

# Stalemate: What's holding up a new health accord?

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Federal and provincial health ministers agree privately about how to improve health care in Canada, but their hands are tied until the prime minister and premiers strike a new funding deal.

Federal Health Minister Jean-Yves Duclos and his provincial counterparts have met 12 times in 2022 to discuss health care reforms as hospitals across the country reported crises due to workforce shortages and surges in respiratory illnesses.

According to Duclos, the ministers achieved consensus on data sharing and workforce recruitment and retention at a November meeting in Vancouver — but their premiers refused to sign off.

The standoff boils down to a “futile fight on dollars,” Duclos told reporters, and whether those dollars come with strings attached.

The premiers want the federal government to cover 35% of the public cost of providing health care via a \$28-billion increase to the \$45.2-billion Canada Health Transfer, starting from 2022. They also want that funding to increase by 6% annually going forward.

However, the federal government said it already covers more than 38% of health care costs through a combination of the Canada Health Transfer, targeted funding envelopes for priorities like mental health and home care, and “tax points” given to the provinces in the 1970s allowing income and corporate taxes collected by the provinces to fund health care directly. Since 2017, the federal health transfer has grown in line with Canada’s GDP or at least 3% annually.

Prime Minister Justin Trudeau said more money is on the table if the provinces

commit to reforming health care — although he hasn’t specified publicly what that might entail.

“We’re absolutely willing to invest much more in health care, but there has to be clear commitments and results that are going to change things for Canadians,” Trudeau told reporters.

The prime minister put off renegotiating federal health funding during the COVID-19 pandemic, giving the provinces a extra \$2-billion lump sum instead.

In November, Duclos offered an increase in funding in exchange for improvements in data sharing, but according to the federal health minister, the provinces did not want to accept any conditions for the money.

“That’s an unfortunate thing, because before we come to the means that we need to achieve some ends, we need to agree on the ends and to speak publicly about them,” Duclos said.

British Columbia Health Minister Adrian Dix said reform is already underway in most provinces and Duclos didn’t come to the table with specifics. Meanwhile, the prime minister hasn’t committed to sitting down with the premiers as a group, preferring to negotiate one-on-one or via the federal health minister.

“It’s always a new moving excuse, a new line in the sand that drifts away after the tide comes in,” Dix said.

The premiers said they cannot agree on a new funding deal until they meet as a group with Trudeau, calling for renewed talks in 2023.

The stalemate has drawn criticism, given that all the provinces have recently experienced or are on track for budgetary surpluses, and all but Newfoundland

and Labrador are sitting on larger fiscal balances than before the pandemic.

“The pandemic revealed plenty of problems with provincial health care systems, from a shortage of nurses to atrocious long-term care, to lack of surge capacity to deal with major crises. Many of these problems were a result of chronic underfunding, which has been exposed by COVID-19 over the past two years,” the Canadian Centre for Policy Alternatives reported. Now, “There are no more financial excuses to avoid action on these fronts, only political ones.”

The federal government is unlikely to tie the Canada Health Transfer to performance, but it has imposed conditions on additional funding envelopes for targeted priorities in the past.

During the last round of health funding negotiations in 2016, the provinces initially pushed for an unconditional increase to the federal health transfer, but New Brunswick broke ranks to sign its own deal, and other provinces followed suit.

Duclos said the federal government hasn’t ruled out taking the same divide-and-conquer strategy in this round of negotiations. “Sometimes we need to recognize the diversity of conditions and ambitions that we naturally have in a federation.”

**Lauren Vogel, *CMAJ***

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