



National Health Expenditure Trends

2020



Canadian Institute
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Key findings

National Health Expenditure Trends, 2020 — the 24th edition of the Canadian Institute for Health Information (CIHI) annual publication on health expenditure trends — provides detailed, updated information on health expenditure in Canada. The 2020 release presents finalized 2018 actual health expenditures, updated 2019 preliminary estimates using current-year information, and a summary of 2020 COVID-19 government spending measures announced as of early October. National Health Expenditure Trends forecasts are based on Main Estimates and budgets, which were not available from all provinces and territories; therefore, 2020 health spending projections are not included in this release.

The updated 2019 total health expenditure is expected to reach \$265.5 billion or \$7,064 per Canadian (revised from the \$264.4 billion estimate in last year’s report).

- Overall, it is anticipated that health expenditure in 2019 will represent 11.5% of Canada’s gross domestic product (GDP) in 2019.
- Compared with the 2018 actual figure, total 2019 health expenditure is expected to rise by 4.3%, a slight increase in the rate of growth from earlier in the decade.

Actual total health expenditure for 2018 was \$254.6 billion, slightly higher than the 2018 estimate in last year’s report (\$254.5 billion).

- For the 2018 data year, actual provincial/territorial government health expenditures in Canada were 0.1% lower than the 1-year-ahead preliminary estimate and 2.0% higher than the 2-year-ahead preliminary estimate.

As of early October, additional 2020 COVID-19 health system spending announcements across federal, provincial and territorial levels of government amount to \$29 billion. The major categories are personal protective equipment, screening capacity, compensation of health workers and vulnerable populations. Alongside these new expenditures, early observations on declines in health system activity include the following:

- Visits to emergency departments (EDs) across Canada declined by almost 25,000 a day in mid-April 2020 — about half the usual number of patients. By the end of June 2020, visits remained lower than is typical for that time of year (about 85% of June 2019 volumes).¹
- From March to June 2020, overall surgery numbers fell 47% compared with the same period in 2019, representing about 335,000 fewer surgeries.²
- In the 3 provinces where data is available (Nova Scotia, Ontario and Manitoba), the number of patient visits (in person and virtual) to all physicians dropped by 13% to 33% from March to June 2020.³

The net result is that it is unclear at this stage where health spending in 2020 will end up in relation to previous years.

About this report

The 2020 National Health Expenditure Trends release presents finalized 2018 actual health expenditures, updated 2019 preliminary estimates using current-year information, and a summary of 2020 COVID-19 government spending measures announced as of early October.

In 2020, the COVID-19 pandemic had an unprecedented impact on the health and economic well-being of people around the world, including those in Canada. The Government of Canada and a number of provincial and territorial governments have postponed the release of their budgets or will issue revisions. As National Health Expenditure Trends forecasts are based on these budgets, 2020 health spending projections are not included in this release.

The level at which total 2020 health spending in Canada will settle is still uncertain at this stage due to 2 opposing trends. On one hand, there are significant spending implications associated with the treatment of a large number of patients with COVID-19 symptoms (often with prolonged stays in intensive care associated with high resource use), widespread testing and tracking of the population, the creation of excess health system capacity and the purchase of personal protective equipment (PPE). On the other hand, health systems have observed a reduction in overall health service delivery across the continuum of care, as highlighted in the recent Canadian Institute for Health Information (CIHI) analysis [Impact of COVID-19 on Canada's health care systems](#).⁴ Many of these activities are delivered on a fee-for-service basis, contributing to a reduction in health spending during the period.

Please note that throughout the report (including text and figures), numbers may not add due to rounding.

Please send feedback and questions to the National Health Expenditure Database (NHEX) team at nhex@cihi.ca.

Health expenditure data in brief

The following table presents a summary of revised preliminary estimates of health expenditures for 2019 and actual health spending figures for 2018.

Health spending data category and component	Unit description	Period of latest data	Latest data	Data for previous period	Change from previous period
Total					
Health spending, current price	Billions of dollars	2019	265.5	254.6	4.3%
Health spending per capita, current price	Dollars	2019	7,064	6,872	2.8%
Health spending, constant price	Billions of dollars	2019	162.2	158.8	2.2%
Health spending per capita, constant price	Dollars	2019	4,316	4,284	0.7%
Total health expenditure as a percentage of GDP	Percentage	2019	11.5	11.5	0.4%
By health spending category					
Hospitals share of total health spending	Percentage	2019	26.4	26.8	-1.5%
Drugs share of total health spending	Percentage	2019	15.2	15.3	-0.6%
Physicians share of total health spending	Percentage	2019	14.9	15.0	-0.7%
By sector					
Public-sector share of total spending	Percentage	2019	70.4	70.4	0.0%
Private-sector share of total spending	Percentage	2019	29.6	29.6	0.1%
Out-of-pocket expenditure per capita	Dollars	2018	993.8	994.7	-0.1%
Private insurance expenditure per capita	Dollars	2018	842.6	823.2	2.3%
Total health expenditure per capita					
Newfoundland and Labrador	Dollars	2019	8,598	8,039	6.9%
Prince Edward Island	Dollars	2019	7,346	7,209	1.9%
Nova Scotia	Dollars	2019	7,782	7,476	4.1%
New Brunswick	Dollars	2019	7,165	7,082	1.2%
Quebec	Dollars	2019	6,782	6,545	3.6%
Ontario	Dollars	2019	6,893	6,705	2.8%

Health spending data category and component	Unit description	Period of latest data	Latest data	Data for previous period	Change from previous period
Total health expenditure per capita (continued)					
Manitoba	Dollars	2019	7,358	7,253	1.4%
Saskatchewan	Dollars	2019	7,635	7,509	1.7%
Alberta	Dollars	2019	7,855	7,768	1.1%
British Columbia	Dollars	2019	6,583	6,372	3.3%
Yukon	Dollars	2019	12,633	12,536	0.8%
Northwest Territories	Dollars	2019	17,212	16,621	3.6%
Nunavut	Dollars	2019	19,367	18,051	7.3%
Provincial/territorial spending by age					
Cost per capita for infants (younger than age 1)	Dollars	2018	12,678	12,411	2.2%
Cost per capita for youths (age 1 to 14)	Dollars	2018	1,774	1,707	3.9%
Cost per capita for those age 15 to 64	Dollars	2018	3,131	3,048	2.7%
Cost per capita for seniors (age 65 and older)	Dollars	2018	11,599	11,497	0.9%

Sources

National Health Expenditure Database, Canadian Institute for Health Information; Statistics Canada.

