

Commission on the
Future of Health Care
in Canada



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ISSUE/SURVEY PAPER

Consumer Choice in Canada's Healthcare System

JUNE 2002

This paper is one of a series of nine public issue/survey papers designed to help Canadians make informed decisions about the future of Canada's healthcare system. Each of these research-based papers explores three potential courses of action to address key healthcare challenges. Canada may choose to pursue some, none, or all of these courses of action; in addition, many other options are available but not described here. These research highlights were prepared for the Commission on the Future of Health Care in Canada, by the Canadian Health Services Research Foundation.

Thank you for your interest in shaping the future of Canada's healthcare system.

This issue/survey paper on consumer choice in Canada's healthcare system is one of a series of nine such documents the Commission on the Future of Health Care in Canada has developed in partnership with the Canadian Health Services Research Foundation. They were designed to enable Canadians to be better informed about some of the key challenges confronting their health care system and to express their preferences on proposed solutions. We have worked hard to summarize relevant, factual information and to make it as balanced and accessible as possible.

Each of our nine documents follows an identical format. We begin by briefly summarizing a particular health issue. Next, we identify three possible courses of action to address the issue and their respective pros and cons. Last, we ask you to complete a brief survey relating to the courses of action.

To make it easier to provide us with your responses, the survey questions are included on the final pages of this document. Please detach and forward these pages to us by fax at: (613) 992-3782, or by mail at:

Commission on the Future of Health Care in Canada
81 Metcalfe, Suite 800
Ottawa, Ontario
Canada K1P 6K7

You can also complete the survey on-line through our interactive website at:
www.healthcarecommission.ca.

There are no "right" or "wrong" answers, and the results are intended to be informational only. They are designed to illustrate how each person's response fits within the context of others who have responded, not to have scientific validity in and of themselves. The survey results are only one of many ways the Commission is studying and analyzing this issue. To order other titles in this series, please write to us at the address above, or call 1-800-793-6161. Other titles include:

- Homecare in Canada
- Pharmacare in Canada
- Access to healthcare in Canada
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- The Canada Health Act
- Globalization and Canada's healthcare system
- Human resources in Canada's healthcare system
- Medically necessary care: what is it, and who decides?

We are grateful for your contribution to shaping Canada's healthcare system and hope that this document will be as informative to you, as we know your survey responses will be valuable to us.

Sincerely,



Roy Romanow

Consumer Choice in Canada's Healthcare System

Being an informed healthcare consumer used to mean understanding your medical condition and remembering to take your pills. Nowadays, it's a term laced with possibility — empowering for some; overpowering for others.

More and more, Canadians see themselves as consumers with rights to information and a voice in decisions that affect them. Governments and the private sector are responding with information hotlines, publications, and opportunities for interaction and comment. While not at the leading edge of the phenomenon, the healthcare sector is nevertheless evolving in that direction.

There is, for instance, an explosion in web sites devoted to health matters. Services outside the publicly funded healthcare system, such as private laser-surgery eye clinics, are adopting the trappings of the commercial marketplace, including direct-to-consumer advertising to attract business. Insurance companies are selling policies that give cash pay-outs to eligible survivors of heart attacks, strokes and organ transplants and people living with a range of chronic and degenerative ailments. In Alberta, healthcare reform is focusing on “unbundling the healthcare system” to give “customers” more control over the healthcare services they receive.

But how much are patients really behaving like consumers? To be sure, many are taking advantage of the wealth of patient-oriented information, engaging in more informed discussions with their healthcare practitioners, adopting healthier lifestyles or exploring new approaches, such as complementary or alternative medicines. Some observers suggest this more engaged attitude reflects a clear demand for broader consumer choice, unfettered by the limitations of a publicly funded healthcare system. Others argue that consumer choice can be broadened within the current system. On the other hand, many patients, especially the elderly, want information, options and guidance, but prefer to leave complex clinical decisions to trusted health professionals. Often as not, the impulse to comparison shop for doctors, hospitals and medical procedures is tempered by patient loyalty to existing providers.

This paper examines how consumer choice in healthcare could be affected by three different public policy approaches:

I. Increasing consumer control over the publicly funded portion of healthcare spending: Just under three-quarters of the \$102.5 billion Canadians spent last year on healthcare came from the public purse, but most decisions on how the money is allocated are beyond the control of individuals. Would citizens have better control over their healthcare choices if governments put a share of public healthcare funds directly into their hands?

