CHSRF FCRSS

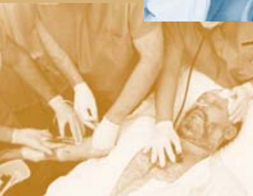
Canadian Health Services Research **Foundation**
Fondation canadienne de la recherche sur les services de santé

...making research work

Myth*busters*

A series of essays giving the research evidence behind Canadian healthcare debates

Myth Busted March 2001
Busted Again! March 2005



Myth: A parallel private system would reduce waiting times in the public system

In Canada and around the world, public healthcare systems continue to struggle with the problem of long waiting times for some treatments. For those needing these healthcare services, long waiting times can cause patients already sick and in pain to fear they won't receive the care they need. Furthermore, when the media report on long waiting times, Canadians begin to doubt the quality of their healthcare systems.

Taking the pulse of the public, provincial and federal leaders have vowed to do something about long waiting times, but they face many conflicting suggestions on how to fix the problem. One frequent suggestion is to create a parallel private healthcare system — specifically, allowing private facilities to operate alongside public ones, so that patients who can afford to pay privately do so. Proponents argue that private spending will both increase total funding available for healthcare and free up places in the queue for public services, so that everyone can get faster treatment.

According to these critics, Canada is one of the last countries to resist the logical evolution to a mixed-payer system. It's only a matter of time, they argue, before Canada gets it and joins the rest of the crowd.

The problem of waiting times

Canada has a long way to go in addressing waiting times, beginning with our understanding of the problem. In order to shorten waiting times, we need to know how many people are waiting for treatment, for how long they're waiting, and which procedures have the longest waits. Most facilities and providers maintain their own lists, but governments to date have failed to provide sufficiently centralized or co-ordinated information, so no one can say how many people in the country — or even in one province — are waiting for a given procedure. Nor is there any way to move people onto a shorter list in another area,[i] although several jurisdictions are trying to fix this.[ii, iii, iv]

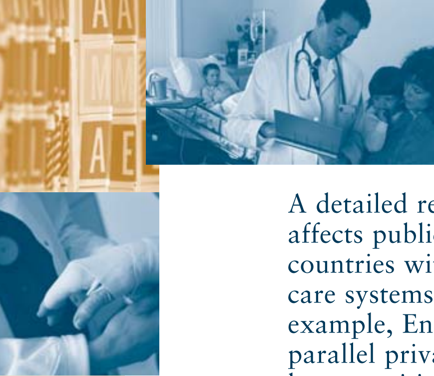
There is also no agreement on *when* a wait for treatment starts. Some people say it's when patients get referrals from their GPs. Some say it's when the specialists decide to treat. Still others say it's when patients are put on hospital waiting lists.[v] Without a consensus, people use varying methods to define waiting times. For example, the Fraser Institute uses physicians' opinions of how long they think their patients have to wait to determine waiting times between referral from a general practitioner and treatment.[vi] On the other hand, provincial analyses of data on waiting times show that waits are not nearly as long as physicians might think they are.[vii]

More evidence against parallel private healthcare

All of the administrative headaches mask a larger truth — parallel private systems don't cut public waiting lists. In fact, research evidence shows they appear to lengthen waits for healthcare in public systems.

www.chsrf.ca

1565 Carling Ave.,
Bureau/Suite 700,
Ottawa, Ontario
K1Z 8R1
T: (613) 728-2238
F: (613) 728-3527



A detailed recent study of how private financing affects public healthcare systems found that countries with parallel public and private healthcare systems have the longest waiting times. For example, England and New Zealand, which have parallel private hospital systems, appear to have larger waiting lists and longer waiting times in the public system than countries with a single-payer system, such as Canada.[viii]

Waiting times in England and New Zealand are also longer than in countries such as the Netherlands, where a separate private hospital system exists for the wealthiest citizens, who are not able to use the public system.[viii]

Researchers have also looked at the variation in waiting times within countries, based on the co-existence of public and private care. Studies in both Australia and England have found the more care provided in the private sector in a given region, the longer the waiting times for public hospital patients.[ix, x]

