

*Submitted (but unpublished) to the Globe and Mail in November 2005 by
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Getting the Debate Going About Private Health Insurance

By Colleen M. Flood

It is good to get a debate going about private health insurance as advanced in yesterday's editorial. Unfortunately, the various columnists to this paper have contributed little to the debate beyond the usual rhetoric of claims that waiting lists are too long and what could be wrong with people being able to buy private insurance to get around them. The debate has to get a lot more sophisticated if the public is really to understand the consequences of different arrangements of public and private financing.

There are three basic choices available that Canadians need to discuss.

The first is we can allow private insurance to enable those with the means to do so to jump long wait lists. This is what happens in countries like New Zealand, the UK, and Ireland. Wait lists in the public sector – for most of the population then - are long in these countries. Why would we want to emulate them? Presently though this kind of system seems to be the only system that is on the table for discussion.

The second choice is to limit access by co-payments and user charges and allow private insurance to help defray some of these costs. This is the French model. But the level of private insurance varies, and the best coverage is usually linked to type of employment and income. As a result, the lowest income earners in France have the least private insurance coverage and the highest co-payments. (This has been remedied for the most poor with the introduction of public complementary insurance in 2000).

The French private system is also fairly complex and heavily regulated, with a large majority of private insurance provided through not-for-profit mutuelles who have a long history of assisting healthcare users since the mid 19th century. Unlike American insurers, the mutuelles follow the principle of solidarity and do not risk rate.

And yes, France has low wait-lists for most treatments, but that is partly due to the problem that some people simply cannot pay the fees to access the system. In addition to restrictive co-payments, user access is also limited by the requirement that users pay a health care professional up front for a consultation and then submit the bill for partial or full reimbursement to their insurers. Health care services are still rationed, but in less transparent (and equitable) ways than wait lists.

The other basic choice is we follow the model of some European countries like the Netherlands and Germany and allow private insurance and private financing not as a way to allow queue jumping but as a way to get more funding into the system. This would have significant consequences for the wealthy in this country though. In those systems, wealthier individuals are not covered by public insurance at all. They are free to purchase private insurance but private insurance must cover them for all their health care needs - emergency care, cardiac care, cancer care, -- and not just hip and knee operations. To reiterate and underscore the fact that this is not about queue-jumping in the Netherlands, physicians receive no higher fee from private insurers than from the public system. Indeed, it is part of the ethical code of Dutch physicians that they do not treat preferentially patients with private insurance as opposed to patients with public insurance.

The Dutch and German model is far superior, in my view, to the systems in the UK, New Zealand, and Ireland and superior on the grounds of equity to countries like France that impose large out-of-pocket costs. If we propose reforming Canadian Medicare in terms of public and private insurance it is the Dutch and German systems we should emulate and not those systems that allow queue-jumping or user charges.

But many of those calling for a greater role for private insurance in Canada don't want fundamental change in the Canadian system -- they just want to be able to spend a relatively small amount more to get preferential treatment and jump queues. They are in for something of a rude shock in terms of the real individual cost to them if we do embrace a European-model of mixed public and private health insurance. Any tax relief forthcoming in the federal budget will be well and truly extinguished by the additional cost of having to purchase comprehensive private health insurance.

Lets get the debate going about private health insurance - but lets have all the facts on the table.