

March 1999 (Volume 40, Number 2)

Cost Containment Mechanisms in Canada

J. Bruce Davis

Health Insurance Division, Department of Health, Ottawa, Canada

Aim. Describe the mechanisms currently being used by federal and provincial/territorial governments, medical associations, and private insurers to control the cost of health care in our country.

Methods. Descriptive method used. Statistics on percentage GDP spent on health, and health status of the population, were compared with other OECD countries. Questions discussed: importance of cost control, why difficult to control, and what is needed to control costs.

Results. System-wide mechanisms used to control health care costs include: single payer financing, universal coverage for hospital/physician services, global budgets, preventive health services, evidence-based information systems, and regionalization. Sector specific mechanisms used to control costs of physicians, hospitals, drugs, and technology. Cost control within the health care sector allows spending on other sectors (e.g., employment) that have a proven impact on one's health. Future health care cost containment policies must focus on restraining private sector costs and encouraging movement towards the determinants of health approach.

Conclusions. Canada's relative success in containing costs is the result of public financing of the health insurance system. Our single payer, publicly financed health care system, allows for cost containment and universal access based on need for services rather than ability to pay. The shift of costs from the public to private sector must be curtailed. The determinants of health approach is instrumental in containing and channeling future spending on health.

Key words: Canada; health care; health expenditures; health insurance; health plan implementation; hospital costs; insurance, health; planning, health and welfare; resource allocation reform