

## Interhealth Canada

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**Interhealth** conducts major capital projects in the health field overseas – its is a Canadian, 100% health export company. Interhealth is not a particularly strong and expanding company right now, though their hospital in the United Arab Emirates is doing quite well. What makes Interhealth worth profiling is what it represents - a company which performs for its Canadian shareholders (including the Ontario and B.C. governments) what is illegal within Canada – the establishment of private Medicare, including hospitals and clinics. Beyond the moral questions which arise from a company and governments which attempt to export what is illegal here, companies like Interhealth risk opening up the market based both on possible trade agreement stipulations and on a “you can’t have it both ways” type of argument.

The following quote from a March 2000 letter from Brian Harling to International Trade Minister Pierre Pettigrew makes this abundantly clear:

*“The SAGIT is supportive of any opportunities for Canadians to increase their ability to offer their services internationally. Members cautioned that there would be a price to pay, i.e., granting similar opportunities to foreigners.”*

----- [Harling is the Chair of the Medical and Healthcare products and services SAGIT (Sectoral Advisory Group on International Trade) and Vice President (corporate Affairs and Government Relations of MDS Inc.)]

**Business:** developer and provider of health care knowledge, services and products

**Established:** 1995

**Number of employees:** over 1,300

**Export markets:** Middle East, South Asia, South America

**Export business:** 100%

The group of [Interhealth Canada Limited](#) companies includes (from the Interhealth Canada Website [www.interhealthcanada.com](http://www.interhealthcanada.com)):

- **Interhealth Canada Limited** - Parent company is responsible for developing new opportunities and ensuring the success of all of our projects.
- **Interhealth Canada Holdings Corporation** - Investment company, investing in health

opportunities internationally

- **Interhealth Canada Management Limited** - Hospital management company, specializing in operating health care facilities in the Middle East.
- **Interhealth Recruitment Corporation** - An international search firm specializing in the placement of high quality, experienced health care professionals, including physicians, nurses and technical staff.  
Contact Information
- **Interhealth Canada Neuro Rehabilitation Inc.** - Company set up first to deliver acquired brain injury rehabilitation services, initially in Thailand, and then in other parts of the world.

#### **InterHealth Canada Limited Address:**

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Toronto, Ontario M6G 2L1  
email: [ihcan@interhealthcan.com](mailto:ihcan@interhealthcan.com)  
[www.interhealthcanada.com](http://www.interhealthcanada.com)

Offices in Toronto, Ontario and Abu Dhabi, United Arab Emirates.

#### **Key Executives in Management:**

Skip Swartz, Chief Executive Officer  
David Zakas, Director of International Financial Institutions

The Interhealth Board of Directors includes the renowned Wilber Keon, head of the Ottawa cardiology unit, Michael Decter, chair of the Canadian Institute for Health Information, and Graham Scott, a former Ontario Deputy Minister of Health

## **Shareholders**

There are 50 shareholders in the Interhealth, including Government, hospitals, schools, associations, health corporations, and consultants.

**Key Government Shareholders** - British Columbia Health Industry Development Office, Ontario Ministry of Health, Ontario Development Corporation

**Other Key Shareholders** – Hospitals The University of Ottawa Heart Institute, York County Hospital Hamilton Health Sciences Corporation Humber College, McMaster University, The Michener Institute MDS Inc., GRN-Health International (found on the Interhealth website)

## **Economic Profile**

Interhealth revenues are currently in the range of \$100 million a year.

#### **Interhealth Projects:**

##### **1. Shaikh Khalifa Medical Centre – Abu Dhabi, United Arab Emirates**

Backed by Ontario Exports, Interhealth won a \$1.1 billion contract to manage and operate the

hospital. The contract was signed in 2000. The hospital is to be run like a Canadian hospital, following Canadian procedures and practices.

About 60 of the staff are from Canada, including most of the senior management. BC doctors have been leaving to go to the facility, including 8 from Victoria (3 of 21 emergency care doctors have gone to the medical centre). Many experienced nurses and health care managers are also heading to the facility.

"We're looking at it as an opportunity to really prove ourselves as being a player in international health-care, not so much because of the operation of the hospital but because of the transference of some very interesting and important health-care abilities. It's a very large contract, so it will have a net positive benefit for Canada" -- Skip Swartz, Interhealth CEO

### **Projects on Hold:**

**1. Beijing-Toronto International Hospital** - The 250-bed private hospital is targeting high-income Chinese nationals (\$10,000/year membership fees) and the expatriate community of over 200,000 people (\$30,000 for membership) in Beijing. Has attracted the most attention of all of the Interhealth ventures and, so far, has been the biggest flop. The hospital is to provide everything from pre-natal care to CAT scans, a pharmacy, and a satellite link to the Hamilton Health Sciences Corp. One Interhealth investor, Hamilton Hospital Corporation, was to be paid \$360,000 per year for five years for its expertise in hospital management.

