



# FUNNY NUMBERS

## Ontario Health Coalition Brief on Ministry of Health Publicity re. For-Profit MRI/CT Clinics

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With his announcement last week of the 5 for-profit MRI clinics and the 3 for-profit CT scanners, Minister of Health Tony Clement made several claims about the superior cost of for-profit health services compared to hospital services. A closer look casts doubt on those claims.

### **GOVERNMENT CLAIM:**

In the government press release, the Ministry claimed, once again, that it has spent \$28 million to increase hospital MRIs by 90% in the last year.

### **REALITY CHECK:**

When questioned by Health Critic, Shelley Martel on this, Health Minister Tony Clement turned proceedings over to senior hospitals branch bureaucrat Allison Stuart who admitted that "The question of how much of that [the increase in funding] is going to translate into new procedures is really hard to answer....we know they're already providing those services....So it's not a direct translation into new services.....Our funding was in response to the level of service that these hospitals were currently providing. So there will be some new service, but we don't know how much of that will be new service and how much of it will be allowing the hospitals to focus their funding..."(see Estimates Committee September 10, 2002)

### **GOVERNMENT CLAIM:**

Clement said the for-profit clinics would cost \$4.6 million per year; that they would be 36% cheaper than the same services in hospitals.

## **REALITY CHECK:**

No one knows exactly how much it costs to provide an MRI scan in a hospital. This is true across the country. Moreover, all scans are not the same. Some, requiring more time and more staff, obviously cost more than others.

In 2000/01 Ontario provided approximately 400,000 MRI scans in 43 non-profit hospitals in Ontario (Ontario Association of Radiologists & Ontario Hospital Association figures). On average, therefore, a hospital in Ontario might provide just under 10,000 MRI scans per year. The government just increased funding to hospitals to \$1.2 million to provide these scans. Until last year, the government paid \$800,000 to most hospitals based on a minimum of 40 hours per week of scan time. The reality is that many hospitals provided more than double that amount of scans and paid for them out of other areas of their hospital budgets. The Ministry is well aware of this. The simplest statement that can be made on the basis of available information is that hospitals provide, on average, 10,000 scans per year for \$1.2 million.

The government has not released the details on what it will cost to provide MRIs in for-profit clinics. They have said they will spend \$4.6 million per year funding 5 for-profit MRIs and 3 for-profit CT scan units for 40 hours of publicly funded procedures. They do not give the breakdown of funding between regions, MRIs & CTs etc.

The schedule attached to the government RFP for MRIs indicates that the for-profit MRI clinics will be providing about 1.25 MRI scans per hour – this is a best guess. In a 40 hour week, 52 weeks per year, this would result in 2,600 scans per year. Because MRI scans are more costly than CT scans and there are 5 MRI machines and 3 CT scan units, we can estimate that the government will be paying about \$700,000 for MRI services and about \$350,000 - for CT scan services per clinic. (Necessarily, a best guess.) Therefore, the for-profit system will be providing something in the range of 2,600 MRI scans per \$700,000. Based on this, for \$1.2 million dollars, they would be providing 4,457 scans compared to the 10,000 scans in the public system.

Although, we are using estimates based on sketchy information, there is no way to get the Minister's claims of cheaper service in the for-profits from these figures. So how did he come up with them?

It seems likely that Tony Clement arrived at his 36% cheaper figure by taking the average funding for the 8 new for-profit machines as \$512,000 for 40 hours of scans, making no distinction between the cost of MRIs and the cost of CTs. It appears that he then compares this \$512,000 to the amount the government used to pay to most hospitals, \$800,000 for 40 hours worth of scans, and gets a 36% difference. If this is the calculation used, the government statement borders on fraudulent. Health Minister Clement knows that hospitals were providing many more than 40 hours of scans for \$800,000.

## **GOVERNMENT CLAIM:**

The implication of the press statements put out by Health Minister Clement is that the for-profit clinics will be providing the same services as hospital clinics.

**REALITY CHECK:**

In fact, the for-profit clinics will not be providing the same services as hospitals. The proposals sought from private companies allow for cheaper equipment with less features and software, incapable of doing the complex cases found in hospitals. The for-profit clinics will provide easier scans, leaving heavy care and risky patients to the public non-profit system.