

Sustainability & Resilience in the Canadian Health System

Healthcare Financing Issues We Can't Afford to Ignore



COVID-19 was just the most recent and stark reminder of the increasing difference between what we spend on healthcare in Canada relative to our rate of economic growth and the public's needs. A new research report, from The Partnership for Health System Sustainability and Resilience (PHSSR) in Canada, delves into the gaps in coverage, the challenge to raise revenues and how resources can be effectively allocated for maximum public benefit.

Analysis: Follow the Money

The federal government managed to act quickly to use debt financing and other means to respond to the financial strain brought on the health system when the pandemic broke out. However, policymakers and other stakeholders have to consider many other short and long-term factors that affect healthcare financing. This includes the cost of consumer goods, the impact of inflation and wages.

The current system supports universal, first-dollar coverage of hospital and medical care supports but out-of-pocket expenses can limit access to certain services and supports that lack coverage, such as mental health, prescription drugs and dental care.

Provider payment methods are siloed and constrain efforts to integrate care. Overall, we need to better understand our costs, outcomes and the return on investments made through systems that can monitor and evaluate them.

Principals That Support a Well-Financed Health System

Ensuring we have the necessary funds to support public health is never going to be easy, but the following areas merit further discussion and action:



Adjust spending formulas to focus on needs

Looking at what was spent in the past may not tell the full story of what some communities require today. Allocation of health-transfer payments from the federal government should be based on more than population size. Similarly, funding models within provinces and territories should consider population needs to ensure communities with higher needs get the care they need, when and where they need it.



Take a strategic approach to funding that prioritizes outcomes

Budgeting fixed amounts may help contain costs, but health system stakeholders and policymakers also need to examine the potential trade-offs. What are the risks of relying on passive funding in terms of quality care, or the wait times to receive it? What opportunities for better care and system improvements are missed due to budget silos that focus on cost inputs rather than health outcomes?



Re-imagine what healthcare delivery in Canada could look like

Our financing challenges may not be as intractable as they appear. Innovative approaches could be possible if they are based on studying ideas such as interprofessional team care and shifting from fee-for-service to capitation in provider payments. Innovation also means testing and scaling the approaches that work, including measuring patient and system outcomes via value-based care initiatives.

There are **seven domains** researched in this study:

- GOVERNANCE
- FINANCE
- WORKFORCE
- TECHNOLOGY & MEDICINE
- SERVICE DELIVERY
- SOCIAL DETERMINANTS
- ENVIRONMENT

Learn more about the research findings and key recommendations by reading the full report, *Sustainability and Resilience in the Canadian Health System*, or contact the PHSSR at PHSSR@hkstrategies.ca

