

## **Paying health care through taxes a great deal**

Hamilton Spectator and Straight Goods – April 19, 2002

**By Dr. Gordon Guyatt**

Ann Pickering, a physiotherapist working in upstate New York, has been paying health care premiums that would startle most Canadians. For herself, husband, and daughter, Ann was paying a monthly premium of \$440 – the equivalent of about \$660 Canadian dollars.

Canadians, accustomed to having all physician and hospital services paid out of their tax dollars, would expect that Ann would face no further payments when her family needs health care. Another surprise – Ann's policy included an additional \$15 charge for a visit to her doctors' office, \$50 if a family member needed to go to an emergency room, and \$240 for a hospitalization.

In Canada, psychiatric services are covered in exactly the same way as other health care. A final surprise for Canadians is that Ann's health plan provides very limited coverage for mental health services. These figures show why 40 million Americans, close to 15% of the population, cannot afford any health insurance at all, and why another 40 million choose health plans that provide only limited coverage. Like the uninsured, these "underinsured" are forced to gamble on avoiding health problems.

Even fully insured Americans are nervous. Their coverage likely applies to only certain doctors and hospitals. The small print of their contracts may deny coverage for complications of "pre-existing conditions". If they fail to get clearance from a doctor or nurse before visiting the emergency department, they may be stuck with the entire bill. Coverage for a hospital stay is likely to depend on an insurance company auditor agreeing that their doctors' decision to keep them in hospital was correct. If the insurer won't pay, the patient must leave the hospital, or pay the full charge.

Finally, Americans' coverage often depends on their job. For instance, Ann's previous employer picked up over \$230 of her \$410 monthly premium. When she switched to an employer whose benefit package excluded health care, she had to pick up the entire tab – until her husband's new job provided coverage for her family. For many Americans, job loss means inability to pay medical insurance, and therefore loss of

coverage. Anyone who has ever worried about their job disappearing in a changing economy can imagine that double catastrophe.

American health care continues to deteriorate. A decade of experimentation with "managed care" has failed. Managed care essentially means large companies taking on the management of health care delivery. Initially, managed care slowed the rise in US health care costs. Even so, managed care failed to produce the decreases in per person spending on health that Canadian publicly funded care achieved during the same period.

Now, American health care costs are taking off again. Premiums for employer-provided insurance grew about 11% in 2001. They now average \$2650 for singles and \$7,053 for families (that's about \$3,975 Canadian for singles, and over \$10,000 for families). Experts estimate American health care costs will rise about 15% this year. By the end of the year, health care will eat up over 14% of the American economy, in comparison to 9.4% in Canada.

US health care problems include not only the spectacular failure in cost control, but major limitations in quality and access. Unless you have the most expensive insurance coverage, your choice of doctors is limited, you face "prior approval" hurdles for some of your care, and you may find that the care you need most is uncovered.

A recently released American film, John Q, presents a factory worker whose insurance doesn't cover the heart transplant his son needs to survive. Even when he sells everything he owns and his church pitches in, John Q still can't afford the transplant. Eventually, the desperate father holds an emergency room hostage to try to save his son.

While the melodrama is typical Hollywood, the movie presents a problem all Americans can recognize. Bankruptcy rates in the US are double Canadian bankruptcy rates. The number one cause of personal bankruptcy in the US is health care costs swamping families with either too little or no health care insurance.

While the problem of expensive health care catastrophes is very real, the not so visible problems of limited access to more routine care is equally important. You won't see films depicting the less dramatic tragedies of

Americans who can't afford to have their high blood pressure or diabetes properly treated, and suffer the resulting strokes and heart attacks. But the human cost of this far more common situation is just as great.

There are two key differences between US and Canadian health care. One is that Canada has a national, publicly funded and publicly administered system for delivery of physician and hospital services. The second is that much more of Canadian health care, in particular hospital care, is delivered by private not-for-profit institutions, in contrast to American reliance on private for-profit health care delivery.

These two differences are largely responsible for Canada's ability to deliver health care more efficiently, and to the entire population. The American experience shows us the consequences of a move away from public funding. While we may be able to hold on to our tax reductions, we will end up paying much more in insurance premiums, and out-of-pocket costs when we, or our families, get sick.

A look south of the border shows us that paying taxes for high quality care is as good a deal as Canadians will ever get.