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Canadian corporations need to stick up for our health-care system

Praise from head of GM of Canada underscores value of public health

By Sheila Pratt

It was a refreshing and encouraging moment. One of Canada's top corporate leaders, Michael Grimaldi, president of General Motors of Canada, had sweet words of praise for the productivity of GM's Canadian auto plants.

In a country used to chronic complaints about low productivity, Ontario's GM operations are a bright spot. The right investment in the newest technology turned GM's Canadian plants into the most competitive in North and South America, says Grimaldi.

Another factor giving the Canadian company a significant competitive advantage is Canada's medicare system.

South of the border, it costs GM about \$1,500 a vehicle to cover medical costs for employers and retirees, said Grimaldi. The comparative number for Canada is under \$500 per vehicle, he says.

Rising health-care costs is a major problem for the U.S. parent company, says Grimaldi. The company has to find a solution. Washington isn't about to adopt a Canadian-style system, he notes. Like many American corporations, GM is looking at ways to whittle down that \$5-billion annual cost.

So here's the question. If medicare is so good for corporate Canada and contributes to its competitive advantage, why aren't private companies standing up for Canada's public health-care system?

Why are they watching quietly from the sidelines while the country debates the introduction of private insurance after the Supreme Court decision opening that door?

Private clinics have made more moves in British Columbia than Alberta, so let's see what B.C. employers are thinking.

Jock Finlayson is president of the Business Council of British Columbia, which represents 200 large employers representing one-quarter of all jobs in B.C.

Finlayson says business has not entered the health-care debate partly because it doesn't think there's much threat to medicare.

The dire warnings about two-tier care are just "scare-mongering by those on the left, like Friends of Medicare," he says.

"Nobody in the world wants the U.S system; it's unbelievably expensive," says Finlayson, noting that the U.S. spends about 16 per cent of its GDP on health care compared to Canada's ten.

He's right. A new study shows, for instance, surgery costs in the U.S are double the cost of Canada. A heart bypass costs \$20,673 in the U.S. and \$10,373 in Canada (all U.S. dollars).

"Nobody is interested in seeing a shift where the employer becomes responsible for today's workers."

He noted there was pressure on employers to cover chiropractic care when B.C. delisted it, for instance.

But business is interested in seeing more scope for a private delivery of health care to break up that "stifling public monopoly," on running hospitals for instance, says Finlayson.

Well, Calgary is in the forefront of contracting out. A private hospital will do hip replacement surgeries under contract for ten per cent more than it costs the public system.

Finlayson says he'd be interested in debating a parallel private system, as exists in Europe, where those with money can buy faster service -- though he notes that makes health care more expensive, not less.

"It seems a bit draconian that I can't spend my after-tax dollars" to buy medically necessary services, says Finlayson.

The key for Canada, though, is maintaining universal insurance coverage, says Finlayson, noting that private insurance companies only want to insure the healthy.

Canadian corporations may soon enter the public debate, especially those competing closely with the U.S., such as in manufacturing, says Finlayson.

No doubt those Canadian companies are watching events in the U.S., where companies are in a tough round of cutting workers' benefits to stay competitive, including benefits to retirees on pensions. The drop in benefits is dramatic for those over 65. In 2003, only 56 per cent of companies with at least 1,000 workers offered retiree health benefits. That's down from 80 per cent in 1991, according to research from the U.S. Employee Benefit Research Institute.

That's important. When Albertans retire, their medical coverage may not change much. When you turn 65, your drug costs are covered by the province, which also forgives your medicare premiums and, of course, hospital stays are still covered. In other words, right now, Alberta seniors don't face the cost of fast-rising private insurance premiums.

In the U.S. , a typical worker 65 or over who retired in 2004 would pay \$2,508 in premiums for himself and his wife, an increase of 24 per cent in one year, according to a survey by the Kaiser Family Foundation. Plus, these retirees pay 20 per cent of hospital and doctor visits and the cost of drug bills. No wonder American seniors want to come to Canada to fill prescriptions.

There's another advantage to the Canadian system. Because we're all covered by the same public insurance, we can change jobs or move across the country without fear of losing health benefits.

Not so in the U.S. There's a huge disincentive to change jobs because you risk losing employer health-care benefits.

Finlayson says Canada would never get "into a GM situation" and that's no doubt true. But if they want to keep the advantages of the medicare system, Canada's corporations ought to speak up.