

Health Care costs more, delivers less at investor-owned private for-profit hospitals, major study finds

TORONTO, June 7, 2004 – Canadian governments would pay an extra \$7.2 billion in annual health care costs if Canada switched to investor-owned private for-profit hospitals, according to a major study to be published in the Canadian Medical Association Journal (CMAJ) tomorrow.

The research builds on earlier findings released in 2002 by the same McMaster University research group that revealed higher death rates in investor-owned private for-profit hospitals and kidney dialysis centres in the United States.

“Our previous study showed the profit motive results in increased death rates, and this one shows it also costs public payers more,” said Dr. P.J. Devereaux, lead author of the study. “With for-profit care, you end up paying with your money, and your life.”

The systematic review is based on a study of over 350,000 patients between 1980 and 1995 who were treated in private for-profit and not-for-profit U.S. hospitals. The study found that care cost the patients 19% more at for-profit hospitals. In an accompanying CMAJ editorial Drs. Steffie Woolhandler and David Himmelstein from Harvard University described the systematic review and meta-analysis by Dr. Devereaux and colleagues as, “meticulous.”

“Patients pay more for care at investor-owned for-profit hospitals because the for-profit hospitals have to generate revenues to satisfy investors, high executive bonuses, and high administrative costs,” said Dr. Devereaux. “Not-for-profit providers charge less for care because they do not have investors and have lower executive bonuses, and administrative costs,” he adds.

The results of this review are directly relevant to Canadians for three major reasons:

- The statistically significant higher payments for care at a wide range of investor-owned hospitals spanned a 12 year period, despite significant changes to the American health care system
- The results were demonstrated among both publicly funded patients and among privately funded patients.
- If Canada moves to for-profit hospitals, the same large American hospital chains included in the review would be purchasing Canadian hospitals.

“Health care is a central issue of the federal election campaign. As well, a number of provinces have allowed for-profit surgical facilities and radiology facilities and the Conservative party advocates a permissive stance with regards to investor-owned private for-profit health care facilities,” notes Dr. Devereaux.

“Our results should raise serious concerns about moves to private for-profit care, whether in hospitals, day surgeries, or other outpatient facilities. Evidence strongly supports a policy of not-for-profit health care delivery.”

Contact:

Janet Maher: cellphone 416-770-1311

Dr. P.J. Devereaux: cellphone 289-237-3748