



SHOULDICE HOSPITAL LTD.

An Anomaly in Health Care Delivery

Background

Shouldice Hospital is a private hospital established in 1945 by Dr. Edward Shouldice in Toronto and licensed by the Ministry of Health. In 1953 the facility moved to Thornhill, Ontario just north of Toronto. The Shouldice family still owns the hospital. The hospital performs hernia operations exclusively.

Shouldice Hospital is an anomaly because it was, in essence, “grandparented” as a private hospital by Ontario’s *Private Hospitals Act* in 1973 as Ontario moved to public medicine. Article 3 (1) of the *Act* specifies that hospitals whose licenses were issued before October 29, 1973 only would continue to stay in existence. New for-profit hospitals cannot be licensed under this legislation. Furthermore, any transfer of license or transfer of share capital of a corporation holding the license of a grandparented facility, requires prior approval of the Minister of Health.

The hospital employs 12 full time surgeons who operate solely within the private hospital and are licensed by the College of Physicians and Surgeons of Ontario. It has 89 semi-private beds.

Surgical costs and the cost of the hospital ward for hernia operations for Ontario patients at the Shouldice are covered by the Ontario Health Insurance Plan (OHIP).

A second private hospital, The Institute for Traumatic and Reconstructive Surgery, was also “grandparented” at the same time but has since ceased operation.

Is the Shouldice Hospital the same as a private surgical facility under Bill 11?

No. The Shouldice exists because it was in existence pre-medicare and entrenched in the *Private Hospitals Act*. It performs only operations for hernias. Granted, the Shouldice has developed a procedure that makes it very efficient but it should be noted that the Shouldice does not accept more complicated hernia surgeries that may require anything other than the routine procedure. This is typical of for-profit health care. It is a form of cream skimming – accept the routine cases and leave the more complicated and expensive ones for the public sector.

There is no reason why such specialized expertise cannot be developed in the public sector with a free-standing facility that is publicly funded and within which the services are publicly delivered.

Continued

At the present time, the Shouldice Hospital does not charge any additional user fees or any charges for enhanced services other than for private rooms. They make their money by providing specialized treatment that is paid for by OHIP and by providing services to out-of-province and out-of-country patients.

Surgical fees for international patients are \$US 2,400 (approximately \$3,600 Cdn) for all hernia types including all surgical, laboratory and hospital charges. U.S. patients covered by Medicare (for seniors and the disabled) are partially covered by that plan.

Conclusion

The Shouldice Hospital is not an example of private health care as an alternative to public health. It does not pose the same threat under NAFTA that Bill 11 in Alberta poses. Neither does it pose the same threat to public medicare that Bill 11 poses. There is no ability under the *Private Hospitals Act* for any additional private hospitals to be licensed in Ontario.

Shouldice Hospital is nothing more than an anomaly, a throwback, “grandparented” as a pre-condition to public medicare.

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