

Submission to the  
Senate Committee on Social Affairs,  
Science and Technology

Public Hearings on Health Care Issues  
and Options Report

Presented by the  
Canadian Union of Public Employees

October 16, 2001



CUPE Research

# Introduction

We are very pleased to have this opportunity to present our views on the options for health care to this Senate Committee on Social Affairs.

The Canadian Union of Public Employees (CUPE) is the largest union in Canada, with close to 480,000 members. In Saskatchewan, CUPE represents approximately 23,000 public sector workers of which 14,000 are front-line health care workers.

As front line workers we have a strong interest in the directions of our health care system. As you are most likely aware, our province recently completed a review of our health care system headed by Kenneth Fyke. Our provincial Health Care Council has spoken in favour of the general recommendations of that report primarily because of its emphasis on the development of a primary health care model.

A national review of health care and the role of the federal government, however, provides us with an opening to discuss health care issues at a much broader level. We believe that the federal government must have a strong role in the financing of various aspects of health care and in the protection of the system from increasing privatization.

In general we support the five roles of the federal government identified by the Senate committee. We would suggest two additional roles: enforcer of *the Canada Health Act* and secondly, protector of public health care from international trade agreements.

Provincial governments can be innovators, as was the case with Saskatchewan as the birthplace of medicare. Similarly, provincial governments can move in dangerous directions that undermine our national health care system, as Alberta has with the introduction of legislation that encourages private clinics. The federal government's role as an enforcer of the five principles of *The Canada Health Act* is critical in light of certain provinces' ideological promotion of privatization.

Furthermore, with the recent acceleration of international trade agreements, it is imperative that the federal government exclude our public health care system and protect it from any and all possible threats of trade agreements.

Our submission will briefly outline our concerns and recommendations for our national health care system.

## Recommendations to the Senate Committee

Our submission to you today does not provided an in-depth response to the detailed report prepared by the Senate Committee on Social Affairs, Science and Technology. Instead we have grouped our recommendations into four broad areas with several recommendations within each area. Our recommendations do respond to the options presented in your report, but not in the same order.

### **Recommendation #1:**

**The federal government must strengthen Medicare by expanding the scope and number of health services covered under our public health care system.**

*Governments should be the “stewards” of their national resources, maintaining and improving them for the benefit of their populations. In health, this means being ultimately responsible for the careful management of their citizens’ well-being. Stewardship in health is the very essence of good government. For every country it means establishing the best and fairest health system possible. The health of the people must always be a national priority: government responsibility for it is continuous and permanent.<sup>1</sup>*

There are many areas where we feel the government should be covering the costs or enhancing the public delivery of these services. It’s all about providing the best health care possible to Canadians and ensuring equity and fairness. Health care is more than physicians and hospitals and yet that is what Medicare covers. Although the kind of health care services that are important to the health of Canadians has expanded, these services are only partially funded by medicare.

---

<sup>1</sup> WHO, *The World Health Report 2000*, p. 117

- **Develop a National Home Care Program**

Home care plays a critical role in our health care delivery system, especially since provincial governments embarked on health care reform that reduced the amount of time that patients spend in acute care facilities or delayed entry into long term care facilities. Providing home care services has saved the health care system tremendous costs that would have otherwise been provided in acute or long term care facilities. The kind and level of services provided under home care differs greatly between provinces.

In 1997 the National Forum on Health Care, after holding major consultations and meetings with Canadians from coast to coast, recommended a national Home Care program. Several years have passed and we are now in the midst of two national reviews (and several provincial reviews) of health care with still no manifestation of a national home care program.

We believe that the costs of home care should be fully covered by Medicare and that the level and kind of services provided should be expanded in a public, not for profit system. The federal government, in consultation with provincial and territorial governments, should develop national standards and levels of care that all provinces would be expected to provide.

We do not support the creation of a separate insurance fund to pay for home care or tax credits to individuals. Such financing measures only partially respond to individual needs and do not address the need to have a comprehensive public home care program that is integrated with the rest of the health care system.

- **Create a National Pharmacare Program**

One of the other major recommendations of the National Forum on Health Care was the creation of a national Pharmacare program. The cost of prescription drugs is one of the fastest rising costs of all components of the health care system. The recent announcement that the provinces and territories will work towards purchasing prescription drugs in bulk as a way of saving costs is a positive step toward reducing prescription drug costs.

A national Pharmacare Program is important to ensure equitable access to prescription drugs to all Canadians. Many provinces have high deductibles that make medically-necessary drugs at times cost prohibitive. For example, Saskatchewan has the highest deductible of any province at a threshold of \$750 every six months before provincial coverage kicks in. Although the province does provide support according to income level, it is clear that Saskatchewan residents are paying more out-of-pocket for health care than a decade earlier.

