



Ontario Health Coalition

Why For-Profit Clinics & Hospitals are

BAD FOR BUSINESS

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Why the plan to privatize our local public hospital services will drive up costs for businesses, employers & employees

The business model of for-profit clinics and hospitals is to bill OHIP *and* extra bill patients on top, to maximize their profits. In fact, private, for-profit clinics have led the charge to levy extra charges on patients, even though many of those extra charges are illegal.

The Canada Health Act (CHA) bans extra user fees and extra-billing of patients. All medically necessary hospital and physician services are covered under OHIP (the public health insurance program). Canadians cannot be charged for surgeries and diagnostic tests that are medically needed.

For-profit clinics and hospitals have been [breaking the law and charging patients anyway](#). They also try to [get around the law and charge patients for medically unnecessary services, often manipulating patients](#) into believing they are needed, in order to charge them extra. For-profit clinics have extra-billed and up-sold patients extensively, sometimes charging Ontario patients thousands – or even tens of thousands -of dollars.

The Premier has claimed you will only need your OHIP card, not your MasterCard, but the reality is this government has [ignored these extra-charges](#) for years. It has never used its existing powers to crack down on private clinics extra-billing patients. In fact, in our studies of all the existing private clinics across Canada, we have, over 12 years, repeatedly caught the majority of the private clinics extra-billing patients.

This is not as surprising as it might seem. In the United States where health care is deeply privatized, fraud by for-profit health care companies – including billing for services not provided, creating kickback schemes, inflating billing and the like – is a [major problem](#) resulting in the creation of an entire [Health Care Fraud Unit](#) in the U.S. Department of Justice. No one has been able to control the for-profit health care industry.

What does privatization mean for employers & employees?

The U.S. health system is largely privatized and it provides a sobering warning of the problems that privatization brings. The U.S. health care system is incredibly expensive eating up almost 20% of the US economy. In contrast, Canada spends 13% of our GDP on health care. Despite this, [31.6 million](#) Americans have no health insurance whatsoever, including 3.7 million children.

Inadequate private insurance

Even if they do have private insurance, millions of Americans have inadequate health insurance. A recent [survey](#) indicates that 43% of working-age adults were inadequately insured in 2022. Twenty-nine percent of people with employer coverage and 44% of Americans with individual coverage were underinsured. Forty-six percent of respondents said they had skipped or delayed care because of the cost, and 42% said they had problems paying medical bills or were paying off medical debt.

Prohibitive costs for employers

U.S. employer premiums for individual coverage [have risen](#) 58% since 2010 to an average \$7,911 (U.S) in 2022. Over the same period, family coverage premiums rose more than 63 percent to \$22,463.72 (U.S.). U.S. employers pay more for health insurance than any other benefit, including pensions. These huge costs make American business less competitive internationally. Negotiating good coverage is extremely challenging for unions.

Huge deductibles for employees: If unions can negotiate a health care plan, the plans come with large deductibles that employees must pay. Single coverage came on average with \$2,004 (U.S) in deductibles in 2021 – more than double the deductibles in 2010. Deductibles are even more for family coverage -- \$3,646 (U.S) or employees at the largest employers and \$4,816 (U.S) for employees working at employers with 50 to 99 employees.

Ontario's government is not only not stopping extra charges for patients in private clinics, it is allowing these for-profits to expand the number and types of extra charges

In its new law to facilitate the privatization of our local hospital services, the Ford government has [specifically set up provisions to facilitate up-selling at private clinics](#)—which means selling patients extra medically unnecessary add-ons for hundreds or thousands of dollars.

For-profit privatization of our local public hospital services means opening the door wide to extra charges and user fees for patients. Someone has to pay for them. Pressure is put on individuals to pay when they are sick and in need of diagnostic tests and treatments. Pressure is also put on employer benefits plan to cover ever increasing extra charges. Costs in the public system go up as the public health system has to compete for scarce staff against the private for-profit clinics and hospitals that are extra-billing patients.

**Neither employers nor employees can afford to move in this direction.
We all have an interest in stopping the plan to increase for-profit health care.**