Analysis of health expenditure data

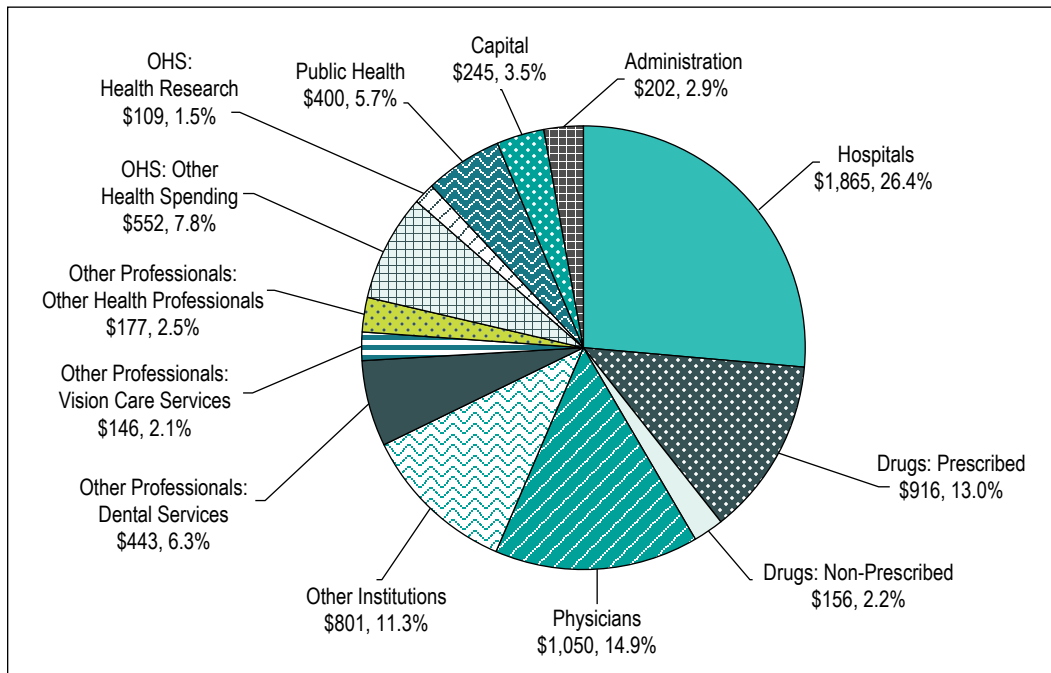
Breakdown by health spending categories

Hospitals, Drugs and Physicians are the 3 largest health spending categories

Health dollars are used to purchase health care goods and services, to provide capital investment,ⁱ to administer public and private insurance plans as well as public-sector health programs, and to fund research. These uses are grouped into major categories (uses of funds) throughout most of the national health expenditure data series (Figure 1).

i. Capital expenditures are obtained from Statistics Canada. The 2019 data represents preliminary estimates. These may be revised when actual expenditures become available. As observed by the Organisation for Economic Co-operation and Development (OECD), "The level of capital expenditure tends to fluctuate more from year to year than current spending on health services, as investment decisions can be much more dependent on economic circumstances and political or business choices as well as reflecting future needs and past levels of investment."⁵ (p. 164)

Figure 1 Total health expenditure per capita by health spending category,ⁱⁱ Canada, 2019[^] (dollars and percentage share)



Notes

[^] 2019 revised preliminary estimate.

OHS: Other Health Spending includes a new broader definition of home and community care spending. Publicly funded home and community care expenditures by provincial and territorial governments in Canada are estimated at about \$10 billion for 2018–2019. For information on the development of home and community care spending estimates in Canada, see the Methodology Notes.

See data tables A.3.1.2 and A.3.1.3 in the companion Excel file. See the Methodology Notes for definitions.

Source

National Health Expenditure Database, Canadian Institute for Health Information.

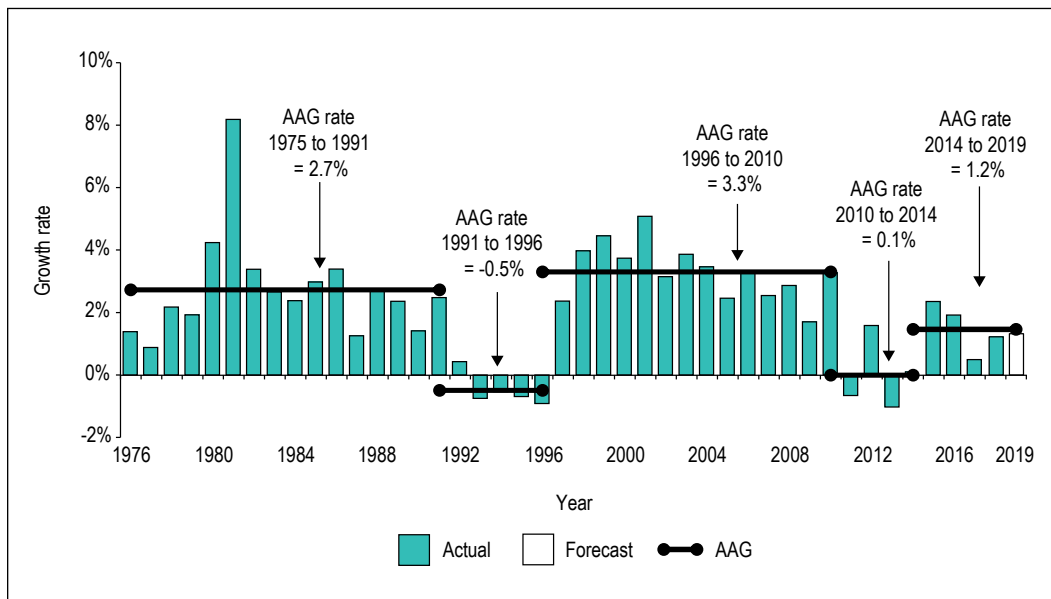
ii. Administration expenditures in NHEX are related to the cost of providing health insurance programs by the government and private health insurance companies and all costs for the infrastructure to operate health departments. This category would include, for example, expenditures for the human resources and finance departments within ministries of health. Please see the Methodology Notes for more details. Other data sources at CIHI such as the Canadian MIS Database (CMDB) and Your Health System web tool capture indicators of “corporate services” that differ. Readers should exercise caution when comparing the different concepts across data holdings.

