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CONTRIBUTORS OPINION

The cautionary tale of Cambie and Australian health care

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Ten years after beginning, British Columbia's Supreme Court is in the final week of the "Cambie Case." This case will undoubtedly be appealed to the Supreme Court of Canada, but, if the plaintiffs are eventually successful, the outcome would change Canadian health care forever.

Dr. Brian Day, founder of the for-profit Cambie Clinic in Vancouver, is claiming that preventing doctors from charging patients privately for medically necessary care contravenes the Charter of Rights and Freedoms. If he is successful, physicians would be able to charge patients over-and-above what the public already pays (extra-bill) and accept private insurance (for those who can afford it) for services already publicly paid-for.

The Fraser Institute provides intellectual support for Day's position and suggests Canadians should look to Australia's hybrid private/public health system, which could result here if Day wins. They argue that privately financed care "unloads" the public system by decreasing wait lists for public facilities. In reality, analysis of Australia's health system shows exactly why Canadians should hope that the Cambie case is not successful.

Australia provides a cautionary tale of how two-tiered public and privately financed medicine results in much better access for economically advantaged citizens while worsening access for others. For-profit clinics and hospitals inevitably develop to "cream the milk" by looking after profitable private-pay patients. Competition for private-pay patients in public facilities reduces access for public patients.

The current Australian system was initiated in 1997 when wealthier Australians were offered a choice between buying private health insurance or paying an extra medicare tax levy. The federal government offers a substantial tax subsidy for purchasers of private insurance.

Parallel private hospital and clinic systems developed rapidly. As a result, about 45 per cent of Australians are covered by private insurance. Net of tax rebate Australians pay annual insurance fees between $2,000 (all figures AUD) for a single young person to $5,000 for a senior couple.

Both specialists and primary care doctors are paid 85 per cent of their fee schedule by medicare but bill privately on top of their public payment. Public facilities provide about two-thirds of hospital beds in Australia and provide full services, including emergency and intensive care. Private hospitals offer simpler elective surgery and childbirth, with only about 5 per cent offering emergency room services.

Although the addition of private insurance to medicare has increased hospital beds, the proportion of private patients in public hospitals has more than doubled as public hospitals compete for extra revenue from private patients.

And the differences in wait times between private pay and public patients are dramatic with public patients waiting more than twice as long for their surgery. This longer wait for public patients might be acceptable if "unloading" the public system improved wait times. However, looking at wait times for four high volume services — cataract extraction, coronary bypass, hip replacement and knee replacement — average wait times for public patients in Australia are longer than in Canada.

This data paints a picture of what would happen in Canada if private insurance for medically necessary hospital and physician services were permitted. A parallel system of private ambulatory facilities would be created for simpler elective surgery and public hospitals would give preferential treatment to private insurance patients to increase their revenues.

Hospital capacity may increase with an infusion of private funding. Private wait times would certainly decrease. However, this improvement in access would be selective, resulting in immediate two-tier wait times. Patients who could not afford private pay would find themselves with longer wait times to see specialists or to access surgery just as occurred in Australia.

There is no doubt that Canada needs investment in hospital and community resources and needs to improve patient experience for specialist consultation and urgent issues. Examining Australia suggests that this investment should be public — not private.

Dr. Brian Day's case in British Columbia has deep pocketed supporters who would benefit from introduction of private care. The preferable option, is to invest in publicly funded care while continuing to improve our system's efficiency. Far from offering an attractive alternative, Australia's hybrid system offers a cautionary tale of what will happen in Canada if we fail to make tough decisions.

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