

Private for-profit surgical clinics in B.C.

Expansion of the private, for-profit surgical and medical clinic industry in Canada is virtually unchecked. Owners of for-profit clinics are waging an aggressive campaign to capture a larger share of the health care “market” from non-profit public hospitals.

In the last five years, the number of for-profit clinics has more than doubled, and many of these are charging patients privately for necessary health services. In B.C. there are 71 medical/surgical clinics, with 22 providing publicly insured general surgeries on a for-profit basis.¹

Public Dollars to Private Clinics

The for-profit medical business is only financially viable if it is publicly subsidized. The significant growth of private for-profit clinics in B.C. is largely the result of contracts that private operators have received from the province's five health authorities to provide specific, publicly insured surgical services such as orthopedics and ophthalmology, as well as diagnostic services such as MRI, CT and ultrasound scans.

In addition to providing services on contract to public health authorities, for-profit clinic owners are also required by law to protect and promote the interests of their shareholders and provide a satisfactory return to their investors. This has contributed to a rapid increase in costs charged by for-profit clinics. In 1996, for example, an hour of operating room time at a private facility cost \$450—the same as the public hospital system. However, ten years later that cost had risen to \$1,500—an increase of almost 250 per cent over 10 years. In the public hospital system, on the other hand, the cost had remained relatively stable at \$660 an hour—less than half the rate of private facilities.²

Unfortunately, while government continues to fund for-profit surgical and diagnostic services, it increasingly ignores or chooses not to enforce Medicare laws that limit for-profit delivery of medically necessary services.

Private Clinics Versus Public Interest

There is a fundamental conflict between the aims of Medicare, centred on patients, and the aims of the market, centred on profits. Private clinic operators are motivated to increase their revenues as much as possible by charging patients user fees, and extra billing for services covered under Medicare. Many of these billing practices are illegal.

Similarly, many physicians who either work at or have invested in a for-profit facility also work in the public system. This can lead to unethical business practices such as providing “kickbacks” or self-referrals that are not in patients’ or the public’s best interest.

■ user fees and extra billing

Extra billing is the practice of charging an additional fee for physician services that are publicly funded. User fees are additional charges to patients that can take the form of “facility fees” or “membership fees”. Both these practices allow “queue jumping” by those who can afford to pay the additional cost, and they are a necessary part of the for-profit medical business. According to the *Vancouver Sun*, an estimated 50,000 patients in B.C. obtained surgery at for-profit clinics in 2004/05 and paid facility fees ranging from \$700 to \$17,000, depending on the surgery.³

■ kickbacks and self-referrals

A kickback is the financial compensation a physician receives for referring patients to a particular clinic. If he or she owns or operates the clinic, it is a self-referral. The potential for this kind of abuse is high because many physicians operate in—and bill—both the public and private systems, something that is illegal under BC's *Medicare Protection Act* and the *Canada Health Act*. Doctors who work in the public hospital system and refer patients to private clinics in which they own shares are in a conflict of interest. Unfortunately, there are no laws governing private surgical clinics that prevent this type of unethical behaviour.

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Private Problems

■ Private clinics COST MORE

The international experience with private surgical facilities is that they tend to charge much higher prices than a publicly funded hospital for the same surgery. Hip replacement surgery in a non-profit hospital in Alberta cost a reported \$10,000 in 2006, compared to \$20,000 in a for-profit clinic. In Canada's public hospital system, knee replacement surgery averages \$8,000 compared to between \$14,000 and \$18,000 in a private surgical facility.⁴

■ Private clinics "CHERRY PICK"

For-profit clinics make money by choosing less sick patients and those with fewer complications. Cherry picking occurs because for-profit clinics have a material interest in serving patients who require less complex procedures, whose outcomes are more predictable and whose overall costs are lower. It allows them to minimize their risk and maximize their profit, but it increases the average level of severity among patients who remain in the public system. Consequently, the average cost of treating patients in public institutions rises.⁵

■ Private clinics INCREASE WAIT TIMES

For-profit facilities can provide faster care to those with deeper pockets, but they seriously compromise access for those waiting for care in the public system. Parallel private delivery diverts resources away from the public system and into the private one. Doctors, nurses and other health professionals can't be in two places at once. The more care they provide in the for-profit sector, the less they can do in the public sector because there are shortages of most health professionals. This leads to longer waiting times for patients in the public system.⁶

■ Private clinics REDUCE SAFETY AND QUALITY

For-profit providers cut corners to ensure owners obtain their expected returns on investment, and the profit motive may adversely affect patient outcomes. Research shows that, overall, patients who use for-profit facilities have significantly higher death rates than those who use non-profit providers. A key reason for poorer quality of care and health outcomes in for-profit facilities is the lower number of skilled personnel employed. It has been estimated that if all Canadian hospitals were converted to for-profits, there would be an additional 2,200 deaths a year.⁷

Public Solution: specialty elective surgery clinics

Outpatient surgical clinics located in the non-profit public sector achieve the benefits of specialization and innovation normally ascribed exclusively to the private sector, while maintaining the public sector's long-standing advantage of low overall administrative costs.

Most peer-reviewed studies have shown that publicly-funded hospitals are much more efficient and, compared to their for-profit counterparts, provide a higher quality of care at a much lower cost.⁸

Recent successful examples include North Vancouver's "one-stop" joint replacement assessment clinic and Mt. St. Joseph's Hospital cataract and corneal transplant program, both of which have dramatically reduced wait times.

The evidence is clear: private for-profit care is less fair, more costly and poses a greater risk to patients than not-for-profit care.

Take Action!

SPEAK out for the good of your health. Private, for-profit clinics are a serious and increasing threat to our health and our wallets — we'll pay more, get less and end up worse off. We are better off with public health care — it covers everyone, it ensures equal treatment, and no one has to worry about whether they can afford the care they need.

CONNECT with your neighbours and get involved in supporting positive, public solutions to make Medicare stronger in BC. For more information, contact the BCHC or visit the websites below:

DEMAND

that the provincial government enforce the Canada Health Act and prohibit the charging of user-fees and extra billing by any health care provider for insured medical services. Visit the BCHC website to send a message to Health Minister Kevin Falcon and demand that he protect Medicare from for-profit operators and investors.



www.medicare.ca • www.canadiandoctorsformedicare.ca
www.healthcoalition.ca • www.profitisnotthecure.ca



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