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Private health insurance

Busting the myths

It is true that wait times for many health services have grown over the years. Now, commercial forces are trying to convince Canadians that expanding private insurance is the best way to reduce the time that patients wait.

But more private insurance will only make things worse. The evidence is clear – private insurance will not save money in the public system, and it will reduce access for the vast majority of Canadians. Private insurance will, however, ensure access for the wealthy.

Worse, if we let private insurance corporations grow in Canada, we might not be able to stop them. This is because of NAFTA, the North American Free Trade Agreement. Under its terms, governments that try to stop their growth might face trade challenges for denying them “market access”.

The stakes are high. The first step is for Canadians to equip themselves with information to bust the myths of private insurance:



Myth: Private insurance is a “new” model for health care.

There’s nothing new about it. Canada experimented with private health insurance before Medicare and it was a failure. Large numbers of Canadians couldn’t afford coverage and it was costly for those who could. Small wonder, then, that public support for a national public health care plan was as high as 80% in the 1940s. Ever since Medicare’s birth in 1962, the private insurance industry and its political, corporate, and media supporters have laboured to weaken it. Their efforts continue to this day.

Myth: Private insurance will increase access and choice for individuals.

Private insurance provides greater access and choice for the wealthy, not the rest of us. In countries with two-tier systems, only a relatively small percentage of the population holds private health insurance (for example, 11.4% of UK citizens), mostly the wealthy. For the rest, access is limited in a number of ways. We can’t afford the premiums. We don’t qualify due to pre-existing conditions, or we face higher premiums for these conditions. Or we find our access limited even with coverage due to high out-of-pocket costs such as deductibles and co-payments.

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Myth: Private insurance will be cheaper for individuals.

Wrong. Premium costs are already growing out of control – they rose by an incredible 20% per year in the 1990s. With more private insurance, employers will be hit with even higher health care costs while fewer and fewer employees get access to benefits. Bankruptcies due to health care costs, already a leading cause of bankruptcies in the U.S., will rise sharply in Canada, too.

Myth: More private insurance a European model, not an American one.

Canada is heading toward a U.S.-style health care system, not a European one. We are already tied for third in the world in terms of the share of private health insurance in the funding of our system. Countries with two-tier systems (such as Britain, New Zealand, and Ireland) all have very long public waiting lists. Fast treatment is the domain of those who can afford private coverage.

Myth: The public system is unsustainable and costs are out of control.

Canada's public system is in fact strongly sustainable, but we are being misled to think otherwise. The amount we spend on hospital and physician services (i.e., Medicare) has remained stable since about 1970 at between 4% and 4.5% of GDP. Overall health care costs have risen substantially, yes, but mostly due to higher spending on prescription drugs and private care, costs which are not covered by Medicare and not controlled by governments.



Myth: Private insurance will save money in the public system.

This is completely false. It is in private areas of health care where we find the fastest growing costs, such as pharmaceuticals and private health care premiums. This is where costs are growing in the double digits – at more than twice the rate of inflation. Today we are spending twice as much on drugs as we did in 1980.

Myth: Expanding private insurance will reduce patient wait times.

The opposite is true. Allowing private insurers to compete with the public system will increase wait times for treatment, not lower them. We already have fewer doctors and nurses than we need, a shortage that contributes to long waits for some services. Letting the private system drain human resources out of the public system, and letting doctors bill on both sides of the fence, will only make things worse. We must strengthen the public system to shorten wait times.



Adapted from Diana Gibson & Colleen Fuller, The Bottom Line: The Truth Behind Private Health Insurance in Canada, Parkland Institute, Edmonton, 2006



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