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Key Forces Shaping the Future of Health Care Delivery

From our research series:
The Future of Health care in Atlantic Canada

Atlantic Economic Council

CONTENTS

THE FUTURE OF HEALTH CARE IN ATLANTIC CANADA SERIES

Key Forces Shaping the Future of Health Care Delivery

Introduction

Our health, health care and economy are inextricably linked. Poor health and inefficient delivery of health care negatively impacts our economic wellbeing. Atlantic Canadians are relatively unhealthy which leads to increasing demands for care. Our health delivery is well resourced but struggles to deliver improved health outcomes.

Will this situation get better or worse over the next decade? There are forces pushing in both directions. It is important that we continue to develop solutions for tomorrow, not just react to today's crisis.

Atlantic Canada's health care delivery is under mounting pressure from demographic, structural, and financial challenges that will shape its future. Health care spending continues to rise relative to other expenditure areas. An aging and rural population, combined with rising rates of chronic and mental health conditions, is increasing demand for long-term care and specialized services. The health care workforce is aging and overstretched, while many processes remain outdated and overly complex.

Major productivity initiatives are underway within health departments in the region that are intended to better support patients and improve productivity. Over the next 20 years, health care delivery globally is expected to move from a resource-heavy, reactive system toward a proactive and more efficient approach focused on prevention and early intervention. Atlantic Canada's health and economic outcomes will deteriorate further relative to other jurisdictions if we lag in successfully implementing global best practices.

This report examines the demographic pressures, financial realities, workforce constraints, technological opportunities and societal factors that will influence health care delivery and outcomes over the next two decades. Understanding these dynamics and implementing technology systems to support this transition is essential to building a sustainable, efficient, and patient-centered health care system for the future.

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Financial Pressures

The Atlantic provincial governments collectively spent $19 billion on health-related costs in 2024/2025, accounting for 46% of total provincial program spending across the four provinces. This is up over 40% from $11 billion in 2014/2015. The spending on health as a share of GDP increased from about 10% in 2014/2015 to 12% in 2024/2025. Nova Scotia led the region with 51% of its program expenditures dedicated to health-related costs in 2024-2025. Newfoundland and Labrador and Nova Scotia had the highest per capita spending levels out of all provinces. Over the last decade provincial health spending has increased by about 6% per year with the fastest growth in Prince Edward Island and Nova Scotia.

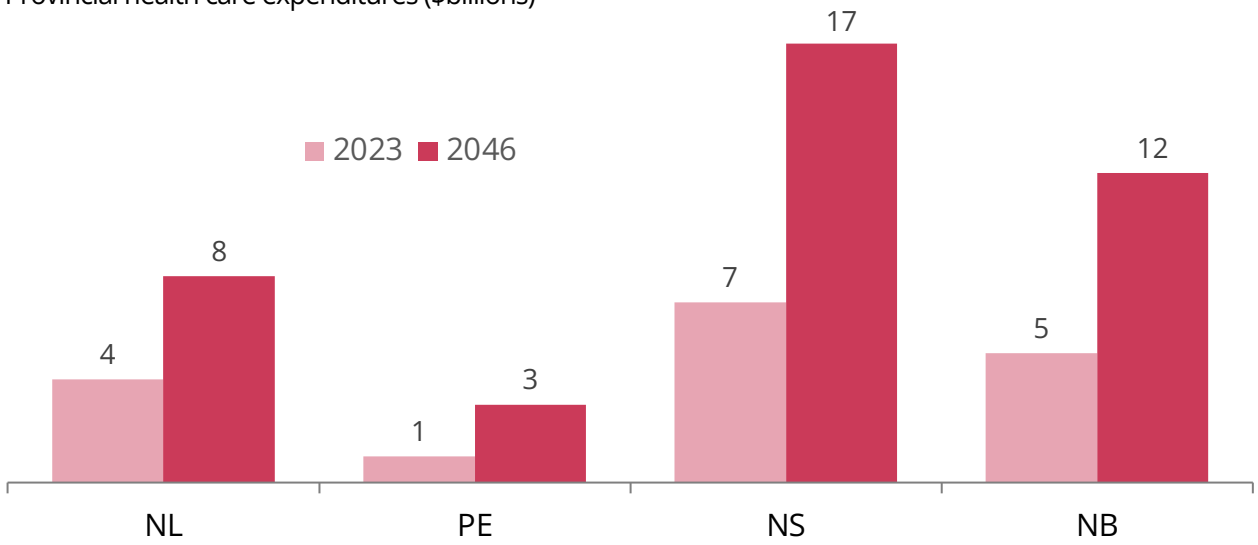
The Council estimates that more than 80% of provincial expenditure growth on health care between 2013 and 2023 was due to inflationary pressures, not population aging or growth. Governments may be able to influence cost drivers such as medical equipment, infrastructure, and labour, while demographic trends cannot be easily changed. Minimizing inflation for drugs and equipment, efficient infrastructure development and finding productivity and process improvements throughout health delivery will be essential to contain future spending.

