



Why patient-focused funding **doesn't** work

A debate is emerging about how surgeries should be paid for and privatization advocates are using it as a way to push for the opening and expansion of more private, for-profit clinics.

Health care funding is a complicated subject. As it works now, money is distributed – usually through regional health authorities – to health care providers and institutions in the area. This “block funding” is used to pay for surgeries and medical procedures. Hospital staff decide how the money will be allocated, but the expectation is that the hospital will provide health services for all the people in their region. If they run out of money before the end of the financial year, hospitals may have to cancel surgeries or close operating rooms.

Competing for patients

A different funding model is now being touted by privatization advocates like private clinic owner Dr. Brian Day and B.C. Health Minister George Abbott. Under patient-focused funding – also known as payments-by-results funding in Britain, – health care facilities would be paid based on each surgery they perform. Facilities would compete for patients, and would only be paid when services are provided.

This funding model was implemented in England in 2002 in an effort to address long surgical wait times. Patients were given options of where they wanted to get their surgery – either in a public hospital or private clinic. The idea was that patients would be cared for quicker if hospitals were competing with private clinics to deliver health care. Health care facilities began advertising their services and competing for patients.

And then what happened?

In Britain, it didn't take long to see health care costs go up. Government spending on health care has increased dramatically since 2002. By 2006, about one-third of British health care institutions were in debt. The British Medical Association condemned the payment-by-results funding model, calling for “collaboration”

in health care rather than competition. A British Department of Health report stated that private clinic procedures were more expensive than public ones.

Other drawbacks of Britain's injection of private health care have been well documented - hospital admissions and administrative costs increased, there was no accountability in private facilities for how money was spent, and smaller hospitals (often in rural areas) closed when they were not able to attract patients.



In a letter to Canadian Medical Association in 2005, representatives of Britain's National Health Service Consultants' Association wrote: “Those in favour of privatization often point to Britain as an example of how the private sector can “save” public health care. We are writing, as British doctors, to share what we have learned first-hand about the dangers of private sector involvement in health care, in the hopes that our colleagues in Canada can learn from our country's mistakes and reject private care and other market-style policies.”

The British government recently announced it will not be contracting out any more surgeries to private clinics, saying involvement of private clinics will be “limited.”

Why are Canadian provinces moving forward?

In British Columbia, the provincial government has expressed support for patient focused funding, and other provinces like Ontario and Quebec are also looking at the model. Dr. Day, as a private clinic owner and privatization advocate, spoke in favour of this funding model at the opening conference of the B.C. Conversation on Health in June 2007, saying patients should have the choice of where to receive treatment, including at his own private, for-profit clinic. Harvey Voogd, spokesperson for the Alberta-based Friends of Medicare group, said he doesn't agree with Dr. Day's proclamations. "I would challenge Dr. Day on the evidence that there's no wait times in the United Kingdom," said Voogd in a recent news article. "It's an intellectually alluring idea that hospitals competing will somehow work and everybody will get treated fairly. I'm not convinced that is the case," he said, adding that health care is not a commodity suited to market competition.

Why citizens should be concerned

There is clear and concrete evidence that publicly-funded and publicly-delivered health care is more efficient and more cost effective than private for-profit care. Private clinics have higher administration costs, they drain the public system of doctors, nurses and other health care staff which leads to increased waiting times, and private clinics are more likely to treat patients that have less complicated conditions, leaving the tougher cases for the public system.

British doctors have clearly stated that patient-focused funding hasn't reduced waiting times, and has only proven to be more expensive than publicly-delivered care.

Profit is not the cure for Canada's health care system. Visit www.profitisnotthecure.ca for more information about how you can get involved with protecting Canada's public health care system.

Join the Council of Canadians

The strength of the Council is in its membership. The Council does not accept funding from corporations or from governments, so membership donations are vital to our activities. We work with community groups, seniors, students, unions and other organizations across the country to promote progressive policies on public health care, fair trade, clean water and other issues of social and economic concern to Canadians. Visit Canadians.org to become a member today.

For more information about the Council of Canadians' Profit is Not the Cure campaign, visit our website at www.profitisnotthecure.ca, or call us toll free at 1-800-387-7177.