Trends in health spending

Total health expenditure growth was higher in the latter half of the decade

The 2019 estimated total (public and private) health expenditure in Canada was revised to \$265.5 billion or \$7,064 per person. The last decade saw shifts in health spending growth. At the start of the decade (between 2010 and 2014), growth in health spending per capita, after adjusting for inflation, was restrained — similar to the experience during the mid-1990s (Figure 2). This was mainly due to Canada’s modest economic growth and fiscal restraint as governments focused on balancing budgetary deficits. By the latter half of the decade, health spending per capita increased, in real terms, by an average of 1.2% per year.

Figure 2 Total health expenditure per capita, annual growth rates after inflation,* Canada, 1976 to 2019^



Notes

* Calculated using constant 1997 dollars.

^ 2019 revised preliminary estimate.

AAG: Average annual growth.

See data table A.1 in the companion Excel file.

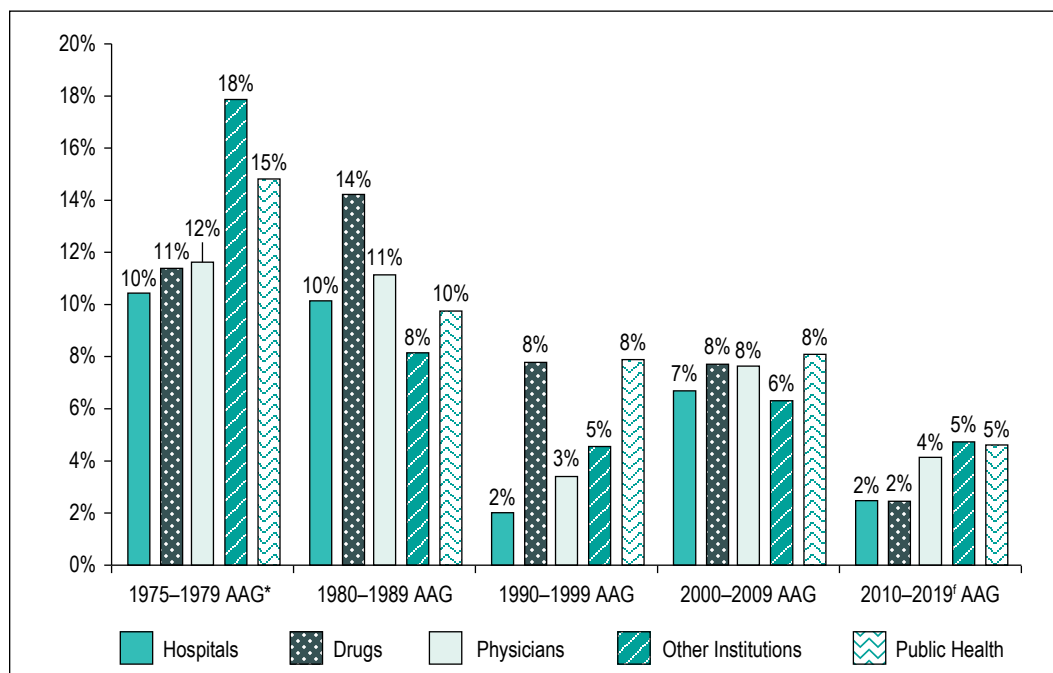
Source

National Health Expenditure Database, Canadian Institute for Health Information.

Historical trends for major spending categories

For context, it is helpful to put overall changes in health spending growth into perspective by looking at trends at the spending category level over a long period of time. As shown in Figure 3, there have been variations in the pace of health spending growth of the 5 selected spending categories (Hospitals, Drugs, Physicians, Other Institutions and Public Healthⁱⁱⁱ) in each of the last 4.5 decades.

Figure 3 Average annual growth in total health expenditure, by selected spending categories, by decade



Notes

* Only a half decade of data is available.

AAG: Average annual growth.

f: Forecast.

Source

National Health Expenditure Database, Canadian Institute for Health Information.

Hospital spending represents the largest component of overall health care costs. During the 1980s, higher growth in hospital spending was driven by higher remuneration and more staff to deliver more services. During periods of fiscal restraint in the 1990s and earlier this decade, hospital funding slowed and institutions had to reduce the growth in their expenditures

iii. NHEX captures public health spending by governments and government agencies. Public Health includes expenditures for items such as disease prevention and health promotion activities, community mental health and addictions services, and occupational health services to promote and enhance health and safety in the workplace. A broad definition of public health is consistent with the definition of preventive care used by the OECD for international comparative reporting of health expenditure.

accordingly. Hospitals have responded by changing how they deliver care. Less-complex cases are increasingly treated on an outpatient basis. Over time, this has led to an overall rise in ambulatory and community-based health services.

Drug spending accounts for the second-largest share of total health expenditures. Drug spending growth was highest in the 1980s when many new drugs were coming onto the market and utilization was rising. In the current decade, moderate growth in drug spending was achieved, largely due to the expiration of patents on many widely used blockbuster medications like statins (commonly used to lower cholesterol). In addition, public drug programs implemented policies that limited the prices they were willing to pay for generic drugs.

Physician spending is the third-largest health spending category. For the 13th year in a row, as described in CIHI's report [Physicians in Canada, 2019](#), the number of physicians increased at a faster rate than the number of people in the population, resulting in 241 doctors per 100,000 population.⁶ Based on the number of MD degrees awarded by Canadian universities, the number of physicians is likely to continue to grow.⁷ More physician services and an increase in utilization will continue to contribute to a rise in Physicians expenditures in the future.

