Intelligence MEMOS

From: Shaun Francis

To: Canadian Healthcare Observers

Date: April 27, 2023

Re: **ONLY COMPETITION CAN RESCUE HEALTHCARE**

Twenty-five years ago, I secured the rights to a state-of-the-art telehealth system and brought it to Canada. Patients called a number to receive instant advice and be directed effectively to a proper level of care. I thought it would greatly benefit Canadians and save insurers millions.

In a single-payer system, like in Canada's provinces and territories, my solution would have reduced the burden on emergency rooms and helped minimize staffing demands for hospitals.

But the Ontario government didn't buy it. It ended up buying a low-cost nursing telephone line designed to generate revenue for hospitals, encouraging callers to visit a hospital emergency room.

Why? Because the upfront cost was cheaper – and the decision maker didn't have responsibility for the operating costs of the hospitals. This type of short-sighted decision-making is characteristic of what happens day in and day out at government monopolies.

This is why we need a competitive private alternative to our universal public program, with a mix of private and public providers and competitive private insurers. Competition and the innate market-driven incentives that exist when customers can select from an array of options. This is what will solve our healthcare crisis.

Consider the debacle around Phoenix, Ottawa's disastrous payroll software. Launched in 2016, its development and problems cost several billion dollars, yet its errors have affected 500,000 federal public service workers over the past few years. It's so bad, and so riddled with errors, that it's being replaced with a new system – at yet another enormous cost.

And what about the now infamous ArriveCan app? Experts have said the $54-million cost could have been less than $1 million. Not to mention the cost overruns and delays endemic to the purchase of the Canadian military's badly needed F-35 fighter jets and new ships.

All these stories were the product of government monopolies.

In some ways, as Canadians, we've learned to expect such mismanagement. Yet so many of us hang on to the illusion that the monopoly in the insurance and provision of Canadian healthcare is somehow different. Our steadfast belief in a healthcare monopoly has resulted in a broken and outdated system.

Consider the 12-week median wait time between a general practitioner's referral to consultation with a specialist. That's about three times longer than in 1993. And if you're in Ontario, how does your doctor make that referral? By fax. A technology so outdated and flawed it's the leading cause of unauthorized disclosure of personal health information. Nearly 5,000 privacy breaches related to misdirected faxes were reported to the privacy commissioner's office in 2021 alone.

Consider, too, that the cost of public health insurance for the average Canadian family (two parents and two children), adjusted for inflation, has increased more than 80 percent since 1997 and by almost 108 percent for a single Canadian. We spend about 12 percent of GDP on healthcare, more than 27 other comparable OECD nations. But among those countries, Canada is 32nd out of 38 in number of hospital beds, 27th out of 31 in physicians, and 17th out of 30 in nurses.

Emergency rooms are shutting down simply because hospitals don't have enough staff. Foreign medical professionals can't get licences. And too few medical school spots exist for Canadians. Canadians are dying before they get the care they need.

Some might say we just have to fund this system properly, hence the new healthcare accord between the federal government and the provinces. But that's the same stopgap solution we've seen with every new federal-provincial deal.

Healthcare is already the largest budget item for every province, while across the country our population is aging. Per capita healthcare spending is significantly higher for those 65 and older. And spending on those 80 to 85 was already twice as much as all other age groups in 2017. Absent change, the growth in the number of Canadians 65 and older will result in roughly 88 percent more expenditures from 2019 to 2040.

As we run out of money, ideological dogma has given us one of the developed world's worst-performing healthcare sectors. Often, we consider the United States as our only alternative. No one is suggesting we adopt its system. But in Canada, we don't have a healthcare system; we have a queue system. And if Canadians want world-class care, we need to embrace world-class thinking.

Every system around the globe – Switzerland, the Netherlands, Germany, Japan and Singapore, to name just a few – performs better and has a competitive private alternative to its universal public program. These systems place the patients at the centre of their processes.

Only a model with more public-private competition can bring more efficiency, with more innovation, reduced wait times and better care than today.

Shaun Francis is the CEO and chair of Medcan Health Management. This Memo is drawn from his arguments at the C.D. Howe Institute's latest Regent Debate: Be It Resolved: Competition Will Save Canada's Broken Healthcare System.

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