

When Care Drives the Economy

What It Now Means to Govern

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We are living in a moment when uncertainty often moves faster than stability. Economic headwinds are mounting, families are feeling the pressure of higher costs, and across sectors, growth is slowing.

Yet even in this climate, one part of the economy continues to expand: care.

This reality presents both a responsibility and a choice.

The responsibility is laid out clearly in national health system reporting (*Statistics Canada; Canadian Institute for Health Information*), which points to the close connection between health outcomes and economic performance. Poor health reduces labour force participation and limits productivity, and it places added pressure on systems that are already stretched. Those effects are no longer abstract. They are showing up in workplaces, public budgets, and local communities.

At the same time, the scale of economic activity tied to care is changing how we need to think about it. Recent reporting in *The Globe and Mail* noted that health care and social assistance added roughly 150,000 jobs since the end of 2023, nearly double the job growth seen across all other industries combined. Today, close to one in seven Canadians works in this sector.

That level of growth is not a short-term response to a single policy decision or funding cycle. It signals a structural shift. For boards, it raises a practical question: how should we govern systems that are no longer peripheral to economic performance, but central to it?

Rethinking what health care represents

For decades, health care has often been framed as a cost to be contained. Governments fund it, managers operate it, reform efforts try to make it sustainable. Those realities remain. Provincial budgets tabled across the country this year committed billions of dollars to health care because it remains core to the social contract.

What is changing is how the data asks us to understand those investments. Increasingly, health care functions less like a discretionary program and more like economic infrastructure.

When care systems work, people stay in the workforce longer, families face fewer interruptions,

and communities remain resilient. When they do not, the effects extend well beyond hospitals and clinics.

Demographics are a major driver of this shift. Canada is aging quickly. People are living longer, often while managing multiple chronic conditions. The experience is especially pronounced in Atlantic Canada, where access gaps, workforce shortages, and older populations intersect. Much of the system Canadians rely on was built for a different era, one with shorter life expectancy and simpler patterns of need.

The growth of what economists call the care economy is not only a response to age. It is also shaped by unmet demand and deliberate policy choices. Investments in early learning and childcare have increased participation in care services. Expectations around mental health support, prevention, and quality of life have reshaped what people seek from the system. Care is no longer episodic. It follows people through their lives.

Where care is delivered is changing

Care today is rarely confined to a physician's office or a hospital ward. It shows up in homes, workplaces, schools, and community settings. Increasingly, it is delivered through systems that connect clinical services with social and community supports.

Many Canadians experience this shift not as an economic concept, but as a widening circle of care that surrounds them. The traditional one-provider model, which served a different time, is giving way to networks of support that rely on coordination and trust between organizations.

This evolution carries direct implications for governance. Fragmented systems are difficult to oversee. Accountability becomes diffuse. Outcomes depend less on a single institution and more on how well partners work together. Yet governance structures have often lagged behind this reality, holding onto oversight models designed for stand-alone organizations rather than shared responsibility.

Despite this shift, gaps in access remain large. Millions of Canadians still lack consistent access to primary care. Mental health needs often go unmet even when people actively seek help. The result is a system that is growing in size while struggling to deliver reliably for those who depend on it.

Care and the economy move together

If care has become one of the most stable sources of employment and economic activity in the country, then it deserves to be governed with that reality in mind.

Productivity and care access move together. When people can access care in a timely way, they are more likely to remain engaged in work and community life. When caregivers receive adequate support, retention improves.

This relationship challenges boards to look beyond traditional boundaries. Decisions about investment, partnerships, and risk tolerance increasingly shape outcomes.

At Medavie, we have seen this dynamic play out across insurance, benefit management, health delivery, and community-based services. Experience has shown that strengthening care does not depend on a single model or a single actor. It depends on connection. Public, private, and not-for-profit partners each hold part of the solution. Bringing those parts together calls for governance that is clear about accountability and comfortable with collaboration.

What this asks of boards

For directors, the rise of the care economy places stewardship at the centre of their role.

Governing for the long-term means weighing near-term costs against sustained economic and social participation. It means overseeing partnerships with the same seriousness applied to internal operations.

Boards are also being asked to govern through uncertainty. Workforce constraints persist. Demand continues to rise. Funding models evolve unevenly. Navigating these conditions calls for clarity of purpose rather than certainty of outcome.

Recent years have made one point clear. Systems with established relationships across sectors adapted more quickly under stress. Systems built around isolated functions did not.

Looking ahead

The expansion of the care economy marks an inflection point for Canada. It reflects who we are becoming as a country and what we expect from the systems that support daily life.

Care and economic strength depend on one another. Recognizing that connection changes how boards plan, invest, and oversee.

Canada is well placed to respond. The question is whether our governance approaches will keep pace with the systems they are responsible for guiding.