The non-legacy: Health care in the Chrétien decade

BY GERARD W. BOYCHUK

Gerard W. Boychuk is assistant professor, Department of Political Science at the University of Waterloo.

While health care reform has been a major plank in each of the three election campaigns of the Chrétien Liberals, substantive reforms have been less in evidence and, overall, the Chrétien government appears likely to leave little in terms of a significant enduring legacy in this area.

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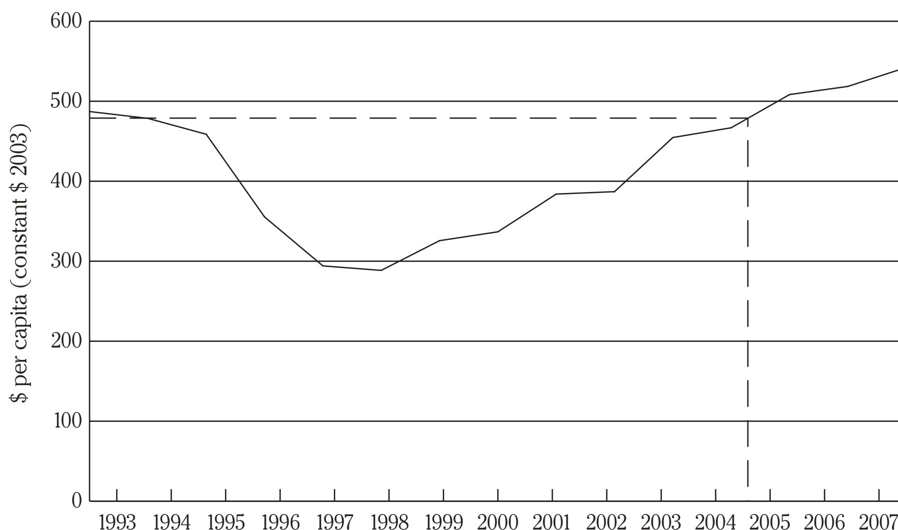
THE BIG STORY: A LOT OF BAD NEWS

The first Red Book of 1993 outlined the "unwavering" Liberal commitment to the five principles enshrined in the *Canada Health Act* (CHA) and a commitment not to withdraw from the federal role in the health care field. Little more than a year later, the federal government announced, without prior consultation with the provinces, that federal transfers (including those for health care) would be shifted from their existing basis to a new Canada Health and Social Transfer (CHST) regime and, concomitantly, reduced by $2.5 billion in 1996-97 and $4.5 billion in 1997-98. While federal transfers for health grew in the late 1990s and early 2000s, they are not scheduled to reach the real per capita levels of 1993 until mid to late 2004—much less make up for the cumulative federal shortfall over time in cash transfers for health, which, by the end of 2002, were $26 billion less than they would have been if simply maintained at 1993 levels.

FEDERAL CASH TRANSFERS FOR HEALTH, 1993-2007



Sources and notes: *Federal cash transfers for health from 1993 to 2003-04 are calculated as 62 percent of actual CHST cash transfers (using the Department of Finance estimate of the proportion of GST going to health.) Federal cash transfers for health after 2004 comprise the cash component of the Canada Health Transfer (CHT).*

The first Red Book also committed the government to studying the issue of health care through the establishment of the National Forum on Health (NFH). In its 1997 report, the NFH made a number of recommendations for substantive reforms including reforms to federal transfers (to make them more stable and predictable), a number of reforms to primary care, and the extension of universal coverage to homecare and prescription drugs. Gearing up for the 1997 election, the second Liberal Red Book committed the government, among other things, to working toward universal pharmacare. However, after the election, federal initiatives were largely limited to re-injecting cash in exchange for provincial commitments to respect the principles of the CHA. In the Social Union Framework Agreement (SUFA) of February 1999, the federal government (as part of a much larger package) enriched the cash component of the CHST by $11.5 billion that was earmarked for health. Provincial governments, in turn, provided assurances that they would respect the five principles of the CHA and spend the increased transfers on health care. However, the agreement provided little in the way of substantive reform.

