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Trends in Health Care Spending

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This presentation

About CIHI

- Who we are

Trends in Health Care Spending

- How much is being spent on health care?
- Where is the money being spent?
- How does health care spending compare across Canada?
- How does Canada compare internationally?

Looking Forward

- Issues to monitor in the future
Who we are: Quick facts

CIHI

Independent, not for profit organization that provides essential information on Canada’s health system

Established in 1994 through an agreement between the federal, provincial and territorial governments to forge a common approach to addressing the “deplorable state of health information”

Led by a 16-person Board of Directors, with representation across the country

Receives most of its funds from the federal, provincial and territorial governments

Neutral and objective in fulfilling its mandate
CIHI
What we do:
Better Data.
Better Decisions.
Healthier Canadians.

Interactive analytical tools

Your Health System
Patient Cost Estimator
Wait Times Tool

Quick Stats
Interactive data
Pre-formatted data tables

Analytical publications

• National Health Expenditure Trends
• Survey on Medical Isotopes Supply Disruption, 2010
Trends in Health Care Spending
Slight increase in the rate of growth compared with the start of the decade

- Total health expenditure is expected to grow by 3.9%, reaching $242 billion in 2017, or $6,604 per person

Drug expenditure growth fastest among 3 largest health spending categories

Provincial per capita health expenditures vary

- In 2017, total health expenditure per capita is expected to range from $7,378 in Newfoundland and Labrador and $7,329 in Alberta to $6,367 in Ontario and $6,321 in British Columbia

Canada’s health care spending per capita is among the highest internationally
How much does Canada spend on health care?

Source
National Health Expenditure Database, Canadian Institute for Health Information.
Increase in the Pace of Growth

Growth in total health expenditure per capita, Canada, 1976 to 2017

Notes
Calculated using constant 1997 dollars.
See data table A.1 in the companion Excel file.
AAG: Average annual growth rate.

Source
National Health Expenditure Database, CIHI.

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How does Canada compare internationally?

2015 (year of most recent available data)

- **Per person ($CA)**
  - **United States**: 16.9% of GDP, $11,916
  - **France**: 11.1% of GDP, $5,677
  - **Germany**: 11.2% of GDP, $6,709
  - **Sweden**: 11.0% of GDP, $6,601
  - **Canada**: 10.4% of GDP, $5,782
  - **Netherlands**: 10.7% of GDP, $6,639
  - **Australia**: 9.4% of GDP, $5,631
  - **New Zealand**: 9.3% of GDP, $4,443
  - **United Kingdom**: 9.9% of GDP, $5,170

**OECD average**
- 8.9% of GDP
- $4,826

Note: Total current expenditure (capital excluded). Expenditure data is based on the System of Health Accounts.

Health spending continues to vary across Canada

Source
National Health Expenditure Database, Canadian Institute for Health Information.

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Pace of growth picking up in many provinces

Provincial/territorial government–sector health spending growth rates

Notes
f: Forecast.
AAG: Average annual growth.
Sources
Table B.4.1 (Series B), National Health Expenditure Database, CIHI; Statistics Canada.
Where is most of the money being spent in health care in 2017?

- **Hospitals**: 28.3% of health spending, $1,871 per person, 1.9% growth
- **Drugs**: 16.4% of health spending, $1,086 per person, 4.2% growth
- **Physicians**: 15.4% of health spending, $1,014 per person, 3.4% growth

**Growth per person has outpaced that for hospitals or physicians in recent years.**

*Source*
National Health Expenditure Database, Canadian Institute for Health Information.
Hospitals, Drugs and Physician Services: More than 60% of Total

Category shares of total health spending, Canada ($billion and percentage share)

- Hospitals, $68.6, 28.3%
- Drugs, $39.8, 16.4%
- Physicians, $37.2, 15.4%
- Other Institutions, $26.9, 11.1%
- Other Professionals, $25.4, 10.5%
- Other Health Spending, $15.8, 6.5%
- Public Health, $13.4, 5.5%
- Capital, $8.9, 3.7%
- Administration, $6.1, 2.5%
- Other Health Spending, $26.9, 11.1%
- Public Health, $13.4, 5.5%
- Capital, $8.9, 3.7%
- Administration, $6.1, 2.5%

Note
2014 is the latest year of actual expenditure data available.

Source
National Health Expenditure Database, CIHI.
Slower growth in hospital expenditures since 2010

Source
National Health Expenditure Database, CIHI.
Hospitals and physicians are funded mostly by the public sector

Public- and private-sector shares by category, 2017f

Public-sector share  Private-sector share

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Note
f: forecast

Sources
National Health Expenditure Database, CIHI; Statistics Canada.
Looking forward
Barriers to care: Access to diagnostic imaging often more difficult in Canada

40% of Canadian primary care doctors thought their patients often experienced difficulty getting specialized diagnostic tests (e.g., CT imaging, mammogram, MRI).

How does Canada compare (2015)?

- New Zealand: 54%
- Switzerland: 1%
- Netherlands: 4%
- Norway: 10%
- Australia: 15%
- Sweden: 15%
- United Kingdom: 21%
- Germany: 21%
- CMWF average: 21%
- United States: 31%
- CANADA: 40%

Comparison by year:

- 2009: 47% (Canada), 31% (CMWF)
- 2012: 38% (Canada), 23% (CMWF)
- 2015: 40% (Canada), 21% (CMWF)

Interpretation note: Above-average results are more desirable relative to the international average, while below-average results often indicate areas in need of improvement.
Things to keep an eye on

As prospects for economic growth improve, growth in health spending could be higher in the future

New specialized drugs such as biologics and antivirals are putting significant pressure on both public and private drug programs

Population aging is a modest but steady cost driver

We may see both more growth in the physician supply as well as higher demand for physician services due to an aging population

There is a continuing shift from hospital inpatient care to community based care
Health expenditure and GDP have grown at similar rates

Note
* Data from Budget 2018.

Source
National Health Expenditure Database, CIHI.
Budget 2018, Department of Finance Canada.
Thank you!

Canadian Institute for Health Information