

March 6, 2019

Ontario Health Sector
An Updated Assessment of Ontario Health Spending

Media Statement

Good morning.

My name is Peter Weltman and I am Ontario's Financial Accountability Officer.

Standing with me today is Jeffrey Novak, the FAO's Chief Financial Analyst. We will both be available to answer your questions following this brief statement. Si vous avez des question en francais, n'hésitez pas a les poser. Nous allons faire de notre mieux de vous repondre en francais.

Today, my Office released an updated assessment of Ontario's health spending, to support Members of Provincial Parliament in evaluating health sector spending in the upcoming 2019 Ontario Budget.

This report updates our previous two assessments of health sector spending, released in January 2017 and March of 2018.

In this year's report we found that after five years of restraint, health sector spending has increased significantly, averaging 4.4 per cent growth each year over the last two years.

This report updates our status quo medium-term projection for health sector spending (the outlook for

Ontario health sector expense without anticipating any new government program decisions). Specifically, the FAO projects that health sector spending will increase by an average of 4.6 per cent a year over the next four years, which represents a \$12.0 billion increase in spending by fiscal year 2022-23, compared to today's levels.

Our projection reflects three key factors.

The first is that the funding pressure from inflation and Ontario's growing and aging population – what we call the core cost drivers of health care spending – will increase substantially in the coming years.

Secondly, recent government policy decisions, such as the commitment to add 15,000 long-term care beds over five years, are adding to health care expenses.

Lastly, our projection incorporates the impact of the recently announced binding arbitration decision between the Province and Ontario's doctors. We estimate that the decision will increase OHIP expense by \$1.5 billion over the four-year term of the agreement.

In the 2018 Fall Economic Statement, the Province committed to balance the budget over a reasonable timetable without raising taxes. As health spending comprises 41 per cent of total program spending, balancing the budget through spending restraint alone would require very significant funding changes to Ontario's health care system.

In fact, under one FAO scenario that eliminates Ontario's deficit over the next four years exclusively through spending restraint, health spending would need to be \$8.6

billion below our status quo projection by 2022-23. This represents a health spending reduction of almost 12 per cent.

Restraining health sector spending to this extent without compromising health care access or quality would be a significant challenge. Policy changes of this magnitude could have wide-ranging implications for Ontario's health care system, and Ontarians would benefit from an informed debate on the Province's budget objectives and the trade-offs necessary to achieve them.

Thank you.

Jeffrey and I are happy to take questions. Il me ferait plaisir de répondre à vos questions.

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