

Appendix 2 (as submitted by the authors): Capacity to Fund Healthcare from Public Cooffers: Canada’s “Vertical Imbalance” Over Time

Date	Source	Context	Key Findings
November 1999	Auditor General of Canada – Denis Desautels	Federal Support of Health Care Delivery	Federal government should explore options to improve information on its total contribution to PTs for health care.
2000	Department of Finance Canada	Refuting PT claims that the federal share of health funding was just 11%	Both the cash and health tax transfer of the CHST must be included. Including both brings the federal contribution to 30% nationally of PT health spending (34% in Ontario).
August 2000	Premiers	Introduction of the concept of vertical imbalance.	Release of <i>Understanding Canada’s Health Care Costs</i> - estimates an \$8.8 billion gap between 2000-01 level of CHST and what it would have been had cuts not been made.
September 2000	First Ministers	First Ministers Health Accord	Additional \$18.9 billion in CHST funding over 5 years plus \$2.3 billion for medical equipment, health information technology and primary care.
August 2001	Premiers	Report on Fiscal Imbalance by Finance Ministers	Report charts decline of CHST cash from 18.1% of PT health, education and social services spending in 1994-95 to 12.6% in 2000-01. Presents 4 options for restoration.

Appendix to: Naylor CD, Boozary A, Adams O. Canadian federal-provincial/territorial funding of universal health care: fraught history, uncertain future. *CMAJ* 2020. doi: 10.1503/cmaj.200143.

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August 2002	Premiers	Conference Board report on fiscal imbalance	Federal surplus projected to be \$85.5 billion by 2019-20 and net debt eliminated while PT governments would be in collective deficit of \$12.2 billion and have net debt of \$387 billion.
September 2002	Auditor General of Canada – Sheila Fraser	Status update on the 1999 audit re: federal support for health care	There is no agreed-upon estimate that captures the federal contribution to health care.
March 2004	PT Finance Ministers	Updated Conference Board report on fiscal imbalance	Projected federal surplus of \$78 billion and net debt reduced to \$128.8 billion by 2019-20 compared to collective PT deficit of \$11 billion and net debt of \$431.7 billion.
July 2004	Premiers	Premiers' Action Plan for Better Health	Call on federal government to assume full financial responsibility for a drug plan for all Canadians and to increase the Canada Health Transfer to cover 25% of total PT health spending.
August 2004	Department of Finance Canada	Further update of Conference Board report on fiscal imbalance	Under different assumptions about federal debt repayment and PT revenue growth over 2004-05 to 2014-15, federal surplus projected to be \$24.4 billion and collective PT deficit \$3.5 billion in 2014-15.
September 2004	Department of Finance Canada	Fact sheet on federal support for health care	Disputing PT claims that the federal share of PT health spending was 16% - says CHT cash+ tax points represents 33% of PT health spending – adding a share of equalization and federal direct health

			spending brings the federal share up to 40%.
April 2006	Council of the Federation	Report of the Advisory Panel on Fiscal Imbalance	3 recommendations on vertical fiscal imbalance, including transparency in tax point adjustments. Increase in CHT/CST per capita cash, continuation of CHT 6% increase through 2013-14 and a growth rate of 4.5% for the CST over the same period.
February 2010	Office of the Parliamentary Budget Officer	1 st Fiscal Sustainability Report	Projected fiscal gap estimate of 0.97% GDP over a 75 year horizon assuming a debt-to-GDP ratio of 33.9% - rising to 1.89% of GDP if 6% CHT escalator continued beyond 2013-14.
September 2011	Office of the Parliamentary Budget Officer	2 nd Fiscal Sustainability Report	Adds fiscal gap estimates for PT governments overall. Assuming target debt-to-GDP ratio of 36.6% federal and 20.3% PT, gap estimates were 1.2% of GDP federal and 1.5% of GDP for PT governments.
January 2012	Office of the Parliamentary Budget Officer	Implications of the December, 2011 CHT changes	As a result of changes announced by Flaherty, PT fiscal gap increased to 2.9% of GDP while federal gap reduced to -0.4% of GDP.
December 2016	Ontario Minister of Finance	Cost drivers of health spending	Call for a 5.2% CHT escalator based on Conference Board estimates of components of cost growth.

October 2017	Office of the Parliamentary Budget Officer	Fiscal Sustainability Report 2017	First time presentation of fiscal gap estimates at individual PT level. Federal gap projected to be -1.2% of GDP, subnational gap estimate at 0.9% of GDP. Highest gaps were AB 4.6%, NL 6.5% and Territories 7.2% of GDP.
September 2019	Conference Board of Canada	Update on fiscal health of federal versus PT governments	Projections out to 2040-41. Federal government will be able to reduce net debt from current \$771 billion to \$679 billion by 2041. In a scenario where PT health costs grow by 4.9% annually PT net debt will reach \$2.3 trillion by 2040-41 and account for 54% of PT revenues. By 2040-41 CHT will represent 18.8% of PT health spending down from 22% in 2018.
September 2020	Council of the Federation	Annual meeting communiqué	Call for immediate unconditional increase in the CHT to raise the federal share of PT health spending from 22% to 35% --would represent an increase of \$28 billion.