A Journey to Improve Canada's Healthcare System

The Quest

Can a public/private hospital system coexist and thrive and improve Canada's system?

- The Journey
  - Visited Australia and New Zealand to find out
  - Why Australia and New Zealand?
    - Culturally similar to Canada
    - Operate comparable public health systems
    - Australia and New Zealand have both public and private hospitals

About our Countries

			
Area	**7,686,850 SQ KM**	**268,680 SQ KM**	**9,984,670 SQ KM**
Pop.	**20,434,176**	**4,115,771**	**33,390,141**
Life Expectancy (Y)*	**79(M), 84 (F)**	**72(M), 82(F)**	**73(M), 83F)**
Infant Mortality Rate**	**4.4 /1,000 live births**	**4.9/1,000 live births**	**4.8/1,000 live births**
Population Growth Rate***	**0.824%**	**0.95%**	**0.869%**

*WHO 2006, Life Expectancy at Birth

**Figures are from the 2006 revision of the United Nations World Population Prospects report, for the period 2005-2010[1], and the CIA World Factbook, last updated on April 15, 2008.[2]
http://en.wikipedia.org/wiki/List_of_countries_by_infant_mortality_rate_(2005)

***According to https://www.cia.gov/library/publications/the-world-factbook/print/ca.html

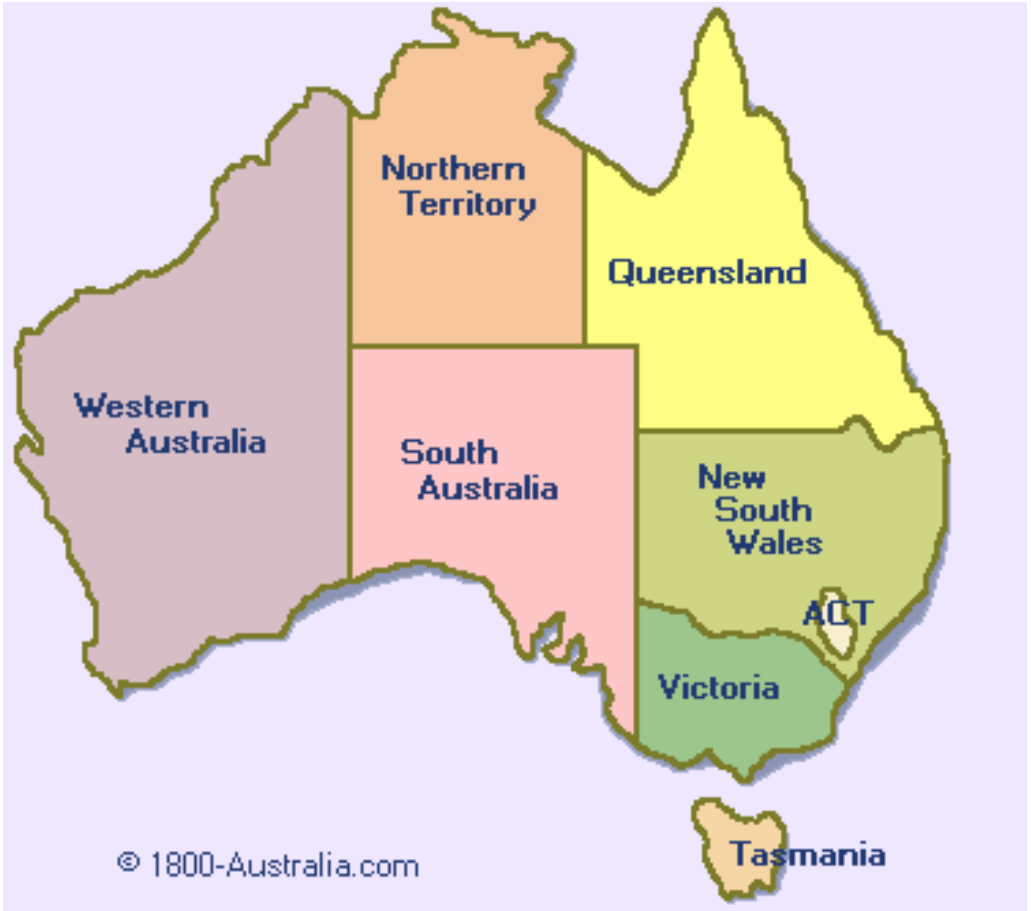
Healthcare Expenditures*

OECD Ranking	Country	Expenditure USD
1	United States	$6102
6	Canada	$3165
13	Australia	$2876
22	New Zealand	$2083

*In US$ PPP per capita in Australia and selected OECD countries, latest available year

