What Is Right about the Canadian Health Care System?

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CANADIANS ARE REMARKABLY MASOCHISTIC. YEAR after year, the United Nations reports that Canada is the most livable country in the world; yet we seem to discuss nothing but how to dismember the elements that make it so. Canada has one of the world's most successful health care systems. Yet we cannot shake the belief that, despite all evidence, the grass is greener south of the border. Although our system is fundamentally sound, we dwell on its problems and insist on looking for magical fixes from the Americans, whose health care system is generally recognized as being among the least satisfactory in the developed world.

The truth is, there is no shortage of good news about the Canadian health care system; why we hear this so rarely is a matter that should concern us.

For example, Canadians are healthy. On average, we are among the healthiest people in the world, and we are becoming healthier. Wide variations exist by region and social group, and we rightly hear much about these. However, Canadians' general health is high and rising. In particular, on the standard measures of life expectancy and infant mortality, we outperform the United States, which records eight infant deaths per thousand live births, placing it in the same league as the Czech

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Republic and Greece; the Canadian rate is six per thousand. Canadians also live longer, and our advantage is growing. From 1990 to 1995, the gap in life expectancy between Canadian and American males grew from 2 to 2.8 years; for women, it went from 1.6 to 1.9 years.

The widening gap in life expectancy, with Canada pulling ahead, is true not only for the entire population but also for the elderly. Even the one group of Americans with access to Medicare, those 65 years and older, find their health improving more slowly than do the elderly of any other major country. Elderly people living in the United States only gained three years of life expectancy between 1960 and 1996 (going from 14.3 to 17.3 years), whereas the median gain for the elderly in countries that belong to the Organisation for Economic Development and Cooperation was 3.4 years. Canadian elderly also experienced a 3.4-year increase in life expectancy over this period (going from 14.9 years to 18.3 years).

Different health care systems are not the whole, or even the principal, explanation for Canadians' better health. The American social environment is more brutal for the less successful. In simple economic terms, for example, everyone knows that Americans enjoy higher incomes, on average, than do Canadians. Little known, and rarely reported in either country, is the fact that in the United States a much larger—and growing—proportion of total income goes to those at the very top of the income distribution. Thus, although the rich in America are much richer, the poor are much poorer than their Canadian counterparts. In 1995, although the top 20 percent of U.S. families were substantially better off than their Canadian counterparts, most of the rest—roughly half of all families—were absolutely worse off than the corresponding socioeconomic groups in Canada. The difference is largely attributable to Canada's structure of tax-financed social programs.

Why is this important? There is strong evidence of a link between income distribution and overall health status: inegalitarian societies, as exemplified by the United States, which concentrate wealth in the hands of a few, tend to be unhealthy.

Obviously, health care also matters, and the Canadian health care system is very good at delivering care to the people who need it, whether or not they can pay. Cross-border, comparative studies suggest that both the Canadian and American systems serve people in middle- and upper-income groups well, but that there are marked differences in access to care and outcomes for people with lower incomes. It would be very surprising if this were not so. About 40 million Americans have no

insurance at all, and those who are covered increasingly face large user fees.

Nevertheless, even if we grant that Canada does better at looking after poor people and directing care to those who need it most, the fact is that most of Canadians are not poor. Aren't we being short-changed by an inadequately funded system that is simply incapable of meeting all our needs? The United States may not distribute care equitably, but at least—in contrast to Canada—it delivers the goods. Or does it?

Americans certainly spend a lot more on health care than Canadians do, or, for that matter, than anyone else in the world. One-seventh of U.S. national income, 13.6 percent, goes to health care, compared with 9.3 percent in Canada and 8 to 10 percent in most developed countries. Thus, Americans' yearly expenditure on medical care works out to be $4,090 per capita, compared with $2,095 (U.S.) spent by Canadians. It is not that Canada spends so little—Canada has long been counted among the countries that spend the most (in 1997 only Switzerland, at $2,547, Germany, at $2,339, and Luxembourg, at $2,340, spent more), but that the United States spends so much. To match these levels, Canada would have to add $45 billion a year to its health care spending.

But do Canadians really want to do that? The truth is that more money does not necessarily buy more health care, any more than it buys more health. Americans receive neither more hospital care nor more physician services, although they pay a lot more for the care they do receive. (Yes, Americans have higher rates of some types of surgical procedures, but, in general, Canadians undergo more surgery.) Americans do not receive higher-quality care for their money; follow-up studies of patients on both sides of the border usually show similar outcomes. There is no clear advantage to either side.

The Canadian health care system is also remarkably efficient. Lamentations about our bloated, inefficient administrative bureaucracies are pure fiction. A universal, comprehensive, tax-financed public insurance system with negotiated fee schedules is administratively "lean." The American multipayer system, with its diverse and complex coverage restrictions and elaborate forms of user payments, is "fat." The American private insurance bureaucracy is huge; its *excess* administrative costs, compared with those characterizing a Canadian approach, are estimated to exceed between 10 and 15 percent of total system costs, or well over $(U.S.) 100 billion per year.

But what about the "Canadian problem"—waiting lists? In the United States, people without money or insurance do not even get on

a waiting list. Access is rationed by ability to pay, not by waiting. (They may gain access to care at some public facilities; but *then* they wait.)

If the Canadian waiting lists indicate a problem, it is not one for which the Americans have an acceptable solution. Canada could do a better job of managing patients who are awaiting surgery. Most provinces have no system for prioritizing these patients. (Ontario's Cardiac Care Network is a notable exception.)

However, reviews of waits in Canada have found that the system provides immediate access for emergency cases and rapid access for urgent ones. Because there have been remarkable increases in the numbers of cataract, bypass, hip, and knee procedures performed in Canada in recent years, rationing of care is no longer a real issue.

Claims of excessive waiting lists are the "political theater" of publicly funded health care everywhere in the world. In fact, when asked, most Canadians on waiting lists do not find their waits problematic. Claims of underfunding play an obvious role in the bargaining process between providers and governments. The former cry, "More money for health!"; they mean higher incomes for themselves.

Why, then, do American notions keep pushing north? There is a great deal of money to be made by wrecking the Canadian system of Medicare. All the excess costs of an American-style payment system represent higher incomes for both the insurance industry and providers of care. The extra $45 billion it would cost us to match American expenditure patterns is a big enough carrot to motivate promoters of the illusion of American superiority.

We are left with the question: what's really right about the Canadian health care system? Compared with the American system, just about everything. We do have problems, but the Americans do not have the solutions.

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