

# Everything *You* Ever Wanted to Know about Health Care and Taxes

Ontario Health Coalition for quality public health care for all

## What Would You Do with \$41,000 Per Year?



A typical middle-income household benefits by \$41,000 on average in tax-funded programs and services each year.

Jodie is a middle-income mother in a fictional Ontario family we can all relate to. She and her husband—we'll call him Raj — work, pay their taxes, and rely on the services that tax funding provides. Like most of us, her children went to public schools and now they are in publicly-subsidized universities. She had her children at her local public hospital and was she paid during her maternity leave through the public employment insurance system. Now her mother lives in a tax-payer subsidized long-term care home and receives a public pension. When her father needed care for heart problems and cancer towards the end of his life, his health care was publicly-funded.

**The average Canadian receives \$17,000 in tax-funded public services every year, report economists Hugh Mackenzie and Richard Shillington. This is the equivalent to a full-time income at minimum wage.**

**For an average household, this means a benefit of \$41,000 each year in tax-funded programs and services.**

### The Cost of Privatization

What if we had to pay out-of-pocket for services? Here is a sampling of real-world private costs for just some the services we currently receive fully-funded or subsidized publicly through our taxes:

- \$10,000+ per year primary school tuition per child
- \$20—\$30,000 per year private secondary school tuition
- \$20,000+ per year private university tuition
- \$700 - \$2,000+ for an MRI in a private for-profit clinic
- \$2,400—\$4,000 for cardiac catheterization
- \$12,000- \$14,600 for 2 days in Intensive Care Unit
- \$66,500 per year for a space in a nursing home

\* sources on page 3

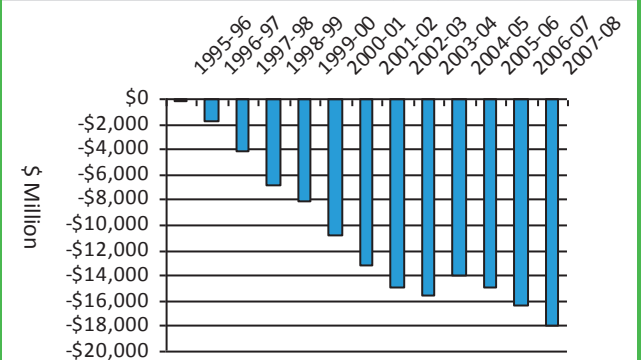
**75% of Canadians would be better off financially if the provincial government had invested in health care and education rather than tax cuts in the mid-1990s and early 2000s.**

## Something for Nothing? The Cost of Tax Cuts

**Tax Cuts Have Reduced the Provincial Budget by \$18 billion per year**

That means \$18 billion each year is no longer available to fund public services.

Annual Tax Cut Impact on Ontario Fiscal Capacity 1995-96 to 2007-08



**Since 1990, Ontario has cut corporate taxes and taxes for the wealthiest faster and deeper than anywhere in Canada.**

### Who Benefits?

A study by economist Marc Lee looked at what tax cuts have meant for Canadians. Almost all Canadians see no benefit from tax cuts. Only top 10% of the income scale (individuals earning \$120,000 - \$266,000 or more per year) have profited from the tax cuts that began in the early 1990s.

**Ontario now funds our hospitals less than almost anywhere else in Canada. As a result hospital beds are cut, services moved out of local communities, and over-crowding is rampant.**

# The Simple Truth About Health Spending

## Ontario's Public Health Care Spending Per Person - 2nd Lowest in Canada

Public Health Spending By Province 2009 \$ per person	
Nun.	8,342
N.W.T.	6,563
Yuk.	5,072
Nfld.	4,270
Alta.	4,096
Sask.	3,929
P.E.I.	3,791
Man.	3,775
N.S.	3,722
N.B.	3,585
B.C.	3,522
Ont.	3,458
Que.	3,191

Source: Canadian Institute for Health Information (2009)

