Private Clinics and the Threat to Public Medicare in Canada

Results of Surveys with Private Clinics and Patients

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Sponsored by: B.C. Health Coalition, Canadian Health Coalition, Friends of Medicare (Alberta), Nova Scotia Health Coalition, P.E.I. Health Coalition, Saskatchewan Health Coalition

EXECUTIVE SUMMARY

> *"Private health care, once taboo, has become a status symbol for those who can afford it. From anti-aging to Alzheimer's, here are five of the city's more sought-after clinics…."*
> Lauren McKeon, "Five of Toronto's most exclusive medical clinics" *Toronto Life*. February 26, 2014

So gushes Toronto Life magazine in a feature about private medical clinics termed "boutique" physician clinics. Located exclusively in the most affluent neighbourhoods of Canada's largest urban centres where there is a wealthy "market" for their services, these clinics sell a variety of medically necessary tests and procedures.

Fees for "boutique" clinics are far more than average Canadians can afford to pay. In Alberta, Health Coalition researchers were quoted a price of $1,775 for a comprehensive physical plus $600 for a medically-necessary MRI. In British Columbia, researchers were told a comprehensive health assessment would cost $1,850 and annual fees ranged from $895 to $3,495. In Ontario prices that ranged from $1,500 to more than $4,000 per year. (At the high end, a single visit to these clinics, costing $4,000, is roughly the equivalent to the entire yearly cost of public health care per person in Canada). In Quebec, fees were measured by the minute – the longer your consult with the doctor, the higher the fee. Fees to see a doctor for 15 minutes or more ranged from $95 - $320. Urgent visits were more expensive, and an annual exam, they were told, would cost $400. Across Canada,

These eye-popping prices were found as part of a Canada-wide study of private clinics to determine whether they are charging patients extra user fees for medically needed services. The results? The majority of private clinics do, in fact, flagrantly break Canada's Medicare laws that protect patients from user fees for needed medical care. They charge patients -- often seniors -- hundreds or even thousands of dollars for needed care. Without question, private clinic are undermining the idea that health care be provided equally to all Canadians based on need, not wealth. With the expansion of private clinics, the foundational principles of equity and compassion upon which Canada's public health care system is built, have been put at risk.

From the autumn of 2016 to the spring 2017, Health Coalition researchers called all the private clinics we could reach across Canada. Included in the survey are private surgical clinics including cataract surgery clinics, MRI/CT, colonoscopy clinics, endoscopy clinics and "boutique" physician clinics. From our interviews, we found 88 clinics in six provinces that are charging patients extra user fees and selling medically necessary services.[1]

The evidence is irrefutable that the majority of private clinics are charging patients for tests and procedures that are already paid in our public

[1] After our survey was completed and had gone for publication we found an additional new clinic in New Brunswick that is overtly violating the Canada Health Act, making the new total 89 clinics in 7 provinces.

taxes and for which patients should not face additional charges.

- In the country's largest urban centres, "boutique" physician clinics have sprung up, selling memberships and executive care packages for the well-heeled that run up to thousands of dollars per year. (Prices $900 - $4,000+).
- Cataract surgery clinics routinely charge seniors on fixed incomes $100 per eye or more for extra eye measurement tests, and direct charges to patients for eye surgery often amount to $1,500 - $2,000+.
- Diagnostic clinics selling MRIs flagrantly charge patients close to $1,000 for a basic scan. Additional body parts amount to hundreds of extra dollars each.
- Colonoscopy and endoscopy clinics are charging "block fees" or administrative fees.
- In clinics offering orthopaedic surgeries, staff were overt about extra user-fees for patients. In addition to billing patients individually for consultation with a physician and for surgery, some clinics told our researchers that their public health card was also needed, raising questions about billing both the public system and patients for care. In British Columbia and Quebec, clinics quoted prices of $200 - $250 for an appointment with a physician for a consultation. Surgery for a torn ACL, our researchers were told, would run from $5,000 - $12,000, with prices commonly quoted at $8,000+ in British Columbia and $7,000+ in Quebec.

In every instance, fees charged by private clinics to patients were vastly higher than costs under the public health care system. Cataract surgeries, for example, cost $450 - $550 in the public health care system in Ontario and British Columbia, but private clinics are charging patients triple or more ($1,500 - $2,000+). In addition, it has become the norm for these clinics to charge $100 or more for medically unnecessary eye measurements. A basic MRI in B.C. or Ontario public hospital runs from $230 - $350. That same basic MRI in many private clinics is three to five times the cost ($900 - $1000+). The prices we found for private orthopedic surgeries are double or triple the cost of the public system.

