

The Human Costs of British Columbia's tax cuts

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Last month, a group of Vancouver physicians raised a warning cry about the false economy of cuts in health care coverage for the poor and elderly.

These doctors decided to go public because of the suffering they were seeing among their patients. One family doctor, Sandi Witherspoon, described a woman in her 70s with high blood pressure, heart disease, osteoporosis and the lingering effects of a stroke, who needs five different prescriptions. Before January 1 of this year, Dr. Witherspoon's patient had to pay a maximum of \$7.60 for each prescription. The BC government's cuts in support for the elderly mean that each prescription now costs her \$25, up to a maximum of \$275.

With her patient now sick with worry about how she would pay for her medication, Dr. Witherspoon spent hours on the phone trying to get the government to subsidize the prescriptions under a premium assistance program. While the woman was eventually approved for assistance, a government clerk told Witherspoon that cuts in personnel meant the program is six to eight weeks behind in processing applications.

The B.C. government's cuts have gone beyond drug coverage. They have also limited coverage for physiotherapist, chiropractor, and podiatrist services to low income people receiving premium assistance.

The Vancouver doctors had other stories to tell. A patient with a complex medical condition spent nine unnecessary days in hospital when he didn't fill his prescriptions because of the new, up-front payments. A blind elderly patient requested a physician house call to cut her toenails because she can't afford to pay for podiatry services. A janitor with a back injury could not afford to pay privately for physiotherapy. After two months she could still not return to work and was forced to go on Employment Insurance.

The stories represent more than isolated incidents. Across B.C., seniors purchased 1.89 million pharmacare-covered prescriptions during the first three months of last year. This year, that number fell to 1.18 million, a

38% drop. How much of the difference represents prescriptions that fell under the new Pharmacare lower limit of coverage (\$10 for those on premium assistance, \$25 for other seniors), and how much represents unfilled prescriptions, is not yet clear. But the Vancouver doctors' stories suggest that a substantial part of the decrease is because patients are holding off purchasing medication.

The patient stories told by the Vancouver doctors have two common elements. One is the suffering of individuals who are unable to pay for health care. The second is the consequences of their decision to forego the care they need. Ultimately, these patients end up using more of the services that the government does pay for, including physician visits and hospital admissions, and unemployment insurance payments.

The increased use of other health care services when support for drug payments decreases is an old story. In the early 1980s, New Hampshire imposed a three drug per month limit on Medicaid recipients. During the 11 month period that the cap was in place nursing home admissions, use of emergency mental health services and psychiatric hospitalizations increased sharply in populations affected by the cap. When the cap was eliminated, services use returned to the previous pattern.

Even more relevant to the Canadian scene are the consequences of a 1996 Quebec government decision to impose co-payments for prescription drugs on the elderly and welfare recipients. Use of essential drugs fell by 9% in the elderly and 14% in those on welfare. The reduction in use was associated with increases in emergency room visits, hospitalizations, and nursing home admissions.

Thus, the evidence suggests that cuts in support for needed drugs actually increases government costs. Ontario's Conservative government may have exercised the same kind of false economy when they recently cut home care services, in particular support for housekeeping. In a previous column, I described a study from British Columbia that suggested that these sort of home care cuts lead to increases in far more costly admissions to nursing homes.

Tax reductions are at the root of Pharmacare cuts. Gordon Campbell's Liberal B.C. government has followed the lead of Ralph Klein in Alberta. While cutting progressive tax rates in which the rich pay a larger

proportion of their income than the poor, they have increased health care premiums. Since everyone pays the same health care premium, premiums constitute a regressive tax in which the poor pay a larger proportion of their income than the affluent.

Overall, the tax cuts have meant a large reduction in government income. The government has responded with cuts in health services. The decreasing support for prescription drugs in the elderly and those on social assistance, and cuts in personnel to process the increasing requests for premium assistance that result, target society's most vulnerable individuals.

Two major inquiries on health care in Canada, the Alberta Mazankowski committee and the Canadian Senate's Kirby Committee on Social Affairs, have recently submitted reports. Despite their conservative slant, neither document has suggested the sort of cuts in support for drugs and other services for the elderly that Ontario's Harris introduced in 1996, and B.C.'s Campbell in 2002. The reason is that these cuts are inhumane and, because of the risk of increasing other health expenditures, do not make economic sense.

We can only hope that other provincial governments, and particularly our own, don't keep repeating the mistake.