

## **Public, Universal Health Care is Sustainable**

Hamilton Spectator and Straight Goods – May 7, 2001

**By Dr. Gordon Guyatt**

You will be hearing the message over and over again. The messengers: opponents of universal, public health care. Their message: health care spending is out of control, and we cannot afford to pay for high quality care for all Canadians.

The latest ominous drum roll, warning us of the imminent death of medicare, comes from the new Ontario Minister of Health. Anyone listening to the CBC will have heard Tony Clement telling them that 10% annual increases in the health budget are not sustainable.

Sustainable. If you are a supporter of public health care, look out for that word. The other side is going to use it like a club, to beat you in to submission.

As it turns out, Canadians can maintain high quality public health care for rich and poor alike. Understanding why requires knowledge of health care spending in Canada over the last decade.

The Gross Domestic Product represents the wealth a country produces in any given year. In 1992, Canada spent 10.2% of its GDP on health care. In that year, responding to concerns about deficits, both federal and provincial governments began to rein in health spending. Between 1992 and 1997, per person spending on health care actually decreased across the country.

Since 1997, spending has picked up again. When Mr. Clement talks about a 10% increase in spending, he is referring to increases in the last year in Ontario. As it turns out, however, Provincial auditor Eric Peters has found that the Harris government inflated reports of health spending by counting planned spending for the future in the current years budget.

Putting Mr. Peters' findings aside, the latest increases represent the government playing catch-up for the cuts in health spending in the mid-1990s. Per capita spending refers to the amount we spend, on average, for each Canadian. We have only just returned to 1992 levels of per capita

spending on health care.

In the meanwhile, the economy has grown. We are spending more on computers, televisions, cars, and vacations. But not on health care.

The result is that Canada now spends only 9.2% of its GDP on health, down 1% from 1992. Canadian spending on health, as a proportion of GDP, has also dropped in relation to other countries. In 1992, we were second in the world on health care spending as a proportion of GDP. Now, both Germany and France spend more than Canada. The United States, the international health care spendthrift, spends almost 14% of its GDP on health.

So why is Mr. Clement talking about out-of-control costs? Its easy to present misleading statistics. For example, Ontario government health spending rose from 17.7 billion in 1995 to 18.4 billion in 1999, a 3.82% rise. However, after correcting for inflation and population growth, real spending per person fell by 6.7%.

Now, alarmists like Mr. Clement note that Ontario is spending over 40% of the provincial budget on health care. Not surprising, when the provincial government has chopped other major expenditures, including welfare payments, environmental protection, and education.

Indeed, as a proportion of provincial GDP, government expenditures have dropped from 16% to 12% since 1992. Our cuts to other government expenditures are hardly an argument for worrisome public health care spending.

So, what increases in public health care spending can we afford? Let us assume conservative projections of 3% annual GDP growth, and 3% inflation. First, we must make up for the cuts of the mid-1990s. After that, the dollar value we spend on public health could rise by 6% a year and, in terms of our overall wealth, health care spending would remain constant.

The facts tell us that Mr. Clement's concerns about sustainability are misplaced. However, that still leaves out the most important part of the story.

What would happen if we did respond to Mr. Clement's rhetoric, and constrict public health care spending? Care within the public system would deteriorate, and Canadians who can pay would demand superior prior care.

Private health care providers, including large American companies, would eagerly step in. Costly private health insurance, with associated overhead and marketing costs and shareholder profits, would blossom.

Soon, we would be following the US model. Rather than spending approximately 11% of our health care costs on administration as we do now, Canada would soon be spending over 20%, as the Americans do. Furthermore, because public spending is far easier to control than private spending, our health care expenditures would rise toward the American figure of 14% of the GDP.

There is no doubt then, that Canadians will be spending more on health care in the future. The question is, who will benefit from the increased spending? If we go the American private route, the affluent, private health insurers, and private companies will be the winners.

If we see through the false arguments about "sustainability" we will put the increased resources in to public health care, and all Canadians will benefit. Lets hope we blow away the smoke screens, and make right choice.