

*Federal-Provincial Fiscal Arrangements Act*

of values or cultures, not a variety of health care levels available on the basis of ability to pay.

The proliferation of for-profit hospitals would have a negative effect on public funding of health care for another reason, and one which should be particularly noted by those who often argue that our system is underfunded, but who also argue for increased privatization. By this I mean that to the degree that for-profit hospitals seem to be acceptable, that will be the degree to which federal and provincial Governments pass the buck on down to hospitals themselves when it comes to containing deficits.

The argument in favour of for-profit hospitals often comes from those who are ostensibly, and often genuinely concerned about the rising cost of health care, and who equate efficiency with anything that operates on a profit basis. This way of arguing in favour of for-profit hospitals ignores the many examples in Canada of publicly administered hospitals that are well run, as documented even by Bud Sherman, the former Minister of Health for Manitoba in his study done for the Minister of National Health and Welfare (Mr. Epp).

The argument in favour of for-profit hospitals also completely ignores the fact that soaring health costs in the United States, where for-profit hospitals are abundant and where public health insurance is limited, are even more of a problem than they are here in Canada.

Let us briefly compare the United States and Canada. One of the criticisms levelled at the Canadian system has been its lack of accountability, the fact that the open-ended nature of our publicly funded system encourages both providers and patients to be less conscious than they should be of how the limited resources of our health care system are allocated.

This is precisely the problem, i.e., lack of accountability that is found to a large degree in the U.S. where employees are covered by employer funded health insurance. Now efforts are being made by corporations like Chrysler to get these skyrocketing costs under control. Most of what they have done has been in the way of containing and shaping the choices which health care providers make. In their system, as in ours, it is the provider decision, mainly doctors' decisions and hospital decisions, and not patient choices, which determine how expensive health care will be. Americans spent 11 per cent of their GNP in 1984 on health care, compared to 8 or 9 per cent in Canada. For this many Americans got considerably less than what Canadians have access to in the way of health care. On top of this it is well known that a much larger percentage of U.S. health care dollars is spent on administrative costs, some 16 per cent as opposed to 2 to 4 per cent in Canada and the United Kingdom.

Add to this the irrational competition which takes place between hospitals in the U.S., particularly in the high-tech fields of medicine, the tendency for smaller independent hospitals to lose out to or have to sell out to the larger hospital chains, and the rationalization at the expense of regional needs, which may accompany this, and one gets a far different

picture of the virtues of the profit motive as it applies to health care. It is certainly not any more efficient than our system and is arguably much less efficient.

Those whose real interests is the containment of health care costs should look elsewhere to other than for-profit hospitals. Privatization and for-profit health care simply cannot deal with the more fundamental problems facing our health care system. Indeed, they will aggravate them. For-profit hospital care could well aggravate rather than alleviate the following problems; inequalities and access to hospital services; the problems associated with expensive medical technology; the geographic and professional maldistribution of doctors, despite aggregate over-supply; the emphasis on curative care to the neglected primary and public care; the duplication of expensive programs and services; the under utilization of non-medical manpower.

In all these areas it is most certainly true that a for-profit hospital system has no edge, and will likely be inferior, on top of preventing the kind of public discussion and debate that should take place about the difficult decisions that have to be made concerning the spending of health care dollars. These are decisions that should be public in nature as they have to do with values, and should not be left up to the market-place.

All this, it seems to me, argues for a conclusion that what is needed is better planning and management of our publicly funded, non-profit health care system, and the corollary that for-profit solutions should be left only to those, who for ideological rather than analytical reasons, prefer such solutions in the first place.

As Harvard University Management Professor Diane Burrett wrote in an article on multi-institutional systems in the April, 1982 edition of *Hospitals Magazine*, the key difference between those institutions which are meeting the challenge of needed major changes, such as changing the behaviour patterns of physicians and patients, does not seem to be whether or not the institution is or is not profit-making. "The real distinction seems to be between those institutions that are truly well managed and those that are rather haphazardly managed."

The drive for privatization and for-profit hospitals here in Canada is, in part, motivated by desire on the part of certain health care providers to shift power away from health care planning of the public kind. It is a drive that points away rather than toward the kind of planning that will be needed on the supply side of health care to deal with regional needs, with physician behaviour, with the profusion and diffusion of technology, with excessive reliance on fee-for-service mechanisms, with unnecessary hospitalization, prolonged length of stay in hospitals and unnecessary surgery.

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In all of these problem areas, there is a need for sound public management, complemented by informed discussion and adequate public funding. This will allow the difficult