Our examination of recent provincial budget updates shows that provincial deficits have climbed rapidly in 2025/2026, largely due to major investments in health care transformation, including new technology systems and expanded staffing. Capital spending is also rising as governments build new hospitals, expand existing facilities, adopt expensive technologies, and add long-term care beds to reduce hospital overcrowding and wait times. Many of these investments are to meet the conditions of increased funding announced in the 2024 federal budget including supporting workforce priorities and investments in technology to improve the collection and sharing of health information.

If the costs of delivering health care continues to grow at its current pace, provinces will face increasingly difficult trade-offs. This includes less resources for education, potentially higher taxes, more debt, risks to borrowing capacity and constraints on future economic development initiatives. The Council projects that regional health expenditures could climb from $17 billion in 2023 to nearly $40 billion by 2046. This underscores the urgency of building a more efficient and financially sustainable system.

Provincial health care costs could more than double over the next 20 years

Provincial health care expenditures ($billions)



Source: Canadian Institute for Health Information (CIHI), Statistics Canada, Atlantic Economic Council

Notes: forecast uses the Statistics Canada's M1: medium growth population scenario. Costs are assumed to increase at a similar rate as the last 10-year average for Atlantic Canada with a 20% reduction by 2046 for productivity and process improvements. Methodology is in the appendix.

Individuals and businesses are also feeling a growing financial strain from rising health care costs. Out-of-pocket spending by individuals increased by an average of 8% per year between 2019 and 2023, driven by higher costs for dental care, professional services, prescriptions, medical supplies, and long-term care.

Businesses faced similar pressures, with spending on private health plans rising by 7% per year over the same period. Slowing the growth in health care spending for individuals and businesses is important for more sustainable economic growth. Households may face increased pressure to reduce spending on health services or cut back on non-health spending. Businesses may look to scale back the scope of their health coverage.

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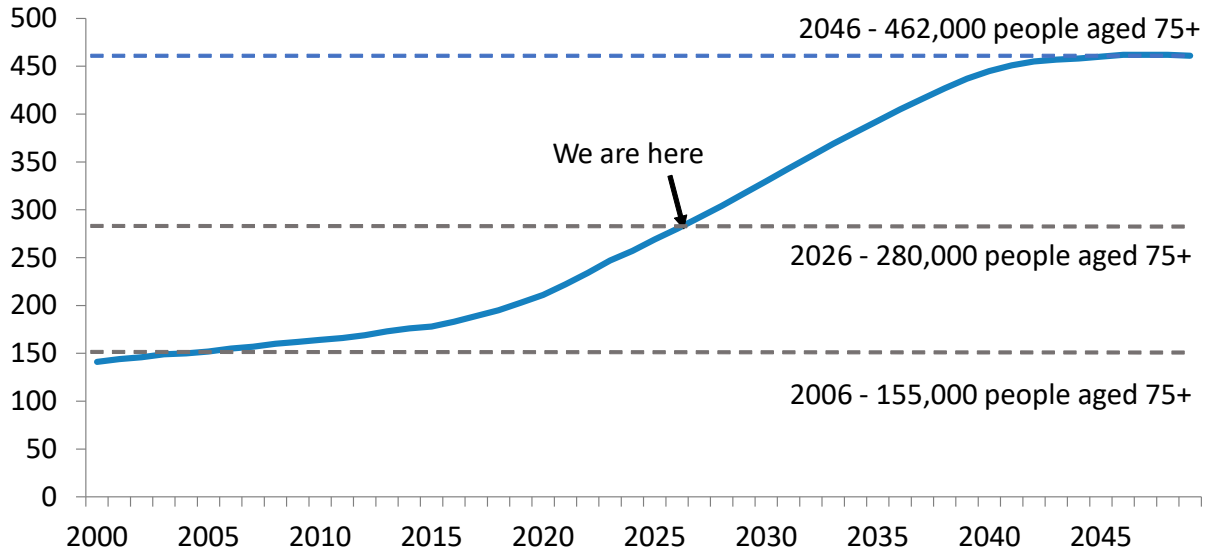
Demographic changes

