

Ontario Health Coalition

Health Care Cuts Backgrounder & Quick Facts

December 2012

The “austerity” budget plan of the McGuinty government aims to carve >\$3 billion from health care funding.

Ontario is in the first of a five-year “austerity” budget plan. (“Austerity” refers to a particularly harsh approach to budget cuts, public service cuts and privatization, and labour force restructuring.) Global budgets for hospitals are set at 0% - in real dollar terms this is a significant cut -- far less than enough to meet inflation, let alone population growth and aging. Seven months into the fiscal year, home care funding is just being released. Twelve of 14 Community Care Access Centres have allocated their home and community care funding. Home care funding is insufficient to meet the current waitlists and offloading of hospital patients.

As a result, hospitals and Community Care Access Centres across Ontario are cutting services, waitlisting patients/clients, and posting deficits.

The Ontario Health Coalition has released its first edition of a new collection of cuts, privatization and deficits. Called the “Austerity Index” it can be found at www.ontariohealthcoalition.ca. Regular updates will be released as information about cuts is collected by the coalition.

Latest national health statistics show Ontario ranks 8th of 10 provinces in health care funding

Rising health spending is the primary argument used to justify cuts. Contrary to false claims by Ontario’s Health Minister of wildly increasing health spending, in fact Ontario ranks 8th out of 10 provinces in health care funding – both on a per capita basis and as a percentage of provincial GDP. See Tables 1 & 2. Health care funding in Ontario is shrinking, not growing, as a proportion of the provincial budget. Hospital funding in Ontario is the lowest per capita of any province in the country. (Source for health and hospital spending data: CIHI 2012 National Health Expenditures Database.)

Table 1.

Ontario Public Health Care Spending Per Person 2012 Compared to Other Provinces (Current \$)	
Newfoundland	\$ 5,399
Saskatchewan	\$ 4,952
Alberta	\$ 4,896
Manitoba	\$ 4,816
PEI	\$ 4,663
Nova Scotia	\$ 4,463
New Brunswick	\$ 4,377
Ontario	\$ 3,963
British Columbia	\$ 3,937
Quebec	\$ 3,792
Average Other Provinces	\$ 4,588
Difference Between Ontario and Average of Other Provinces	- \$ 635 per person x 13,529,000 people = \$8.6 billion less

Table 2.

Ontario Public Health Care Spending As a Percentage of Provincial GDP Compared to Other Provinces 2012	
PEI	12.79 %
Nova Scotia	10.97 %
New Brunswick	10.63 %
Manitoba	10.14 %
Newfoundland	8.97 %
Quebec	8.77 %
British Columbia	8.16 %
Ontario	8.07 %
Saskatchewan	7.30 %
Alberta	6.21 %

Source: all per capita spending data is from the Canadian Institute for Health Information (CIHI), National Health Expenditures Database, 2012. Percentages of GDP calculated using CIHI GDP figures from the National Health Expenditures Database, 2012.

Health care spending shrinking not growing/ Ontario ranks last in Canada in all program funding

Contrary to the claims of this government, a review of Ministry of Finance Ontario Budgets for the last decade shows that health spending in Ontario is *shrinking*, not growing, as a percentage of the provincial budget. See Chart 1. To put Ontario's health care funding picture into context: Ontario's health spending is a declining share of all provincial government spending on all programs, and Ontario's spending on all programs and services ranks last of all provinces in Canada. (See Ontario Ministry of Finance, 2012 Budget Chart 1.10 here: http://www.fin.gov.on.ca/en/budget/ontariobudgets/2012/ch1.html#c1_chart10)

- Hospital funding is shrinking as a proportion of health care spending and is now the lowest per person in Canada. See Table 3.
- Despite rhetoric aimed at covering up service cuts, Ontario's home care funding is shrinking as a proportion of health spending (data for pan-Canadian comparisons not available).

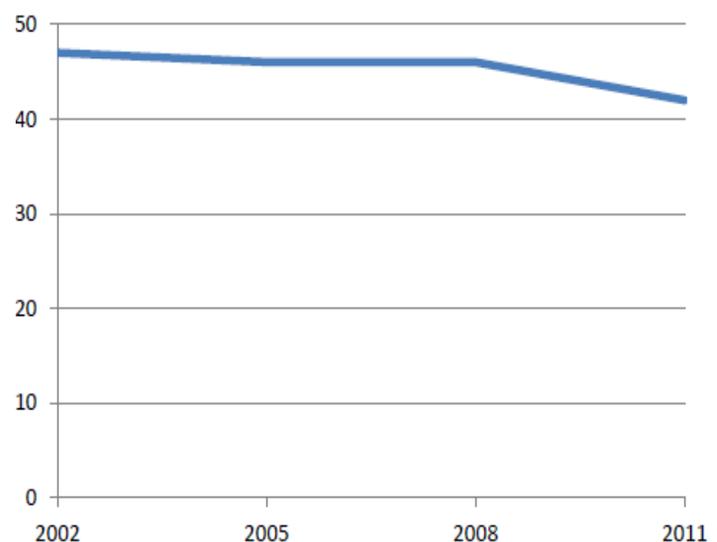
\$15 billion in fiscal capacity annually, lost through erosion of the tax base

Why are we facing such a funding crunch? In a dubious first, Ontario led the country in tax cuts – both corporate and personal income tax cuts primarily benefiting the wealthiest and corporations – starting in 1995 under the Mike Harris government, but continuing also through the McGuinty government with ever expanding corporate tax cuts. Ontario ranks now among the very lowest corporate tax jurisdictions in North America, and continues to plan corporate tax cuts despite the failure of corporations to invest in Ontario. This erosion of the tax base was compounded by the 2008 recession, leading to the deficit. The impact of the tax cuts for the wealthy and corporations should not be understated. Economist Hugh Mackenzie calculates that Ontario is now losing \$15 billion each year in forgone tax revenue that could have been used to provide public services like health care that benefit everyone.

Table 3.

Ontario Public Hospital Spending Per Person 2012 Compared to Other Provinces (Current \$)	
Newfoundland	\$ 2,519
Alberta	\$ 2,194
New Brunswick	\$ 1,962
Manitoba	\$ 1,843
PEI	\$ 1,831
Saskatchewan	\$ 1,784
Nova Scotia	\$ 1,762
British Columbia	\$ 1,557
Quebec	\$ 1,381
Ontario	\$ 1,372
Average Other Provinces	\$ 1,870
Difference Between Ontario and Average of Other Provinces	- \$ 498 per person x 13,529,000 people = \$6.7 billion less

Chart 1. Health care funding as a percentage of all Ontario program spending



Source: Ontario Ministry of Finance, Ontario Budgets 2002, 2005, 2008, 2011.