

# **PNHP Statement on the Canadian Supreme Court Decision on Private Insurance**

On June 9, 2005, the Supreme Court of Canada ruled that the Quebec government cannot ban private insurance that duplicates the coverage under Canada's national health insurance system (known as Medicare) when clearly excessive waiting lists delay timely access to care and may impair health.

In both the United States and Canada, opponents of universal public programs of health insurance have used this decision to argue that private insurance provides a superior alternative to public insurance. Such arguments are fallacious and entirely unwarranted.

Long queues (waiting lists for health care services) result from inadequate capacity of the health care delivery system, not from the method of paying for care. Canada suffers from an inadequate supply of MRI machines and a shortage of specialists and technicians in some fields. These shortages have resulted in queues for a few high technology interventions. The appropriate remedy is to increase capital investment in the capacity of the system, both in physical plants and equipment, and in human resources.

In the effort to reduce queues to reasonable levels, it is crucial to avoid creating excess capacity in the system. Excess capacity results in over-utilization, which dramatically increases costs without a commensurate improvement in outcomes. Excessive interventions are sometimes even detrimental to health. Because of the dynamic nature of health care, not all capacity problems can be anticipated, and some queues are inevitable. An effective health care system monitors utilization and reacts with appropriate adjustments in capacity.

This has nothing whatsoever to do with whether insurance payments are made by a public or by a private insurance system. It defies logic to suggest that private insurance will correct the capacity deficiencies that result in queues. When a public health care delivery system has deficient capacity, the role of private insurance, as defined by this decision, is to authorize a larger payment for the services than the public insurance provides. This merely jumps those with private coverage to the front of the queue. Since the private coverage will not change the capacity of the delivery system, it will result in further delays for everyone else in the queue. Private insurance effectively offers providers a bribe if they are willing to place wealthy people at the front of the line.

The United States has served as a laboratory for private insurance. We spend far more than nations with public insurance. We have allowed the private insurance industry to profit by providing coverage primarily to the healthy.

We continue to tolerate tens of millions with no coverage, and tens of millions more have such inadequate coverage that a serious illness would lead to bankruptcy. Tens of thousands of Americans are suffering because of the lack of access to affordable coverage. At least 18,000 American adults die each year because of our failure to adopt rational policies for health care coverage.

The Canadian Supreme Court decision on queues and private insurance ignores a vast body of research data and demonstrates a total disconnect in logic.

The justices' decision threatens to undermine the very foundations of Canada's health care system, and would place Canadians at grave risk of unnecessary suffering and death. What Canada's health care system needs is more money, not more private insurance and the rising inequities that would surely follow.

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