People are questioning why Canada is backing a members-only hospital in the first place, as it would be illegal in Canada. Private hospitals are a radical change from the recent history of Chinese health care, and user fees for care have begun to creep into their system. The cost of membership in this hospital is very high even compared to other fee based hospitals in China and well beyond most Chinese means. "Check book medicine is more and more the norm nowadays when it comes to seeking medical treatment (in China)"

Wilson Parasiuk, head of B.C. Trade and Development Corporation, said in an interview with The Vancouver Sun that he has a five-per-cent stake in the hospital but the major Singapore partners have backed out, leaving the nearly completed, unequipped hospital looking for new investors. The Beijing hospital had been trying to sell memberships at \$30,000 each so that foreigners working there could have access to Western medical care. Parasiuk said he sees no hypocrisy in the private concept. ("B.C. Defends Investment in Firm Exporting Nurses, Doctors" Vancouver Sun, September 8th, 2000)

Even after dropping fees to as little as \$50 (US), the hospital has only sold 150 memberships

From the Canadian Medical Association Journal, 1997 (vol.157): "Down the road, Canadian doctors can expect more employment opportunities in China. Interhealth Canada China Inc. has been licensed to build 8 primary care medical centres in other cities, including Shanghai. All of the sites have a local population of at least 3 million people, as well as significant numbers of expatriates." It is unclear if this is still in the works, given that the Beijing-Toronto Hospital is on hold right now.

**2. Acquired Brain Injury Clinic – Thailand** - Joint venture with the private Kluayamthai International, a subsidiary of the Kluaynamthai Hospital chain, this is Asia's first Brain Injury clinic. The project was put on hold indefinitely as it became unprofitable, due to the Asian financial crisis.

**3. The Kluaynamthai-Interhealth Canada Chiropody Clinic – Thailand** Opened in Bangkok,

Thailand in 1997. Like the Brain Injury Clinic, the project has been put on hold indefinitely as it became unprofitable, due to the Asian financial crisis.

**4. Sethia Foundation Rehabilitation Centre - India** - InterHealth is a member of the Sir Edward Dunlop Hospitals (India) Ltd. (SEDH), which has signed a memorandum of agreement with Sethia Foundation to develop a major rehabilitation centre with trauma care facilities at Lonere near Mumbai. Under this agreement, SEDH is to take over Sethia Foundation facilities and develop a major rehabilitation complex. Participation in this project by Canadian companies is estimated at \$30 million. This has been put on hold for unknown reasons.

#### **Hopeful Future Markets and Goals:**

**Expansion into Latin America:** "We have yet to venture into Latin America, although we hope to do so in the very near future... We are very interested in Latin America. If you examine the demographic composition of the Canadian population, you will notice that it is made of people of very varied cultural origins. Our residents come from regions or countries as varied as Asia, India, Pakistan, Europe, but there are not many that come from Latin American countries. Our problem is that very few people in the medical community speak Spanish. And this is a major obstacle in terms of providing our services in social environments or in communities where only Spanish is spoken, because it would be difficult to properly integrate our systems in said societies. We hope to overcome this obstacle through a joint venture." Skip Swartz, Interhealth CEO ([from the Interhealth website](#))

## **Political Profile**

**Interhealth's connection with Export Development Canada (EDC - previously Export Development Corporation)** – this is the Canadian Government's export credit agency, offering loans and credit to corporations in their attempts to do business overseas. This is yet another way that Canadian government is pushing internationally the export of types of private healthcare that are illegal at home. EDC featured Interhealth in their Winter/December 2000 Issue of Export Wise: "Is the Service Industry Canada's Next Goldmine?", Brenda Brown and Julie Harrison [http://www.edc-see.ca/docs/exportwise/Winter00/p6\\_e.htm](http://www.edc-see.ca/docs/exportwise/Winter00/p6_e.htm)

"It is expected... that liberalization of trade in services will expand as a result of the WTO's (World Trade Organization) General Agreement on Trade and Services (GATS) negotiations, currently underway. The greatest opportunities are expected in the developing countries, especially China and India. In addition, as Interhealth has already experienced, government procurement is an area expected to open up to foreign competition."

"Interhealth is at the forefront of a growing trend which some experts believe is Canada's next gold mine - exporting services."

Interhealth CEO Skip Schwartz adds: "EDC's participation was critical to our success in obtaining bonding from the local banks which was a prerequisite for contract performance. They responded quickly and effectively and we will certainly be looking to them to be partners in any future projects."

**2000 National Awards for Innovation and Excellence in Public-Private Partnerships** - "The awards are presented annually by the [Canadian Council for Public Private Partnerships](#) to showcase Canadian excellence and innovation in project financing and/or generation of economic benefit, which result in enhanced quality of public services and facilities."

**Award of Merit for Service Delivery:** Shaik Khalifa Medical Centre (Abu Dhabi, UAE) Project  
Proponents: (Public Sector Partner) Ontario Exports Inc., (Private Sector Partner) Interhealth Canada Ltd.

