currently growing by approximately 3%. This difference produces dramatic shortfalls when applied against \$188 billion in annual costs, with the impacts compounding over time. Cost drivers include aging, population growth, drugs and technologies – plus new and long-term costs related to the COVID-19 pandemic.

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