Health care spending slowing

Real growth in provincial and territorial health spending after inflation is expected to be 1 percentage point less next year, the Canadian Institute for Health Information (CIHI) has reported. It will be the first decrease in 4 years.

The downswing is due to a "softening economy," says Geoff Ballinger, CIHI consultant, national health expenditures database. It's too soon to indicate a downward trend like the one that took hold between 1992 and 1997, when per capita spending declined by an average of 2% a year, said Ballinger. But "given [the events of] September 11 and the economic softening even before that, it's going to be tougher for provinces to raise taxes to finance health care."

According to *Preliminary Provincial and Territorial Government Health Expenditures Estimates*, real growth in health care spending is expected to hit 5.8% in 2001/02, down from 6.7% the previous year. These estimates don't take into account economic effects of the terrorist acts of Sept. 11, adds Ballinger. Since those attacks, almost all new federal spending has been focused on the war on terrorism, with health care and other issues shuffled to the background.

Canapress

Will the economic fallout from Sept. 11 affect health care funding?

Even with the decrease in real growth, provincial and territorial government health care expenditures are expected to hit $69.2 billion in 2001/02, $20 billion more than in 1996/97.

The percentage of total health spending allocated for physician services is expected to increase slightly for the first time in 4 years, with CIHI projecting an increase of 0.1% in 2001/02, after a decline of 2.3% during the previous fiscal year and 3.4% in 1999/2000. Ballinger says the projected increase is due primarily to Alberta's "dramatic" 22% hike in fee-for-service payments earlier this year.

In 2001/02, hospital expenditures will likely account for about 43% of all provincial health spending, physician services for about 20%. The remaining 37% is allocated to other institutions (10%), drugs (7.7%), public health and administration (7.3%), capital (5%) and other health care professionals. A decade ago hospital and physician services accounted for 71% of total provincial and territorial government health expenditures, 8 percentage points more than today. "Governments have focused attention on containing costs in hospitals," says Ballinger, "and to some extent they've been successful."

Despite cutbacks, health spending as a percentage of total provincial/territorial expenditures has continued to grow. In 1980/81 it accounted for 29% of total spending, compared with 37% in 2000/01.

"We don't know what the provinces will do next year," says Ballinger, since continued growth is sustainable only if a jurisdiction's gross domestic product continues to grow. "When this starts to decrease, we will see efforts to control growth, similar to the mid-1990s."

Ontario continued to lead as the province spending the largest proportion of its budget — an anticipated 43.9% in 2001/02 — on health; this accounted for 39.7% of its total spending.

CIHI will release its comprehensive report on health care spending, including private sector and federal expenditures, on Dec. 19. — *Barbara Sibbald*, CMAJ

Canada's first private genetic testing clinic "highly problematic": geneticist

Canada's first private genetic testing centre, which offers paying customers a profile of their predisposition to diseases such as cancer, heart disease and Alzheimer's disease, is drawing fire from geneticists.

For about $1500, the Saskatoon GenoCentre will test people for a variety of hereditary diseases that have a genetic component. Genometrics Corporation, the bioinformatics company behind it, hopes to open similar centres worldwide over the next 3 years.

Critics say the clinic takes advantage of the public's lack of understanding about the risks, benefits and limitations of genetic science. The private clinic is "highly problematic," says Vancouver geneticist Patricia Baird.

"I think this is a clarion call for provincial and federal governments to get together to work out policies that will protect people from exploitation," says Baird, who chaired the 1993 Royal Commission on New Reproductive Technologies. "Genetic testing needs to be offered in a nonprofit situation, so it's used only where it will bring clear benefit — not simply profit."

Dr. Srini Chary, the lone physician at the GenoCentre, says he understands concerns about privatization, but defends the company. "Because of limited funding and resources in the public system, it cannot necessarily keep pace," says Chary, who also serves as medical director of palliative care for the Saskatoon District Health. "Governments at the provincial and federal level have a role to play, but if [we] waited for them, it could be a long [wait]."

Saskatchewan's only medical geneticist, Dr. Edmond Lemire, questions whether it is right to charge people for genetic screening for many conditions that have no proven treatment, and also points out that the testing centre does not have an accredited geneticist on staff. — *Greg Basky*, Saskatoon