Medical Xpress

Privatizing health services is a bad idea that just won't go away

January 3 2023, by Pat Armstrong and Marjorie Griffin Cohen

Credit: Pixabay/CC0 Public Domain

Canadian health economist Robert Evans called them zombies: ideas killed long ago by evidence, but re-emerging from the grave—often in disguise.

He was talking about user fees for health services. Such fees primarily mean that the poor go without care while the rich may get care they don't need, but they also add to the bureaucracy required to bill for services.

Now the zombie is re-emerging in the form of handing over more publicly funded services to for-profit companies.

Privatization in health care can take many forms. In British Columbia, there is an increase in doctors' offices charging user and subscription fees, but there is also the emergence of new corporations offering to manage health services.

Québec, along with many other provinces, is increasingly relying on private sector agencies to supply health-care workers, while Ontario is investing in more for-profit long-term care beds.

Private sector myths

COVID-19's impact on the health sector, along with government promises for increased investment, has offered a new opportunity for the privatization zombies to re-emerge. There are now calls to have the for-profit sector solve the crisis.

The arguments are not new: the private sector will add services, the private sector will offer more choices, the private sector does things more efficiently, the private sector provides better quality and the private sector is more innovative. But the old and new evidence from long-term care homes in Ontario should kill these arguments yet again.

Expanding the for-profit sector has not worked in Ontario long-term care, where nearly 60 percent of the homes are for-profit. The claim that for-profit services are better because competing for customers pushes them to offer better quality at lower costs while shouldering the financial

risks is not supported by the evidence. With 38,000 people waiting to get into long-term care, there is no competition at all.

Offered a choice, people tend to choose a non-profit or municipal home, mainly because Ontario for-profit homes are more likely to be old, to have four-bed rooms, to have the lowest staffing levels and to do more transfers to hospitals, to name only a few reasons.

They also had a much higher proportion of residents die from COVID-19 early in the pandemic, with 78% more deaths than non-profit long-term care homes.

Three of the four homes where the military was sent in to rescue residents and staff early in the pandemic were for-profit and none were municipal. Yet these homes, with their beds primarily funded by the government, are virtually guaranteed a full house, so there is little financial risk. But there is no guarantee that care will be available given these homes might close if the land becomes valuable for re-development, or they might simply go out of business.

At the same time, with all homes receiving the same funding and resident fees established by the government for all nursing homes, there is no cost-saving to the government in for-profits delivering care.

Profit is not innovation

The Ontario minister of health says we need to look to the private sector for innovation. But it's hard to see any examples of innovation from private long-term care homes, except when it comes to how to make a profit. Long-term care owners like Extendicare and Sienna "are raking in millions."

Meanwhile, public information on these homes is limited. We don't

really know where all the profit comes from, in part because they are allowed to keep some business secrets. We do know that wages tend to be lower in Ontario for-profit homes compared to municipal ones.

Privatization can mean seeking profit by selling more services and paying less for things like food and supplies while limiting as much work time as possible, none of which promotes quality care. It mainly means being responsible to shareholders.

For-profit ownership of health services can mean cherry-picking patients with the least complex needs and rejecting others, while quickly transferring any negative outcomes back to public facilities. We have seen this in private retirement homes where people can be kicked out if their needs become too complex.

Access, costs and alternatives

The argument that privatization will speed up access to care does not necessarily mean good care, and can entail risks. And speed for some who pay can mean care that's too late for others who cannot pay. We have seen examples of all these with for-profit care.

Meanwhile, for-profit services do nothing to address the major crisis in labor force supply, do nothing about public costs and do too little about public access to care. In fact, they do the reverse; they drain the public system of both people and money. Adding more for-profit services fragments a system already suffering from fragmentation.

There are alternatives. There is no reason not to expand the public sector when it is the public sector that will be paying. There is no reason why we cannot innovate and reduce fragmentation within the public system.

Indeed, we have many examples of innovation within the public system.

And the public sector is in a position to quickly offer better work for health-care workers who are at the center of our health-care system, and more equitable access for all.

Let's kill this zombie once and for all.

This article is republished from The Conversation under a Creative Commons license. Read the original article.

Provided by The Conversation

Citation: Privatizing health services is a bad idea that just won't go away (2023, January 3) retrieved 3 May 2024 from https://medicalxpress.com/news/2023-01-privatizing-health-bad-idea-wont.html

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.