The annual public health cost of caring for someone aged 75 and older in Atlantic Canada is approximately $26,000—6.5 times the cost of caring for someone aged 20–44. For those aged 85 and older, the cost rises to more than 10 times that of a younger adult. The number and severity of chronic diseases increase as people age, driving substantial demands on the health system.

The region's population aged 75 and older grew by 125,000 over the past two decades and is projected to grow by another 180,000 over the next twenty years, reaching 460,000. Health care demand will continue to rise through the 2040s, though the 75 and older population is expected to stabilize starting in the 2040s.

We are in the midst of a long-term increase of older Atlantic Canadians

Population 75+, Atlantic Canada (thousands)



Source: Statistics Canada,

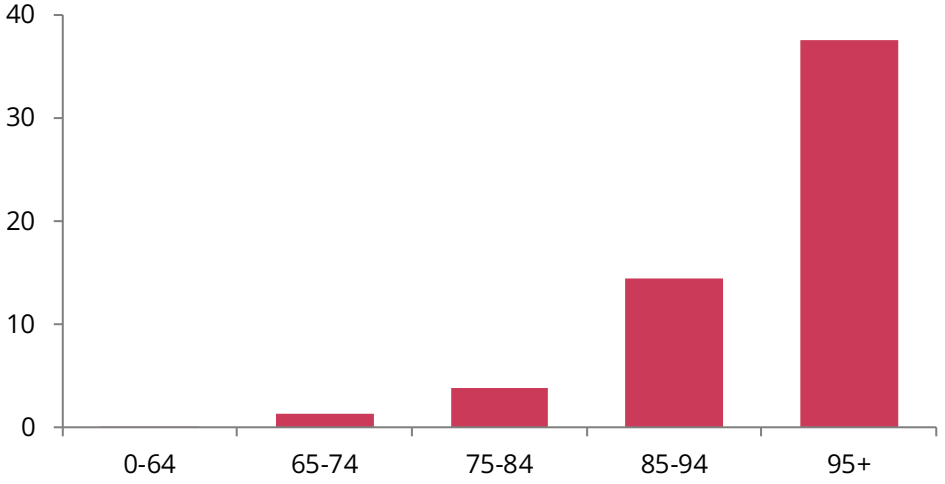
These aging pressures affect not only the formal health system but also caregivers, who support family and community members with chronic conditions. The growing reliance on at-home care limits available work hours and has a negative impact on their productivity.

Rural areas have more intense pressures than urban centers. The population under 65 outside Atlantic Canada's six largest cities is expected to decline by 200,000 from 2020-2040, while the 65 and older population rises by roughly 50,000. There will be fewer young people to care for the aging population. The aging population is increasing demand pressures at a time when labour supply constraints are contributing to more frequent emergency room closures in rural and small communities.

