Your money and/or your life
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Death rates higher in for-profit hospitals: study.

"Mr. Speaker, at the risk of getting into the game of I'll show you your study; you show me my study, there are studies going back and forth. There is a lot of evidence both ways."

The quote is from Ralph Klein, speaking in the Alberta legislature in December, 1999. The premier was responding to evidence about the dangers of his proposed legislation to allow for-profit facilities providing surgery that requires overnight stays - what most people would call private for-profit hospitals.

Klein's response highlights a problem in using research evidence to guide public policy decisions. Consider the question of whether private for-profit hospitals have higher or lower death rates than private not-for-profit hospitals. Mr. Klein would like to argue on the basis of conventional wisdom that for-profit companies can always do things more efficiently. The opposition would raise the image of greedy companies exploiting the public system. If we have no way of making sense of the available research, we may have to fall back on anecdote, intuition, emotion, and conventional wisdom.

Fortunately, in the last 15 years, the medical research community has developed a solution to the problem. The approach, known as "systematic reviews", relies on scientific approaches to summarizing a body of research.

A team of health care researchers typically carries out a systematic review. They begin by developing explicit rules to decide what studies to include in their review, and what studies to exclude. These rules allow them to choose only high quality studies.

The researchers then conduct an extremely thorough search for all possible studies. The big danger in choosing studies is the risk of bias. If you are a not-for-profit advocate, for instance, you might be inclined to

reject studies that favoured for-profit institutions. To avoid this problem, the most rigorous reviews black out the results and discussion. That way, the decision to include or exclude the study is based only on its methods, and not on its findings.

Our research group at McMaster recently conducted a systematic review looking at the impact of for-profit versus not-for-profit status on hospital death rates, and published the results in the Canadian Medical Association Journal. Dr. PJ Devereaux, a brilliant young cardiologist and health researcher, led our team in ensuring that we met the highest standards of a systematic review. As a result, our study had no difficulty passing the CMAJ's strict system of peer review.

After screening over 8,000 potentially eligible studies, we found 15 of sufficiently high quality that addressed our question. In total, these 15 studies, all from the United States, examined 26,000 hospitals and 38 million patients. The result revealed a significant increased mortality in for-profit versus not-for-profit hospitals. The size of the effect means that if we converted all Canadian hospitals to for-profit status, the increased number of deaths would be in the range of deaths from colon cancer, motor vehicle accidents, or suicides.

The results are directly applicable to the Canadian health care debate. The current proposals of Alberta and Ontario governments would avoid violating the Canada Health Act by keeping funding public. That means that the for-profit providers would not be able to charge patients directly, but would have to be content with payment from the provincial medicare plans. The American studies focussed on patients over 65 whose hospital costs are largely covered by US national Medicare, a program that deals with seniors' health costs. So both the studies in our review, and current Canadian government proposals, look at public funding with private for-profit delivery.

Many people are unaware that our hospitals, though publicly funded, are privately owned and administered. The owners, whether the communities, the hospital boards, religious institutions, or regional health authorities, are all not-for-profit. Once again, since the Canadian policy debate is over switching from not-for-profit to for-profit hospital ownership, the American studies are directly relevant to the Canadian situation.

When one considers the challenges that for-profit providers face, the results of our study should come as no surprise. Health-care investors expect returns of 10 to 15% or more on their investment. To just break even in comparison to not-for-profit delivery, that means that for-profit companies must cut costs by 10 to 15%. The American studies found that for-profit hospitals employed fewer skilled workers, such as nurses and pharmacists, than did not-for-profit hospitals. In addition, the skill levels, and thus the payment, was lower in the for-profit institutions. The results suggest that differences in levels of skilled personnel is one important explanation for the different death rates.

To deliver a profit to their investors, Canadian for-profit providers will have to reduce costs in a health care environment that has already been severely squeezed with budget cuts. Canadian not-for-profit hospitals have gone through years of cutting beds, firing administrators and nurses, and relying on lower paid nursing assistants instead of nurses. As our research has shown, when there is no fat to trim, for-profit hospitals secure their profits by cutting to the bone. The result is poorer care, and higher death rates.

The CMAJ, along with our study, published an editorial by David Naylor, the Dean of the University of Toronto medical school. In his editorial, entitled "Your Money and/or Your Life, Dr. Naylor's conclusion is clear. "Does anyone still want to contract out large segments of our publicly financed health care system to for-profit US hospital chains after reading this article? I hope not."