

Politicians benefit personally from supporting investor-owned, for-profit health care

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By Dr. Gordon Guyatt

(Spectator headline: Help business and you get a cushy job after politics)

Last year, I flew to Singapore to participate in a medical conference. The man sitting beside me proved to be a fascinating companion.

Jack (not his real name) is an elite executive who rescues corporations in financial trouble. Jack takes over as CEO of the troubled company, diagnoses the problem, plans the corrective strategy (often employee layoffs), and implements the solution.

Job done, he moves on to his next assignment.

Jack was curious about my own work as an academic physician. Chatting in the Tokyo airport while changing flights, he had a suggestion for me.

I should consider joining the Board of Directors of some health care companies. Providing a little advice in a few meetings each year, I could make a lot of easy money.

How do you get on these Boards of Directors, I wondered. You have to be friends with the right people, Jack informed me.

Politicians with particular policies get to be friends with the right people. Take Don Mazankowski. The former Conservative deputy-Prime Minister received at least \$204,000 in 2000 for sitting on Boards, and providing advice, for the parent company that owns Great-West Lifeco, one of Canada's largest providers of supplementary health care insurance.

In 2001, Mazankowski produced a report that Alberta has used as a blueprint for changes in health care. Among Mazankowski's recommendations was an expansion of investor-owned, for-profit health care delivery, a development that could ultimately expand business for private health insurance companies.

Members of the House of Commons and the provincial parliament typically wait until leaving politics before starting to pick up fees of \$10 – \$25,000 per board, supplemented by payments to attend meetings.

Not so for the Senate. Many Senators sit on Boards of Directors while still serving their country. Michael Kirby offers an example.

Kirby, the Chair of the Senate Committee on Social Affairs, Science and Technology, produced an influential health care report in 2002 that also included recommendations for expanding investor-owned for-profit health care delivery. Senator Kirby is a Director of Extencicare, a giant for-profit nursing home company, and sits on three of the board's committees.

In this column two weeks ago, I pointed out that research studies have demonstrated that investor-owned, for-profit health care leads to higher hospital and out-patient kidney dialysis death rates than does not-for-profit health care delivery. For-profit health care companies have a high incidence of fraud. Fraud represents as much as 10% of total health care costs in the U.S., according to the American Justice Department. Health care Commissioner Roy Romanow found no evidence that for-profit companies deliver care more efficiently, or save money.

I wondered, in the face of the evidence, why Ontario's provincial government is actively expanding investor-owned delivery of health care in hospitals, outpatient MRI facilities, and nursing homes. I suggested that the large donations the Conservative party regularly receives from powerful for-profit companies that ultimately receive government contracts is part of the explanation.

The anticipation of post-politics income offers another explanation. Recent Ontario government decisions in the nursing home sector shows how the system works.

In 1998, the provincial Tory government promised to build 20,000 new nursing home beds before 2006.

The Tories set up rules to favor for-profit companies that have received two thirds of the new beds. At the end of the two decades, the for-profit

owners can convert the new facilities, paid for by Ontario taxpayers, to residential apartments.

The province awarded the largest allotment of new nursing home beds to Central Care Corporation, a company controlled by the Toronto-based Reichmann family. The nursing home allocations to Central Care Corporation will generate \$1.36 billion in provincial operating subsidies over the next two decades.

Bill Davis, former Ontario premier, is a founding trustee and the current chairman of Central Care Corporation's parent corporate parent, Retirement Residences Real Estate Income Trust (REIT). A current trustee is former Davis cabinet member, Darcy McKeough. Mr. Davis retains an option to purchase 50,000 trust units for \$10 each. He is paid \$30,000 annually as company chairman. Mr. McKeough has a trustee's option to purchase 45,000 units, and owned 6,000 as of last December.

When now-Premier Ernie Eves' left politics for a year in 2001, he became a REIT trustee. Eves was granted a three-year option to purchase 35,000 trust units for \$10 each, paid a \$15,000 annual retainer, and up to \$1,000 per board meeting. Mr. Eves is now back leading the province, implementing policies to extend investor-owned for-profit health care.

Having a big business-friendly orientation is good for politicians' income when they leave elected office. When the prospect of long-term personal gain tempts politicians into decisions that harm the citizens of the province, like support for investor-owned for-profit health care, it becomes a serious problem.