We also surveyed patients in Ontario to gather first-hand accounts of the extra user-fees that they are being charged. We received information from 250 patients who had been subjected to such charges for medically-needed care. As a result of fees for medical services, patients described running short on rent money, using a significant amount of their pension income, forgoing groceries, and finding themselves unable to buy things for their families. Higher income patients worried about the impact of the fees on those less well-off. In a fraction of cases, patients were given a choice about paying the extra user-fees, but the vast majority were not. Many believed that they could not get needed tests and procedures if they did not pay. Even when given a "choice" patients did not have the information to determine the veracity of the claims made by clinic staff and doctors in an attempt to convince them to buy unnecessary add-ons such as special lenses or pre-surgical tests. Patients were suspicious about the fees but afraid to question their doctors who would be performing tests and procedures on them. Many of the patients surveyed were seniors who had faced multiple charges for different services.

Patients' fears about voicing complaints regarding extra user-fees were clearly articulated in our surveys. Patients noted that they did not want to cause tension with the physician prior to surgery. Patients reported that they were told the extra user-fees were required in order to receive better quality care or safer care. Frequently, patients expressed concern that if they did not pay they would not be able to get appointments or that they would receive worse or even unsafe care. Many patients reported paying extra user-fees despite experiencing financial hardship as a result.

For two decades, pro-privatization politicians and pundits have claimed that the transfer in ownership and control of public and non-profit hospital services to private for-profit clinics

would not cause harm to Canada's public health care system. Such clinics are an "add on," they assert, reducing wait times for services that have grown too long. But the self-created image of private clinic owners as altruistic saviours of public health care does not withstand scrutiny.

In fact, as private clinics have taken over services formerly provided on a non-profit basis in public hospitals, they have bolstered their owners' incomes and profits by charging extra user-fees to patients amounting to hundreds or even thousands of dollars for medical care. For patients, costs have risen and user fees have proliferated. And as clinics have gained an expanding foothold, they have grown more aggressive, putting the right

for Canadians to access public health care without financial duress at risk.

With too little national public attention, serious challenges to single-tier public health care in Canada are coming to a head. Two legal actions of national and historic significance, one in Quebec and one in British Columbia, will contribute to charting the future course of our country's public health care system. Across the country, struggles over the future of our public health care system are being fought.

Marial Schooff, a patient who was charged more than $6,000 for medically necessary surgery in British Columbia, eventually joined four other patients to take her provincial government to court for failure to uphold their own medicare laws. The private clinics launched a counter-suit that is currently being heard in the B.C. Supreme Court. Their charter challenge seeks to overturn the laws that prohibit the extra-billing and the charging of user-fees to patients. Following regulatory changes which would have legalized widespread extra-billing in Quebec, an organization representing 450,000 seniors filed for a writ of mandamus with the Federal Court. They petitioned the Court in a bid to force the federal Health Minister to fulfill her duty under the Canada Health Act to stop the extra-billing of patients. At the same time, Saskatchewan's provincial government has passed legislation openly defying the Canada Health Act and our health system's foundational principle of equal health care for all. In Ontario, an attempt to expand private clinics by regulation was stopped when Health Coalition advocates held a voluntary referendum and gathered almost 100,000 votes in opposition.

At question in each of these cases is the practice of extra user fees for health care being charged to patients by private for-profit clinics.

Today, it is no longer disputable that the privatization of public hospital services is undermining the patient protections and equity provisions of the Canada Health Act.
But despite the widespread evidence of contraventions, governments at the provincial and federal level have failed to fulfil their obligation to Canadians to uphold the principle that the provision of health care should be based on need not wealth.

The extent to which public medicare has been undermined should not be overstated. It is not too late to safeguard single-tier health care. The vast majority of hospital and physician services are still provided under the public health system without charge and our system of public medicare continues to serve millions of Canadians well. Some provinces with smaller populations have no privatization, or very little. Some larger provinces have curtailed their experiments with privatization and have built capacity in public and non-profit hospitals. Quebec's patient advocates have been successful in rolling back a significant proportion of extra user-fees. Ontario activists have also stopped the expansion of private clinics and rolled back user fees.

But the threat is real. In the last decade, contraventions of the Canada Health Act have become more overt. User fees have proliferated: the number of services that are now being charged directly to patients has increased, as have the cost of the user charges. In the most egregious examples -- in provinces such as British Columbia and Quebec -- patients have frequently found themselves confronted with an expensive array of charges for health care when they are sick and in need of diagnosis and treatment. There is evidence, too, that the "market" of private clinics is consolidating. Chain-owned companies have expanded and foreign ownership is taking root, increasing the threat of

multinational corporations challenging single-tier medicare under international trade agreements.

