



## Health care affordability in Alberta

# Crisis? What Crisis?

Sustainability and costs are important issues in health care, but to date the discussion has been misleading. Alberta's government has manufactured a crisis. The government claims costs are skyrocketing. Government spokespeople always talk about how much costs have gone up as a proportion of provincial budget. What they don't talk about is inflation, population growth, revenue or GDP.

It is time for a balanced, informed and honest discussion of health care affordability.

### Reality Check: A look at affordability

When inflation and population are taken into consideration, health care spending has grown only slightly. And that growth is very affordable for Alberta.

**Health spending went from 4.45% of GDP in 1990 to 3.97% in 2006.**

### Affordability means looking at the economy

Health care spending in relation to the size and health of the economy (GDP) is the true measure of affordability. By this measure, public health care is actually more affordable today than it was in 1990. Health spending went from 4.45% of GDP in 1990 to 3.97% in 2006.

Compared to GDP health care costs are down but the government claims it is not affordable. Why?

The Alberta government has chosen to slash revenues. It has given away \$8 to 15 billion a year in potential tax revenue and billions more in forgone royalties. Alberta's taxes are lower than almost every

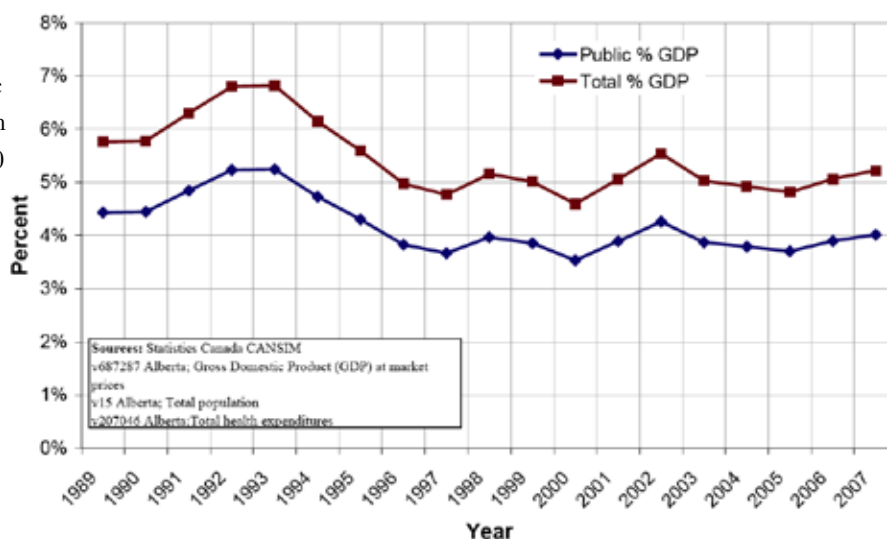
other jurisdiction in North America and Alberta has no sales tax. Given that Alberta's oil and gas industry is mostly foreign multinational companies, the corporate tax giveaways are giveaways to foreign shareholders.

As Alberta's boom-bust economy shows only too well, businesses don't come to Alberta because the taxes are low; they come because we have oil and gas, agricultural land and infrastructure. It is the government's job to ensure that the infrastructure and healthy trained workforce businesses need are in place. That requires taxes and health care.

### Public healthcare is a business advantage

In redefining the Alberta Advantage, the Stelmach government would be wise to listen to David Ablett of the Toronto Stock Exchange. He explains why the Exchange supports public health care: "The over-arching reason for this is simple: It's in the Exchange's best interest to have it clearly understood that there are advantages to investing in Canada—and public health is one of the strongest economic advantages we have over the US."

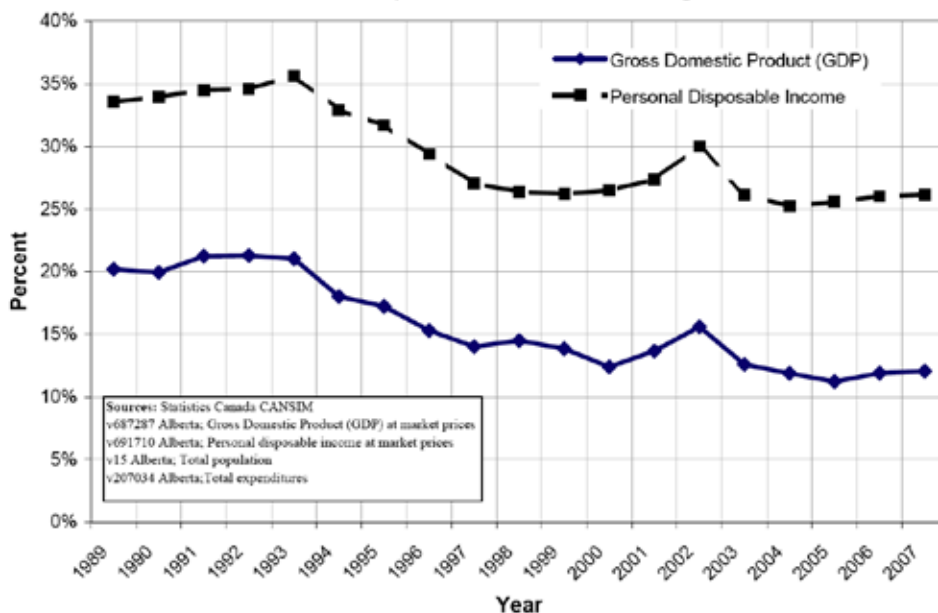
**Alberta: Healthcare Expenditures as Percentage of GDP**



## Albertans want health care not tax cuts

Poll after poll shows that Albertans do not want tax cuts if it means health care cuts. In 2004 when Alberta first moved into a surplus position Ralph Klein surveyed Albertans as to what the surplus should go to. Top priorities were health care, education, and the environment. Health care and education were preferred to tax cuts by a very large majority of Albertans. Even help for the needy was on par with tax cuts and a higher priority for a significant number. What did Albertans get? Tax cuts and health care cuts.

Alberta: Government Expenditures as Percentage of GDP and PDI



## Health Care is not growing out of control; budget cuts make it look big

Health care makes up an increasing portion of provincial spending, but as seen above, this is not because healthcare expenditure has been increasing. Government expenditure has been decreasing making health care looks higher because it has been cut less than other program areas. Under Premier Klein's tenure, government as a share of the overall economy fell from 22 percent of GDP to 12 percent. This is a 45 percent reduction in the public sector proportion of the economy.

That is why Albertans and Canadians chose to have universal public health care in the 1960s; costs were out of control and the public system was the best option for controlling costs. And it has worked. The US, where private health care was allowed to become big business, has almost twice the costs per capita that we do and rising fast.

That's something the government never mentions. American private health care costs are nearly double our costs. Now that is a real sustainability problem.

**The Alberta government has chosen to give away \$8 to 15 billion in potential tax revenue and billions more in forgone royalties.**

## We pay either way – the COSTCO model

Why do we shop at COSTCO? Because bulk purchasing is cheaper. This applies to health care too: pooling our resources makes it much cheaper to buy our health care services. Either health care is paid for through our tax dollars or we pay out of our pockets. We pay either way and it is always more expensive to pay out of our own pockets.