

Health-care spending to outpace inflation: report

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OTTAWA - Canada's health-care spending will continue to outpace inflation this year, reaching \$171.9 billion or \$5,170 per person, a new study predicts. Spending is forecast to be \$10.3 billion more than the estimated expenditure for 2007, or a 3.4 per cent increase after adjusting for inflation and population growth.

That's similar to growth rates of 2.8 per cent last year (estimated), 3.7 in 2006 and 2.8 in 2005, says the annual study by the Canadian Institute for Health Information. It predicts health expenditures will be 10.7 per cent of the gross domestic product this year, their highest share ever.

"Health-care spending is expected to grow faster than Canada's economy, outpacing inflation and population growth," said Glenda Yeates, president and CEO of the health-information group. "In the context of recent changes in the economy, it is important to keep monitoring these trends in order to better understand how our dollars are being spent and how we compare with other countries."

But the good news is that the growth has been steady for almost 10 years now, enabling governments to plan and adjust accordingly, says the group's Francine Anne Roy. "What will be interesting for us is to see what will be the impact of any change in the economy ... on decision-making around the health-care system," said Roy, a director.

Hospitals still make up the largest component of Canada's health-care spending but their share is steadily declining, says the group, created by the federal, provincial and territorial governments to monitor industry trends. Hospitals are expected to account for 28 per cent, or \$48.1 billion, of total health-care spending this year, down from 30.7 per cent in '98 and 44.7 per cent in '75.

Spending on both prescribed and non-prescribed drugs will account for 17.4 per cent of health-care spending, or \$29.8 billion, the study predicts. That's up from 15 per cent a decade ago and 8.8 per cent in '75. The study says payments to physicians will account for about .4 per cent of total spending in 2008, or \$23 billion. That share has remained relatively stable since '99.

At 8.3 per cent, spending on drugs is expected to grow faster than spending on hospitals (5.8 per cent) or physicians (6.2) this year. Per-capita health spending is predicted to be highest in Alberta and Manitoba, at \$5,730 and \$5,555, respectively, and lowest in Quebec (\$4,653) and British Columbia (\$5,093).

Total provincial health expenditures as a percentage of provincial GDP will this year range from 6.9 per cent in Alberta and 8.8 per cent in Newfoundland and Labrador to .6 per cent in Nova Scotia and 15.3 per cent in Prince Edward Island.

In 2006, the latest year available for age-specific data, per-capita health-care spending by provincial and territorial governments was highest for infants younger than one (\$7,891) and people 65 and older (\$9,967).

Health-care spending on Canadians between the ages of one and 64 averaged \$1,832 per person. For those age 65 to 69, the average per-capita spending was \$5,369 in 2006. For those age 85 to 89, per person spending reached an average of \$21,209.

Canadians age 65 and older accounted for about 44 per cent of health-care spending by provincial and territorial governments in 2006, about the same as it's been since age-specific data was first recorded in '98.

Among 25 countries that have comparable accounting systems in the Organization for Economic Co-operation and Development in 2006, per-capita spending on health care remained highest in the United States at US\$6,714.

That's followed by Norway (US\$4,520), Switzerland (US\$4,311) and Luxembourg (US\$4,303). Canada was in the top fifth of countries in per-capita spending on health, spending US\$3,678 per person, in the same range as France, Germany, the Netherlands and Austria. The lowest per-capita health-care spending was in Turkey (US\$591) and Mexico (US\$794).