

Public health care is the choice of big business

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By Dr. Gordon Guyatt

Fred Krawczyk has been in business for over 30 years. The 59-year-old Toronto man has held executive positions ranging from North American president of an international corporation to vice-president of a national newspaper.

Krawczyk believes in publicly funded health care -- and not just because of the protection it provides for him and for his family.

"Canadian business reaps major benefits from publicly funded physician and hospital services," Krawczyk maintains.

"It gives Canadian companies, particularly large ones, a huge competitive advantage. It also allows employees job mobility without having to worry about losing health care coverage, a big problem in the U.S."

Krawczyk is not alone in his view. This past June, I was part of a doctors' group at Roy Romanow's public hearings on Canadian health care.

The group presenting just before us, the Employer Committee on Health Care -- Ontario (ECHCO), represents more than 30 of Ontario's largest employers, including Stelco, Dofasco, and the Bank of Nova Scotia.

ECHCO surprised me with its worries about private health care. "As a result of passive privatization of services, in addition to rising costs of medical services, in particular prescription drugs, the affordability of employer-sponsored plans are at risk."

The ECHCO spokesperson said business would be happy to pay higher taxes for a national pharmacare plan that would reduce the burden of drug costs in employee benefit packages. Wise industrial leaders and representative groups such as ECHCO know that in health care, their self-interest and the interests of their workers overlap.

Health care is one area where even auto-industry management and unions see eye to eye. In September 2002, the Canadian Auto Workers union,

along with General Motors of Canada, Ford, and DaimlerChrysler signed an unprecedented joint letter.

"The success of (the auto) industry has been crucial to Canada's economic progress over the past decade," the letter states. "Canada's health care system has been an important ingredient in the auto industry's performance."

Why the surprising agreement among private sector companies? First, Canada's health care system is far more efficient than that of the United States. While the U.S. spends more than 14 per cent of its gross domestic product (GDP) on health care, Canada has limited health spending to 9.4 per cent of our GDP.

The administrative efficiency of health care, and the ability of governments to hold the line on hospital and physician expenditures, are responsible for our success.

Second, individual Americans must, one way or another, pay the very large costs of their own health care. Just as in Canada, health care coverage is part of standard American employee benefit packages.

But public funding of physician and hospital services in Canada means that Canadian companies pay far less.

Canada's auto industry illustrates how this competitive advantage plays out. Employers' health costs in the U.S. amount to \$900 per automobile.

As the joint letter from the auto-makers and their union tells us, the situation differs in Canada.

"The public health care system significantly reduces total labour costs for automobile manufacturing firms, compared to the cost of equivalent private insurance services purchased by U.S.-based automakers."

The health insurance savings amount to four dollars for every hour of labour worked. Those dollars eventually generate profit for the companies, making Canada an attractive place to set up shop.

The story is the same for other large industries. In the U.S. steel industry,

health insurance costs are 18 per cent of total employment costs compared to 4 to 6 per cent in Canada. This advantage has helped Stelco and Dofasco survive the contraction of the steel industry.

Wise Canadian industrial leaders are aware that threats to high-quality publicly funded health care mean threats to their privileged position.

The automakers' letter summarizes the situation with compelling clarity.

"The erosion of publicly funded health care -- through measures such as the delisting of currently covered services (and) the imposition of user fees ... will impose significant costs on automotive employers and undermine the attractiveness of Canada as a site for new automotive investment."

The automakers, and ECHCO, want more than the preservation of public health care.

They know a national government-funded pharmacare plan will reduce drug costs both through administrative efficiencies and the enormous bargaining power.

While the government may levy additional taxes to fund a national drug program, employers know that their overall costs will decrease.

It is why the automakers identified the need for "updated range of services (including prescription drugs and home-care services) that reflects both the evolving nature of medical science and the emerging needs of our population."

The message is clear. Maintaining, and indeed expanding, publicly funded health care will be good not only for the health of individual Canadians, but for the health of the Canadian economy.

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