II. Allowing more privately funded healthcare: Medicare pays for most physician and hospital services, and doctors and hospitals typically decide how fast patients are seen. With rare exceptions, people cannot pay extra to get faster access to treatments covered by medicare. What would be the effect of letting consumers pay directly for an additional level of healthcare services?

III. Publishing performance ratings for doctors and hospitals: People check consumer guides to decide between makes of cars and brands of TVs. If consumers value good health over most ordinary commodities, shouldn't they have access to comprehensive information on the performance of healthcare providers and organizations?

I Reallocating Healthcare Spending

Because money talks, advocates for choice in healthcare say consumers ought to be allowed to exercise more choice over their healthcare spending. The idea is that governments return a share of public healthcare funds to individuals who, clutching a fistful of dollars, would be free to knock at the door of the doctor, naturopath, massage therapist, emergency room or other healthcare provider of their choice.

Public funds for healthcare are raised principally through the tax system. Two provinces also charge premiums. Citizens have a bit of influence over healthcare spending — for example through voting, lobbying or by sitting as public representatives on regional health authorities.

But how public monies are spent on them, as individuals, is a little more complicated. Many medical products, providers and procedures are covered by public health insurance, and most of the important clinical decisions (on which tests to take, what course of treatment to pursue, and where) are controlled by “gatekeepers” in the health professions, especially doctors.

Patients can, of course, choose services other than those provided under medicare. Indeed, outside the publicly funded healthcare system, there is a veritable rainbow of consumer choice — everything from acupuncture to zone therapy. But patients have to pay for those options directly, either out-of-pocket or through private insurance.

There are different ways of increasing the range of consumer choices in healthcare. One way, which involves giving consumers more options for spending their own money, is addressed in the next section. Another alternative, explored here, is to give consumers more say in how “their share” of public healthcare dollars is spent.

Course of Action: Government should put at least some healthcare funding back in the hands of individual consumers to let them buy the services they want.

Instead of governments, hospitals and providers dividing up public healthcare dollars, governments could simply give individuals their share as a grant. Public money spent on healthcare amounts to about \$2,200 per Canadian per year. Much of that, of course, goes to keep hospitals running and provide equipment. But even if every penny were available for an individual’s care, it probably wouldn’t be enough to pay for even basic diagnostics and treatments, let alone sustain most people through a serious medical crisis or chronic illness. A second alternative would be to extend the range of tax mechanisms, such as refundable credits for medical care. As with private healthcare expenditures, this would require people to pay for services up front and then to apply for rebates at tax time.

Other ideas, patterned on education, are cash vouchers or healthcare allowances that could be used to purchase either private insurance to cover healthcare, or to pay for services directly. One version of this concept, which has been tried in the United States, Europe and Asia, is called the medical savings account. There are many models, most incorporating private sources of revenues. The discussion here, however, presupposes entirely public funding.

Here’s how it might work: A portion of the government’s health expenditures is transferred into tax-sheltered individual or family savings accounts, much like registered retirement saving plans. People would use these funds to buy routine or minor health services, whether from doctors, physiotherapists, acupuncturists or diagnostic clinics. Unused funds would remain in the account to collect interest and could be used later — typically as the patient grows older and sicker. Patients would also be obliged to set aside a portion of their public funds for government-provided “catastrophic” health insurance, to pay for the expensive care that might be needed after a serious accident or to cope with a chronic condition.

ARGUMENTS FOR

We pay; we deserve a say. The public share of healthcare expenditures comes from individuals, and as funders of the system, Canadians deserve more influence in how the money is spent. Patients would be able to use the public funds now spent mostly on mainstream medicine on alternative therapies or other services.

Consumers could become more responsible. Because patients don't pay directly for medical services, they often pressure their doctors for unnecessary tests, prescriptions and even surgery. With a mechanism like a medical savings account, patients would know what their treatments cost and have an incentive to spend their savings wisely.

Medical savings accounts could benefit the healthcare system. By encouraging younger and healthier people to save their share of public healthcare funds in interest-bearing accounts, society would be better able to cope with the predicted escalation in healthcare costs.

ARGUMENTS AGAINST

Some people will have fewer choices. Giving people more control over healthcare spending will give some people more options — primarily those who are generally healthy people and want alternative care such as massage therapy. But some patients, especially those with chronic health problems requiring a lot of attention from doctors and hospitals, will have less money to spend.

More choices would need more money. The healthcare system doesn't give everyone exactly the same funding now because we don't all have the same needs. Most care is believed to be necessary and given only to those who need it. A medical-savings-account system would need huge infusions of cash to pay for all that necessary care and everyone's alternative choices as well.