It is important to point out that Canadians are already paying the high costs for prescription drugs, either out of their pocket, or through private insurance plans. Through a national program we should be able to reduce overall drug costs.

It is also imperative that the federal government repeal Bill C-91 that provides twenty years of patent protection to the pharmaceutical companies so that cheaper generic forms of prescription drugs can be produced for the market in a shorter timeframe.

- **Increase public delivery of long-term care**

Long-term care services are provided by a mix of private, public and non-profit providers. A study of long term care services in British Columbia identified tremendous gaps between long-term care and the public health care system. The report found that inadequate public funding to Community and Continuing Care has led to declining patient health, increased hospitalization, higher injury rates among workers, loss of continuity of care and burnout and low job satisfaction for staff<sup>2</sup>.

We are concerned about the high level of private long-term care facilities because we do not believe that companies should be making profit on the backs of seniors. In Saskatchewan, the loss of funding to Levels 1 and 2 nursing homes led to a rapid increase in for-profit private personal care homes. Between 1996 (when funding to nursing homes was cut) and 2000, the number of personal care homes with more than 10 beds increased by 43.8 percent<sup>3</sup>. The lack of public, not for profit options for seniors has left them with few options but to pursue private care. Our main concern is that the private homes are

---

<sup>2</sup> Canadian Centre for Policy Alternatives, British Columbia Government and Service Employees' Union, British Columbia Nurses' Union and Hospital Employees' Union, *Without Foundation: How Medicare is undermined by gaps and privatization in Community and Continuing Care*, November 2000.

<sup>3</sup> CUPE Research, *A Vision for Health Care*, August 2000, page 32.

not integrated into our health care system and that it is difficult to implement a primary care model when certain services are outside the public health care system.

**Recommendation #2:**

**Reduce the level of privatization in health care and ensure that any future privatization is rejected.**

The federal government has a crucial role to play in protection our health care system from privatization. Through its cash transfers to the provinces, the federal government wields power to enforce compliance with *the Canada Health Act*. On occasion the federal government has used that power to withhold funds, as it did with the province of Alberta in the late 1990s. We believe that the federal government should have continued to withhold funds from Alberta until that government withdrew the controversial Bill 11 that permits private clinics to keep patients for overnight stays. Bill 11 violates the spirit of the *Canada Health Act*<sup>4</sup> and opens the doors to increasing privatization of our health care system. Our union has grave concerns about the transfer of public funds to private hospitals that are not accountable to the public and the conflict of interest of physicians who operate in both the public and private systems.

We are appalled that Volume IV of this Senate Committee's report includes "contracting-out to private for profit health care facilities" among a list of "efficiency measures" such as primary care reform and regionalization. Contracting-out of services to private for profit health care facilities does not create any efficiencies by any stretch of the imagination and instead creates inefficiencies and higher costs.

Research done by our union and other organizations strongly shows that privatization and contracting-out of services is more costly and compromises accountability. In the case of Alberta, a 1998 Consumers' Association study has demonstrated that cataract surgery performed in private clinics is more costly and has longer waiting times than similar surgery performed in the public system. In Calgary, where 100 percent of all cataract surgery is done in private clinics, patients had an

---

<sup>4</sup> Former federal Health Minister Monique Begin has stated that the negotiation of the Twelve Provincial Principles Underlying the Alberta Health Care System in 1996 "go completely against the tradition and the spirit of the federal legislation." See *The Future of Medicare: Recovering the Canada Health Act*, Monique Begin, September 1999.

average waiting period of 16 to 24 weeks and could expect to pay an additional \$250 to \$750 fee. In contrast, patients only had an average waiting period of 5 to 7 weeks in Edmonton where 80 percent of cataract surgery was performed in public facilities<sup>5</sup>.

Although all provincial governments have been raising concerns about the costs of our health care system, all evidence proves that our publicly-administered health care system is more efficient and cost-effective than the private health care system in the United States. Drs. Steffie Woolhandler and David Himmelstein from The Center for National Health Program Studies at Harvard Medical School have thoroughly detailed how the Canadian health care system is indisputably less expensive and bureaucratic than the U.S. system<sup>6</sup>. They point out that Canada spends about 9% of GNP on health care compared to 14% for the U.S. One of the biggest differences is in administrative costs: in 1995 the U.S. spent \$995 per capita on health care bureaucracy compared to \$248 per capita in Canada<sup>7</sup>.

That cost difference will likely widen even more as the U.S. system is currently going through dramatic cost increases in health insurance premiums

Despite the obvious advantages of a public system, the calls for a two-tiered system and for increased private involvement in health care continue to emerge from various sources. The lack of federal government commitment has opened the door for the privatization pushers who are using the crisis caused by under funding to their advantage. The federal government's financial support to health care has dropped to a scant 13% of total government health spending. First and foremost, our health care system needs an increase in federal funding to the historical levels of 50/50 cost sharing.