Expected impact of COVID-19 on major spending categories

Hospitals: The COVID-19 pandemic presented an unprecedented medical challenge for hospitals. To limit the spread of disease and create additional inpatient capacity and staffing for COVID-19 treatment, some hospitals closed outpatient departments and/or reduced elective visits and procedures. According to the recent CIHI analysis [COVID-19's effect on hospital care services](#), "From March to June 2020, overall surgery numbers fell 47% compared with 2019, representing about 335,000 fewer surgeries."² Alongside spending reductions, there were spending increases, as additional resources were needed for PPE, intensive care unit (ICU) ventilators and longer stays in ICU beds.

Drugs: This year, in response to the COVID-19 pandemic, several provinces and territories have restricted the quantity of drugs per prescription to a 30-day supply instead of a usual 90 or 100 days to ensure that pharmacists would not run out of medications. However, dispensing fees per prescription were unchanged. Dispensing fees can range from \$5 to \$15 per prescription. The impact of this policy measure may result in an increase in total drug spending for those patients who have to fill their prescriptions more frequently.

Physicians: COVID-19 has accelerated the adoption of telehealth and virtual care. Direct-to-patient video visits and telephone appointments have allowed physicians, health care providers and patients to connect safely at a distance, minimizing the risk of infection. As stated in an overview of CIHI's recent analysis [COVID-19's impact on health care systems](#), ". . . physicians adapted quickly, providing 52% of care virtually, online or by phone, for patient visits, psychotherapy and consults with other physicians in April 2020."⁴ At this time, and with provincial and territorial fee schedules still adapting, it is unclear how the increase in virtual service delivery will affect overall spending on physician services in 2020.

Assessment of forecasted versus actual health spending

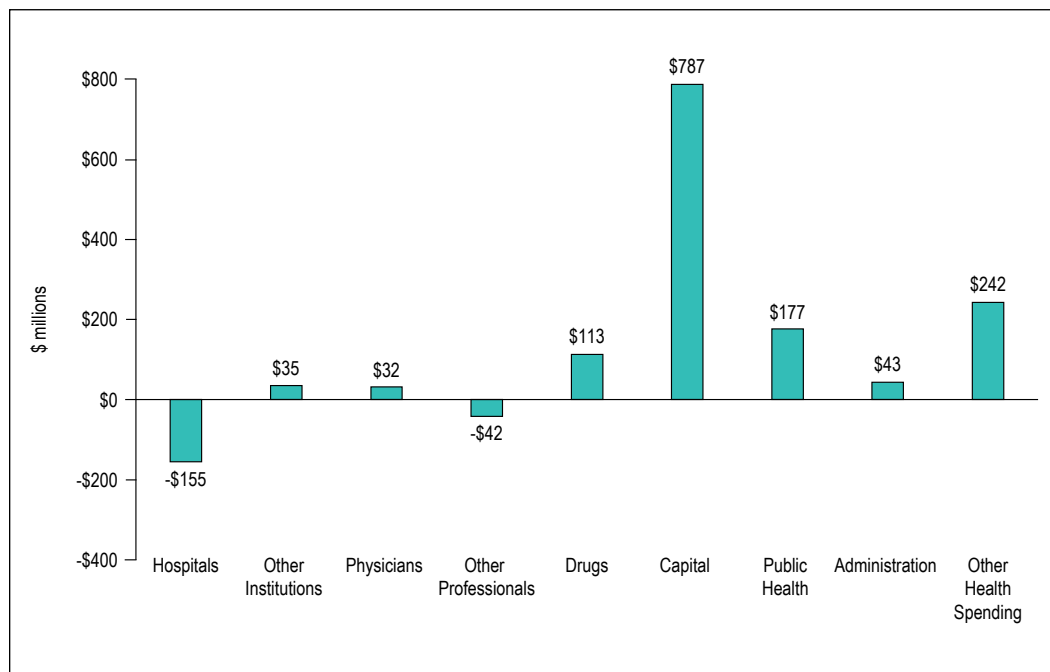
Variance analysis

It is interesting to look back at how government health spending estimates compare with what was actually spent. Historically, as reported in a C.D. Howe Institute analysis, governments routinely overshoot (i.e., spend more than) their estimates by 0.8% annually.^{8 (p. 2)}

However, looking at the newly available 2018 actual expenditure data, compared with the 1- and 2-year preliminary estimates, actual 2018 provincial/territorial government health expenditures in Canada are 2.0% higher than the 2-year-ahead preliminary estimate and 0.1% lower than the 1-year-ahead preliminary estimate.

Because there can be variation in spending in targeted areas, it is useful to look at the actual versus forecasted figures at the category level, while accounting for the relative size of category spending within national health expenditures. Figure 4 presents the variations in dollars, calculated by multiplying the average revisions during the period 2014 to 2018 by health spending in 2019.⁹

Figure 4 Impacts of variations in health spending after adjusting for category size, 2019



Sources

C.D. Howe Institute. [Commentary No. 566 — There Is No Try: Sustainable Healthcare Requires Reining in Spending Overshoots](#). 2020; National Health Expenditure Database, Canadian Institute for Health Information.

Since the share of hospital spending is relatively large, a smaller variance (-0.2%) represents a significant dollar amount at \$155 million (in this case, an underspend). Conversely, the share of spending on administration is smaller in a relative sense such that a much larger variance (2.5%) in spending in percentage terms represents only \$43 million (in this case, an overspend). For more details, see the Methodology Notes.

