

Alternative health-care funding in Canada will not lower costs

August 22 2011

Alternative funding for health care in Canada will not result in lower costs nor contribute to financial sustainability, states a commentary in CMAJ (*Canadian Medical Association Journal*).

Recent reports from prominent think tanks have urged such solutions as severe cuts to [health care](#), increased taxes, [private health insurance](#), copayments for publicly funded services as well as other methods of raising funds.

Canada's health care costs are about 10.4% of gross domestic product (GDP), similar to that of many countries in Europe such as Germany (10.5%), France (11.2%), Sweden (9.4%) and others. The US, by contrast, spends 16% of its GDP on health care. Each country has a different way of financing health care such as through taxes in Britain and Canada, private health insurance in Switzerland and in the US, a mix of [government funding](#), employer-based insurance and user fees for patients.

"Despite the variety of ways to finance health care, the rate of spending for health care has outstripped economic growth in almost every country in the OECD [Organization for Economic Co-operation and Development] for the past 15 years, and containment of the growth of health care as the population ages is a major concern for all developed economies, not just Canada," writes Dr. Sacha Bhatia from Massachusetts General Hospital and Harvard Medical School.

Evidence indicates that private health care does not result in large public savings as there are higher administrative costs to track multiple funders. As well, statistics from Ontario indicate that the majority of health care costs (84%) are spent on 5% of the population, often people with [chronic diseases](#), frail elderly and economically disadvantaged people. Most of these people cannot afford [private insurance](#), meaning the majority of [health care costs](#) would still fall within the public system.

"The bottom line is that our health system, like health systems around the world, needs to continue to invest and modernize its delivery systems to improve the health of our citizens, which, in turn, will make health care sustainable," Dr. Bhatia states. He argues a national pharmacare strategy and a bulk purchasing strategy for medical equipment could result in billions of dollars in savings for governments. Increased, coordinated health promotion targeted at obesity and diabetes, home care supports to keep seniors and the chronically ill at home and accountability measures for health care providers would help reduce costs and improve delivery.

He concludes that "suggestions that these financing models will somehow make our health care system financially sustainable are not supported by evidence. If anything, Canadians cannot afford to go down that road."

Provided by Canadian Medical Association Journal

Citation: Alternative health-care funding in Canada will not lower costs (2011, August 22)
retrieved 18 April 2024 from
<https://medicalxpress.com/news/2011-08-alternative-health-care-funding-canada.html>

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