We also reject individual financing of health care through user fees or the limitation of personal usage of health services through income tax charges, medical savings accounts or increased health insurance charges. The federal government must finance health care through general revenues of taxation, which is the fairest way of distributing resources in our society. Although our taxation system could be more equitable, we would like to stress that it is the fairest way to ensure that people pay according to their ability.

---

<sup>5</sup> Consumers' Association of Canada (Alberta), *Access to Cataract Surgery Survey*, 1998.

<sup>6</sup> Drs. Steffie Woolhandler and David U. Himmelstein, *For Our Patients, Not for Profits: A Call for Action*, The Center for National Health Program Studies, Harvard Medical School, Cambridge, 1998.

<sup>7</sup> *ibid.*, pp. 116-118.

### **Recommendation #3:**

#### **That the federal government exclude health care from all trade agreements (NAFTA, FTAA, WTO and GATS)<sup>8</sup>.**

The proliferation of international trade agreements that attempt to reduce the role of governments and increase the mobility and reach of corporations is of considerable concern to our union and the majority of Canadians.

The federal government has on several occasions attempted to placate Canadians by stating that it would never jeopardize our public health care system in an international trade agreement. Several independent legal opinions commissioned by our union, however, have indicated that our public health care system is very much at risk.

Matthew Sanger has written a comprehensive examination of the implications of the GATS for the Canadian health care system. In his book, *Reckless Abandon*, he points out that important features of our health care system are already exposed to the full force of the GATS rules. Canadian health insurance and services such as data processing are covered under the GATS national treatment and market access rules and hospital support services are likely already subject to GATS national treatment and market access rules. Medical services in hospitals are protected by GATS general rules only if they are provided on a non-commercial basis and not in competition with private health facilities<sup>9</sup>.

We urge this Senate committee to examine the serious threats to our health care system posed by various trade agreements such as the GATS. We urge you to make recommendations that the federal government insist on a general exception for health care from the GATS and ensure that none of Canada's GATS obligations compromise our ability to maintain a universal, publicly funded and regulated health care system..

---

<sup>8</sup> NAFTA is the North American Free Trade Agreement, FTAA is the Free Trade Agreement of the Americas; WTO is the World Trade Organization that promotes trade agreements; and GATS is the General Agreement on Trade in Services.

<sup>9</sup> Matthew Sanger, *Reckless Abandon: Canada, the GATS and the future of Health Care*, Canadian Centre for Policy Alternatives, 2001.

#### **Recommendation #4:**

##### **That the federal government fund and support primary health care reform initiatives.**

Our union supports the small steps that have been taken toward the creation of a primary health care model in health care. As mentioned in our introduction, the recent Fyke Commission in our province recommended a primary health care model that employs multi-disciplinary teams of health care providers and focuses on population health strategies.

We believe that a population health approach, which considers socio-economic factors that influence health status, is essential to health care reform. It is no longer viable to maintain a health care system that is physician-centred and focuses only on the treatment of illness. Health care research has for years recognized that poverty, poor housing, low education levels, social supports, workplace and environmental conditions have a major influence on one's health status. Government policy and system reform has been slower to implement new approaches to health care.

We believe that the following are crucial to primary care reform:

- *Eliminate the fee-for-service remuneration of physicians and place physicians on salary.* Fee-for-service promotes high volume of services and tests that may not be necessary and discourages physicians from working within a team;
- *Support the creation of multi-disciplinary teams of health care providers that coordinate the provision of appropriate services at the right time.* Multi-disciplinary teams are essential to the primary care model;
- *Improve working conditions of health care providers.* Federal and provincial governments must address high workload and stress in the health care sector, training and retention issues and the coordination of a human resource strategy);
- *Enhance the role of all health care providers in the health care system.* Many health care providers are not used to their full skills and abilities;

- *Implement economic and social policies that improve health status (increase social housing, full employment strategies, reduce poverty, invest in water infrastructure, increase environmental protection, and others).*

## Conclusion

Health care is one of the most cherished of our social programs. The five principles of the *Canada Health Act* embody the foundation of our public health care system. We believe that there are many threats to our public system and we want to urge this Senate committee to categorically reject privatization options that will further endanger Medicare.

The Interim Report, Volume IV, of this committee has suggested several privatization options such as contracting of health services to private for-profit facilities, medical savings accounts, user fees, health care premiums or tax credits to fund health care, and public/private initiatives to cover prescription drugs. Our union rejects all such privatization options or measures that download the costs of health care to individuals and communities.

Furthermore, we cannot stress enough our concern about the implications for health care that trade agreements such as the GATS represent. We urge this committee to include the implications of trade agreements in your final report.

