

Health Care Cost Drivers

An aging population, increasing rates of chronic disease, new technology, and increasing pharmaceutical costs - these are some of the factors that increase the cost of health care substantially each year. These factors put pressure on the health care system and affect the province's ability to fund new programs.

The health care budget is \$2.3 billion - almost 40 per cent of the province's operating budget. In Nova Scotia, health care spending has been increasing at a rate of 7.5 per cent per year, well ahead of provincial revenue growth and other economic indicators. Based on this rate, by fiscal year 2024-2025, health care spending would exceed total revenues in the province. Since 2000-2001, the health budget has increased by \$650 million.

Rising public expectation of what our health care system should provide also increases the demand for services. But we're not alone here. Across Canada, the squeeze is on due to people's needs and expectations, rapidly growing costs and reduced federal cost sharing.

The province's aging population

One in seven Nova Scotians is over the age of 65. In Alberta, it is one in ten.

Those under 65 years of age visit their family doctors an average of five times a year, while people 65 years of age and older visit an average of nine times a year.

The province's Long Term Care budget alone has grown from \$155 million in 2000-2001 to \$246 million in 2004-2005.

Increasing rates of chronic disease

Nova Scotia has the highest rate of death from cancer and the second highest rate of diabetes in the country.

Medical care costs for people with chronic diseases account for 60 per cent of total medical care expenditures, or \$1.2 billion a year in Nova Scotia. Combining direct medical costs and indirect productivity costs, it is estimated that chronic diseases, such as cancer, heart disease or arthritis, cost Nova Scotia taxpayers more than \$3 billion a year.

Pharmaceutical costs

The province's pharmacare budget has grown from \$83,250,000 in 2000-2001 to \$102,954,000 in 2004-2005.

The number of retail prescriptions grew by eight per cent last year, the largest annual increase of the last decade.

The number of prescriptions dispersed has grown seven per cent annually since 1999.

The average Canadian will receive approximately 11 prescriptions each year at an average cost of \$44 per prescription. The dollar value of these prescriptions has risen by 13 per cent every year since 1998, growing from \$8.4 billion to \$15.9 billion in 2003.

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The need to access new technologies

An MRI machine costs approximately \$2.3 million and more than \$500,000 to operate annually.

A Single Plan Cardiac Cath Lab costs approximately \$1.3 million.

A Linear Accelerator (for cancer treatment) costs approximately \$3.5 million.

Other

Approximately 75 per cent of any province's health care budget goes to salaries.

1.5 million is spent each day on insured services in Nova Scotia (dental work, physician services, etc.).