



# Canadian health care: are we getting our money's worth?

**Last issue**, I talked about the importance of the general public having a healthy degree of financial literacy. The importance of this subject is such that I want to continue to focus on why that is. As I write this, the U.S. government is in “shut down” because the two parties have not been able to agree on a budget absent a concession on the Affordable Care Act (ObamaCare, as it's become titled).

The focus of ObamaCare is to provide what Canadians take for granted: universal access to health care. In the United States, there are about 45 million people who have no personal or corporately-provided health insurance, which means they must pay as they require access. (In point of fact, hospitals in the U.S. are not permitted to deny access but there is still the legal requirement to pay and the insured line-ups are far shorter than the uninsured.) President Obama's plan essentially requires everyone to have insurance, with penalties for those not choosing to opt-in. But here's the problem: there is enormous debate and acrimony over the cost of the insurance, the competitiveness of the market for the insurance providers, whether healthy young people are being treated fairly as they contribute to the subsidized coverage for older folks, and on and on about who pays, how much and what is tax deductible.

This debate overshadows some of the real advantages of the American system versus our own. We operate in a single provider mode (i.e. there is no competition and therefore no reward for being efficient). Imagine the paradigm shift in hospital management if the focus became the quality of care and the value equation resident in being able to measure hospitals differently.

Here's my point: we can learn from the Americans, and they from us. We should have competition in the delivery of health care services and yes, that means allowing the private sector inside the tent. The Americans should have a value-added tax sufficient to pay for universal access at a base level. Corporations or individuals could then add to the base state-provided coverage. Could this happen? Yes, and all it would take is for the voter to better understand the financial issues at hand such that they could weigh in with a considered

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view on the subject. Our system needs to change. Absent change, we will either bankrupt the provinces or so rule out the provision of other provincial government services that the only purpose of the provinces will be to provide health care. Absurd, yes, but that's the track we are on.

There are really important principles to which we must adhere: universal access and a standard of quality. Identifying those as sacrosanct should allow us to move on with the debate about how we must change. One simple premise might be to cost various procedures, like hip-replacements or an appendectomy, and then simply have government pay for such procedures to whomever the patient elects to carry out such procedures, whether it is a government-owned or private clinic or hospital. The unions will scream that all the “good” health care workers will divert to the private system and the quality of care will be better in the private system. These are not illegitimate concerns. But think about this: the consumer has a choice today in virtually everything, from the university they attend to the type of car they buy. Those providers of goods or services who are not doing a good job either go out of business or have their management turfed and replaced.

Our political leaders will not touch the need for fundamental change. Time and again they have learned there is no credit to be earned by broaching this subject. But Canadians are not stupid. It is widely known we must change. We must improve access to the system so wait-times are reduced. We must improve the efficiency of the system so that the savings realized can go into more capacity. We must do a whole host of things, including having Canadians play a greater role in managing their own health condition. But this has to start with people accepting the cost implications of continuing as we are and the issues around the advantages and disadvantages of various options.

Yup, it all comes down to financial literacy – it affects and must involve us all. | ABM

The views expressed in this column are those of the author and not necessarily those of Atlantic Business Magazine. Feedback: dchafe@atlanticbusinessmagazine.com