Federal fiscal blueprint dodges health concerns

The rhetoric seemed as rushed as the economic plan. *Kickstart. Quick fix. Immediate action. Even, enabling quick protective action.*

Some such form of hasty wording could be found on virtually every page of Finance Minister Jim Flaherty’s 2009/10 fiscal blueprint or in virtually every utterance made by federal officials during yesterday’s background briefings on the new Canadian budget.

Yet, while the minority Conservative government urged all Canadians to hurry out and rebuild the back deck or paint the spare bedroom as part of a 2-year renovation spree in response to the global recession, health-related measures and infrastructure were all but invisible in “Canada’s Economic Action Plan,” as Flaherty labeled the federal budget.

A $500-million outlay for the Canada Health Infoway and roughly $300 million to promote “greater integration of First Nations health programs with provincial and territorial health systems” were among the few health-related initiatives in the blueprint.

Meanwhile, the budgets of the nation’s 3 granting councils, including the Canadian Institutes of Health Research, will be slashed over the next 3 years as part of an ongoing exercise aimed at achieving efficiencies in program spending and “realigning” outlays along lines of government priority.

But federal officials, who speak on condition of anonymity during the briefings, argued that the health care system and the medical community aren’t facing the same dire circumstances now affecting other sectors of the economy and thus don’t require the same sort of stimulus measures.

That includes anything like monies for a national health human resources strategy, said one official. “The fact is that the need isn’t as great in the health sector right now.”

Federal responsibilities

Moreover, Finance officials and the budget itself sent clear signals that the government does not view health infrastructure and human resource needs as falling within its purview.

Health sector needs are more than adequately met by the scheduled 6% increase, to $24 billion, in federal payments to the provinces under the Canada Health Transfer “which, de facto, are the federal contribution to health infrastructure and human resources, even though that’s not our responsibility,” one Finance official argued.

As a consequence, hospitals and other health care facilities are precluded from tapping any of the roughly $12 billion in new infrastructure programs that lie at the core of the government’s economic stimulus package.

Pamela Fralick, president of the Canadian Healthcare Association and cochair of the Health Action Lobby, a coalition of 36 national health organizations, found it “troubling” that the government so clearly carved out a stance that it is not responsible
for health infrastructure or human resources. “We’re getting that message loud and clear. And that’s very disappointing.”

Fralick said a similar measure of disinterestness appeared to apply outlays for public health. She noted that while the government has repeatedly indicated over the past year that it would bolster funding for public health programming in areas such as food safety and drug oversight, the budget contains nothing to that effect. The budget does, however, contain a program that makes labs involved in regulatory missions eligible for a $250-million, 2-year pot set aside to modernize federal facilities. But it quickly noted that the monies are also ticketed for the upgrade of labs “for which a realistic business plan is submitted for the transfer of the facility to a university, business or non-profit organization.”

Canadian Medical Association president Dr. Robert Ouellet lamented the absence of monies aimed at redressing the national shortage of physicians and other health professionals. “All the political parties, during the election campaign, promised something on that,” he notes. But he welcomed additional funding for electronic record keeping.

**Health infrastructure**

Without question, the $500-million outlay for the Canada Health Infoway is the single measure that could theoretically have the greatest impact on physicians and the health community. The previous $1.6 billion that the independent, not-for-profit corporation had received was largely aimed at large electronic systems such as drug information and lab information networks within hospitals. But Finance officials said at least half of the new monies are intended for projects aimed at getting individual physicians to start keeping electronic health records for their patients.

“The goal is to have 50% of all Canadians with electronic health records by the end of 2010,” said one official. Although program details are sparse and must still be ironed out with the provinces, it is expected physicians will eventually receive some measure of direct financial aid to purchase electronic equipment or hire staff that would be necessary as part of any move toward electronic record keeping.

In a related measure, the budget introduced a temporary 100% Capital Cost Allowance Rate for computer hardware and systems software acquired before February 1, 2011, for which physicians would be eligible. The move is projected to cost the government $340 million in the coming fiscal year and $355 million in 2010/11.

**First Nations health**

Federal officials also touted a $305-million, 2-year outlay to improve health outcomes for First Nations peoples as an indication that the health sector wasn’t ignored in the budget.

The new monies are part of a broad, ongoing initiative that aims to have the provinces, rather than the federal government, provide health services for First Nations peoples living on reserves, included expanded availability of noninsured services such as dental care, eye care and prescription drugs.