## Its Easy to Look Like a Big Fish When the Pond Keeps Getting Smaller



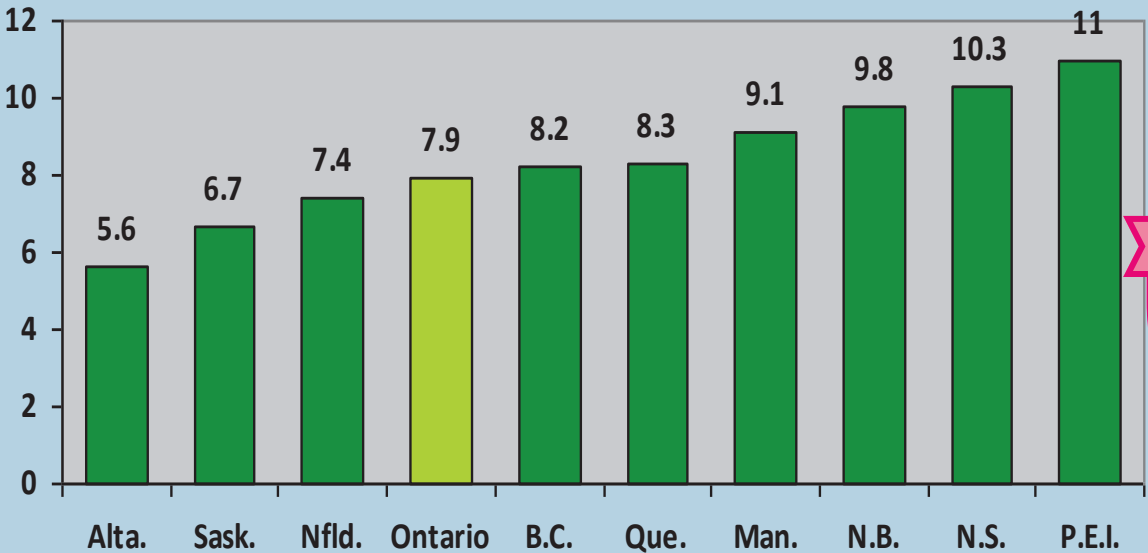
If Ontario's governments had not given away extraordinary tax cuts in the mid-1990s and early 2000s that mainly benefited corporations and the wealthiest, Ontario would be \$18 billion richer each year, notes economist Hugh Mackenzie. This is more than the amount of the entire provincial deficit.

The result? If tax cuts were not eating away at government revenues, health care spending would be a much smaller portion of our provincial budget and we could afford more services. Its easy to look like a big fish if the pond keeps getting smaller.

**What does this mean?**  
*Ontario's public health care spending is actually lower than almost every other province in Canada.*

**Tax Cuts for Corporations and the Wealthiest, Not Health Care**  
*are what is eating up more of our provincial budget.*

## Ontario Health Spending As % of GDP Middle of the Pack



Source: Data extracted from Canadian Institute for Health Information tables (2009)

**What does this mean?**  
*When we measure it against our economic output (Gross Domestic Product, or GDP) we can see that Ontario health spending is not running out of control, we are in the middle of the pack. In truth, we spend less than most provinces.*

# Public Services

## *Public* **Benefits**

*By the Numbers:*

Dollar-value that each individual Canadian receives on average per year in benefits from tax-funded programs and services

**\$17,000**

Amount that a middle-income household benefits from tax-funded programs and services per year

**\$41,000**

Amount of this that comes from public health care, education and personal transfer payments (pensions etc.)

**56%**

Proportion of Canadians who receive benefits from publicly-funded (ie. tax-funded) services and programs that amount to more than 50% of their household income

**Two-thirds**

What percentage of that household's income are these programs and services equivalent to?

**63%**

### *What does this mean?*

*We all benefit more from taxes than we may realize. Taxes give us the power to bulk-buy so we can control prices and improve the quality of life for all Canadians. Economist Hugh Mackenzie calls it "a quiet bargain".*

### **Did you know?**

**Ontario already has among the lowest corporate tax rates in North America.**

**In the last two years our government cut corporate taxes even further amounting to a loss of more than \$2.4 billion per year, on top of the tax cuts in the mid-1990s and early 2000s that have deprived public budgets—and public services—of \$18 billion per year.**



Sources: *Canada's Quiet Bargain: The Benefits of Public Spending* by economists Hugh Mackenzie and Richard Shillington; *Eroding Tax Fairness: Tax Incidence in Canada 1990–2005* by economist Marc Lee. First page: costs for private schools - websites for Havergal College, Bishop Strachan School and Upper Canada College; costs for private universities - *Private Universities: Privileged Education* Canadian Federation of Students; costs for a private MRI/cataract surgery—*Eroding Public Medicare: Lessons and Consequences of For-Profit Health Care Across Canada 2008*; costs for cardiac catheterization [www.placidway.com](http://www.placidway.com); costs for ICU [www.davidcummings.com](http://www.davidcummings.com) (Canadian uninsured residents price list); costs for a long-term care home - costs extrapolated from *Who Pays for What?* Fact Sheet Ontario Long Term Care Association.

