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Fears that New Hospital Funding System Threatens Patient Access, Leads to Privatization: OHC Responds to Throne Speech

Toronto – Premier Dalton McGuinty is planning changes to hospital funding systems, according to his Throne Speech today. The changes, if implemented, will have a profound impact on Ontarian's access to care. Several news reports are mixing up a new global hospital funding system (called HBAM) with a proposal to bring in hospital centralization and cuts to local services through a type of hospital fee-for-service funding competition.

These are two different proposals, though it is possible that both could be implemented at the same time.

1. HBAM is a funding system based on calculating population and weighting it with other factors such as age and particular local contexts.
2. Hospital fee-for-service competition is the opposite of a global funding system based on a formula designed to meet population need. It is extremely controversial and will lead to worse access problems, privatization, higher administrative costs and fewer local hospital services.

"We are deeply opposed to the government's proposal to force hospitals to try to underbid each other for funding," said Natalie Mehra, director of the Ontario Health Coalition. "This system is the opposite of patient-centred care. It ignores the human element of health care entirely."

"In fact, this system has already been tried in the United Kingdom where it increased administrative costs and touched off a storm of controversy. The unpopularity of their health "reforms" is one of the contributing factors to the British government facing defeat in the next election."

"Hospitals underbidding each other has contributed to hospital bankruptcies in the United Kingdom. It has created instability and has promoted for-profit privatization of hospital care and services at the expense of public hospitals. It has actually increased administrative costs, and did not produce promised cost savings."

In this system, hospitals would have to underbid each other or meet a set price for each service. If your local hospital is not able to underbid to get the funding for a service, you would lose it. Hospital services would be centralized to pump out high volumes. Hospitals would have to be renovated, staff moved (possibly repeatedly as each bidding round took place), and entire administrative systems would need to be created to price, bid, assess, monitor and manage it all.

"In every town across Ontario, from the smallest rural areas to those with medium and even large general hospitals, hospitals would shrink the scope of services they provide to concentrate on fewer services. Patients – most of them elderly – would have to find some way to travel from hospital to hospital to hospital for each different type of care. Hospitals would become competitors, rather than collaborators in a public health system."

"We are strongly urging the McGuinty government to look much more closely at the British experience in which hospital were force to underbid one another for funding. It has not saved money, has undermined the public health system and has pushed privatization. If implemented here, it would violate the core Canada Health Act principles of accessibility and comprehensiveness."