

As Ottawa reduces stake in health care system, does it open door for private sector?

Charlotte Gray

Résumé : Les confrontations provoquées par la surfacturation en Colombie-Britannique et les cliniques médicales privées proposées en Alberta ont rendu encore plus pressant le débat sur la réforme du système de santé du Canada. Le gouvernement libéral défend faroucheusement les principes originaux de la Loi canadienne sur la santé, mais on exerce sur lui de plus en plus de pressions pour qu'il ouvre le débat sur la question au moment où toutes les provinces cherchent à réduire les dépenses et à réformer la prestation des soins de santé. Le Forum national sur la santé, qu'on nous promet depuis longtemps, est maintenant prévu pour octobre. Beaucoup de gens croient que cette consultation publique s'imposait depuis longtemps.

The atmosphere in the House of Commons health committee in April was not just taut, it was downright nasty. Invited before the committee was Diane Marleau, the health minister who keeps finding herself in the midst of battles not of her choosing. Her chief critic, Reform Party health critic Dr. Grant Hill, was on the attack.

"Our system is literally crumbling around the minister's ears," Hill said. "And her reaction to that: plain packaging for cigarettes. She's lost her marbles."

Of course, such an irresistible remark was certain to appear on the front page the following day, but it was just the latest salvo in a longer-running squabble. Earlier, when Marleau was first faced with a major challenge to the status quo from Alberta, her press secretary tried to minimize the implications by dismissing the argument as entirely personal. "The debate on health care is between Klein [Alberta Premier Ralph Klein]

and Marleau, Klein and Marleau, Klein and Marleau," she said.

Klein responded: "I find this the strangest damn thing, the Marleau thing, because I never talked to her. If she thinks it's popular, or the right way to go politically, to pick a fight with me, then at least have the courtesy to maybe phone me up or have a little chat with me, and say, 'Look, I've got some problems with you.' But she hasn't done that."

Marleau's position, and her press secretary's intemperate remarks, may be excused as the early pratfalls of political rookies — after all, the new government had been in power less than 6 months at the time. However, the blowup in the parliamentary committee suggests that the Liberals will not be allowed to duck the problems facing the health care system, as the Tories did between 1984 and 1993. Extra-billing and the establishment of private health care clinics will bring matters to a head.

The future of our health care system is part of a larger debate we all will face within the next few months. Three fundamental questions underlie

this debate: How big a public sector do we want, or can we have, in Canada? What should the federal share of the public sector be? And what level of redistribution, between individual Canadians and between regions, should be built into our economy?

These questions take us to the heart of the social-security review, which is now a major preoccupation in Ottawa. But they also underlie the debate about health care. First, how much health care can the state guarantee to all Canadians? Second, what is the role of the federal government in the health care system, given its decreasing contribution to costs? The federal government once paid close to half the costs. By 1990, however, the federal government accounted for only 27% of health care spending, the provinces 43%. Alongside its dollar decline, argue critics such as Hill, goes a decline in the federal government's leverage to apply the Canada Health Act principles. It doesn't take a genius, said Hill, to figure out that when the dollars become zero, so does the clout.

Third, will rich provinces continue to help subsidize the health care bills of poor provinces through equalization payments? At this point, argue medicare critics, the Canada Health Act, along with the Canadian principle of equalization between provinces, will be both unaffordable and unacceptable to many voters. Provinces should tailor their health care systems to their own means, as well as perceived needs, since they are footing the bills.

Charlotte Gray is a CMAJ contributing editor.

How will the Liberal government tackle these questions? The famous Red Book of election promises gave a stirring call to arms "to preserve and protect our universal medicare system, maintaining the values that underpin it." A whole page is devoted to the arguments against universal user fees — an approach to health care financing rejected by all serious health economists. But the Red Book is silent on the really tough issues, such as how to deal with escalating costs when the public purse is empty.

Marleau, with the backing of Prime Minister Chrétien, has made it clear that she will not tolerate extra-billing. Earlier this year she withheld \$750 000 a month in transfer payments from British Columbia because some BC doctors had opted out of the province's medical services plan. Marleau's action was entirely in accordance with the Canada Health Act. Dr. Michael Rachlis, who has written extensively on Canada's health care system, points out: "It's like saying: 'This car is parked illegally, so I'm going to give it a ticket.' That's the law. Is that an over-reaction? It's not like she's towing the car away."

Marleau has also indicated that the Liberal government will not tolerate the emergence of private clinics (see following articles). Her reasons

are not simply to antagonize Premier Klein, as she explained in a letter to the *Globe and Mail*. She argues that private clinics will lead to a two-tiered system, where low-income Canadians may be denied reasonable access to quality services, for four reasons. First, private clinics are effectively subsidized by taxpayers since their physicians bill the provincial government for their services. Second, private clinics might "cream off" physicians from the public system, resulting in shortages to the public system. Third, wealthy Canadians might transfer their loyalties to the private system and feel no obligation to continue to support medicare. Fourth, wrote Marleau, "I question whether a private system offering health services as 'consumer goods' for profit would benefit the health of Canadians."

Some of these arguments are specious. With the present oversupply of physicians in Canada, the idea that physicians would flock into the private sector leaving shortages in publicly funded institutions is a little far-fetched. And in many cases, wealthy Canadians are already enjoying the upper tier of a two-tier system — either by going south for private medical care, or because they know how to jump the queue within Canada.

More particularly, private clinics do not necessarily allow wealthy Canadians privileged access to publicly funded services — patients at Canada's private magnetic-resonance-imaging (MRI) clinics usually pay the full price out of their own pockets. The private MRI patients do bypass lineups in the public hospitals, but at the same time their move to the private sector will help reduce demand at public clinics.

Marleau's actions to date have underlined the Liberal's fierce adherence to the original principles of medicare, but the provinces and the Reform Party are not going to let Ottawa rely on fine rhetoric. Reform Leader Preston Manning takes every opportunity to argue that provinces should be given more flexibility in

meeting Canadians' health care needs. "How many more hospitals have to be closed down?" he asked recently. "How much longer do the waiting lists have to be? How many more Canadians have to go to the United States for health care? How much further does the health care system have to deteriorate before the government will agree to reform the Canada Health Act and the financing of health care?"

Other players, too, are anxious to get into the debate. Concern about the long-term health of the economy has prompted large corporations to look at health care reform. A private-sector panel of 13 major employers advised Klein on ways to cut Alberta's health care bill. More recently, a group of Ontario companies, including IBM Canada Ltd. and Northern Telecom, have joined forces in the Employer Committee on Health-Care Ontario. The companies spend over \$500 million annually on employer-sponsored health care benefits, and are under pressure to increase their contributions.

The C.D. Howe Institute, an independent research body, got into the act last March with the publication of *Limits to Care: Reforming Canada's Health System in an Age of Restraint*, edited by economist Ake Blomqvist and policy analyst David Brown. Blomqvist recommends dramatic changes in the way medicare is funded: user fees for better-off Canadians, regional control of budgets and more competition between facilities delivering health care services.

All these arguments and points of view will play a role in the coming debate. The disappointment is Ottawa's reluctance to become engaged in discussion. As yet, all we have had are political theatre from Marleau and her critics. But the Red Book promised a National Forum on Health to be chaired by the prime minister, which would bring together "the major partners and parties involved with the health of Canada." The forum, first expected in June, is now scheduled for October. It can't come a moment too soon. ■



Marleau: no private clinics