Finance officials said no province has yet made a commitment to provide such services. But they argued that’s primarily because negotiations haven’t yet been completed on how such a shift in health care delivery will be financed. They also claimed
that the provinces have expressed reluctance to become involved until existing health facilities on reserves are upgraded. To that end, the budget provides $135 million over 2 years to renovate health clinics and nurses’ residences on reserves.

Other measures

Overall, federal spending will rise by $21.2 billion in 2009/10 to $258-billion, while the government will run a deficit of $33.7 billion. Among other health and research related measures:

• $50 million over 2 years was set aside for the development of ongoing systems and standards by which the foreign credentials of immigrants, including medical professionals, are assessed. The bulk of the monies are intended to help the provinces and territories develop a “common framework” of assessment by September.

• $165 million over 2 years will issue for “completion of drinking water and wastewater infrastructure programs” in 18 First Nations communities.

• Atomic Energy of Canada Ltd. received a whopping increase for the second consecutive year. Its budget was topped up by $351 million, with federal officials saying a “small portion” of that is aimed at assessing how the lifetime of the aging National Research Reactor might be extended beyond 2011 to ensure some measure of domestic medical isotope supply in the wake of its recent shutdown and the cancellation of its replacement, the flawed Multipurpose Applied Physics Lattice Experiment reactors (CMAJ 2009;178[5] 536-8, CMAJ 2008;178[6] and CMAJ 2008;178[13]:1648).

• Universities and colleges will receive $2 billion over 2 years to “repair, retrofit and expand facilities.” The monies will be available from Industry Canada and the program is intended “for fixing roofs, deferred maintenance, that kind of thing, not for new equipment,” a Finance official said. The pot will be split 70-30 between universities and colleges and there will be some form of matching dollar requirement for the post-secondary institutions.

• An aggregate $137.9 million will be cut from the base budgets of the nation’s 3 granting councils, including the Canadian Institutes of Health Research (CIHR), over the next 3 years. They’ll take a collective $17.7 million cut in the coming fiscal year, a $43 million cut in 2010/11 and an $87.2 million hit in 2011/12. A breakdown of the blow each council must individually absorb in each year was not made available. Currently, CIHR’s base budget is $733.3 million. The Natural Sciences and Engineering Research Council’s budget is $709 million, while that of the Social Sciences and Humanities Research Council is $249 million.

• The budgets for Health Canada and the Public Health Agency of Canada will be reduced by an aggregate $167.8 million over the next 3 years. Again, no details were provided but the department and agency will take a $42.7 million hit in the coming fiscal year, $52.9 million cut in 2010/11 and $72.2 million cut in 2011/12.

• The Canada Foundation for Innovation receives $150 million to top up its current “Leading Edge and New Initiatives Funds Competition,” while $600 million has been set aside for a new research infrastructure competition to be established by 2011, on the provisos that the monies are spent in areas deemed a “priority” by the federal industry minister and that the foundation develops a new strategic plan.
• $2 million was set aside to conduct a “feasibility study” for a proposed Arctic research station (CMAJ 2009;180[1]:29). An additional $85 million over 2 years was funneled into “maintaining or upgrading key existing Arctic research facilities.”

• $87.5 million will be spent over 3 years to “temporarily expand” the Canada Graduate Scholarships program, of which $35 million will issue to CIHR. The expansion will create an additional 500 doctoral scholarships, valued at $35,000 per year for 3 years beginning in 2009/10, as well as an additional 1000 master’s scholarships, valued at $17,500 for one year in each of 2009/10 and 2010/11. Scholarships at the Social Sciences and Humanities Research Council will be “focused on business-related degrees.”

• An additional $50 million outlay will issue to develop the Institute for Quantum Computing in Waterloo, Ontario.

• The Canadian Space Agency will receive $110 million over 3 years to support the development of advanced robotics and other space technologies.

The projected $33.7 billion deficit for 2009/10 marks the first time since 1996/97 that the federal government will operate in the red and breaks a 2008 federal election promise by Harper.

Still unclear is whether the budget will survive in Parliament. Although the Liberals are hinting that they will seek amendments, it’s unknown whether those will be substantive or whether the grumbling is but typical political posturing in the aftermath of a fiscal blueprint.

Last December, Harper’s minority government narrowly averted defeat at the hands of a Liberal-New Democrat coalition after unveiling a mini-budget that provided no economic stimulus while gutting financing for Opposition parties. In the ensuing melee, it took an extraordinary measure — proroguing Parliament — for the government to stave off defeat.

The 2009/10 fiscal blueprint is far more conciliatory, indicating that Harper has finally tuned his radar to Canadians’ concerns about the economy. — Wayne Kondro, CMAJ

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