COVID-19 health spending summary

Governments announce health spending measures to respond to COVID-19

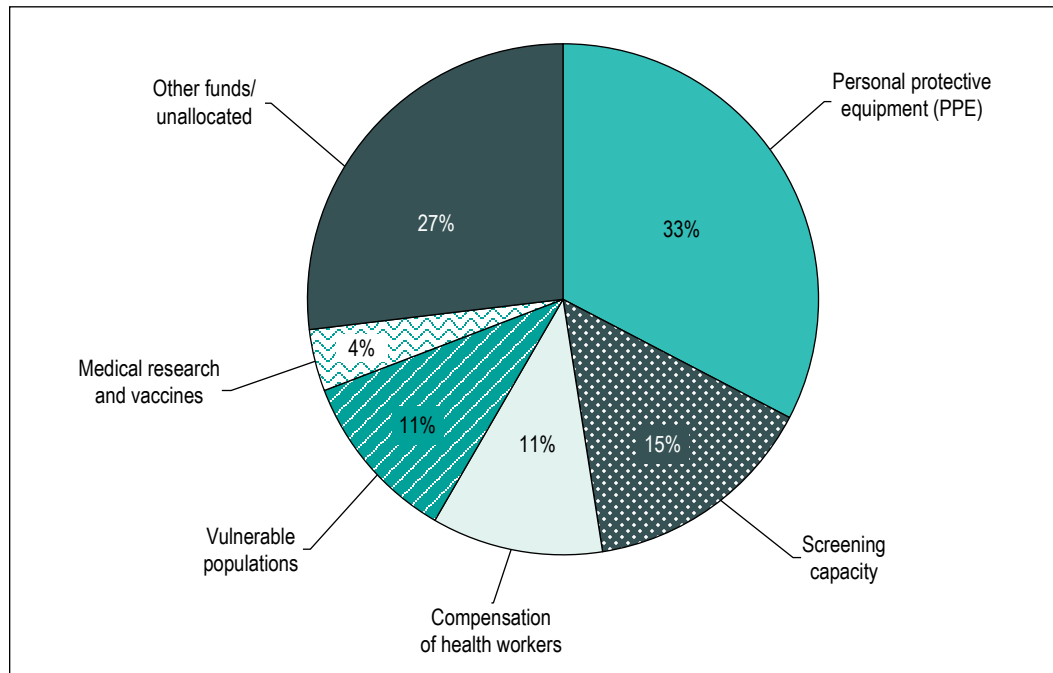
Both the federal and the provincial/territorial governments have announced COVID-19 response plans that include various financial measures to help protect the health of Canadians during the pandemic. CIHI has reviewed all publicly available government fiscal and economic updates and action plans up to early October 2020 to identify health spending–related initiatives (historically, income and social support programs have been outside the scope of the National Health Expenditure Trends release). As of early October 2020, COVID-19–related health funding announced by federal, provincial and territorial levels of government amounted to over \$29 billion^{iv} after accounting for federal transfers, which could be recorded as health funding by both levels of government. Most of the \$29 billion is intended for spending in 2020–2021, but some may be spent in future years. Further announcements to address evolving needs could change the estimate.

In many cases, the purpose of the health-specific funds was identified, allowing the financial measures to be grouped into 6 discrete categories, as shown in Figure 5: PPE, screening capacity, compensation of health workers, protection and treatment of vulnerable populations, medical research and vaccines, and all other funds/unallocated. The latter category covers a wide range of health care needs, including support for virtual care and contingency funds.

For more details, please see [appendices A and B](#).

iv. In its September 2020 report *Health Care Cost Drivers in Canada: Pre- and Post-COVID-19*,¹⁰ The Conference Board of Canada projected additional health spending associated with COVID-19 to reach \$27 billion in 2020–2021 under 1 of 3 projection model scenarios, using preliminary data as of June 5, 2020.

Figure 5 Summary distribution of federal, provincial and territorial government COVID-19 health spending announcements, March to early October 2020



Sources

Federal, provincial and territorial governments' fiscal and economic updates and action plans from March to early October 2020.¹¹⁻¹⁷

Issues to monitor in the future

Severe economic contraction amid COVID-19

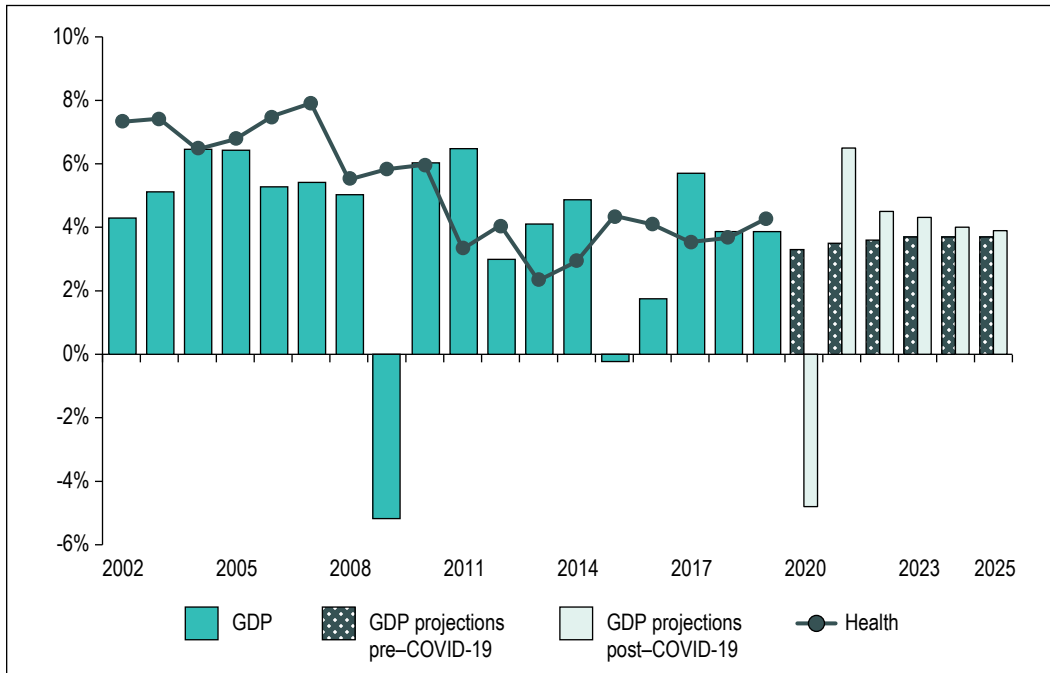
According to the OECD, "Growth was weak but stabilising until the coronavirus COVID-19 hit."¹⁸ The *OECD Economic Outlook* says "Global GDP is projected to decline by 4.5 per cent this year, before picking up by 5% in 2021. . . . However, a stronger resurgence of the virus, or more stringent containment measures, could cut 2-3 percentage points from global growth in 2021, with higher unemployment and a prolonged period of weak investment."¹⁹ (p. 1) Adding to the uncertain outlook is the speed of development of vaccines and other treatments, and their potential efficacy.

