Intelligence MEMOS

From: Rosalie Wyonch

To: Canadian Health Spending Observers

Date: February 7, 2023

Re: **Hey: Private Healthcare has Always Been With Us**

The recent uproar over Ontario's increased use of private surgery and diagnostic-imaging clinics has missed the point.

Canadian healthcare is already much more "private" than most people recognize, and Ontario has never had a universal system that is publicly funded and publicly delivered in a truly comprehensive manner.

Myths about how our healthcare system does (or does not) work are unhelpful in addressing the real challenges that produce long delays for surgeries and specialist appointments.

A major point of contention is using public money for procedures completed at for-profit clinics for certain surgeries, such as cataract removal.

But the irony is that every single independent family physician practice, for example, is in fact a for-profit business.

Yes, your family physician actually operates a private, for-profit business. The profits come from fees billed to the province, which pays the salaries of the physician and their support staff, along with equipment and office expenses. Without private profits, family doctors would have no income. Specialists performing operations in hospitals are also for-profit, private business operators – they generally aren't employees of the hospital and get paid based on the number of procedures and treatments they provide.

Hospital capacity and wait times to access specialists were already pre-pandemic challenges, and COVID-19 exacerbated the situation. Hospitals had to redirect their limited capacities to treating COVID-19 patients, which disrupted, delayed or cancelled surgeries, diagnostics and routine health checks. Redirecting surgeries to private clinics reduces the demand for hospital services, and can free resources for more complex cases and procedures.

Independent surgery clinics are not a new idea and are already a well-established part of our publicly funded, privately delivered healthcare system in Canada. Ontario plans to direct additional funds to certain private providers that it already pays for MRI and CT scans, eye surgeries and certain gynecological and plastic surgeries. Saskatchewan also has well-established non-hospital treatment facilities, with plans to expand its orthopedic surgery options in this manner as well. And BC has been paying about $75 million a year for diagnostic imaging and surgeries across 39 private clinics since 2018.

Private, for-profit surgery is also a common feature of other universal health care systems. In **Australia**, specialists commonly split their time between private and public practices, charge co-payments, and can set fees above the public system maximum. It also has private hospitals that are majority-funded by the private sector. In **Denmark**, specialists are either employed by public hospitals or are self-employed and work in privately owned facilities. Self-employed specialists are paid on a fee-for-service basis for public patients, as in Canada. Likewise, **in France**, about 36 percent of specialists are exclusively self-employed in offices or private clinics and paid on a fee-for-service basis.

Opponents of privately delivered surgery might argue that it takes resources away from the public system. But privately delivered surgery is already widely used in Canada, which shows that it hasn't been the death knell of the public system. Despite constant increases in public spending on hospitals since the mid-1990s, the private sector **consistently accounts** for 14 percent of hospital spending and about 30 percent of spending at other health institutions. Shifting surgeries to private clinics is not a result of cutbacks to public health care spending or delivery, but is instead due to the inability of the public system to meet the needs of the population and its increasingly complex health care requirements.

In the midst of arguing about who pays for what and where care should be delivered, there are thousands of Ontarians waiting for surgery. At the same time, there is a continuing need to ensure adequate hospital capacity so that these facilities can manage emergencies and other types of care while having enough resources left over to handle surges of infectious disease (such as COVID-19, seasonal influenza and the recent surge of RSV).

Increasing surgical capacity without putting additional pressure on hospitals is something to be celebrated – at least if you put the needs of patients ahead of fears about a "private, for-profit" health system that is, arguably, already largely private and for-profit.

Rosalie Wyonch is a senior policy analyst at the C.D. Howe Institute.

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