Giving people choices when they're sick and vulnerable is bad timing. Governments and health professionals have an obligation to gather the best clinical evidence to ensure medicare pays for appropriate medical treatments. Ordinary consumers can't be expected to make the same calibre of judgments, especially when they're ill.

Public health could suffer. Some people, fearing they will use up their medical savings accounts, may be reluctant to get immunized, take tests for communicable diseases or seek out necessary care. Patients, families, employers and communities would be left to cope with the deteriorating level of public health.

A progressive society uses public funds for the public good. Currently, healthcare funds are raised largely through the tax system, based on an ability to pay, and distributed according to need. The effect of giving everybody control over "their share" is that wealthier Canadians, who tend overall to be healthier, would provide less help to sicker and poorer people.

SURVEY QUESTIONS

Please refer to page 11 for the survey questions for this section.

II Using more private funds

We often hear people urging governments to open up the healthcare system to more private funds so people can spend their own money as they please, especially if it lets them buy more, better, different or faster services. This section explores the current situation, and whether healthcare consumers would enjoy more choice through private financing.

As it stands, just over a quarter of our healthcare expenditures come from out-of-pocket payments and private insurance. Much of that money goes to drugs and other services, such as cosmetic surgery, that are outside the medicare system. Some services, such as laser eye surgery, MRIs and ultrasound scans, which are considered more advanced ways to give care available under medicare, can be bought with private funds. Six provinces, however, don't permit private insurance coverage for such services, which means patients must pay for them out-of-pocket.

Doctors are obliged to work either inside or outside medicare. If they are inside, most provinces don't allow them to charge their patients directly for medically necessary services. Except for Newfoundland and Prince Edward Island, if doctors opt out of medicare, patients have to cover their fees privately. However, few physicians do opt out because there aren't enough patients willing to pay out-of-pocket instead of going through the publicly funded system. Similarly, most public hospitals are not allowed to provide inpatient care for people paying privately, and private clinics providing medicare services under contract to the government can't charge patients user fees.

So, in an effort to enhance consumer choice, should we establish a parallel private system as in education, where people continue to support the public system with their taxes, but can opt to purchase an additional level of service with their own money?

Course of Action: Government should let people pay additional money out of their own pockets to get faster access or other advantages from privately funded providers of services covered under medicare.

Governments could allow people to purchase services now covered by medicare by letting doctors bill their patients directly, easing restrictions on privately funded hospital care, or permitting private insurers to cover services now available only within medicare. In a parallel system, doctors could deliver services only through the medicare system, or only in a private clinic, or in a mixed environment which serves both publicly and privately financed patients.

In the United Kingdom, Australia and many industrialized countries, people can buy private insurance to cover services provided in public or private hospitals. The private sector tends to focus on elective care, leaving most acute care (such as cancer therapies, heart attacks, burns and other emergencies) to the public sector. Doctors are usually employed in the public sector and top up their incomes by treating private clients on a fee-for-service basis.

ARGUMENTS FOR

Patients want choices; if they can afford them, they should be able to get them. People with more money can buy faster cars, bigger homes and better food; in a globalized market economy, consumers should be allowed to buy the care they want.

More funding from private sources could enhance healthcare services. As a result of provincial budget restraints, many hospitals today do not function at full capacity. Private funds could pay to reopen beds that were closed as cost-saving measures. Private healthcare revenues could also foster service innovations. This is especially true for the high-tech, high-volume interventions, such as cataract implants and heart bypass surgery, in which the private sector specializes.

Socially progressive countries like Denmark, Holland, Australia and France allow people to improve their healthcare options with additional private insurance, while retaining publicly funded healthcare for all citizens. Canada is the only OECD country that inhibits the growth of a private parallel system for medically necessary health services, yet all but the United States, Mexico and Turkey also offer their citizens universal healthcare.

ARGUMENTS AGAINST

Even consumers able to use private funds could eventually see fewer options because of the expense. Privately funded healthcare providers are often quite efficient, but, perhaps because of the need to make a profit, they can often cost more. For example, privately purchased physiotherapy in Ontario can cost nearly three times more than medicare pays for it.

Private insurance may not be available to those with the greatest health needs. In a competitive marketplace, medical insurance companies need to make a profit to stay in business. They often do that by raising premiums, dropping coverage of unprofitable services, or refusing coverage for high-risk patients. The elderly and chronically ill tend to be hardest hit.

