Canadian Healthcare System Fact Sheet
American Medical Student Association
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History

- The Canadian healthcare system was built province-by-province. In 1947, Saskatchewan became the first province to institute a publicly financed healthcare plan, and other provinces soon followed. By 1971, a provincial-federal partnership plan providing universal healthcare was in place. Some provincial differences existed then, and many remain to this day [1,2].

Organization

- Canada is said to have a "single-payer" system, which means the government is the sole financer of healthcare. In actuality, there are also other "payers" – citizens pay premiums in some provinces, and private insurance companies do exist [1].
- The administration of the universal healthcare plan (called "Medicare") falls under the realm of Canada's provinces and territories. The federal government provides regulation, oversight, and some federal "transfer payments" to provincial governments (e.g. the federal government gives some money to the provinces to provide healthcare) [1].
- The Canada Health Act of 1984 set forth five criteria for federal funding for healthcare: 1) Public administration; 2) Universality; 3) Comprehensiveness; 4) Accessibility; and 5) Portability (easy transfer when citizens move to new provinces). The federal government enforces this act by its power to withhold funding to non-complying provinces [2].
- The public nature of the *administration* of Canadian healthcare contrasts with the mixed private and public *delivery* of Canadian healthcare. That is, most physicians are in the private sector, many working out of their own offices as with the United States [1]. There are also both private and public healthcare facilities in Canada [3].
- **Thus, the notion that Canada is "socialized medicine" is incorrect, since socialized medicine refers to a system in which the government owns the means of delivering healthcare (e.g. the British National Health System, in which most physicians and healthcare facilities are in the public sector) [3].**
- The Canadian government is unique in the world for prohibiting private health insurance that duplicates benefits covered by the public system. The role of the private insurance companies is mainly to address any gaps in coverage [1].

Financing

- Financing occurs predominantly through provincial taxes (including income taxes, payroll taxes, and sales taxes) and the federal transfer payments, which are funded by federal income taxes [1].
- Alberta and British Columbia charge a small monthly healthcare premium [1].
- Private supplemental insurance accounts for a significant portion of healthcare financing (28% of healthcare financing in 2002) [3].

Eligibility and Coverage

- Everyone is covered, regardless of income, race, sex, or any other factors [1].
- Guaranteed benefits include all medically necessary hospital/physician services [3].
- Provinces, the federal government, and municipal governments provide other benefits to seniors, low-income individuals, and other groups of people. Many Canadians obtain private insurance to cover dental care, outpatient prescription drugs, rehabilitation services, and other benefits [3].

Physicians

- Over half of physicians in Canada are general practitioners (GP's) or family practitioners (FP's), compared to the U.S., in which only about a third of doctors are generalists [1].
- Canadian GP's or FP's serve as gatekeepers for specialist care, unlike in America, in which patients often go directly to a specialist without referral [1,5].

Reimbursement mechanisms

- Physicians are reimbursed predominantly on a fee-for-service basis by the provincial government; the fee schedule is negotiated between the provincial government and the provincial medical association [1].
- Most hospitals receive a global budget from the government, which is negotiated on an annual basis. The hospital must find a way to stay within this budget from year to year [1,3].

Choice

- Canadian citizens enjoy free choice of their physicians and few financial barriers to care. [1]. Physicians enjoy a great deal of autonomy over their practice patterns and where they practice [2]. This stands in contrast with the United States, in which managed care often dictates which physicians a patient can see and what services are covered.
- On the other hand, there is not as much choice in insurance plans as there is in the United States; everyone contributes to the same public plan, which is available to everyone.

Cost of care: an international perspective

- In 2001, Canada spent $2,792 per capita on healthcare, whereas the U.S. spent $4,887 per capita on healthcare. That is, Canada spent about 57% of what the U.S. spent per capita [4].
- Despite this, Canadian healthcare is expensive by world standards (in 2001, 9.3% of Canada's GDP was spent on healthcare, compared with a median of 8.0% in other industrialized countries). Provinces pay for most health expenses [1,4].

Problems

- Budgetary shortfalls in the early 1980's prompted the federal government to reduce transfer payments to provincial governments, which in turn decreased hospital budgets and reimbursements to physicians [2].
- The current push for privatization in Canada stems from the idea that private insurance companies may be able to restore some of the funding to the healthcare system [2]. However, this idea is extremely controversial, as many are concerned that privatization will result in inequities in the system.
- There are coverage gaps in the healthcare system, particularly for outpatient prescription drugs and home care [2].
- There is significant tension between the federal and provincial governments over both financing and jurisdiction, which has resulted in several heated battles in recent years [2].
- Waiting lists for certain elective procedures is a problem for some Canadians [1].

References

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