# Tax Cuts

## Who Benefits?

**More than a decade's worth of tax cuts have disproportionately lined the pockets of Canada's most affluent families** according to a major tax study by the Canadian Centre for Policy Alternatives.

The study, *Eroding Tax Fairness: Tax Incidence in Canada, 1990 to 2005*, finds the richest 1% of families in 2005 actually paid a lower total tax rate than the poorest 10%.

“Canada's tax system now fails a basic test of fairness.”

*Senior economist Marc Lee*

“Tax cuts have contributed to a slow and steady shift to a less progressive tax system in Canada,” says Lee.

The study, which is the first comprehensive review of tax changes at all levels of government in Canada within the past 15 years, finds the system is delivering larger tax savings for high income families. This reinforces the growing gap in income between high income families and the rest of Canadians.

“Most Canadians will be surprised by these findings because they believe we have a progressive tax system – but looking at all taxes combined, that's no longer the case,” Lee concludes.

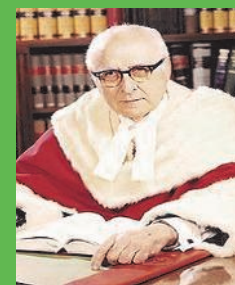
Key findings include:

- Provincial tax cuts are the key culprit for the increasingly regressive nature of Canada's tax system but the problem has been worsened at the federal level with billions of dollars in tax cuts since 2000.
- The richest one percent of taxpayers saw their tax rate drop by four percentage points between 1990 and 2005.
- The poorest 20 percent of taxpayers pay three to five percentage points more in taxes.
- Middle-income families pay about six percentage points more in total taxes than a family in the richest 1 percent.



“We, as a society, are aware that the trauma of illness, the pain of surgery, the slow decline to death, are burdens enough for the human being to bear without the added burden of medical or hospital bills penalizing the patient at the moment of vulnerability.”

*Hon. Justice Emmett Hall, chair of the 1964 commission that recommended the creation of Public Medicare in Canada.*



# It's About Fairness and a Good Quality of Life



Taxes put out fires, keep our streets safe, educate our children, provide our families with health care, ensure our food and water are safe, build and maintain infrastructure for businesses to grow, care for our most vulnerable citizens, preserve our culture, support our environment and parks. In other words, they provide us benefits every hour of the day, every day of the year.

Taxes ensure that Canada can thrive in a competitive global economy.

## Why Privatization Would Hurt Not Help

Private for-profit companies maximize their profits by billing all available sources. In B.C. and Quebec, where private for-profit clinics have been allowed to set up shop, they are billing the public health system — and patients too — for the same treatments. Costs for health care at the private clinics are higher than costs in the public system — by hundreds and sometimes thousands of dollars.

When we pay for health care through our taxes, we pay up-front when we are healthy and working, so that we aren't charged for services when we are sick, or elderly, and least able to pay.

Oliver Wendell Holmes, Jr. said it best:

*“Taxes are the price we pay for civilization.”*

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Give your input on the key health care issues that matter to you  
[www.votehealthontario.ca](http://www.votehealthontario.ca)

## Death and Taxes

### Why too little of one might hasten the other...

We have all heard the joke about death and taxes. But on a serious note, Ontario faces a health care challenge and cuts to services threaten the health and well-being of patients. Ontario has already cut its hospital beds in half since 1990. Other hospital services have also been cut, including outpatient rehabilitation, speech-language pathology, foot care for people with diabetes, social work, and thousands of nurses and support staff.

- ⇒ 18,500 hospital beds have been cut since 1990.
- ⇒ Ontario now funds our hospitals less than virtually everywhere in Canada. \$194 less per person — or \$2.5 billion less for the whole province.

The results are all around us: closure of local ERs and movement of services out of town; elderly patients charged hundreds of dollars per day in an attempt to force them out of hospital when there is nowhere to go; overcrowded emergency departments; overwhelmed staff.

And the problem is not only in hospitals. Wait lists for care outside of hospital are too long.

- ⇒ Ministry of Health data reveals more than 20,000 people on wait lists for long-term care homes.
- ⇒ The Ontario Auditor General reports wait lists of 10,000 for home care.
- ⇒ Patients simply cannot afford the thousands of dollars it would cost to pay for care out-of-pocket.

The provincial election is scheduled for October 6 this year. Let's insist that our political parties and candidates commit to a democratic public health system — one in which Ontarians have a real say to ensure that funding goes to supporting and improving care. Let's ensure that we have a fair tax system that provides the care our communities need, when and where we need it.