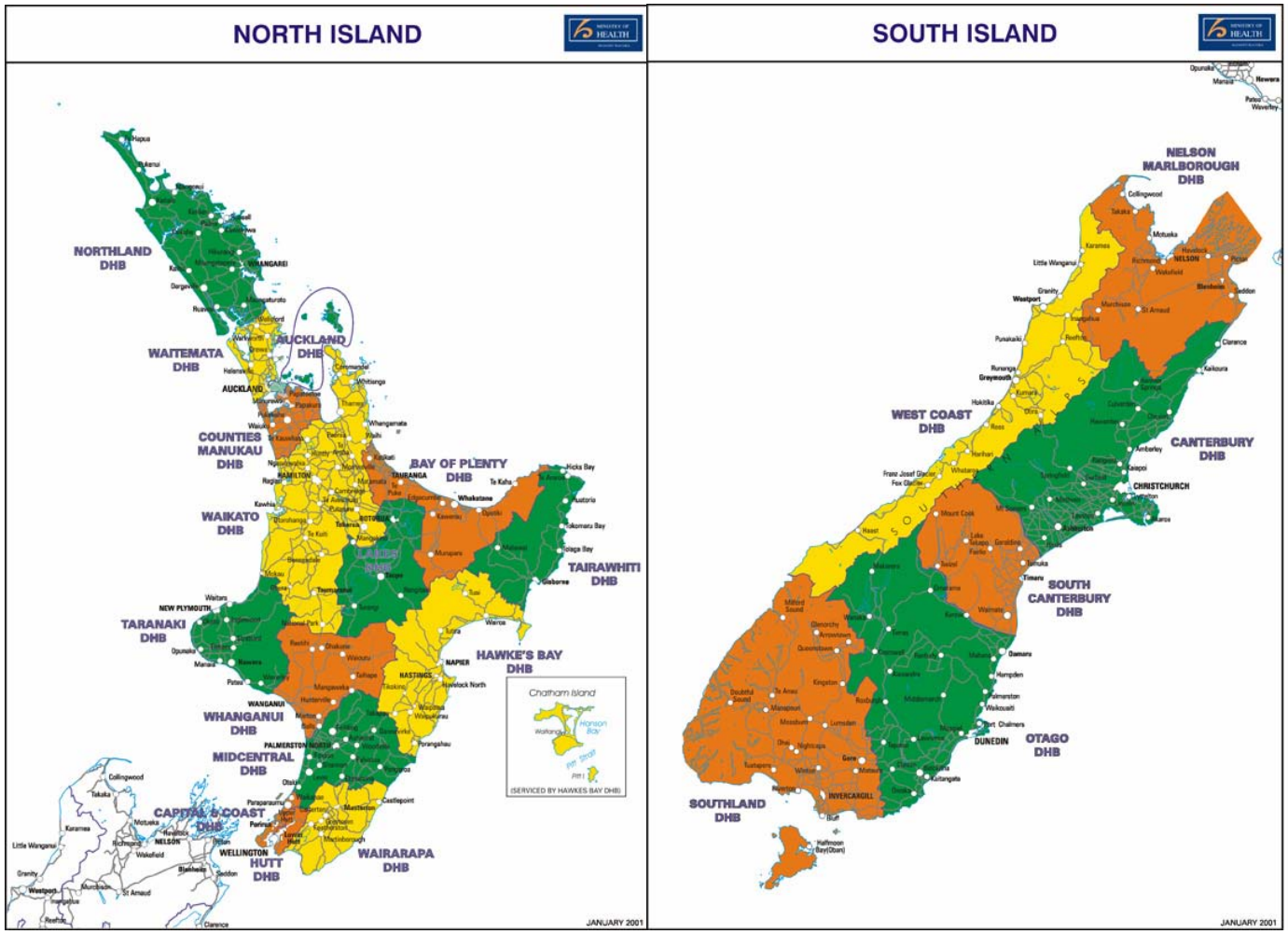
Source: OECD Health Data 2006

Australian Health System



- 6 states
- 2 territories
- Federally funded (The Commonwealth)
- State Run

New Zealand Health System



- Funded by the New Zealand Ministry of Health
- Run by 21 District Health Boards

Australian and New Zealand Healthcare Systems Compared to the Canadian System

Australia / NZ

- Combines universal public funding for medically necessary physician, hospital and drug services with private delivery
- Parallel system of private finance for inpatient hospital care
- Public / private financing is about 70:30 with $3 billion government subsidy for purchase of private insurance

Canada

- Universal public funding
- No parallel private system
- Public / private financing is about 70:30
- Almost none of Canada's non-public funding is used for acute hospital care

Who we visited

- Hospitals of different types
  - Public
  - Private
  - Catholic
  - Teaching
  - Children’s
  - Ambulatory
- National and state governments
- Regional health authorities
- Healthcare consultants
- Medical suppliers


The ALFRED


HOSPITAL


John Hawkser
287
Consulting Rooms
& Pathology


Royal
Children's
Hospital
MAIN ENTRANCE
(via Flemington Rd)
EMERGENCY
The New
Royal Children's
Hospital


Calvary Public
Hospital
Calvary Private
Hospital
Calvary


SuperClinic
Surgery Centre
Manukau


Auckland City Hospital
Emergency
Main Entrance
All Services
Parking

What we asked

1. Do public and private hospitals compete for healthcare professionals?
2. What factors influence the choice of providers to work in the public or private system?
3. Are healthcare providers trained in the public or private system?
4. How do private hospitals determine what services they will provide?

