Intelligence MEMOS

From: Åke Blomqvist

To: Canadians Concerned About Healthcare

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Re: **Nightmarish Commercial Simply Wrong: Healthcare Outsourcing is not Privatization**

Following passage of the Ontario government's Bill 60, the Ministry of Health has the option to contract out to independent clinics the provision of certain kinds of healthcare services normally provided in hospitals.

Opponents have cast the bill as favouring "privatization" and an existential threat to the Canadian model of public healthcare. An emotionally charged television commercial from the Ontario Public Service Employees' Union (OPSEU) conjures up a dystopian future where stone-faced capitalists in dark suits push a gurney with a teary-eyed post-surgery patient through dim hospital corridors and present her with a touch screen that she must push to pay for pain relief. In case anyone missed the message, the camera pans to the patient's face as an automated voice and the touch screen intone "insufficient funds" over and over.

This cynical use of emotional imagery mirrors some of the crude tactics of conspiracy theorists who imply the government has a nefarious secret agenda.

But its basic message is simply wrong. Bill 60 is not about privatization. Nor is it a threat to publicly funded healthcare. All it does is give the government more flexibility in how it contracts for the production of healthcare services.

Under the *Canada Health Act*, the cornerstone of Canadian medicare is that the cost of all "medically necessary" physician and hospital services should be paid for by each province's insurance plan, with no patient out-of-pocket payments. But while services must be paid publicly, they can be supplied by private firms, or in privately owned facilities. In Ontario, the production of most health services has long since been outsourced: it takes place under contracts with private providers. Most physician services are delivered by physician-owned practices, most basic lab tests are privately provided, and most hospital services are in facilities legally classified as private non-profit entities (most of them in the "charities" category). Bill 60 simply widens the scope so the government can buy medically necessary "hospital services" either from traditional hospitals or from free-standing specialized clinics. Such clinics could be organized as private for-profit firms, but when treating publicly funded patients they would not be allowed to charge them: Their only revenue from such patients would be contracted amounts they would receive from the provincial plan. Bill 60 gives the government more than enough tools to prevent anything like OPSEU's nightmare scenario.

Surgeons and others who are interested in starting free-standing clinics presumably think they can provide services more efficiently than traditional hospitals, even given the detailed quality of care rules to which they would have to abide. Also, new independent clinics would not be bound by existing collective agreements and would therefore have more flexibility in both hiring and managing staff. This is likely one major reason why OPSEU and other unions are so adamantly opposed to Bill 60: If the province can outsource more services to new private clinics or other independent firms, unions representing hospital workers and other traditional suppliers are likely to have less bargaining power when they negotiate terms and working conditions for their members, and they may lose members to the private clinics. But if new providers can produce more efficiently and at lower cost, patients and taxpayers gain, and healthcare workers may wind up with less stressful working conditions than many have in today's system.

The government of Ontario should think about how to contract for insured services with private clinics without causing staffing problems for traditional providers, but should begin experimenting with this model in the specialties and places where the prospects seem most promising. And it should carefully monitor outcomes.

If Bill 60's supporters are right and shorter wait times and lower costs are the outcome, the model should be tried more widely. If the critics are right, the government can simply go back to traditional providers.The only way to find out who is right is to allow the new model to compete with the old one. If ideology and scare-mongering commercials prevent that from happening, we will never know.

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