In Canada, the COVID-19 pandemic and government measures to contain the virus are having a significant impact on the economy. A September 2020 report by the Office of the Parliamentary Budget Officer (PBO) states, "Following the imposition of public health restrictions, combined with sharp declines in crude oil and other commodity prices, real GDP fell by 11.5 per cent in the second quarter of 2020, the largest decline recorded since the beginning of the series in 1961."²⁰ (p. 9)

Historically, Canada, like other OECD countries, has seen health spending grow similar to, and at times faster than, the overall economy. “During the 1990s and early 2000s, health spending in OECD countries was generally growing at a faster pace than the rest of the economy, leading to an almost continual rise in the health expenditure to GDP ratio. After a period of volatility during the economic crisis, the average share has remained relatively stable in recent years, as growth in health spending across the OECD has broadly matched overall economic growth.”⁵ (p. 152)

However, in 2020, the outbreak and global spread of COVID-19 negatively affected the global economy and significantly increased near-term economic uncertainty. Figure 6 shows the historical trends of annual growth in health spending and GDP, as well as GDP projections based on the PBO’s scenario analysis pre- and post-COVID-19. In the future, it will be interesting to see whether health expenditure in 2020 and the next few years follows the predictable pattern of fluctuating with economic cycles or takes a different path.

Figure 6 Total health expenditure, and nominal GDP and projection, annual growth, Canada



Note

GDP: Gross domestic product.

Sources

National Health Expenditure Database, Canadian Institute for Health Information; Office of the Parliamentary Budget Officer. [Economic and Fiscal Outlook — September 2020](#). September 2020.

Looking at the provincial/territorial level, a Conference Board of Canada article stated the following: “The pandemic-led shutdown produced a deep and synchronized impact on economic activity across all provinces in March and April. Provinces dependent on the energy sector — notably, Alberta, Saskatchewan, and Newfoundland and Labrador — have been hit especially hard by the combined effects of collapsing oil prices and the economic shutdown due to the virus. Ontario and Quebec would have fared even worse this year were it not for the ability of employees in the financial sector and in other business services industries to work remotely.”²¹

Looking forward, uncertainty around the strength of economic growth prospects in some jurisdictions could lead to uneven health spending growth that is less broad-based. In addition, some jurisdictions are taking policy measures to address current fiscal pressures. Therefore, future growth in health expenditures across provinces and territories is expected to continue to vary.

Future directions

It is important to note that the provision of health care in Canada continues to evolve. Prior to COVID-19, governments and policy-makers had already identified home-based care and community services, as well as public health and mental health services, as essential elements of patient-centred and integrated health care systems. The rapid spread of COVID-19 in Canada’s long-term care homes has caused policy-makers to shift their focus on long-term care reform. In addition, virtual services will lead to new ways of delivering care that have the potential to improve care while reducing cost. Meanwhile, uncertainty about the duration and unintended consequences of the COVID-19 pandemic represents a persistent fiscal pressure that will affect both public- and private-sector health care spending in Canada, especially over the short to medium terms.

Appendices

Appendix A: Health funding under the Government of Canada's COVID-19 economic response plan

Health spending measures	Millions of dollars*	Notes
Immediate Public Health Response	50	Includes \$25 million for the Public Health Agency of Canada in 2019–2020.
COVID-19 Response Fund	1,025	Includes \$500 million for the provinces and territories (completed in 2019–2020). Also includes funding for health research, and for the World Health Organization and other international partners.
Safe Restart Agreement		
Testing, contact tracing and data management	4,282	<p>Full transfer to the provinces and territories.</p> <p>\$4.28 billion to support the provinces and territories with the costs of increasing their capacity to conduct testing, perform contact tracing and share public health data that will help fight the pandemic.</p> <p>Funding and support will also be provided to improve and modernize data management across Canada in order to help all orders of government coordinate their efforts to contain the virus.</p>
Health care system capacity	1,200	<p>Full transfer to the provinces and territories.</p> <p>\$700 million to support health care system capacity in order to respond to a potential future surge in cases of COVID-19, and \$500 million to address immediate needs and gaps in the support and protection of people experiencing challenges related to mental health, substance use or homelessness.</p>
Vulnerable populations	740	<p>Full transfer to the provinces and territories.</p> <p>\$740 million to support one-time costs over the next 6 to 8 months for measures to control and prevent infections. This could include addressing staffing issues in long-term care, home care and palliative care facilities and services.</p> <p>Funding can also be used to support other vulnerable populations.</p>
PPE for health and non-health workers	7,550	<p>Includes \$3 billion transfer to the provinces and territories.</p> <p>\$4.05 billion to purchase PPE for national distribution to the provinces and territories, \$500 million to support the purchase of PPE for the non-health sector, and \$3 billion directly to the provinces and territories for previous and planned PPE investments.</p> <p>The \$7.55 billion total for PPE is assumed to consolidate all PPE investments, including amounts for separate measures such as Funding for Personal Protective Equipment and Supplies (\$2 billion) and PPE and Related Equipment for Essential Workers (\$511 million).</p>

