



**Nurses for Medicare**  
*Les infirmières et infirmiers  
pour l'assurance-maladie*

# PRIVATIZATION FACTSHEET

## **What is the effect of privatization on wait times?**

Private health care *does not* reduce wait times. A study of five Organisation for Economic Co-operation and Development (OECD) nations found that public-sector wait times are longer in Britain and New Zealand, where both privately financed systems and publicly funded systems are in place, than in countries offering only publicly funded services (Tuohy et al., 2004). An analysis of the health system in Australia showed that the more services were performed in the private sector, the longer the wait times were in the public sector (Duckett, 2005a; Duckett, 2005b).

## **What is the impact of privatization on access to health care?**

There is unequal access to care in for-profit health systems, and it is the underprivileged who experience the greatest disadvantage. Studies from the United States, France and Sweden have all shown that the existence of fees discourages people from getting the care they need (Canadian Health Services Research Foundation, 2001; Dhalla, 2007; Rachlis, 2007). Australia's experience with both private and public health systems has shown that those who can afford to pay gain access to care more quickly than those who cannot (Duckett, 2005a).

## **How does privatization affect the quality of care?**

In comparisons of for-profit health care and non-profit health care, for-profit health care was found to be characterized by lower staffing levels, poorer health outcomes and higher patient mortality rates (Devereaux et al., 2002; McGregor et al., 2005, 2006; Rachlis, 2007). In long-term care facilities, the number of hours of care for residents is lower and the number of admissions to hospital is higher in for-profit facilities than in non-profit facilities (McGregor et al., 2005, 2006). Studies of hospital care demonstrate a 2 per cent higher adult death rate and a 10 per cent higher newborn mortality rate in for-profit facilities than in non-profit facilities (Devereaux et al., 2002).

## **What are the costs of a private health-care system?**

Privatization does not reduce costs. Whereas Canada spends 10 per cent of its gross domestic product (GDP) on publicly funded health care, the United States spends 15 per cent of GDP – more than any nation – for private health care that leaves millions uninsured or underinsured (National Coalition on Health Care, 2008; OECD, 2008). In Australia, where the use of private insurance has increased, health-care costs have not declined. In fact, as Dhalla (2007) states, referencing the OECD (2005), in that country “total health expenditures have risen [at a] faster [rate] than in most other economically advanced countries.” Private systems demand profits and incur greater administrative costs – money that in the public system could be spent on patient care (Rachlis, 2007; Devereaux et al., 2004).

## There are better solutions for a sustainable Canadian health system that reflects Canadian needs.

Improvements are needed in the health system to make it more sustainable, but these improvements need to be made within the public funding framework.

- Health system reform requires greater accountability with respect to the health-care budget – in other words, stronger business cases to justify spending and greater emphasis on outcomes).
- New models of care that use a multidisciplinary, team-based approach can improve access to care and better utilize existing human resources. The Capital District Health Authority in Halifax has started a new program using collaborative teams of nurses and fee-for-service physicians. After six months, the teams estimated a 52 per cent increase in the number of patients scheduled for appointments each hour and a reduction in wait times for the next appointment from 1-2 weeks to the next day (Smith, 2007). The Alberta Bone and Joint Health Institute's "new approach to hip and knee replacements" has reduced the average wait time between consultation and surgery from 290 working days to 37 days, all within the publicly funded system (Canadian Health Services Research Foundation, 2008).
- A wider adaptation of the queuing theory in the health system would increase through-put and reduce wait times. Around the globe, the queuing theory has been used in in-patient facilities, outpatient clinics, physician offices, public health units, facility and resource planning, emergency preparedness planning, mental health care, long-term care, pharmacy services and inventory control (Singh, 2006). The Saskatoon Community Clinic is using the "Improved Access" queuing model, which has reduced wait times from 36 days for a complete physical or eight days for a regular appointment to two days for most kinds of appointments (Larson, 2006). Recent survey results have shown that almost 90 per cent of respondents received an appointment at the clinic within their requested timeframe (private communication, Ingrid Larson, 2008). The Saskatchewan Surgical Care Network is using a province-wide surgical patient registry as part of an initiative to reduce wait times. Both of these models are being used within the publicly funded system).
- A greater emphasis on strategies that promote healthy living and prevent chronic disease will reduce the demand for health services. In Canada, chronic disease accounted for approximately 89 per cent of all deaths in 2005 and at least 67 per cent of all direct health-care costs (World Health Organization [WHO], n.d.; Conference Board of Canada, 2004). According to WHO (n.d.), at least 80 per cent of cases of premature heart disease, stroke and type 2 diabetes and 40 per cent of cancer cases in Canada "could be prevented through a healthy diet, regular physical activity and avoidance of tobacco products." Investment in a best practice approach to chronic disease prevention management that is population-based, patient-centred and focused on health promotion, disease prevention and disease management "has the potential to realize annual benefits of \$1.6 billion in avoided health-care costs" (Morgan et al., 2007).



- Expanding the use of innovative technologies will improve health care and enhance the productivity of the health-care workforce. River Valley Health in New Brunswick has incorporated telehealth into its home care program, resulting in improved clinical responsiveness through daily monitoring: a study showed 85 per cent fewer hospital admissions and 55 percent fewer visits to the emergency department among people enrolled in the program (Canadian Home Care Association, 2006). Telehomecare, as it commonly referred to, reduces the frequency of home care visits that nurses need to make, thereby improving their productivity (Canadian Home Care Association, 2008).

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