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For-profit health care would drive up costs by \$7.2 billion a year: study

BY HELEN BRANSWELL

TORONTO (CP) - Health-care costs in Canada would soar if the country moved to allow investor-owned for-profit hospitals to take over delivery of health-care services, a new study shows.

An across-the-board shift to a for-profit hospital system would drive up costs by a staggering \$7.2 billion a year, the researchers reported Tuesday in the Canadian Medical Association Journal.

The work was led by a health policy analysis group at McMaster University in Hamilton, the same research team that previously showed for-profit hospitals could be expected to lead to an additional 2,200 hospital deaths a year in Canada.

"I really think it's come to the point where in this debate that basically investor-owned for-profit health-care facilities are the cigarettes of health policy," said lead author Dr. P.J. Devereaux. "That is they result in a higher likelihood of you dying prematurely and you pay too much money for them."

The carefully constructed two-year study was lauded by Roy Romanow, former royal commissioner on health care.

"For me I think it's a slam dunk," Romanow said Monday, adding the study's findings of increased costs from for-profit hospitals validate what he said in his 2002 report on the future of health care in Canada. "This is proof of what I've been saying over and over again. If there's evidence to the contrary, please, somebody show us. Show me."

Devereaux and colleagues from six universities across the country did what's called a meta-analysis to come to their conclusions. They took data from eight similarly designed studies comparing health-care costs in not-for-profit and for-profit hospitals in the United States.

By crunching all that data together - it represented 350,000 patients from several thousand hospitals over a 15-year period - they were able to get a clearer picture of the situation. What they found was that the cost of services in for-profit hospitals was 19 per cent higher than in those run on a non-profit basis.

Set in the context of the Canadian system, a 19-per-cent increase in costs would drive up the current \$38.4 billion a year spent on hospital care to a whopping \$45.6 billion - without buying any additional services.

"This is sort of in the economists no-brainer corner. We have worse outcomes and we're paying more money for it. It just simply does not make sense," said Devereaux.

While proponents of for-profit care argue they give better service, Devereaux said the added costs were more likely the result of the need to generate profits for shareholders, pay richer executive salaries and cover higher administration costs.

The journal fast-tracked the study, which was funded by Hamilton Health Sciences Centre and the Atkinson Foundation - a charitable foundation devoted to promoting social and economic justice.

Devereaux admitted the aim was to get the study out during the federal election campaign, in which health care has emerged as a dominant issue. The team felt any decision on the future of Canada's cherished medicare system ought to be based on evidence rather than ideology. Examined from that angle, there's really no question, Devereaux said. "The evidence is consistent over time and it's overwhelming."

And yet, increasingly provinces are allowing for-profit companies to run diagnostic clinics and other related health-care services. And more may follow. Last week Conservative Leader Stephen Harper indicated he's willing to allow private for-profit clinics to deliver care as long as it shortens waiting times, a key complaint with the system.

Health Minister Pierre Pettigrew mused about a similar idea shortly before the election was called, but promptly got his knuckles wrapped by Prime Minister Paul Martin and quickly retracted the statement.

Health economist Morris Barer said even though they don't make sense from an economic point of view, the lure of for-profit facilities is one that just won't die. He and others call the issue "a zombie."

"They don't stay dead. You can't keep them buried. They keep re-emerging and stalking the night," said Barer, scientific director of the centre for health sciences and policy research, one of the Canadian Institutes of Health Research.