

Cut health strings

The federal government should ease restrictions to let the provinces develop new ways of delivering health care on an experimental basis. The notion that the Health Council will improve accountability is plain wrong.

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Remember the 2001 Commission on Fiscal Imbalance chaired by Quebec's current Finance Minister, Yves Seguin? Arguing that the federal government has too much money and the provinces too little, the Seguin report proposed a rather elegant solution to fund health care and other provincial priorities by transferring the GST from the federal to provincial governments and eliminating the federal cash transfers to the provinces. The net result would be billions of new dollars available to provinces on high priority programs that provinces administer.

The Seguin report is certainly not appreciated by Paul Martin. When he was Finance Minister, Martin correctly argued the federal government had little room to transfer resources to the provinces given its current commitments, including the still large debt left over from earlier years.

But numbers are only numbers. The public really wants to see certain public services well funded and these tend to be the responsibilities of the provinces -- health care being the first priority. The Seguin report touches a raw nerve that goes to the heart of fiscal arrangements in Canada: Who should run and be accountable for health care -- the federal or provincial governments?

While Canadians tire of federal-provincial squabbling, current funding arrangements are undermining access to good quality health care. At present, Canadians are confused as to which level of government is accountable for health care, making reform measures difficult to adopt because each level of government points its finger at the other for its failures.

At present, the current health care system costs \$85-billion in tax revenue, over 80% funded by the provinces. Constitutionally, health care policy has largely resided with the provinces under the 1867 BNA Act. The federal government influences provincial policies through cash transfers, requiring provincial acquiescence to five conditions under the Medicare Act. A province that chooses not to comply with federal conditions is penalized with reduced federal grants.

The normative case for federal involvement in health care is on pretty shaky grounds. The provinces and municipalities are best able to provide those services that tend to have localized impacts -- in other words, their decisions have little effect on residents in other provinces. A federal role in disease control, health research and drug approval makes sense since provincial policies could have a significant impact on outcomes in other provinces. Generally, health care is best left to the provinces to administer, since a Calgarian with a heart condition will not affect the welfare of someone living in Halifax. Where federal involvement is more appropriate is in post-secondary education, social assistance and equalization since unequal provincial spending and tax patterns can influence people to move. Not health care.

The federal government's proposals are based on the same old approach --more money with strings attached. It proposes directing money to primary care, home care, catastrophic drugs and some to reduce waiting times for certain procedures, as if these reforms will solve the health care crisis for the next generation (please give us a break from exaggeration). Martin and gang also propose a national health council to improve provincial accountability.