

Provincial-Territorial Backgrounder

OTTAWA, September 14, 2004 – Premiers today unveiled a revised proposal in their negotiations with the federal government to achieve a national health agreement that would deliver real positive change for Canadians.

Premiers' Niagara-on-the-Lake Proposal

- **Annual Cost to the federal government: \$13.1 billion (2004/05)**
 - Federal share reaches 25 per cent and remains there (\$3.9B in 2004-05)
 - Comprehensive pharmacare (\$7.5B in 2004-05)
 - Medical travel in the Territories and Labrador (\$75M in 2004-05)
 - Equalization restoration to 2000-01 and meaningful strengthening going forward (\$1.3B in 2004-05)
 - Territorial Financing Formula – restoration of cuts to base (\$300M in 2004-05)

September 13/04 Federal Offer

- **Annual cost to federal government: averages \$2.1 billion for new health funding and \$1.2B annually for Equalization/TFF**
- **Territorial Health Access Fund: \$30 million annually for 5 years**
- **Actual cost to provinces/territories of federal commitments: \$11.5B annually**
 - Three jurisdictions estimate the cost of the federal election platform for wait time, primary care and home care to be approximately \$8B per year.
 - Catastrophic drug commitment (\$3.5B annually)

Premiers' Revised Proposal on Health (September 14, 2004)

- **Annual cost to the federal government: \$5.2 billion (2004/05)**
 - Federal share of total PT health spending to increase from 20 per cent to 25 per cent immediately and remains there (\$3.9B in 2004-05)
 - National pharmacare strategy, including formulary, purchasing and utilization, and a further contribution to catastrophic coverage (\$1.0 B in 2004-05).
 - Medical travel in the Territories and Labrador (\$75M per year)
 - Territorial Financing Formula – restoration of cuts to base (\$300M in 2004-05)

Health Funding Facts

- Annual increases in total provincial-territorial health spending average 7%.
- The federal proposal represents 2% of total annual PT health spending.
- The Premiers' new proposal would represent 6% of total annual PT health spending.
- The Premiers' new proposal will require the federal government to increase the allocation for its health transfer to PTs from 12% of its budget to 15%.
- Health spending averages greater than 40% of all PT program spending.
- Over the next 6 years, the provinces and territories will spend close to \$570 billion on health care, an average of \$95 billion annually.

Premiers' Proposal on Equalization

- As Prime Minister Martin committed in his letter to the Chair of the Council of the Federation on June 14, a First Ministers' Meeting in advance of the next federal budget to discuss the fiscal pressures all governments are facing.
- Until a meaningful strengthening of Equalization is achieved, restore the program to its 2000-01 level of \$10.9 billion.