In a private market, the commercialization of healthcare can mislead and actually endanger consumers. Privately funded providers are there to make money and may push services patients don't really need or may not disclose information about their procedures or track records, which makes comparison shopping hard. In some provinces, private radiology clinics are offering healthy people full-body CT scans to screen for cancer and other ailments, even though the tests can result in harmful radiation doses and incorrect diagnoses. Some consumers, influenced by drug ads, push doctors to write prescriptions that may not be appropriate.

A parallel private healthcare system could harm the public system. Many industrialized countries have found that as private healthcare spending increases, government investments decline, causing an erosion in publicly funded care. Research has also shown that privately funded providers tend to skim off the lower-risk, higher-profit procedures, leaving the more complex (and expensive) cases for the public system. Costs rise in the public system, which is often left to deal with the complications of procedures performed in private clinics. And there's evidence that some providers who work in both systems favour the higher-paying private patients; as a result, waiting lists for publicly financed patients actually lengthen and some of their services are dropped altogether.

SURVEY QUESTIONS

Please refer to page 11 for the survey questions for this section.

Publishing more comparative information

Since the 1990s, Western countries have been measuring and reporting publicly on various components of their healthcare systems, including providers, institutions and health insurance plans. Especially in the U.S., an early motive was to pinpoint the most cost-effective care options. Over time, other justifications emerged for these performance reports, including improving the safety and efficiency of service delivery, enhancing public accountability, and expanding consumer choice.

In Canada, federal, provincial and territorial governments have promised to begin issuing health system “report cards” this year. The intent is to measure how well we feel, how healthy we are, whether we are getting healthier as a result of healthcare interventions, and the quality of those services (including waiting times for treatment, the adequacy of home and community care services, and patient satisfaction). Most provinces are working on criteria for meaningful performance reports; some already publish data on such things as waiting lists for specific procedures. Across the country, a range of organizations, from government-funded research centres to healthcare associations, are setting up systems to map healthcare results.

Measuring and reporting on the performance of a province, health district, hospital or individual medical practitioner is a huge challenge. There is a dizzying range of things to measure, and some things that are very important to patients — like a particular specialist’s bedside manner — may not even be measurable in a cost-effective way. And it’s not just what to measure, but how: clinical care is diabolically complex and hard to boil down into simple scores, ranks or grades.

Course of Action: Government should require the collection and public dissemination of comprehensive information on the performance of healthcare providers and organizations so that consumers can make informed healthcare choices.

If you were shopping for the best place to have an operation or the best surgeon to perform it, you’d largely be on your own. Although you can usually find out when and where your doctor was trained, there’s no handy reference guide to help you evaluate health professionals on measures like experience, success rates or bedside manner. Data comparing one hospital with another is difficult to find and interpret; where it exists, it’s usually not geared for consumers.

Still, if governments were to require the collection and publication of comparable consumer information on healthcare providers and organizations, then potentially useful models exist. The U.S. government’s Agency for Healthcare Research and Quality, for instance, has developed a reader-friendly publication called *Your Guide to Choosing Quality Health Care* to help consumers assess health plans, doctors, hospitals and treatment options. The guide explains measures of healthcare quality, including consumer ratings and objective assessments of how well health providers prevent and treat illnesses, and tells patients how to find and use the information they need.

In a Canadian performance-reporting system, an independent authority would ideally be charged with ensuring that the right things are measured, and that the information is presented in an understandable, credible and trustworthy way.

ARGUMENTS FOR

You can't improve something until you know what's wrong. The publication of high-quality performance information can identify excellence and encourage others to strive for better results. Poor results can move healthcare providers and managers to fix what's wrong and avert other, perhaps more serious, problems. Public performance reports can also show governments if there are facilities or programs that need more investment to improve their ratings.

Consumers can look up safety ratings for minivans and hedge trimmers; why not cardiac surgery? For most people, decisions about their healthcare are extremely complex and vitally important. They want and need a range of understandable and dependable data in order to evaluate and compare providers according to their own criteria. For example, a doctor's communications skills may be important to one patient, while another might look for experience.

Access to information levels the playing field for all consumers. U.S. research shows that those patients who use performance data are most likely to be influenced by information about things that went wrong for a particular doctor or hospital. It's only fair that all patients benefit equally from this type of information.

The publication of performance information contributes to accountability in a publicly funded healthcare system. Canadians are not just healthcare consumers, but also the people who pay to deliver, regulate and improve the healthcare system; as responsible citizens, they need to know what providers are doing to ensure value for the single largest category of government expenditures.

ARGUMENTS AGAINST

Performance indicators don't really increase choice. In many regions of the country, there are a limited number of hospitals, specialists, or available doctors, so many Canadians have few meaningful choices, no matter what performance ratings show.

