

## **Money Well Spent**

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**By Dr. Gordon Guyatt**

Earlier this month, Health Minister George Smitherman announced \$120 million for upgrading high-tech health imaging and radiation equipment. Is the announcement reason to celebrate, or more reason to worry about unsustainable health care spending?

Consider: if Canada produced 10,000 more SUVs that Canadians purchased and used, our gross domestic produce (GDP) would rise, and newspaper editorialists would celebrate our well-functioning Canadian economy. The same would be true if we produced and purchased an additional 10,000 television sets.

What, however, if 10,000 additional Canadians undergo hip replacements that free them from crippling pain? Despite the fact that these individuals will be more highly functional, and despite the fact that our GDP will increase, the pundits' reaction would differ. Many commentators would see this increase in production as bad news, a drain on the economy, and more reason to worry about unsustainable health spending.

The purpose of a productive economy is to meet our basic needs, and keep us as happy and satisfied as possible. The cost of fixing a badly damaged hip is intermediate between the price of a television set and an SUV. Even neglecting the environmental problems of the SUV or the negative effect of the television on our family lives, many would consider the hip replacements as contributing more to our national well being than producing more consumer goods.

Over the last 20 years every industrialized country has increased the proportion of GDP spent on health care. That's because the health sector is increasingly able to deliver services people value highly. Preventing disability in old age by hip and knee replacements, blindness by cataract replacement, curing leukemia in young children - the list of health "miracles" goes on and on.

We don't get upset when we see enormous growth in what we spend on computers, DVDs, and a whole range of technological gadgets. So, if it's delivering innovations in a product that we value extremely highly - our health - why the angst about health care spending?

One reason is our national anxiety over "unsustainable" health care spending. As it turns out, this anxiety results from the most successful hoax ever perpetrated on the Canadian people.

Although not often explicitly stated, what we worry about is that health care will crowd out other goods and services on which we'd like to spend our money. What would happen, for instance, if health care spending grew 1% faster than the rest of the economy for the next 50 years?

As it turns out, at the end of 50 years, economic growth would prevent any deterioration in spending power for goods and services outside the health care arena. Canada is likely to continue with an average 2% real growth in GDP we've seen in the last decade. Given this continued growth, if down the road we spend 15% of our GDP on health care instead of the 10% we do now, we will still have more money overall to spend on everything else.

And, if the last decade is any indication, growth in health care spending may not consistently outstrip growth in the rest of the economy. In 1992, Canada spent 10% of its GDP on health care. For a few years after 1992, health care spending grew less than the rest of the economy; the last 5 years, we've been catching up, and 12 years later health care is back at 10% of the GDP.

This is not an argument for profligate health care spending. We must ensure value for money. Increases in income for well-paid health professionals will not improve health care. The best evidence tells us that directing public dollars to for-profit health care will increase expenditures, and decrease quality.

We can, and should, improve the efficiency of our system by ensuring adequate home care that minimizes our dependence on hospitals. We should use drugs wisely, and pay only for expensive new products if they offer substantial additional benefits and have demonstrated safety.

But at the same time, we should abandon our false notion of health care spending as a threatening drain on the economy. Health Minister Smitherman's investment in new equipment will provide the infrastructure for optimal diagnosis and treatment for Ontario citizens with health problems - that's money well spent. When done right, growth in our health care sector delivers a product that enhances Canadians' well being more than expansion in any other part of our economy.