Health spending measures	Millions of dollars*	Notes
Support for Health Canada and the Public Health Agency of Canada	88	Allows Health Canada and the Public Health Agency of Canada to implement enhanced COVID-19 response measures. These include scaling up Canadian quarantine sites to assist incoming travellers who don't have a place to quarantine, improving efficiency of testing and validation of test results, and facilitating access to drugs and medical devices to combat COVID-19.
Health and Social Support for Northern Communities	115	Full transfer to the territories. Provides support to a population particularly vulnerable to the impacts of COVID-19.
COVID-19 Medical Research and Vaccine Development	1,127	Over 2 years. \$40 million for the Canadian COVID-19 Genomics Network to coordinate a COVID-19 viral and host genome sequencing effort across Canada. \$23 million for the Vaccine and Infectious Disease Organization-International Vaccine Centre to accelerate development of a vaccine against COVID-19. \$29 million for the National Research Council of Canada to begin the second phase of critical upgrades to its Human Health Therapeutics facility in Montréal to ready it for the production of vaccines for clinical trials. \$600 million for the Strategic Innovation Fund to support vaccine and therapy clinical trials led by the private sector. \$10 million for a Canadian data monitoring initiative to coordinate and share pandemic-related data across the country. \$10.3 million over 2 years, and \$5 million ongoing, to support the Canadian Immunization Research Network in conducting vaccine-related research and clinical trials. \$114.9 million through the Canadian Institutes of Health Research for research projects that will accelerate the development, testing and implementation of medical and social countermeasures to mitigate the rapid spread of COVID-19. \$300 million for the establishment of the COVID-19 Immunity Task Force to provide reliable estimates of potential immunity in Canadian populations.
Virtual Care and Mental Health Tools for Canadians	241	\$240.5 million in 2020–2021 for virtual care and mental health tools to help Canadians safely engage with health providers through virtual health services and access reliable mental health supports in a safe and secure manner.
Enhancing Public Health Measures in Indigenous Communities	285	\$285.1 million to support the ongoing public health response to COVID-19 in Indigenous communities. This will fund community-led responses to the pandemic and provide targeted increases in primary health care resources for First Nations communities.

Health spending measures	Millions of dollars*	Notes
Support for the Canadian Red Cross	100	\$100 million to the Canadian Red Cross to enhance its response capacity and to support public health efforts.
Essential Workers Wage Top-Up	2,000	Full transfer to the provinces and territories — estimate for health workers. Assuming that two-thirds of the \$3 billion in federal support to increase the wages of low-income essential workers goes to health workers. Each province/territory will determine which workers would be eligible for support and the amount they will receive.
Total	18,803	Excludes the following measures under the section Protecting Health and Safety of the Government of Canada's COVID-19 Economic Response Plan, as they largely fall outside the definition of health expenditures for Canadians: reducing import costs to facilitate access to critical medical goods (a tariff waiver of \$281 million), support for international partners (\$443 million) and consular assistance (\$100 million).

Note

* Total impact in 2020–2021, unless otherwise specified.

Sources

Department of Finance Canada. [Annex 1: GBA+ Summary for Canada's COVID-19 Economic Response Plan](#).

Accessed October 17, 2020.

Department of Finance Canada. [Canada's COVID-19 Economic Response Plan](#). Accessed October 17, 2020.

Department of Finance Canada. [Canada's COVID-19 Economic Response Plan — Overview](#). Accessed October 17, 2020.

Intergovernmental Affairs Secretariat, Government of Canada. [Safe Restart Agreement](#). Accessed October 17, 2020.

Appendix B: Technical notes for COVID-19 health spending

Personal protective equipment (PPE): Includes funding of masks (N-95 and surgical), gowns, visors, hand sanitizer, booties, disinfectant and other critical medical supplies for health care workers and other essential workers. *33% of COVID-19–related health funding*

Screening capacity: Includes funding of testing clinics, contact tracing, data management, equipment and staff costs. *15% of COVID-19–related health funding*

Compensation of health workers: Includes funding of essential health care worker support programs, recognition programs, temporary pandemic pay, physician fees and overtime. *11% of COVID-19–related health funding*

Protection and treatment of vulnerable populations: Includes health funding for people receiving long-term care, home care or palliative care services, people in Indigenous communities, people experiencing challenges related to mental health, substance use or homelessness, and people with disabilities in communities and in residential care facilities. *11% of COVID-19–related health funding*

Medical research and vaccines: *4% of COVID-19–related health funding*

All other funds/unallocated: Includes contingency funds, measures to support health care system capacity, funding of public health measures, data, virtual care and any funds that could not be allocated to specific categories in the absence of more detailed information. *27% of COVID-19–related health funding*

Notes

- Measures announced under the section **Protecting Health and Safety** of the Government of Canada's COVID-19 Economic Response Plan¹² were considered health funding except for the following measures that largely fall outside the definition of health expenditures in NHEX: reducing import costs to facilitate access to critical medical goods (a tariff waiver), support for international partners and consular assistance. Inclusions/exclusions of measures as health funding are based on their description in GBA+ Summary for Canada's COVID-19 Economic Response Plan.¹¹
- It was assumed that the federal government's announcement of the \$7.6 billion funding for **Personal protective equipment for health and non-health workers** under the Safe Restart Agreement¹³ consolidated all PPE funding by the federal government, including amounts for separate measures such as **Funding for Personal Protective Equipment and Supplies** (\$2 billion) and **PPE and Related Equipment for Essential Workers** (\$511 million).

- A portion of the **Essential Workers Wage Top-Up** announced in the Government of Canada's COVID-19 Economic Response Plan¹² is also considered health funding. The federal government announced a transfer of \$3 billion to the provinces and territories to increase the wages of low-income essential workers. It was up to each province or territory to determine which workers would be eligible for support, and how much support they will receive. COVID-19–related total health funding includes an estimated \$2 billion federal transfer for health and long-term care workers (two-thirds of the \$3 billion total federal funding) based on information for Ontario, a province that received \$1 billion of the \$3 billion total funding. Under its Temporary Pandemic Pay for Eligible Workers measure, Ontario provided temporary wage increases for eligible health care, long-term care, retirement home, social services and corrections workers. Overall, Ontario estimated program costs of \$725 million for eligible health care workers, \$321 million for eligible workers in long-term care, with \$507 million provided to eligible social services, retirement home and corrections workers. The share of the health and long-term care workers amounted to two-thirds of the total. The share of the health and long-term care workers in the other provinces/territories was assumed to also represent two-thirds of the total.
- Health funding measures announced by the Government of Canada are a combination of funds for direct spending by the federal government and fund transfers to the provinces and territories (see [Appendix A](#)). For the categories for which there are fund transfers and for which the provinces/territories also made a funding announcement, only the portion of the funding announced by the provinces/territories that is over and above the announced federal fund transfer is included in the COVID-19–related health funding by the provinces/territories, in order to avoid double counting.
- For the categories for which there are fund transfers and for which the provinces/territories made a funding announcement that is below the announced federal fund transfer or made no funding announcement, only the federal fund transfer was taken into account in the calculation of the COVID-19–related total health funding.

