

# Broadening the base of publicly funded health care

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Health care costs and expenditures are expected to rise over the next decade or two and governments need methods to publicly finance these costs, states an analysis in *CMAJ (Canadian Medical Association Journal)*.

"Since 1997, health care expenditure in Canada has increased much faster than the rate of economic growth," writes Dr. Irfan Dhalla, Department of Medicine, University of Toronto and coauthors. "In particular, the proportion of provincial government program spending on health care has increased dramatically. Many economists believe that the demands on government budgets are likely to increase for the future."

Governments have four options to deal with the expected increases in health care spending. These options include reducing service volumes, providing the same volume at a lower cost through price reductions or increased efficiency, limiting the type of services that are publicly covered or raising additional revenue.

The main method of financing health care in Canada is through general tax revenue, with the largest percentage coming from income tax. Increasing either personal or corporate income tax to fund health care has its advantages but may not be acceptable to governments or voters.

Other ways to publicly finance our health care expenditure include eliminating the private health care subsidy, earmarking taxes towards health care, allocating new sin taxes (e.g. on sugary beverages or

unhealthy foods) to health care, applying social health insurance (having employees or employers pay for health care through contributions related to formal employment income), or by deductibles collected through the tax system.

"Over the coming years, governments committed to equitable access to health care will likely need to increase revenue in order to keep the pace with [health care costs](#)," conclude the authors. "Although raising income taxes to fund [health care](#) is equitable and efficient, political feasibility suggests that a combination of additional revenue sources may be the most feasible way forward."

Provided by Canadian Medical Association Journal

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