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Private For- Profit Clinics – Fact Sheet

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Private for-profit clinics:

1. Increase wait times.
2. Allow queue jumping and other violations of the *Canada Health Act.*
3. Draw health care workers away from the public system.
4. Have higher death rates and lower quality of care.
5. Cost more.
6. Offer unnecessary and potentially harmful treatments.
7. "Cream skim" healthier patients requiring less costly care.
8. Erode the quality of support staff jobs.
9. Heighten inequalities.
10. Undermine Canada's public health care system.

Private for-profit surgical and diagnostic clinics are a rapidly developing threat to Canadian public health care. Some are providing services until now found only in public hospitals. Below are ten reasons why governments should stop and reverse the growth of private clinics and support public solutions to strengthen medicare.

1. Increase wait times

England and New Zealand, which have parallel private hospitals and insurance, have larger waiting lists and longer waiting times in the public system than countries with a single-payer public system.[1] Australian data cited by professor of health policy Stephen Duckett demonstrate that "in any specialty, the greater the proportion of surgeries performed in the private sector, the longer the public sector wait times."[2] Studies that have compared wait lists *within* countries have found a similar pattern: the more for-profit health care in a given region, the longer the waits for patients in the public system.[3]

Closer to home, a 1997 study by researchers from the University of Manitoba found that patients waited almost three times longer for cataract surgery if their doctors worked in *both* the public and private sectors.[4]

In another Canadian study, the Consumers' Association found that for-profit delivery increased wait times.[5] In Calgary, where for-profit clinics performed 100% of cataract surgeries, patients waited an average of 16 to 24 weeks for surgery; in Edmonton (20% for-profit), waits ranged from five to seven weeks, and; in Lethbridge (100% public), patients waited four to seven weeks.

For examples of sound, tested solutions to wait time problems *within the public system*, see the CUPE Backgrounder *Solutions to Healthcare Waiting Lists*, at:
http://cupe.ca/waitinglists/Backgrounder_Solutio

2. **Allow queue jumping and other violations of the *Canada Health Act***

Private clinics let people purchase faster service, whether they are paying out-of-pocket or covered by third-party payers such as workers' compensation or auto insurance. The Romanow Commission criticized the growing practice of patients "paying for [advanced diagnostic] services out of their own pocket and using the test results to 'jump the queue' back into the public system for treatment."[6]

Private clinics are extra-billing and charging user fees for diagnostic and surgical services which are clearly "necessary health services" within the definitions of the *Canada Health Act*.[7] They charge enrolment fees, tray fees, block fees, fees for 'enhanced services' and a myriad of other fees that violate the *Canada Health Act* criteria of accessibility and universality.

The federal government and most provincial governments ignore violations of medicare rights, while some - notably Quebec and British Columbia - encourage the expansion of private clinics.

3. Draw health care workers away from the public system

The shortage of doctors, nurses, and other health care workers is worsened by for-profit clinics poaching staff from the public system. To consider just one profession, it takes six years to train a family doctor in Canada and nine years to train a medical oncologist (eleven years for a surgical oncologist). Shortages in the health care workforce are global, so there is no surplus pool of labour. For every health worker hired by for-profit clinics, there is one fewer health worker available to the public system.

Education programs are also undermined because private clinics siphon academic as well as practicing staff from the public system, and private clinics do not bear an equal load in training new staff.[8]

4. **Have higher death rates and lower quality of care**

Research by Dr. P.J. Devereaux and colleagues at McMaster University found that patients treated in for-profit compared to non-profit dialysis clinics in the United States had an eight per cent higher risk of dying. Fewer and less well trained staff and shorter treatments are likely the principal factors.[9] Another peer-reviewed study led by Dr. Devereaux found that adults had two per cent higher death rates in for-profit hospitals, while the infant mortality rate was 10 per cent higher.[10] The investigators estimated that if Canada switched to a for-profit hospital system, that would mean 2,200 more deaths each year – more than deaths from suicide, colon cancer or car accidents.

The pattern of for-profits providing less care applies across the health sector. Investor-owned nursing homes are more frequently cited for quality deficiencies and provide less nursing care,[11] and investor-owned hospices provide less care to the dying[12] than do non-profit facilities.

5. Cost more

The international evidence shows that procedures performed by private for-profit clinics cost far more than the same procedures done in public non-profit facilities:

A meta-analysis published in the *Canadian Medical Association Journal* showed that payments for care in private for-profit hospitals in the United States cost on average 19 per cent more than in their non-profit counterparts. Add to that the extra costs for inappropriate upcoding of patient diagnoses and fraud, both of which are associated with for-profit providers.[13]

The *British Medical Journal* reported that in 2002/03, coronary bypass operations cost an extra 91 per cent in private clinics in England compared to non-profit hospitals.[14] The English Department of Health acknowledged in 2006 that procedures purchased from Independent Sector Treatment Centres (private clinics) cost on average 11.2 per cent more than the National Health Service (public sector) equivalent.[15]

The private sector mark-up is also high in Canada. Research by health policy analyst Colleen Fuller showed costs in Canadian for-profit surgical clinics were between 118 per cent and 125 per cent higher than in public hospitals.[16]

Profit taking is a significant contributor to the higher costs. Studies of private MRI and CT clinics in the United States show profit margins in the range of 20-30 per cent.[17] Other factors are six per cent higher administration costs and higher spending on executives (20 per cent for bonus incentives alone).[18]

6. Offer unnecessary and potentially harmful treatments

There are serious medical concerns about unnecessary diagnostic and surgical procedures. Taking one example, recent research published in the *New England Journal of Medicine* documented the high radiation doses from CT scans and the "considerable literature questioning the use of CT [scans] in a variety of contexts".[19]

Where physicians have a financial interest in for-profit clinics, the stakes are clearly higher. Kickbacks and self-referrals are major problems in the United States, where physicians often own clinics. The results have been unnecessary referrals for some patients, longer waits for others, and increased costs overall.[20]

7. "Cream skim"

Private clinics make their profits in part by selecting healthier clients and easier, more profitable procedures. They cater to the "easier" non-emergency cases, leaving the more costly ones to the public system.[21]

8. Erode the quality of support staff jobs

The pattern is clear in the health sector: for-profit health employers offer lower pay, fewer benefits, heavier workload, poor training and less job security to support staff than do public non-profit employers.[22] It may be worse as for-profit clinics develop: not only will for-profits have

the typical resistance to reasonable wages and unionization, their small size will make unionization more difficult.

9. Heighten inequalities

For-profit clinics tend to locate in urban and affluent areas.[23] Uneven access to health care between regions and communities within Canada is exacerbated by for-profit clinics geared to the profitable markets offered by large urban centres and wealthy neighbourhoods.

Rifts are also evident in Australia, where the government's cuts to the public system and incentives for private health care have led to severe inequalities for rural and Aboriginal citizens.[24]

10. Undermine Canada's public health care system

For-profit delivery fundamentally undermines the public health care system as a whole. For-profit clinics are bound by their investors to maximize profits. Their incentive is to increase revenue from all sources: public funders, patients directly, and third-party insurers. In the United States and elsewhere, for-profit providers are part of the private health care industry that wields enormous influence in opposing universal single-payer health care.

Canada's obligations under international trade agreements increase the danger that private for-profit clinics pose to our public health care system as a whole.[25]

Defend your medicare rights

To learn more about Canadian medicare laws and rules and how they can be improved to limit for-profit clinics and other forms of health care privatization, see:
www.yourmedicarerights.ca

ag:cope491
/Users/clawson/Library/Mail Downloads/CUPE fact sheet - September 2008-3.doc

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