## Quotations

**Dr. Brian Day, a Vancouver orthopedic surgeon who co-owns the private Cambie Surgery Centre, calls the NDP government's investment in Interhealth unethical and a blatant contradiction:** "Is it not inconsistent with their views about private medicine? I think it is totally hypocritical that the government can think it's all right to invest in a company which builds private hospitals elsewhere but the politicians here won't let their own citizens go to private hospitals," Day said. ("B.C. Defends Investment in Firm Exporting Nurses, Doctors" Vancouver Sun, September 8th, 2000)

**Steve Kenny, executive director of the B.C. Health Industry Development Office -- the government's liaison with Interhealth:** "In Canada, the majority of people like our public health care system. The question may make for an interesting policy debate but you have to look at it this way: Canada has world class expertise in health care and if we get a request for help, should we say no? If you're trying to provide offshore assistance in terms of international development and at the same time trying to increase investment and employment then I think you should respect the customs and desires of that country, because we're not doing this as a courtesy, we want their money." ("B.C. Defends Investment in Firm Exporting Nurses, Doctors" Vancouver Sun, September 8th, 2000)

Kenny admits to being slightly dismayed when Interhealth asked his office to help recruit short-in-supply health professionals such as nurses and doctors to work at the Abu Dhabi hospital. When Interhealth approached him to ask for his help in recruiting nurses and doctors, he says he declined.

"I don't think we want to be losing scarce resources like physicians, and especially nurses, to jobs overseas. When Interhealth came calling on me asking for assistance, I declined since I don't want to be a party to sending our scarce resources elsewhere. On the other hand, I can't stop them from approaching health professionals." ("B.C. Defends Investment in Firm Exporting Nurses, Doctors" Vancouver Sun, September 8th, 2000)

"...The executive director's (of the Toronto Beijing Hospital) confidence is based on the findings of several surveys which have identified private quality care as a growth service sector both now and in the future."

**1995 Legislative Session: 4th Session, 35th Parliament – HANSARD:** I know the amount is very small, but why does B.C. Trade have portfolio investments of \$30,000 [in Interhealth Canada]? It's a negligible sum, and it just seems to me to be absolutely and completely outside the role of B.C. Trade.

**Hon. Mike Harcourt:** That is a \$30,000 investment by B.C. Trade that was made in 1994 to become a member of the Interhealth Canada organization, which is a cross-Canada company established to promote the sale of health care products and services internationally. In other words, it's the strategic alliance idea... So we are part of this opportunity to take Canadian health care skills and suppliers of equipment, and look at marketing opportunities internationally.  
<http://www.legis.gov.bc.ca/1995/hansard/h0629pm2.txt>

**FROM: CANADA'S HEALTH CARE CRISIS:** More and more health care services being

privatized By Colleen Fuller: "Health care in Canada is a \$75 billion market, and U.S.-based transnational corporations, armed with free trade agreements, threaten to dominate the provision of services, with the support of some provincial governments, most large employers, and large sections of organized medicine. For-profit companies, including InterHealth Canada, MDS Inc., SmartHealth and HealthStreams Technologies, are benefiting from government participation in joint ventures, lucrative contracts with ministries of health, outsourcing arrangements with hospitals, generous tax breaks for venture capital investors, access to Medicare payments, and direct grant allocations. Fighting privatization clearly will take political will and commitment."  
<http://www.policyalternatives.ca/publications/articles/article127.html>

**Interhealth News Release - Toronto, November 28, 2000:** "The Shaik Khalifa Medical Centre project undertook, for the first time, to take public sector expertise in Ontario healthcare and translate it into an exportable service. This project allows Ontario to showcase, at a profit, its healthcare expertise by operating a premier, world class specialized care hospital. The project showcases Ontario's innovative and creative healthcare expertise in the international arena and encourages other public and private jurisdictions to think creatively beyond our borders."

**Walter Kudryk of Resource Management Consultants Ltd. (RMC), a firm that has been providing health care planning and project management to the international health sector since 1967 and is one of the investors in Interhealth:** Interhealth capitalizes on the advantages of being Canadian. "We wrap ourselves in the Canadian flag. In many cases, it's countries that compete for projects, not companies, and that was why a few years ago, a number of us decided that we would form an incorporated company, Interhealth." [Canada Exports, Department of Foreign Affairs and International Trade (DFAIT) newsletter, May 13th, 1997]

**David Zakas, Director of International Financial Institutions at Interhealth,** also wants to see more Canadians selling health care abroad. "It's the making and selling of Canadian intellectual capacity that Canadian tax payers have invested in at universities and hospitals. We're selling two products that Canadians have a surplus of: knowledge and expertise." [Canada Exports, Department of Foreign Affairs and International Trade (DFAIT) newsletter, May 13th, 1997]

**Skip Swartz on the move of Canadian healthcare personnel to Interhealth's United Arab Emirates facility:** "Our aim is not to steal people...we want to tap into expertise and systems that have been developed here and find ways to export them." ["Toronto based company lures BC doctors to Middle East", Canadian Press Newswire, February 9, 2000]

[Profile prepared by Darren Puscas, Polaris Institute researcher. He can be contacted at [darren\\_puscas@on.aibn.com](mailto:darren_puscas@on.aibn.com)]