An Overview of the Canadian Health Care System

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Abstract

The Canadian health care system is a publicly financed system administered by ten provincial and three territorial governments. The purpose of this article is to provide an overview of the universal health care system in Canada, including its history, the health status of Canadians, health care funding and spending, and health research and data collection. Health care spending in Canada amounts to 11.6% of the country’s gross domestic product and is estimated to have been $200.5 billion Canadian dollars in 2011. Hospitals account for the largest source of health care spending (29%), followed by drugs (16%) and physician spending (14%). Of the total health care spending, 70% is paid for by the public system. Due to the Canadian population being covered by the universal health care system, health data are being collected and can be used to monitor the health care system and inform evidence-based medicine.

Key words: Canada, delivery of health care, economics, financing, health services

Introduction

The Canadian health care system is a publicly financed system providing universal health coverage to its 34 million citizens [1–3]. Health care in Canada is funded and administered by the provincial and territorial governments as outlined in the Canadian Constitution [1]. The Canadian health care system is decentralized with a collection of thirteen health insurance plans in each of the ten provinces (British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island) and three northern territories (Northwest Territories, Nunavut, and Yukon) (Figure 1) [1–3]. The provinces and territories have primary jurisdiction over their health care system under the direction of their provincial or territorial Minister of Health [4]. The purpose of this article is to provide an overview of the health care system in Canada and discuss health care provision by the provincial and territorial governments. The overview describes the history of the health care system, health care funding and spending for hospitals, drugs, physicians, and non-insured services, as well as health research and data collection. All costs are presented in Canadian dollars.

History of the Canadian Health Care System

Universal health coverage in Canada started in the mid-1940s when one of the provinces, Saskatchewan, established a health insurance plan to publicly cover hospital services [1, 2]. In 1957, the federal government passed the Hospital Insurance and Diagnostic Services Act to share the costs for hospital and diagnostic services with the provinces [1]. Universal health coverage was established with each of the provinces developing their own health insurance plans to cover medical services for their residents. The Medical Care Act was replaced by the Canada Health Act of 1984 which currently forms the basis for universal health coverage (Medicare) in Canada [1]. It aims to provide all eligible Canadian residents with “medically necessary” health services [1, 2] without patients having to incur direct financial charges in the form of user fees or cost sharing for their care [5].

Health care in Canada is governed by five criteria outlined in the Canada Health Act which are: public admini-
stration, comprehensiveness, universality, portability, and accessibility [1, 2]. Public administration stipulates that a public authority accountable to the provincial government must administer the health insurance plan within the province on a non-profit basis. The next criterion, comprehensiveness, states that each province must fund services that are “medically necessary” as determined independently by each province. The medical insurance plan within each province must also be universal, providing coverage to all eligible citizens on uniform conditions. The medical insurance plan ought to be portable by allowing citizens to be covered for medical care which is received in other Canadian provinces during temporary absences from their home province. Lastly, the Canada Health Act stipulates that health care services are reasonably and uniformly accessible to all citizens without financial barriers or discrimination [1, 2]. The Canada Health Act also states that patients should not incur user charges or extra-billing for medical services which are covered by provincial or territorial health insurance plans [4].

The federal government contributes to the provincial and territorial health care insurance plans through Canada Health Transfer payments, which account for about 15% of the total health care spending [1, 6]. Provinces and territories receive a share of the federal payments if they adhere to the conditions outlined in the Canada Health Act and failure to do so may result in financial penalties for the provinces [4]. The rest of the health care funds (85%) come from provincial and territorial taxes [6]. For example, families earning the average Canadian household income of $55,271 (2012 dollars) with a tax rate of 39.4% will pay an estimated $5,285 towards health care from their taxes [7].

Health Care Funding and Spending

The federal government is responsible for health care for the Aboriginal Peoples, Canadian forces members and veterans, and federal inmates [1]. The federal government directly funds Health Canada, which is the federal department responsible for national public health, the Public Health Agency of Canada which is responsible for health protection and health promotion, as well as health research through the Canadian Institutes of Health Research [6,8]. Provincial and territorial governments are responsible for the administration of health care spending in their provinces or territories [1,2].

Health care spending in Canada amounts to 11.6% of the country’s gross domestic product and according to the Canadian Institute for Health Information, it was estimated to have been $200.5 billion Canadian dollars (CAD) in 2011 [8]. Per capita spending varies from province