Appendix C: Text alternative for figures

Text alternative for Figure 1

Table: Total health expenditure per capita by health spending category,* Canada, 2019[^] (dollars and percentage share)

Category	Per capita health expenditure	Share of health expenditure
Hospitals	\$1,865	26.4%
Drugs: Prescribed	\$916	13.0%
Drugs: Non-Prescribed	\$156	2.2%
Physicians	\$1,050	14.9%
Other Institutions	\$801	11.3%
Other Professionals: Dental Services	\$443	6.3%
Other Professionals: Vision Care Services	\$146	2.1%
Other Professionals: Other Health Professionals	\$177	2.5%
OHS: Other Health Spending	\$552	7.8%
OHS: Health Research	\$109	1.5%
Public Health	\$400	5.7%
Capital	\$245	3.5%
Administration	\$202	2.9%

Notes

* Administration expenditures in NHEX are related to the cost of providing health insurance programs by the government and private health insurance companies and all costs for the infrastructure to operate health departments. This category would include, for example, expenditures for the human resources and finance departments within ministries of health. Please see the Methodology Notes for more details. Other data sources at CIHI such as the Canadian MIS Database (CMDB) and Your Health System web tool capture indicators of “corporate services” that differ. Readers should exercise caution when comparing the different concepts across data holdings.

[^] 2019 revised preliminary estimate.

OHS: Other Health Spending includes a new broader definition of home and community care spending. Publicly funded home and community care expenditures by provincial and territorial governments in Canada are estimated at about \$10 billion for 2018–2019. For information on the development of home and community care spending estimates in Canada, see the Methodology Notes.

See data tables A.3.1.2 and A.3.1.3 in the companion Excel file. See the Methodology Notes for definitions.

Source

National Health Expenditure Database, Canadian Institute for Health Information.

Text alternative for Figure 2

Total health expenditure per capita, annual growth rates after inflation,* Canada, 1976 to 2019^

- **1975 to 1991:** This was a period of sustained growth in health spending. The average annual growth rate was 2.7%, with a spike of spending growth in the early 1980s.
- **Mid-1990s:** Total health expenditure declined by an annual average rate of 0.5% during this period of fiscal restraint.
- **Late 1990s to 2010:** This period of reinvestment in health care saw health spending increase by an average rate of 3.3% per year.
- **2010 to 2014:** In this period of fiscal restraint, total health expenditure increased by an annual average rate of 0.1%.
- **2014 to 2019:** This has been a period of emerging growth, and health spending per capita is estimated to increase in real terms by an average of 1.2% per year.

Notes

* Calculated using constant 1997 dollars.

^ 2019 revised preliminary estimate.

See data table A.1 in the companion Excel file.

Source

National Health Expenditure Database, Canadian Institute for Health Information.

Text alternative for Figure 3

Table: Average annual growth in total health expenditure, by selected spending categories, by decade

Category	1975 to 1979 AAG*	1980 to 1989 AAG	1990 to 1999 AAG	2000 to 2009 AAG	2010 to 2019 ^f AAG
Hospitals	10%	10%	2%	7%	2%
Drugs	11%	14%	8%	8%	2%
Physicians	12%	11%	3%	8%	4%
Other Institutions	18%	8%	5%	6%	5%
Public Health	15%	10%	8%	8%	5%

Notes

* Only a half decade of data is available.

AAG: Average annual growth.

f: Forecast.

Source

National Health Expenditure Database, Canadian Institute for Health Information.

Text alternative for Figure 4**Table: Impacts of variations in health spending after adjusting for category size, 2019**

Category	Health spending (millions of dollars)
Hospitals	-155
Other Institutions	35
Physicians	32
Other Professionals	-42
Drugs	113
Capital	787
Public Health	177
Administration	43
Other Health Spending	242

Sources

C.D. Howe Institute. [Commentary No. 566 — There Is No Try: Sustainable Healthcare Requires Reining in Spending Overshoots](#). 2020; National Health Expenditure Database, Canadian Institute for Health Information.

Text alternative for Figure 5**Table: Summary distribution of federal, provincial and territorial government COVID-19 health spending announcements, March to early October 2020**

Category	Share of funding
Personal protective equipment (PPE)	33%
Screening capacity	15%
Compensation of health workers	11%
Vulnerable populations	11%
Medical research and vaccines	4%
Other funds/unallocated	27%

Sources

Federal, provincial and territorial governments' fiscal and economic updates and action plans from March to early October 2020.¹¹⁻¹⁷

Text alternative for Figure 6

Table: Total health expenditure, and nominal GDP and projection, annual growth, Canada

Year	Health expenditure	GDP	GDP projections pre-COVID-19	GDP projections post-COVID-19
2002	7.3%	4.3%	n/a	n/a
2003	7.4%	5.1%	n/a	n/a
2004	6.5%	6.5%	n/a	n/a
2005	6.8%	6.4%	n/a	n/a
2006	7.5%	5.3%	n/a	n/a
2007	7.9%	5.4%	n/a	n/a
2008	5.5%	5.0%	n/a	n/a
2009	5.8%	-5.2%	n/a	n/a
2010	6.0%	6.0%	n/a	n/a
2011	3.3%	6.5%	n/a	n/a
2012	4.1%	3.0%	n/a	n/a
2013	2.3%	4.1%	n/a	n/a
2014	2.9%	4.9%	n/a	n/a
2015	4.4%	-0.2%	n/a	n/a
2016	4.1%	1.8%	n/a	n/a
2017	3.5%	5.7%	n/a	n/a
2018	3.7%	3.9%	n/a	n/a
2019 ^f	4.3%	3.9%	n/a	n/a
2020	n/a	n/a	3.3%	-4.8%
2021	n/a	n/a	3.5%	6.5%
2022	n/a	n/a	3.6%	4.5%
2023	n/a	n/a	3.7%	4.3%
2024	n/a	n/a	3.7%	4.0%
2025	n/a	n/a	3.7%	3.9%

Notes

GDP: Gross domestic product.

f: Forecast.

n/a: Not applicable.

Sources

National Health Expenditure Database, Canadian Institute for Health Information; Office of the Parliamentary Budget Officer.

[Economic and Fiscal Outlook — September 2020](#). September 2020.

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