For Health or for Wealth?

The evidence regarding user fees and private clinics in Ontario

Ontario Health Coalition March 25, 2014

Summary and Key Findings

In August 2013, a routine mandatory public notice posted on the government's regulations website revealed that a change in the ownership and control of public hospital services in Ontario was being planned. The Ontario government was preparing to introduce two new regulations to cut clinical services from local public hospitals and contract them out to private clinics. In January 2014, the regulations were formally passed and the Ministry of Health issued policy guidelines revealing that it intends to complete contracts by this summer. This new policy would cut clinical services provided under the Public Hospitals Act and transfer them to private clinics under the Independent Health Facilities Act (IHFA).

Ontario's existing private clinics have been controversial due to poor quality of care, patient safety concerns, questionable billing practices and violations of the Canada Health Act. Given the government's intention to significantly expand the private clinic (IHF) sector, the Ontario Health Coalition deemed it timely to take a closer look at increasing patient complaints about extra-billing and user fees in these clinics. Student interns and researchers working with the Coalition called all the existing private clinics in Ontario and recorded our findings. We found a proliferation of user charges and extra-billing of patients practiced by these clinics. This evidence is outlined in this report. The evidence from our research shows that these clinics undermine single-tier health care, increase costs for patients, sell unnecessary procedures to increase profits at the expense of patients, and violate patient trust.

Extra-Billing and User Fees

The researchers found that many of Ontario's private clinics are charging OHIP and charging user-fees and extra-billing patients on top. In many cases these extra fees charged to patients constitute outright violations of the Canada Health Act. In addition, clinics are engaging in manipulative practices of co-mingling medically unnecessary procedures with OHIP-covered procedures in an attempt to sidestep the Canada Health Act's prohibitions on user fees and extra-billing. We found examples of huge mark ups, unnecessary add-ons and exorbitant administrative costs levied on patients for access to care. In many cases, clinic staff promoted unnecessary treatments and procedures as medically superior and even medically necessary without any objective disclosure of the evidence about their actual efficacy. Such manipulative practices violate medical ethics.

Under Canadian and provincial law, extra-billing and user fees are prohibited. Medically necessary hospital and physician care is covered by OHIP and the Canada Health Act. Patients already pay for these services through their taxes and should not be charged any extra fees for access to them. These provisions are cornerstone to the fairness and equity of Canada's public health care system; embodying the fundamental ethic that patients, regardless of income, should receive medical care based on need not wealth.

Patients Charged Thousands for Add-Ons & Unnecessary Tests

The researchers found that the majority of the private clinics they talked to charge patients user fees ranging from $50 - $3,500 or more. We found that a significant number of the clinics are violating the Canada Health Act and Ontario legislation's prohibition on user fees, extra-billing and the sale of queue-jumping. These fees and charges varied depending on the type of clinic. We found administrative fees of $50 levied on patients for

such things as “a snack” in a colonoscopy clinic or for maintaining patient records – something that is clearly covered under the Canada Health Act. In eye surgery clinics we found all kinds of fees ranging from a $50 administrative fee to buy a medically unnecessary lens recommended by physicians at the Kensington Eye Institute to thousands of dollars for surgery. We found huge mark ups on tests and procedures, for example $745 for a colonoscopy, $1,500 for a cataract surgery and up to $900 for medically unnecessary lenses. We found that information given to patients is biased towards upselling medically unnecessary tests and procedures, and in many cases is very manipulative. In addition, our researchers found examples of self-referral by physicians for tests and procedures in their own private clinics where they have financial interests and charge extra user fees to patients.

Who is Responsible?

Ontario’s Minister of Health is responsible for upholding provincial and national law to protect single-tier Medicare. In recent history, Ontario’s Liberal Ministers of Health have taken a clear stand on this issue and have promised not to privatize clinical services from hospitals, though actual enforcement action against private clinics has been inconsistent. However, our evidence shows that the current Minister of Health is not only failing to uphold Ontario’s and Canada’s Medicare laws, she is now planning to expand the private clinics (IHFs) sector in which many violations of laws protecting single-tier Public Medicare are occurring.

Conclusion & Recommendations

The Ontario government’s plan to change the ownership, governance and control regimes for clinical services from public hospitals to private clinics has long-term implications for equity and access to care. There are improvements that could be made, but public hospitals operate under public governance regimes that have protected the public interest in key aspects. Quality of care and access to information regimes, though they could be significantly better, are still far superior in public hospitals than in private clinics. Importantly, as this report shows, public hospitals uphold the equity of our single-tier public medicare system and control costs for patients, while private clinics pose a significant threat to these.

The Ontario government has the ability to set up specialty centres under its existing public hospitals. It has never answered as to why it has chosen instead to transfer ownership and control of clinical services to private clinics. This decision has profound implications for quality of care and equity. Given the lack of proper regulation, oversight, monitoring and enforcement; and given the evidence of extra-billing, user fees, high-costs, misinformation and “upselling” to increase profits at the expense of patients; the government should reconsider its proposal to transfer the ownership of vital health care services to these providers and should instead ensure that health reform happens only under the public interest protections of the Public Hospitals Act.