

THE RATIO

Investments made outside of the medical system are often associated with better health outcomes than additional investments made inside.

The Canada Health Act requires public payment for medically necessary hospital and physician services. The CHA wording has caused provincial governments, who are charged with administering health care, to emphasize the provision of acute care (fixing urgent bad health outcomes) and the funding of physicians, nurses, and hospital buildings. Receiving less emphasis from provincial governments has been spending that reduces chronic health issues by helping people maintain their health with housing and with more secure incomes. In this way, the emphasis of the CHA on financing acute care has arguably left many Canadians with poorer health outcomes.

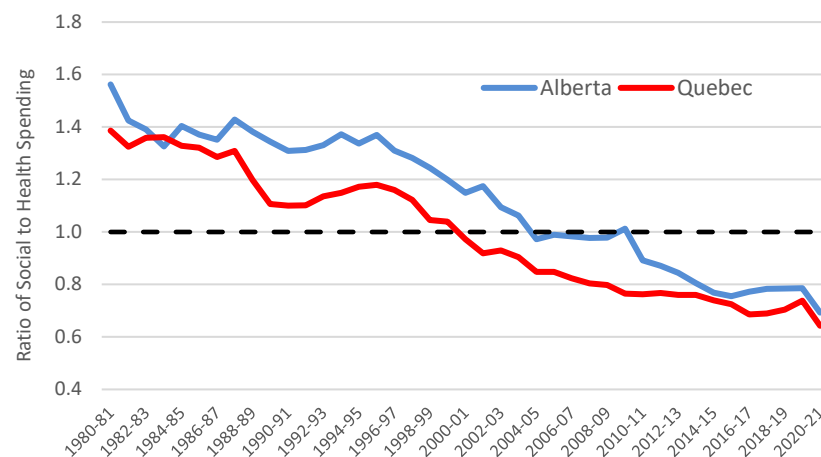
The “ratio” measures spending on social programs and education relative to spending on traditionally defined health care. The ratio has steadily fallen over the past 40 years.

Public policy investments made outside of the traditional medical care system are well-known to improve health outcomes. These include investments in education, affordable housing and income security, commonly described as investments in the social determinants of health. This has prompted [some Canadian public policy researchers](#) to investigate to what extent health outcomes are sensitive to shifting spending from traditionally defined health programs toward spending on social programs (and vice versa).

The figure shows the value of the ratio using broad measures of social and health spending as reported in the provincial public accounts of Alberta and Quebec. The numerator of the ratio is the sum of all social and education spending, while in the denominator is spending on traditionally defined health care. Values of the ratio above the dashed line indicate social spending exceeds health spending while values below show the opposite. The data show that before the early 2000s, more was spent on social programs than on health but since then the opposite has been true.

The fall in the value of the ratio is similar in other provinces. Alberta and Quebec were chosen to show that even provinces with rather different reputations with respect to levels

The Ratio, Alberta and Quebec, 1980-81 to 2020-21



Source: Authors' calculations using data from provincial public accounts. These data are available [here](#). See [here](#) for discussion and description of these data.

of social spending have experienced a similar fall in the value of the ratio.

Researchers have found that increases in the ratio are associated with reduced lung-cancer mortality, fewer infant deaths and years of life lost. These results have been found using data from the [US](#), [Canada \(one\)](#), [Canada \(two\)](#) and across [OECD](#) countries. This evidence suggests that each additional dollar invested in social programs - such as those providing low-cost housing, adequate diets, and supports for people dealing with chronic disabilities - improves health outcomes by more than would have been the case had that same dollar been invested in providing more traditionally defined health care.

This large body of evidence prompted [The Brookings Institution](#) to suggest the U.S. federal government encourage states to rebalance their spending priorities toward a greater emphasis on the social, as opposed to the strictly medical, determinants of health. In Canada, following this advice would entail a return to a spending balance observed not so very long ago.