



**PROTECT.
STRENGTHEN.
EXPAND.**



PUBLIC WORKS BEST:

PUBLIC HEALTH CARE COSTS LESS, DELIVERS MORE

Public health care is sustainable – in fact, it's a far better deal than private for-profit health care. It also gives Canadians better quality and more accountability.

Public health care spending remains 8 per cent of our national income (gross domestic product),¹ and it is slowing – up only 3.3 per cent in 2011 and 2.9 per cent in 2012, compared to seven per cent annual increases over the previous decade.² Spending on Medicare (hospital and physician services) has been even more stable at 4 to 5 per cent of GDP over the last 35 years.³

Most peer countries spend more on health care through the public sector; 10 OECD countries spend more than 80 per cent publicly compared to our 70 per cent. Canada is among the bottom third.⁴

Major cost drivers are on the private side: drugs, physicians, medical products, public-private partnerships, and for-profit providers of diagnostics, surgeries, dental care, physiotherapy, continuing care, eye care and other services.

- Private sector health spending as a share of total health spending increased from 25 to 30 per cent between 1989 and 2010.⁵
- Prescription drugs have increased as a share of Medicare spending from 1.7 per cent to 8.5 per cent since 1975.⁶
- Physician payment has risen faster than inflation and is now the fastest growing category of health spending,⁷ largely due to fee increases.⁸

- Between 1988 and 2009, per capita spending on private health insurance increased from \$139.40 to \$664.10.⁹
- Ontario paid 75 per cent more to for-profit labs than it had to non-profit community labs over the previous 30 years, for the same tests.¹⁰
- Public-private partnerships are 83 per cent costlier to finance than public projects.¹¹

Seniors, hospitals and workers are not driving costs through the roof, as some claim.

- Cost increases related to population aging are manageable – roughly 1 per cent per year over the next 25 years.¹²
- Hospitals declined from 55 per cent of public health care costs in 1975 to 36 per cent in 2009.¹³
- Wages, salaries and benefits have declined as a share of hospital operating costs from a high of 75 per cent in the late 1970s to just over 60 per cent in 2008.¹⁴

Governments spend a larger budget share on health care because they slashed revenues and other spending. Between the mid-1990s and late-2000s, Canadian governments cut taxes by 6 per cent of GDP and Medicare costs increased by 1.5 per cent of GDP.¹⁵

Our public health care system provides better care at lower costs. We spend roughly half of what the private US system spends per person,¹⁶ and we get better coverage and outcomes.



per capita spending on health care:



life expectancy:



- We cover everyone, where the US system leaves 49 million uninsured¹⁷ and another 25 million underinsured.¹⁸
- More than 26,000 Americans die each year because of lack of health insurance.¹⁹
- Medical problems are the leading cause of personal bankruptcy in the US.²⁰
- Studies comparing US and Canadian outcomes for heart attacks, cancer, surgical procedures and chronic conditions show that Canada does at least as well, often better.²¹

Public health care costs less than private health care.

- Administration costs 16.7 per cent in Canada (1.3 per cent for Medicare), compared to 31 per cent in the United States.²²
- Private for-profit hospitals cost 19 per cent more than not-for-profit hospitals in the US.²³
- A recent Canadian study found that expedited knee surgery in a for-profit clinic costs \$3,222 compared to \$959 in a public hospital (with worse return-to-work outcomes).²⁴

“Private for-profit facilities typically have to generate 10 to 15 per cent profits to satisfy shareholders. Not-for-profit facilities can spend that money on patient care.”²⁵

— P.J. Devereaux, *Physician and Professor in Clinical Epidemiology, McMaster University*

Public health care is safer than private health care.

- Patients treated in for-profit compared to non-profit dialysis clinics in the U.S. had an 8 per cent higher risk of dying. Fewer and less well trained staff and shorter treatments are likely the principal factors.²⁶
- Adults had 2 per cent higher death rates in for-profit hospitals, while the infant mortality rate was 10 per cent higher. Switching to a for-profit hospital system in Canada would mean 2,200 more deaths each year – more than deaths from suicide, colon cancer or car accidents.²⁷
- For-profit nursing homes have higher rates of ulcers, dehydration, malnutrition, hospitalization and other quality problems.²⁸

Publicly funded and delivered health care makes sense financially, covers everyone, and delivers better care.

Find citations in fact sheet notes and fact sheet references documents online at cupe.ca/health-care/public-solutions