Long-term care pressures will intensify

Residential care* usage by age range, Atlantic Canada

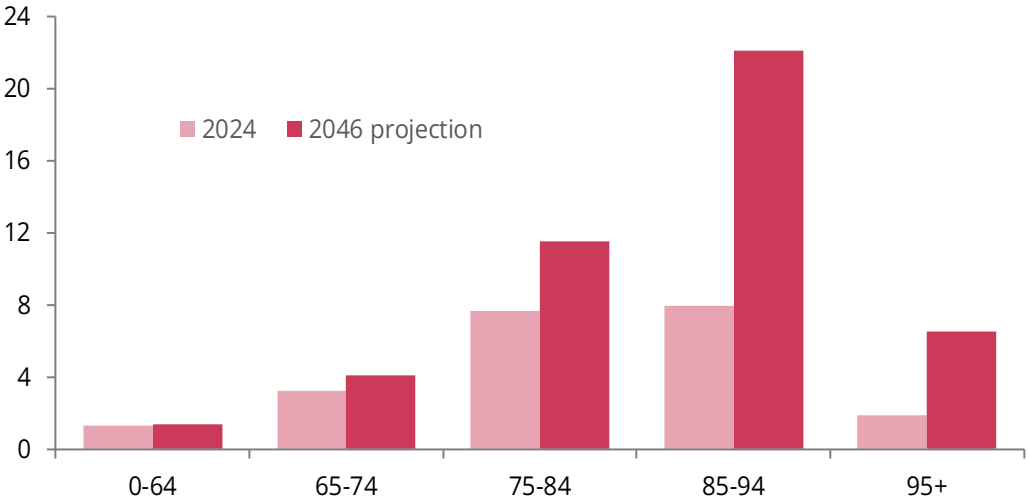
(share of total population, 2024)



Source: Canadian Institute for Health Information (CIHI)

Long-term care needs will grow significantly over the next 20 years

Individuals in residential care* by age range, Atlantic Canada (thousands)



Source: Canadian Institute for Health Information (CIHI), Statistics Canada, Atlantic Economic Council

Over 22,000 Atlantic Canadians were in residential care* in fiscal year 2024/2025. The Council estimates that that will double to 44,000 by 2046 leading to mounting strains on the long-term care system.

Many residents of long-term care require considerable time and focus from staff. As the population ages, these demands are expected to grow, placing even greater pressure on employees.

- The share of seniors in residential care in Atlantic Canada with extensive to total dependence on staff for basic needs including eating, hygiene, movement in the facility and toileting was about 73% or 16,500 in 2024. We expect the number of these residents to grow to over 32,000 by 2046.
- About 25% of seniors over the age of 85 live with dementia. The volume of the complex care needed to support them will grow significantly over the next 15 years.

Growing long-term care needs will require major investments in infrastructure, staff, and technology. Using these resources efficiently while maintaining quality care will be challenging.

*Includes those in long-term care homes and in hospitals waiting for a bed in long-term care.

Notes: 2046 estimates use 2024 levels from CIHI and 2046 age projections by Statistics Canada M1 growth scenario. Methodology is in the appendix. Provincial data tables are available on our website.

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Health care workforce availability

About 4% of health care jobs in Atlantic Canada are vacant. The level is the second highest of all sectors, trailing only the accommodation and food sector.

