



MEDICARE WORKS! KEEP IT PUBLIC. KEEP IT FAIR.

The business case for public health care

US firms hurt by high costs of privatized health care

Need another good reason to preserve and enhance public health care? It's good for the economy. This lesson is being learned the hard way in the United States.

Case study: General Motors (GM)

- GM is the US's largest private provider of health care
- GM spends about US\$5.6 billion per year to provide health insurance coverage for about 75,000 workers and retirees, plus their spouses and family members
- GM's president recently blamed the company's near-bankrupt status on the US health care system
- "If our cars performed at the same quality levels as our medical system, nobody would buy our cars." (Rick Wagoner, GM President)
- In 1979, GM controlled 46% of the US market; today, it's down to 25%
- Public health care saves \$1,380 off manufacturing costs for each GM car built in Canada

Quick facts:

- Price per car in the US: automakers pay about US\$1,500 in private insurance premiums for every vehicle they build
- Price per car in Canada: about US\$120 each, largely in the form of taxes
- Canada now produces roughly the same amount of cars (1.5 million) for the US market as it does for its own domestic market

- The US spends about \$2 trillion, about 15% of its GDP, on health care each year, far more than any other wealthy nation and 50% more than Canada spends
- Up to 17% of US health care spending has been categorized as "administrative waste" among private insurers
- In the past few years, executives with Ford, GM, Toyota, Daimler Chrysler, and International Trucks all cited Canada's public system while announcing \$5.5 billion in new plant construction

Bay Street support for public health care:

Toronto Stock Exchange officials strongly support public health care because of its strong economic advantage for investing in Canada.

Richard Nesbitt, president of the Exchange, recently spoke in defence of Canada's public health care system. Private health care costs, he told a group of Wall Street investors, "are a huge burden on companies, on the federal and state governments, on retirees, on the whole economy. It's just not clear what the advantages are in maintaining a system where about 20% of costs represent profits for private managers."

Based on an article by Paul Webster. Webster writes on health and medical issues for The Lancet, where this article was first published in February, 2006 (367:101-102)

For more information please visit medicare.ca

