Open Letter

March 17, 2006

Dear Premier Dalton McGuinty:

Funding for hospital redevelopment in Ontario should give the best value for citizens' tax dollars. Hospitals should be under democratic governance and operated according to the principles of the Canada Health Act.

The funding mechanism promoted by the government, 'Alternative Funding and Procurement', presents several problems. AFP is a version of a Private Public Partnership, or P3, in which for-profit consortia take over financing, construction, facility management, maintenance and some hospital services for long term deals stretching up to 40 years. They often seek additional revenue through commercial land deals on the public hospital lands, and service charges or user fees for patients and their visitors.

We are deeply concerned about the government's plans to impose P3s on our hospitals. P3s have proved to cost more and to result in compromised services. In the UK, the facilities funded through P3s have 'almost invariably provided less capacity than those they were intended to replace.' (R Atun, M McKee *BMJ* 2005;331;792-793)

Information provided to the public about P3s is frequently inaccurate. The December 2005 newsletter of Hamilton Health Sciences says about the hospital expansion and redevelopment projects in the city that 'the private sector will take on the task of designing and building as well as the financial risks of ensuring that the project comes in on time and on budget. Hospitals will remain publicly owned, controlled and accountable. The government's decision to use the AFP approach to financing means we will be able to offer state-of-the-art programs and services for our patients in great new facilities much sooner than would be possible using the traditional government financing approach.' However, of the 4 projects, the 3 larger ones will in all likelihood involve not only construction but also profit-generating facility management, maintenance and services. As for protection against financial risk, in the UK, P3 hospital development has frequently greatly exceeded budgets and timelines. While the public may have title, in the UK, control has been elusive as it has commonly been difficult and expensive to bring about needed structural and service changes. And there is no basis for claiming that P3s achieve development 'sooner'.

The solution is for hospital redevelopment to be funded publicly. Governments can obtain much more favourable borrowing terms than can the private sector. The public will pay for our hospitals either way. But with public funding, we avoid the higher costs of P3s and keep hospital management, property and services in public hands. And we stop the growth of a for-profit health industry that has an interest in two tier healthcare from which they can take profit, further increasing the cost of health care.

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As Roy Romanow, head of the Commission on the Future of Health Care in Canada said in his report: ‘I have carefully explored the experiences of other jurisdictions with co-payment models and with public-private partnerships and have found these lacking. There is no evidence that these solutions will deliver better or cheaper care, or improve access (except, perhaps, for those who can afford to pay for care out of their own pockets). More to the point, the principles on which these solutions rest cannot be reconciled with the values at the heart of medicare or with the tenets of the Canada Health Act that Canadians overwhelmingly support.’

We call on the government to act in the public interest and to use citizens' dollars responsibly. Hospital construction and services must be publicly funded and hospitals must remain fully publicly managed and serviced.

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