

## **Hospitals or Hydro, for-profit is bad news**

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(Spectator headline: For-profit hospitals don't work. We'll lose control)

What do hospitals and hydro have in common?

Lots. First of all, they are essential services. Most Ontarians would be terrified if they believed they could not, when seriously ill, obtain high quality health care.

It's the same with access to adequate energy. When hydro bills skyrocket, consumers can't very well say, "I'll just do without hydro". That's as unrealistic as saying "I'll do without the hospital" when seriously ill.

Second, when the profit motive drives provision of essential services, things can go terribly wrong. Shareholders in for-profit corporations expect competitive returns on their money. A for-profit company's first responsibility is to ensure profit meets shareholder's expectations.

As the California experience has shown, there are too many ways that for-profit energy providers can manipulate the market, create an artificial electricity shortage, and drive up the price of hydro.

In health services, when health care providers cut corners to ensure profit, the patient can't tell. If your hospital room is clean, and nurses and doctors are polite, everything seems fine. Yet, you don't know if you are receiving the best drug in the right dose, if the latest treatment options are available, or if health professionals are optimally trained.

Two research reports from McMaster summarized all the high-quality studies comparing death rates in for-profit and not-for-profit hospitals, and kidney dialysis centers. In both cases, the for-profit providers had significantly higher death rates. For-profit providers were cutting corners to maximize returns on investment, and patients paid with their lives.

The third similarity between hospitals and hydro is that, in both cases, our Ontario government has ignored the problems of for-profit delivery,

and plunged ahead with privatization plans.

I don't need to point out the consequences for your hydro bills. Most Ontario citizens, however, are unaware of the for-profit hospitals that are just around the corner.

In this column two weeks ago, I described how Health Minister Tony Clement's plan for two privately owned and managed Ontario hospitals will make private developers rich, waste scarce tax dollars, and compromise hospital care.

The two new hospitals, in Brampton and Ottawa, will be designed, owned, and managed by for-profit providers. The not-for-profit hospital corporations will lease the hospitals from their private owners. The government, using our tax dollars, will foot the bill.

Britain has experimented with these private-public partnerships (called "P3") for a decade. Two weeks ago, I described work by British health researcher Allyson Pollock demonstrating that P3 hospitals cost the government dearly.

The reason? Private financing inevitably costs more than public borrowing, and private shareholders expect a reasonable return on their investment.

Dr. Matthew Dunnigan, a member of the Pollock team, has described the P3 consequences for patient care. "P3's in Britain have proved to be a costly mistake. People have less access to hospital care, they face longer waiting lists, and the quality of care has been compromised. The P3 model doesn't work."

Canadian experts also see the picture clearly. Richard Plain, a senior health economist at the University of Alberta, knows the score.

"In terms of cost savings, where are they? Let's see the numbers. Quit telling me about the private-public song and dance. It is ideology rather than economics and it means less money for health care."

Why are the Ontario Tories ignoring the British experience, and Canadian expert analysis?

Tony Clement claims the government doesn't have the money for the up-front financing of new hospitals. Yet, the government has been able to afford tax cuts that mean \$10 billion dollars in lost income each year. That's enough money to build 30 new hospitals!

The real advantage for the government is that private financing keeps the up-front expenditures for new hospitals off the public balance sheet. That allows politicians to claim victory in debt reduction.

In fact, the government is performing a financial sleight of hand that. Over the typical 30-year hospital lease, private financing will increase public cost. Short term Tory gain, long-term public pain.

The most disturbing part of Mr. Clement's plan is that there may be no turning back. Some of the biggest for-profit hospital management firms in the United States are expected to compete for the projects. These are the same firms responsible for the extra hospital deaths in the McMaster comparison of for-profit versus not-for-profit hospital care.

Under the free trade agreements that Canada has signed, our health care system is protected from foreign invasion. Until, that is, we open the door to for-profit American investment.

Under NAFTA's chapter 11, if we try to move back to not-for-profit ownership, American for-profit companies can sue the government for expropriation. Once we let the Americans corporations in, we lose control of our health system.

The fourth similarity between hydro and hospitals is the solution. Currently, private not-for-profit corporations own and administer Ontario's hospitals. Overall, the religious institutions and community boards responsible for our hospitals have done a good job in the face of major cuts in hospital funding.

Short-term, opportunistic thinking is driving the government's P3 initiative. Evidence, and the public interest, dictate private, not-for-profit ownership and management of essential hospital services.