

Privatization in Health Care

The Ontario Nurses' Association (ONA) has long held that health care should be delivered publicly through publicly owned and not-for-profit organizations, under the guiding principles of the *Canada Health Act*. We believe that the proliferation of private, for-profit delivery of health care services is a threat to our cherished Medicare system and must be stopped.

We believe that public funding for health care needs to be targeted for service delivery and not for shareholder profits. The increased use of for-profit agencies in the direct provision of health care seriously compromises access to quality patient care as funds are directed away from service delivery.

Private Share of Funding Growing

The proportion of private funding of health care is already substantial and is growing. Examples of private for-profit participation in the health system include: nursing homes, private clinics supplying delisted services, health benefits provided through insurance companies (paid for through employer/employee premiums), dental services, most drug costs for non-senior citizens, laboratory services, extra services provided by doctors (such as writing illness or injury reports) and many others.

U.S. Comparison

The overall cost of health care in the United States is significantly higher than in Canada. Administrative costs are double and funding

goes into profits not patient care in an American-style privatized health care system.

Governments everywhere have been attempting to lower their expenditures to reduce deficits and, more recently, to pay for tax cuts. Yet, the demand for health care services continues to grow and increasingly, these are being picked-up by individuals purchasing private health services or through employer-sponsored health plans.

Competitive Bidding in Home Care

At the same time, to reduce costs in publicly-financed areas such as home care, the Ontario government has made it possible for for-profit operators to underbid publicly-owned services or not-for-profit agencies (such as VON) in an attempt to force these agencies to either lower their wage costs or get out of the business entirely.

Under the Request for Proposals process (RFP) used by Community Care Access Centres (CCACs), contracts are won based on quality and price. Our concern is that "price" has become the prime motivator. Private operators are able to provide a cheaper service by paying their professional staff lower wages, paying on a piece-work basis or by bidding only on those contracts where the care to be delivered is less expensive or less complex.



We are also beginning to witness some movement by municipalities in Ontario to divest themselves of not-for-profit homes for the aged. Municipal homes have historically provided higher staff to resident ratios as well as additional resident programs. If sold to operators of private nursing homes, these additional benefits may be compromised.

As well, private clinics are proliferating, serving the needs of those who can afford them. At risk is the basic Medicare principle of accessibility, regardless of ability to pay. The Ontario government is moving ahead now with private, for-profit MRI and CT clinics at the same time as they have abandoned their experiment into for-profit delivery of cancer care because it was shown to cost significantly more than delivery in the public system.

Private Hospitals (P3s)

The Ontario government also has approved plans that are underway for a number of public-private partnerships (P3s) to build or to redevelop hospitals. These so-called P3 arrangements will result in hospitals designed, built, financed, owned and maintained by private for-profit consortiums, which will then lease back the facilities to the hospitals over extended periods of time.

ONA opposes P3 hospitals because hospital services will be privatized. When health care is privatized quality suffers. In P3 schemes, hospitals negotiate contracts with the for-profit consortiums to operate non-clinical services. Governments say clinical services will not be included but the quality of clinical services are affected even if the actual service is not privatized. The negotiations and the details of these deals are usually cloaked in secrecy and shielded from public scrutiny. Hospital services decline when the consortium reduces labour costs and cuts corners on quality in order to maximize returns on investment. Control over hospital services moves out of the public system to private companies but the public is left to cover the higher costs.

The experiences in Britain - where P3 hospitals have resulted in reduced beds, poor quality, higher costs and staffing cuts - stand as a dire warning of the consequences for care when private owners seek profit margins that range up to twenty-five per cent or 25 cents of every publicly-funded hospital dollar.

We recognize that some private for-profit organizations currently continue to provide health care services (such as nursing homes). However, there should be no expansion in these services. In addition, existing private services should be closely monitored to ensure that they observe quality and accountability standards established by government.

ONA opposes the conversion of any health services currently funded and delivered by public or non-profit agencies to the for-profit sector. Unless a strong stand is taken against the trend toward privatization, we will be faced with a health care system where ability to pay will become an ever greater force in determining what types of health care services are made available to Ontario citizens.

Health care is a public service and not a for-profit service. We recognize that an important role could be played by the private sector with respect to Information Technology as well as Research and Development. However, any proliferation of privatization in the direct provision of health care must be vigorously opposed.

ONA is opposed to the trend toward a two-tier, privatized health care system. The very future of our universal health care system is in jeopardy. We do not want our public system replaced by for-profit enterprises. Our vision is for an integrated health system with publicly-delivered services and that is publicly-owned, funded and accountable under the *Canada Health Act*.