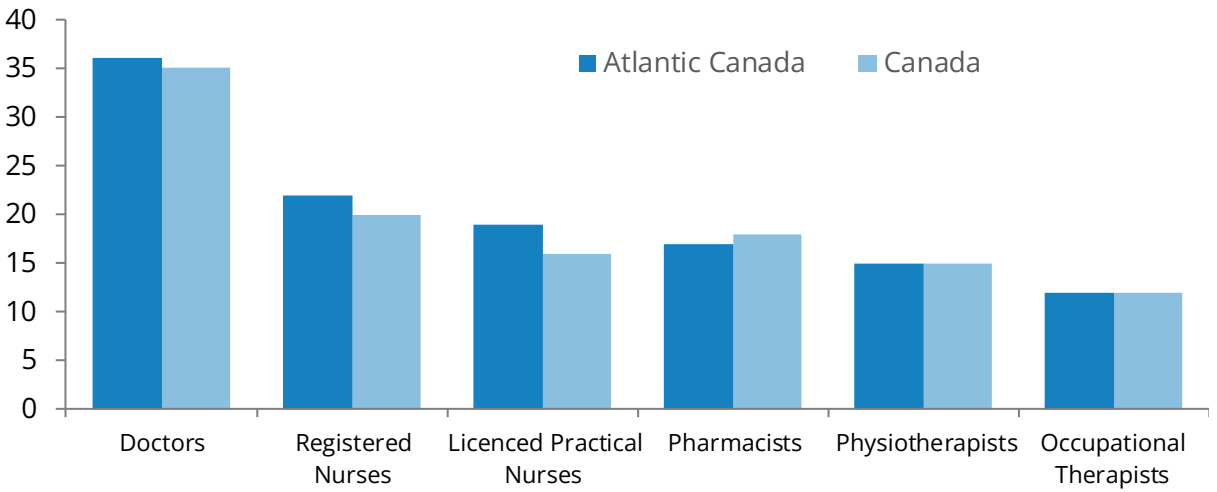
The workforce is also aging with about 22% or 45,000 people in the region's health care labour force who are 55 or older. That is up from about 15% two decades ago. Replacing these workers will be an additional burden on the health system. Over 35% of doctors in Atlantic Canada are 55 or older. The region's existing shortage of doctors could worsen over the next decade as many of those doctors retire. Enhanced recruitment and retention efforts, including more competitive models for physician's services that improve attachment of patients, will be important to future success.

The latest Occupational Outlook from Service Canada estimates nearly 11,000 job openings in health occupations for Atlantic Canada between 2025 and 2027. The largest in-demand health occupations are nurses aides/support workers (2,800) and registered nurses (2,350). A recent Health Canada report concluded that "significant increases in education and training seats are required to meet the current and future demand for nurses, occupational therapists, physiotherapists, pharmacists and family physicians in Canada." The report estimates the shortage of registered nurses in Canada would be nearly 30,000 by 2034 and the gap in family physicians would be over 27,000 in that same year.

The shortage of several occupations, including family physicians would be more intense in rural areas. Our next report in this series will look in depth at solutions for the labour force challenges in the health sector. This will include monitoring the impact of provincial recruitment programs and examining other possible solutions.

Doctors shortage could intensify due to older labour force

Share of labour force 55+ by health occupation, 2024



Source: Canadian Institute for Health Information (CIHI)

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Technology and data

Recent government funding has accelerated the adoption of telehealth, virtual care, robotics, and artificial intelligence—tools that are reshaping how patients access and receive care. All four Atlantic provinces are making major investments in digital health systems to better support patients across the continuum of care.

The expanded use of data and digital technologies is expected to significantly improve system productivity and enable more personalized, proactive care. Health data can help predict disease risk, guide early intervention, and tailor treatments to each individual. However, these advancements come with substantial upfront costs. It is important that the expected return on these investments is clear. Are we improving the patient experience, lowering costs, improving care or getting better outcomes?

Examples of recent investments in technology

- Newfoundland and Labrador is investing $620 million on its "CorCare" system over 10 years to support patient care
- Nova Scotia is spending $365 million with Oracle Cerner on a one person-one record system over 10 years and $45 million with Google on new digital solutions
- New Brunswick set aside $50 million in its 2026/2027 budget for digital health initiatives
- Prince Edward Island is spending $22 million over the next five years to modernize its health information systems

The growth in technology use will lead to vast amounts of personal health data. Future care models may integrate this information with other available data including income, education and employment data. This will allow systems to better support people with complex needs and address some of the underlying drivers of poor health. Patients are expected to play a larger role in their own care by accessing and contributing to their data through apps, wearables, and other digital tools. This richer data environment will strengthen health research and improve the performance of AI-enabled health tools.

Patients will increasingly interact with their data as digital systems expand. Health care providers will remain trusted custodians of clinical information, while system planners, researchers, and commercial partners will likely have tiered access to de-identified data for non-patient-specific uses. This shift marks a major transformation in how health information is managed, shared, and safeguarded.