This backs up Canadian evidence from the province of Manitoba where, until 1999, patients paid an additional facility fee or "tray fee" if they chose to have cataract surgery in a private facility (the surgery itself was still paid for by the provincial health plan). At the time the fee was in place, the Manitoba researchers found that patients whose surgeons worked *only* in public facilities could expect a median wait of 10 weeks in 1998/99; however, patients whose surgeons worked in both public *and* private facilities could expect a median wait of 26 weeks.[vii]

One final issue is that parallel private systems may tend to leave expensive cases to the public systems and "cherry pick" patients who are healthier and younger or who have conditions that are easier and cheaper to treat.[xi, xii] In Australia, despite rules designed to prevent older patients from automatically paying more, younger people still pay significantly less for their private insurance.[xiii] Private insurance is also used primarily for non-emergency care; in 2001/02, only eight percent of private hospital admissions in Australia were for emergency care, compared to 42 percent of admissions to public hospitals.[xiii]

The problem of scarce resources

The mountain of evidence against parallel private healthcare underscores some logical flaws in arguments for it. First, since healthcare practitioners can't be in more than one place at the same time, creating a parallel private system simply takes badly needed doctors and nurses out of our public hospitals. Given that most people believe we already have a shortage of both, it's hard to see how removing them from the public system will help alleviate public waits.[i] Second, since doctors earn more in the private sector, they have what economists call a "perverse incentive" to keep public waiting lists long, to encourage patients to pay for private care.[ix]

A parallel private system can provide faster care — to those with deeper pockets. However, it seriously compromises access for those waiting for care in the public system, and contradicts one of the features of public healthcare of which Canadians are most proud: that citizens should receive care based on their need, not on their ability to pay.[xiv]

Mythbusters are prepared by Knowledge Transfer staff at the Canadian Health Services Research Foundation and published only after review by researcher experts on the topic.
© CHSRF 2005

References

i. Sanmartin C et al. 2000. "Waiting for medical services in Canada: lots of heat, but little light." Canadian Medical Association Journal; 162(9): 1305-1310.

ii. Cardiac Care Network of Ontario. 2005. "About CCN." http://www.ccn.on.ca/mission.html.

iii. Saskatchewan Surgical Care Network. 2005. "About SSCN." http://www.sasksurgery.ca/about-sscn.html.

iv. Western Canada Waiting List Project. 2005. "About WCWL." http://www.wcwl.ca/about/synopsis/.

v. Sanmartin C. 2003. "Toward Standard Definitions for Waiting Times." Healthcare Management Forum; Summer: 49-53.

vi. Esmail N and M Walker. 2004. "Waiting your turn: Hospital waiting lists in Canada (14th edition)" http://www.fraserinstitute.ca/shared/readmore.asp?sNav=pb&id=705.

vii. DeCoster C et al. 2000. "Waiting Times for Surgery: 1997/98 and 1998/99 Update." Manitoba Centre for Health Policy and Evaluation. http://www.umanitoba.ca/centres/mchp/reports/pdfs/waits2.pdf.

viii. Hughes Tuohy C et al. 2004. "How does private financing affect public health care systems? Marshaling the evidence from OECD nations." Journal of Health Politics, Policy and Law; 29(3): 359-396.

ix. Duckett SJ. 2005. "Private care and public waiting." Australian Health Review; 29(1): 87-93.

x. Besley T et al. 1998. "Public and private health insurance in the UK." European Economic Review; 42(3-5): 491-497.

xi. Schokkaert E and C Van de Voorde. 2003. "Belgium: risk adjustment and financial responsibility in a centralised system." Health Policy; 65(1): 5-19.

xii. Gonzalez P. 2004. "On a policy of transferring public patients to private practice." Health Economics; online pre-publication October 20.

xiii. Vaithianathan R. 2004. "A critique of the private health insurance regulations." Australian Economic Review; 37(3): 257-70.

xiv. Abelson J et al. 2004. "Canadians confront health care reform." Health Affairs; 23(3): 186-193.