PEDALLING BACKWARD

After a hastily abandoned federal plan to "save health care" in early 2000 and with the spectre of an election looming, the federal Liberals were increasingly pressed to do something. In September 2000, the federal and provincial governments reached an agreement on funding—again largely a simple enrichment of the CHST.

The Health Accord 2000 included a statement of support for the principles of the CHA as well as a commitment on the part of both levels of government to work together collaboratively—sharing information, reporting to Canadians, in-

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vesting in home care and community care. However, these initiatives fell well short of such second Red Book promises as universal pharmacare—an initiative on which the federal government appeared to have expended little effort.

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The third Red Book committed the Liberal government to implementing the Health Accord, guarding against the development of two-tier health care, as well as more specific promises such as a commitment to form a citizen's council on health care (appointed jointly with the provinces) to help design appropriate quality measures and performance benchmarks. Despite being armed with both an "action plan" (even if somewhat limited in scope) and what could be interpreted as an electoral mandate to proceed, the Chrétien government announced an 18-month hiatus in health care reform with the striking of the Romanow commission less than five months after the election.

To some, this announcement was surprising considering that the Senate committee chaired by Michael Kirby had already been studying the health care system at the behest of the Liberal government for over a year. The government argued that the release of both final reports in the fall of 2002 would mark the point at which health care reform would be undertaken in earnest.

ROMANOW AND KIRBY

As the final reports of the Kirby committee and Romanow commission were in overall general agreement, together they provided a strong basis for federal action. Both recommended that the federal government use federal funding to leverage specific models of health care delivery in areas primarily falling under provincial responsibility (for example, hospital remuneration, organization of health authorities, and primary health care delivery) using a set of new federal–provincial programs targeted to specific issue areas (limited to a two-year transition period in the case of Romanow).

Both recommended that these initiatives include catastrophic drug coverage and coverage of some categories of home care. Both reports also recommended shoring up federal transfers—the Kirby committee recommended shifting the basis for existing federal health funding under the CHST to an earmarked tax comprising a fixed proportion of GST; the Romanow commission recommended converting the health portion of the CHST to a dedicated cash-only transfer, enriching it, and requiring a negotiated escalator be established for five-year periods. Both recommended a new national oversight body in the form of a national health care council, which, in Kirby's version, would include a national health care commissioner.

THE SPIN OF HEALTH POLITICS

In response, the first ministers announced the Health Care Renewal Accord (HCRA) in February 2003, which included a large injection of new federal cash. However, the results fall well short of the recommendations of both Kirby and Romanow. The HCRA establishes a Health Reform Fund (block transfers to the provinces for health reform in *any* of the three priority areas—primary health care, home care, and catastrophic drug coverage) that, after five years, will be integrated into the general transfer for health. Although the health portion of CHST will be renamed as the Canada Health Transfers (CHT) creating a nominally dedicated health care transfer, the new transfer will not be significantly different in structure (as suggested by Kirby), will continue to include both cash and tax point transfers (a major point of federal–provincial tension), and does not include a fixed escalator.

The achievement of other main elements of the accord seems doubtful. For example, while the accord mandated that a national health council be struck within three months, prospects for this have dimmed because the first and then a second deadline have passed.

The Chrétien government has, of course, had a number of important achievements over its tenure. There have been a number of important initiatives especially in the area of health information and research, as well as the agreement on a CHA dispute resolution mechanism in early 2002 that seemed to herald a turn toward more constructive federal–provincial relations in this area. The recently announced Health Reform Fund may prove to have important effects on the delivery of health care. However, judged against the oft-repeated promises of the Chrétien Liberals regarding major reform in health care, these modest achievements are likely to be seen, in the broader historical context, as no legacy at all.