Performance information isn't widely used. Canadian healthcare organizations don't currently collect much consumer-oriented data on healthcare processes and outcomes. Indeed, with terms like "iatrogenic rates" (which tally how often doctors make mistakes during medical treatments) most performance data collected today is too complex to be of much use to consumers. Even in the United States, where information is much more accessible, research shows patients tend to be most influenced by the recommendations of family and friends when choosing their healthcare providers and services. They will usually go to the specialist recommended by their family doctor and the hospital closest to home.

The sickest patients could be vulnerable. Some U.S. managed-care organizations have shied away from the riskiest procedures in order to boost their performance scores. Indeed, all consumers could be unduly influenced, perhaps even misled, by the selective presentation of performance data by providers eager to drum up positive publicity.

A snapshot of the performance of individual providers or organizations can miss the really important system-wide things. By focusing on medical treatments, health provider report cards may divert attention from important areas like promoting public health, preventing disease and improving the overall health of the community by ensuring good education and reducing poverty.

SURVEY QUESTIONS

Please refer to page 12 for the survey questions for this section.

Acknowledgements

This document was produced by the Canadian Health Services Research Foundation, in partnership with the Commission on the Future of Health Care in Canada. The topics and courses of action reflect key issues raised frequently in the Commission's consultations to date, for which the Foundation was able to find relevant research evidence to help inform the debate.

This document has been reviewed by the following experts for accuracy and fairness, but final responsibility lies with the Canadian Health Services Research Foundation:

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A complete bibliography of the research used to prepare these documents can be found at www.healthcarecommission.ca.

SURVEY INSTRUCTIONS

Please detach the following page and forward to us by fax at:
(613) 992-3782

Or by mail at:
Commission on the Future of Health Care in Canada
81 Metcalfe, Suite 800
Ottawa, Ontario
Canada K1P 6K7

For information:
Call toll free at 1-800-793-6161
www.healthcarecommission.ca

Thank you

Survey Questions

Please indicate your opinion on each of the following questions by checking the appropriate response.

REALLOCATING HEALTHCARE SPENDING

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. Healthcare in Canada would improve if government put at least some healthcare funding back in the hands of individual consumers to let them buy the services they want.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. As a taxpayer, I should have a say in deciding not just overall investments in healthcare, but also specifically investments in my personal healthcare.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. If I controlled "my share" of healthcare funds, I would choose to buy quite different services than those I access now.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Knowing the cost of each service would make me more reluctant to consume health services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

USING MORE PRIVATE FUNDS

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. The healthcare system would improve if government let people pay additional money out of their own pockets to get faster access or other advantages from privately funded providers of medicare services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Doctors should be allowed to work in both a public and a private healthcare system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. As a consumer, I should be able to choose to buy the care I want.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. We should allow private purchase of healthcare services on principle, regardless of whether it helps or harms the public healthcare system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued ...

PUBLISHING MORE COMPARATIVE INFORMATION

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. Healthcare in Canada would improve if government required the collection and public dissemination of comprehensive information on the performance of health care providers and organizations so that consumers can make informed healthcare choices.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. As a consumer, I would like to have data comparing the quality of hospitals and doctors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Data about the quality of hospitals, family doctors and specialists would influence who/ where I go to for care.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The things I care about most in a doctor would be hard to measure and report.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ANALYSIS INFORMATION

Please complete the following information for analysis purposes. Thank you.

Gender: ☐ Male ☐ Female

Age: ☐ under 18 ☐ 19-29 ☐ 30-49 ☐ 50-65 ☐ over 65

Province or Territory in which you reside: _____

Continued ...

Your annual household income from all sources before taxes is: (Optional)

Choose one:

- ☐ Less than \$20000
- ☐ \$20000 to \$39999
- ☐ \$40000 to \$59000
- ☐ \$60000 to \$79000
- ☐ \$80000 to \$99000
- ☐ More than \$100K

The highest level of schooling you have completed is: (Optional)

Choose one:

- ☐ Elementary School or less
- ☐ Secondary School
- ☐ Community College/CEGEP/Trade School
- ☐ Prof./Trade Certification
- ☐ Bachelor Degree
- ☐ Graduate Degree

Are you a healthcare professional? (Optional)

- ☐ Yes ☐ No

Approximately how many times in the last year have you personally used the healthcare system? (eg. seen a doctor or specialist, spent time in the hospital, received care in a hospital emergency room, etc.) (Optional)

Choose one:

- ☐ 0-3
- ☐ 4-6
- ☐ 7-9
- ☐ More than 10

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