

Federal Legislation and Provincial Programs

Efforts directed toward the development of a nation-wide plan for hospital insurance have been based on the grant-in-aid approach, rather than on a federally administered program involving an amendment to the British North America Act. The first federal move was made in 1942 when a special inquiry committee to study health insurance was established. After preparing an exhaustive report and drafting legislation, the committee presented its report to Parliament. In 1945 the Federal Government presented the first concrete proposals for a comprehensive nation-wide health insurance program to the Federal-Provincial Post-War Conference on Reconstruction, to be introduced in stages as an integral part of a broader proposal for federal-provincial co-operation. The proposals included (a) general practitioner services, hospital care and visiting nursing services, as a first stage; and (b) other services, including specialist services, laboratory and radiological services, dental care, drugs, etc., at successive later stages. They also included an offer to make available to the provinces a number of grants to strengthen and expand health services. When the conference failed to reach agreement on broader fiscal proposals, the health proposals were not pursued further at that time.

In 1948, the Federal Government established a system of national health grants, which included a grant for hospital construction. Other grants, some of which gave assistance to hospital services, were for health surveys, professional training, public health research, general public health, mental health, tuberculosis control, cancer control, crippled children and venereal disease control. In 1953, grants for child and maternal health, laboratory and radiological services and medical rehabilitation were added. In introducing this program in the House of Commons, the Prime Minister described the grants as "being fundamental prerequisites of a nation-wide system of health insurance".

At the Federal-Provincial Conference of 1955, a request that consideration of health insurance be included on the agenda came from some of the provinces. Early in 1956, the Prime Minister offered a federal program of technical support and financial assistance to provincially administered programs covering hospital care and diagnostic services. Under the terms of the Hospital Insurance and Diagnostic Services Act of 1957, implementation of federal assistance was authorized as soon as a majority of the ten provinces, containing a majority of the population of Canada, had agreed to participate. In the following year, the Act was amended to delete the limiting provision for commencement, so that the five provinces that were prepared to begin could participate in the joint program starting on July 1, 1958. Since then, as already mentioned, four additional provinces have inaugurated programs and joined the federal-provincial arrangements.

Basic Features.—The federal-provincial hospital insurance program is essentially a cost-sharing arrangement designed to provide an orderly prepayment method of meeting the basic costs of care in general and allied special hospitals for all residents of the country.

In order to participate in the program, a province is required to make insured services available to all residents of the province under uniform terms and conditions. Insured services must include specified in-patient services including diagnostic services and, on an optional basis, may include hospital out-patient services. The provinces must undertake to maintain adequate standards of hospital care, to make payments to hospitals on a clearly defined basis, and to maintain adequate records and accounts. In general, however, although the basic content of the program is defined in the federal Act and Regulations, each province decides the form of its own program, including such important aspects as methods of financing the provincial share of costs, details of eligibility for benefits, inclusion of "deterrent" authorized charges to the patient, the pattern of provincial administration, and inclusion of additional benefits and payment of costs not shared by the Federal Government. To provide assurance that provincial arrangements are adequate for control of quality of care and utilization, and for financial control, each participating province must submit a detailed scheme of administration for federal approval as part of the federal-provincial agreement. The agreements are the instruments through which contractual arrangements are made for the payment of federal contributions.