

Canada: A Health Care System on the Edge

David Gratzer

Dr. David Gratzer is a Toronto-based physician and the author of Code Blue: Reviving Canada's Health Care System. This is a "Brief Analysis", No. 346, prepared by the National Center for Policy Analysis.

Patients are lined up in the hallway, stretcher after stretcher. There are so few chairs that anxious relatives stand by the gurneys for hours. A woman with a migraine sits with her hands pressed to her ears. She waits like this for a couple of hours, perhaps longer.

So goes life in the emergency room of a major teaching hospital in Toronto. This isn't part of the typical January over-crowding; it's only fall. The situation isn't much better elsewhere.

- The head of trauma care at Vancouver's largest hospital announces that they turn away more cases than any other center in North America. "This would be unheard of in the United States," he says.
- In Manitoba, the premier concedes that his pledge to end "hallway medicine" has fallen short. Indeed, overcrowding is worse than the year before and the province is rocked by the death of a 74-year-old man who waited in the ER for three hours without being seen.
- New Brunswick becomes the seventh province to send cancer patients to the United States for radiation therapy.

The head of family medicine at a large Montreal hospital says the system is so overwhelmed that emergency surgeries are often delayed. He relates the tale of an elderly man with a broken hip. While his orthopedic surgery was postponed for three days, he developed a blood clot and a potentially life-threatening pulmonary embolism.

Long Waits, Old Equipment

The Canadian health care system teeters on the edge. In its annual survey of 2,315 physicians in 12 different specialties, the Fraser Institute found that in 1999 the average waiting time between an initial visit to a general practitioner and surgical therapy was 14 weeks, a 5.3 percent increase over the previous year. This occurred despite a 22 percent increase in government spending on health care over the last three years.

A recent report suggested that 63 percent of X-ray equipment is out of date, as is a majority of all diagnostic machinery. A third of the radiological equipment in the city of Victoria, for example, is more than two decades old. When a hospital there tried to give one of its ultrasound machines to a local veterinarian, he declined because he already had better equipment.

Evaluation: the Public

Eight out of 10 Canadians, according to a recent Angus Reid poll, consider the system to be “in crisis.” In 1991, more than half of Canadians gave medicare (the name of Canada’s health care system) either an excellent or very good rating. This February, fewer than one in four gave the system those top marks.

Evaluation: the Experts

The Harvard School of Public Health asked specialists in five countries whether the quality of care had declined in their country. Sixty-seven percent of Canadian specialists responded in the affirmative, the highest percentage of all the nations. The specialists said a fifty-year-old woman with an irregular breast mass would have a 19 percent chance of waiting longer than a month for a biopsy—a higher percentage than any of the other four countries. (In the United States, 90 percent of patients are biopsied within a fortnight.)

Can Government Make Things Better?

Government already has enormous control. No province is allowed to charge user fees, and private insurance has been effectively outlawed. As a result of government price controls on pharmaceuticals, research is minimal. Canada is now tied with Italy for the lowest ratio of R&D spending to domestic drug sales.

Health reformers seem to divide into two schools—one maintaining that the problems would disappear with better management, the other saying the answer is more money. What both schools of thought have in common is the belief that salvaging the system requires more government.

Canadian politicians, presented with two bad options, have been following both approaches for the better part of the past three decades. They have adopted various health management “reforms,” and spending is at an all time high, rising from \$1,861 per person in 1993 to \$1,938 in 1998 (all figures in 1999 Canadian dollars).

Wrong Incentives

The Canadian system is worse than ever because medicare suffers from a structural flaw. In Canada’s free system, patient demand is infinite—the exact words of a 1977 Ontario government, Ontario Medical Association committee report. Because patients experience no financial consequences for their actions, they overuse health services, doctors over-provide some health services and hospital administrators protect their budgets. Government deals with this demand by rationing health care through waiting—a practice endorsed by every province.

Reforming with Medical Savings Accounts

Canada could solve much of its health care problem, and reinvigorate the doctor-patient relationship, with medical savings accounts (MSAs). Some of the money Canada spends on medicare could be placed in individual medical savings accounts, or the government could allow Canadians to allocate a certain percentage of their incomes to the accounts, tax-free. From those moneys, everyone would be required to purchase private catastrophic insurance. For minor, day-to-day expenses, people would pay from the accounts up to a point, then pay out of pocket. Higher expense would, of course, be covered by the insurance. Unspent money could be rolled over year to year, or even invested, allowing young citizens to acquire a health care nest egg for the high costs of old age.

This would represent a bold break from the present trend towards greater bureaucratization of health care. Instead, we would opt for individual choice and competition—as we have with every other basic need.

Will Canadians be willing to contemplate such a profound reform of their cherished medicare system? It's difficult to tell. No Canadian politician is, at present, willing to entertain the option. But how long will Canadians tolerate these problems? Americans have noted with awe the Canadian tolerance of high taxes to finance a large welfare state. Canadians may be willing to pay for their social programs, but it's unclear that many would be willing to die for them. Ω