Ensuring data security will be critical to building trust in systems and to encourage technology adoption. Digital health systems are critical infrastructure that needs to be protected from external threats including cybersecurity incidents.

Evolving forms of health care delivery

Health care is evolving to deliver more effective services and a better patient experience. Models are being explored and implemented by health departments in Atlantic Canada that could help reduce or better allocate demand and costs for health services. Several of these examples can be resource intensive and costly. Efficient implementation will be a key determinant of their success.

- Greater use of collaborative health teams and community-based care, bringing services closer to where patients live. Example: NS Health in Kentville
- Expanded roles for nurses, pharmacists, and other health professionals, reducing pressure on primary care providers and improving timely access to care. Example: PEI Health
- A stronger focus on prevention, including nutrition and physical activity programs, enhanced mental health supports, and broader screening initiatives. Example: Vitalité Health NB
- Precision medicine is part of the broader geonomics research underway in the region. Personalized treatments can lead to more accurate diagnoses and better chances for success. Example: Atlantic Cancer Research Institute
- Integrated technology and systemwide digital access, which are essential to enabling more modern and effective delivery. Example: Virtual Care NS
- Incentive initiatives are becoming more common as the competition for talent nationally and globally intensifies. Work in Health NL
- Improved services for underrepresented groups and newcomers, ensuring equitable access across diverse communities. Example: Tajikeimik
- Research is underway across the region to better understand how other modified forms of health delivery could improve the productivity of health care in the region. The success of these models will play a critical role in shaping the future efficiency and effectiveness of the healthcare system. Their impact will extend beyond patient outcomes, influencing the health of the workforce and the strength of the broader economy.

Importance of the non-profit sector to health care delivery

Non-profit organizations outside of the health care system play an important role in supporting the health and well-being of people across the region. These organizations are filling critical gaps in health care and community services. Non-profits contribute directly to the health system by raising funds for research and patient support. They also address key social determinants of health including early childhood development, programs for underrepresented groups, housing and food security, and mental health supports.

Their efforts strengthen both individual well-being and the resilience of our communities. Integrating non-profits more strategically into health planning is essential to building a stronger, more effective system.

Social and environmental factors

Social networks help people stay connected. Important health information is shared through social media by public health agencies. Social platforms also allow patients to learn more about existing conditions and where to find help.

However, there are several health-related risks associated with social media use that we are only beginning to understand.

- Harassment and bullying online has been shown to increase anxiety and depression especially in young people. Australia's decision to ban social media for users under 16 years old is one example of governments taking action to curb the growing health risks of the digital environment.
- Social media can negatively impact sleep patterns which can create or worsen mental and physical health conditions.
- Excessive screen time can lead to eye strain, headaches and other medical challenges.
- The spread of misinformation online on topics such as anti-vaccine use, extreme diets and other harmful behaviours can negatively impact overall health. Canada recently lost its measles elimination status due to changing perceptions on the efficacy of vaccines.
- Improper self-diagnosis can lead to worsening health conditions.

Taken together, these impacts can contribute to poorer mental and physical health, increasing disengagement from education and work and gradually reduce labour force participation and productivity. As a society we need to dedicate more resources toward limiting the negative impacts of social media on health.

Extreme weather events are happening more frequently including heat waves, forest fires, flooding and more intense storms. This can negatively impact physical and mental health. Poor air quality from wildfires can trigger respiratory issues. Many parts of Atlantic Canada faced drought conditions in the summer of 2025, which had a negative impact on food availability and caused water access challenges for those on well systems. Climate-related events place additional strain on the health-care system by driving up caseloads, increasing stress levels and reducing productivity.

The Canadian Climate Institute estimated the costs of climate change on health care and the economy could be massive due to declining air quality, hotter temperatures and the impact on our mental health and productivity. The costs of poor air quality could reach $86 billion per year by 2050 unless action is taken. Rising temperatures and heat waves could add another $3-4 billion to health costs.