What we asked

5. How are private hospital services incorporated into regional plans for service delivery?
6. How is quality/patient safety monitored and measured in public and private hospitals?
7. Do providers work in both public and private hospitals and if yes, how do they determine how their time is allocated?
8. If it as your decision to make, should Canada allow a privately funded hospital system?

PLUS – Top 5 Issues

We also reviewed the literature and the local newspapers


As we are a
Private Emergency Department,
out of pocket expenses apply.
Accounts
are payable
on Discharge
The cost for your treatment will be
a minimum of $200
Your private health insurance
will not cover these expenses.
John Fawkner

Private Health Insurance

- 37 registered health insurers – 42 funds
- Types:
  - Hospital Treatment; Ambulance; General Treatment
- Key Factors:
  - Community rating; Co-payments; Gap coverage; Waiting periods
- Commonwealth Rebates – 30%

Has the private system provided a viable solution to healthcare challenges?

- Fragmented and uncoordinated service delivery
- Multiple providers
- Hospitals functioning at or near maximum capacity
  - Inadequate provision of long term care beds causing acute care bed shortages

Human Resources

Is there competition for resources?

- Yes
- Both public and private systems rely heavily on nursing agencies
  - Continuity of care issues?
  - Privates use agency staff to match staffing to fluctuating volumes ….. Optimize profit margin
- Surgeons generate more revenue in the private system and hospitals often compete for their services
- Private CEOs are typically recruited from the public system


RTS
EXIT

Human Resources

What role does compensation have in choice of where to work?

- Overall, not a major factor in compensation
- Union wages are set by the public health system in both countries
- Private system matches these wages
- CEOs of small, private hospitals pay almost double that of their peers in public hospitals
- Doctors are paid more highly in the private system

Human Resources

Where do people choose to work?

What draws providers to the public system?

- Interest and challenge of the cases
- Training opportunities
- Research and academic career opportunities
- Greater complexity / intensity appealing to some

What draws providers to the private system?

- Compensation is a factor for doctors
- Working hours may be better
- Less stressful work appealing to some

Proximity, organization's reputation and job opportunities play a part for both

Human Resources -
Some Work in Both Systems

- Most surgeons/anesthetists in private hospitals also practice in the public system
- Some specialty physicians provide consulting support to surgical programs in private hospitals
- Private hospital's part-time or agency staff may also work full-time in a public hospital

Human Resources

Where does training occur?

- Most physician and health professional training occurs in public hospitals
- Private hospital patients paying for care tend to be less tolerant of receiving care from professionals in training
- Issues
  - Capacity in public system to meet training needs
  - Increasing portion of lower acuity surgeries occurring in private hospitals; therefore this may be the only place for this type of training to occur in the future
  - Private hospitals are beginning to reach out to students to address their recruitment challenges

Regional Health System Planning

What role do private hospitals play?

- Private hospitals are far less monitored or regulated and can plan independently
- Historically, services offered by private hospitals were tied directly to specialists recruited
- Private hospitals' service decisions are based on business cases and profit margins rather than patient need, e.g.
  - 90% of patients in private hospitals are surgical
  - OR time is allocated according to business case for each service
  - More time is given to more profitable services


Gloria Jean's Coffees

Regional Health System Planning

Why aren’t private hospitals included?

- Private hospitals do not participate in regional service planning meetings
- Difficult to obtain data from private hospitals to estimate service volumes

Quality and Patient Safety

- Legislation and standards
  - both private and public must comply
  - But inspection and reporting mostly focus on publicly funded hospitals
- Australian Council on Health Care Standards
  - Accreditation not mandatory
  - Most private hospitals participate because of the marketing benefits
  - Same criteria for public and private hospitals

Quality and Patient Safety

- Small private hospitals don't have required infrastructure to monitor quality and patient safety
- MRSA and VRE rates in private hospitals are reported to be very low
  - Stringent pre-admission screening
  - Primarily elective surgical population
  - Very few private hospitals (43/192) provide emergency services which is a common vector for MRSA and VRE

Top 5 Issues

Public Hospitals

- Funding
- Infrastructure
- Access
- Government-appointed Board interference
- Workforce

Private Hospitals

- Access blocks / discharge
- Reimbursement
- Ageing population
- Recruitment
- Debt management

Ministries of Health

- Limited funding for public hospitals
- Chronic illnesses
- Rural MD and other HR shortages
- Access
- Political environment

Should Canada allow a privately funded system to start up?

What the *Publics* Say

- No – costs would be higher and efficiency lower
- Yes, with government control over volumes
- Yes, if it would add capacity – e.g. public system contract with private to meet volume demands

What the *Privates* Say

- Only if there is a significant access problem
- Value can be achieved when facilities complement vs compete
- Private insurers help drive down costs
- Not unless you know it will be better for the public

So…. Should we do it?

So… What should Canada do?

- Retain our existing publicly funded system
- Commit investment comparable to what is being provided in Australia and New Zealand for private insurance
- Add operating funding incentives to achieve access goals