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MRG Warns new Minister of dangers of expanding for-profit health care

The MRG sent the following letter to new federal health Minister Maclellan on February 4, 2002.

Dear Minister:

The Medical Reform Group of Ontario is an organization of 200 physicians and medical students committed to preserving an equitable system of high quality health care in Canada. We are writing to appeal to you to resist provincial government plans to expand for-profit delivery of health care.

For-profit delivery of health care won't deliver better health care at reduced cost. The United States has a large for-profit sector, and an equally large proportion of health care delivered, as in Canadian hospitals, by private not-for-profit institutions. That mix has provided the opportunity for direct comparisons of costs and quality of care.

The results of hospital studies are consistent. For-profit providers generate money for shareholders not by reducing costs, but by generating extra expenditures from government and private payers. They have another effective strategy, offering care to the less ill, and leaving the sicker more expensive patients to the not-for-profit and public delivery systems.

We can expect Canadian for-profit providers to use the same strategies of additional income generation and "creamskimming" to meet their primary obligation, delivering profits to shareholders. Their income-generating strategies will include persuading governments to pay greater per-patient costs than not-for-profit providers receive. This has, for instance, happened in Ontario, where for-profit providers of radiotherapy at Sunnybrook hospital are receiving higher per-patient reimbursement than not-for-profit facilities delivering the same care.

In addition, for-profit providers will offer uninsured services for which they can charge consumers directly. Some of these will be bogus services.

For instance, Ontario primary care physicians are charging yearly administrative fees for coverage of uninsured services, such as assessments demanded by third parties, far in excess of services that most patients actually use. Some surgeons are charging for booking operating room times.

Such charges circumvent the Canada Health Act, and we can anticipate for-profit facilities will be imaginative in creating such charges. In addition, for-profit facilities will charge patients for enhanced services of dubious benefit. Patients are in a weak position to resist suggestions by their physicians that they should use such services. For instance, in Alberta, patients in for-profit facilities had 100 per cent acceptance of expensive and allegedly superior lenses that had an uptake of less than 50 per cent in not-for-profit facilities.

Ultimately, for-profit provision of care will increase the pressure for abandoning the Canada Health Act. When they achieve this goal, for-profit facilities will be in a position to increase charges in a major way. In addition, we can expect that for-profit facilities will cater to low-risk patients who generate lower per-patient costs. The result will be that patients left for not-for-profit facilities will include a mix of higher-risk patients who generate greater per-patient costs. The result will be greater economic pressure on not-for-profit facilities.

The big picture supports the results of the individual research studies. The user-pay, for-profit based US system eats up over 13 per cent of the American GDP. Our single-payer, largely not-for-profit delivery system, generates per-person expenditure on health care that is almost 50 per cent less than the US. American studies show that when their charges are restrained, for-profit providers skimp on quality. Death rates in US for-profit dialysis centres, which depend on the same Medicare payments as not-for-profit facilities are, for example, consistently higher than in not-for-profit centres.

It is evident that the growth of for-profit provision of health care is not in the best interests of Canadians needing health care. By taking a permissive attitude toward provinces opening the door to for-profit delivery you are abandoning these Canadians. You are allowing us to go down a road that will result in a more expensive health care system delivering poorer care, particularly to less affluent Canadians. We call on

you to take the more politically challenging, but more responsible route, and aggressively resist provincial plans.

Sincerely,

Gordon Guyatt MD for the Steering Committee