Preparing for the future of health care delivery

Health care pressures will intensify as the population grows and ages, driving total costs higher. Building a more productive, cost-effective system is essential. This will not only improve patient care, but would allow governments, businesses, and individuals to redirect resources toward other priorities.

The following elements should guide the development of future health care delivery solutions.

> Forward looking - solutions should be designed to meet future needs not just immediate pressures.

> Value-based care - incentives and priorities should be aligned to improve outcomes per dollar spent.

> Stronger resource and financial sustainability – opportunities for greater regional collaboration and strategies that strengthen long-term workforce and financial sustainability should be considered.

> A focus on prevention – new initiatives should address the root causes of health challenges rather than only treating chronic issues after they arise.

> Greater equity – solutions must improve access and outcomes for underrepresented groups, rural communities, and older Atlantic Canadians.

> A whole system perspective – health challenges should not be solved in isolation; addressing one issue without considering broader system impacts can inadvertently create new problems elsewhere.

Key innovative solutions to consider are:

> Advancing new delivery models that improve access, coordination, and efficiency.

> Leveraging technology to enhance productivity, strengthen data use, and modernize patient care.

> Clarifying and expanding the role of the private sector to support service delivery while maintaining equity.

> Introducing legislative reforms that enable more flexible, modern models of care.

> Updating funding models to better align incentives with long-term outcomes and system sustainability.

> Resetting expectations for patients and the public to reflect what a modern, sustainable health-care system can realistically provide.

The Future of Health Care in Atlantic Canada

PREVIOUS REPORTS IN THIS SERIES

> The importance of health care to our economy

> Advancing health outcomes to improve economic prosperity

> Assessing the performance of Atlantic Canada's health care system

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The first three reports in the Future of Health Care in Atlantic Canada series have outlined the importance of the health sector, some of the major challenges facing Atlantic Canada and the economic risks of inaction. This report has highlighted some of the key forces that will impact health care delivery in the future.

The second phase of this research series will shift focus to concrete, action-driven recommendations that can strengthen health care delivery and position the region for a more sustainable future.

> **Strengthening Atlantic Canada's health care workforce** – this report will assess current workforce gaps, demographic pressures, sources of new labour, and the region's future labour needs.

> **Understanding the role of the private sector in health care** – an analysis of how the private sector currently contributes to health service delivery, and how its role could evolve while maintaining equitable access for all Atlantic Canadians.

> **Global best practices in health care delivery** – an exploration of successful health care models used nationally and internationally, and an assessment of their potential application and impact in Atlantic Canada.

> **Building a stronger health care sector** – a review of practical solutions that can enhance the region's health system, support long-term economic growth, and strengthen the connection between a healthier population and a healthier economy.

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Appendix: Methodology

Estimating the share of expenditure growth from inflation versus population aging

We looked at the provincial government cost per person for different age groups in 2013 vs 2023 using CIHI data Series E table E1. We applied provincial health costs at each age group to the 2013 population profile from Statistics Canada. The health cost by age profile for 2013 was then applied to the age structure of the population in 2023. That value was subtracted from the actual cost of delivering health care by the provinces in 2023 to estimate the share of the spending increase that was due to aging. The residual value was the estimated inflationary impact.

Projecting provincial health expenditures in 2046

The provincial health care costs per person by age in 2023 from CIHI were applied to the age structure of the population data from Statistics Canada in 2023. These per capita costs were applied to Statistics Canada population projection by age for 2046 using the M1 growth scenario. This provided an estimate of the future cost based on the expected shift in the population structure. For the second estimate a future value calculation was applied to each age range cost per capita using the inflation rate for that age range from the 2013-2023 period. A 20% productivity improvement was assumed in the calculation. This provided an inflation adjusted scenario with a productivity assumption. The estimate of the spending was then calculated.

Long-term care population estimate

The share of the population in residential care facilities was calculated using the actual levels by age range in 2024/2025 as a share of the total population in that age range for Atlantic Canada. Those share calculations were applied to Statistics Canada population projections for the population by age range in 2046 using the M1 growth scenario.