In 1984, the Canada Health Act was passed unanimously in Canada's Parliament. The Act sets out the framework for single-tier public medicare. Medically-needed hospital and physician care are to be provided on equal terms for all, without user-charges or extra-billing. Grounded in principles of equity and compassion, access to health care is to be based on medical need, not on the individual patient's ability to pay. Patients cannot be charged extra user fees when they are ill and care cannot be denied to patients who cannot pay. As articulated by Justice Emmett Hall,

> *"We as a society are aware that the trauma of illness, the pain of surgery, the slow decline to death are burdens enough for the human being to bear without the added burden of medical or hospital bills penalizing the patient at the moment of vulnerability. The Canadian people determined that they should band together to pay medical bills and hospital bills when they were well and income earning. Health services [are] a fundamental need, like education, which Canadians could meet collectively and pay for through taxes."*

Under Canada's public medicare system, provinces are responsible for meeting the conditions and criteria of the Canada Health Act, including the Act's prohibitions on user fees and extra-billing of patients that protect equity in access to care. Provincial governments have a duty, therefore, under Canadian law, to ensure that residents are not faced with user charges when they visit a doctor, a hospital or a clinic.

The federal government has the power to investigate transgressions of these protections for patients, and should be penalizing provincial governments that fail to comply. Both levels of government also have an obligation to Canadians to engage in population health planning, to provide services to meet Canadians' needs.

It is imperative that governments catch up to and rein in the private clinic industry. Canadian laws at the national and provincial levels are being contravened, largely unhindered by governments. Medical ethics are being violated as physicians sell medically unnecessary add-ons at exorbitant prices. Multinational giant, Centric Health, has moved in and bought four surgical centres across Canada, raising the spectre of international trade challenges to single-tier medicare. Those who claim that private health care can be regulated are at odds with the evidence from across Canada. Two decades into the experiment with private clinics, the record is very poor.

While we recognize that the system of public health care for all is the most efficient and equitable way to provide care, the critique of current government policies and practices are valid. Too often, governments have shirked their responsibility to fund and organize public hospitals to meet population need (and to ensure that money goes to care). These policies have been spun out beyond the bounds of human compassion. They are not ethical and they are not sustainable. But the solution is not the inevitable erosion of single-tier health care.

Governments can, if they choose, improve access to care and reverse the tide of privatization. The federal government must recognize that the cuts to and privatization of public hospital services have gone too far and are causing damage. It must stop fostering more cuts to public hospitals and require provinces to live up to the Canada Health Act's mandate that comprehensive care, including public hospital care, be provided based on the needs of their residents. This means taking seriously the inhumane and unsafe conditions of overcrowding and excessive waits for care and planning to rebuild public hospital capacity based to meet public need.

If provincial governments maximized diagnostic and operating room capacity in public hospitals and built public specialty centres within public hospital systems, capacity would increase, wait lists will decrease and equity would be preserved. If unnecessary testing is curtailed, as has been started with MRIs in some provinces, funds would be redirected to needed care. Better wait list management, improvements in primary care, and proven innovations in the public system have

made a dramatic difference where they have been implemented. Workers Compensation systems could buy services from public hospitals, reducing costs and subsidizing hospital budgets rather than bolstering private clinics. Patient advocates could be embraced as partners by provincial and federal governments to aid in monitoring equity and ensuring that patient protections are upheld. These are not new or radical solutions; they simply require political will.

No matter what happens, Canadians will have to pay for needed health care. Private clinics are far from free. In fact, our research shows that their costs are much higher. The issue at stake is whether governments will have the moral fortitude to ensure that access to care is provided on equitable terms and conditions, based on principles of compassion and social inclusion, or whether the ethos of the private market will be allowed to prevail, leaving patients to be charged what the market can bear.

To protect public health care our governments must:

1. Federal and provincial governments must recommit themselves to the Canada Health Act and the values of equity and compassion upon which it is based. The federal government must uphold the Canada Health Act, stop illegal user-fees for patients, and impose penalties on provinces that fail to protect their residents.

2. Provincial governments must stop the privatization of public and non-profit hospital services. Capacity must be built in our public hospitals and services that have been cut and shed from public hospitals must be restored.

3. Governments at both levels must engage in sound planning to build public hospital capacity to reduce wait lists and to act to improve equity and access.

4. The Federal government must reverse funding cuts imposed in the recent bilateral funding deals with provinces and territories, and provide a Canada Health Transfer of at least 5.2% as recommended by the Parliamentary Budget Office, the Conference Board of Canada, the Ontario Accountability Office and Health Coalitions across Canada.

5. Governments at all levels must protect public health care from international trade agreements through a general carve out for all health care services.