

1944. These were followed by the federal Hospital Construction Grant in 1948 and its expansion in 1958. The development of provincial hospital insurance schemes has brought about further provincial assistance in some provinces towards capital, interest and depreciation costs.

The federal Hospital Construction Grant Program was launched in 1948 with an allocation of \$13,000,000 a year for project grants to be distributed among the provinces on a population basis. In the fiscal year 1959-60, following several changes through the years, a total of \$25,781,000 was available, including \$17,367,000 as the annual allocation for new construction, plus \$8,413,000 re-voted for projects begun but not completed in previous years. Under a revised program, effective since 1958, the Federal Government may contribute up to \$2,000 for each approved active treatment, chronic-convalescent, mental or tuberculosis bed, every three new bassinets, and for each 300 sq. feet of interior floor space of a community health centre or hospital training facilities. Further payments of \$750 a bed are available for the construction of nurses' residence beds, and for interns' quarters in hospitals. Assistance is provided also for major renovation or alterations to existing facilities. In each instance, the federal grant may not exceed one-third of the total cost of the construction project, and in all cases the province is required to at least match the federal grant.

Development of Hospital Insurance

Until very recent years, the bulk of hospital revenues to meet operating costs was derived from direct payments by patients and their families at the time of hospitalized illness. As costs began to increase (with corresponding increases in difficulty of payment by patients and collections by hospitals) voluntary and commercial organizations established prepayment plans providing for payment from pooled funds set up through regular contributions by participants. These methods helped to lift the financial burden from the insured patient and to stabilize hospital revenues but, despite tremendous growth, failed to protect substantial elements of the population and to fully meet hospital needs during a period of rapidly rising costs.

Maintenance Grants.—Government financial assistance towards hospital operating costs dates from the nineteenth century when local governments were responsible for indigent care under the "Poor Law" tradition. Provincial governments became involved initially on behalf of indigents resident in municipally unorganized territory, and in cases of prolonged illnesses such as mental illness and tuberculosis for which relatively few persons could pay full costs over a long period. In time, various provincial governments began to subsidize hospital care for other specific diseases, to assist directly in paying the costs of care for various indigent groups, and to provide regular maintenance grants to hospitals.

Municipal Prepayment Plans.—Tax-supported hospital insurance schemes began in Canada as a device to supply hospital services in certain sparsely populated rural areas. As far back as 1916 in Saskatchewan and 1919 in Alberta, provincial legislation authorized the formation of inter-municipal hospital districts for the construction and operation of local hospitals; some municipalities commenced immediately to prepay hospital care for resident ratepayers and their dependants, through funds derived from property taxes. Eventually, a number of districts permitted voluntary participation by non-ratepayers through payment of a personal tax for the purchase of "hospital service tickets". By 1946 these local plans served substantial segments of the rural population of Alberta and Saskatchewan.

Newfoundland.—Until the middle 1930's Newfoundland was almost totally lacking hospital services for a large proportion of the island's dispersed population. In 1934, the Cottage Hospital Plan, a combined program of hospital construction and prepaid medical and hospital care, was commenced for outlying areas. Under the Plan, prepayment of