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# **Our health care serves up profits**

By ANDRE PICARD

Starbucks spends more on health insurance for its American employees than it does for coffee beans -- \$200-million (U.S.) annually.

General Motors spends more on health benefits than it does on steel -- the equivalent of more than \$1,500 per U.S. vehicle it builds.

Wal-Mart's annual bill for health benefits is \$1.5-billion yet, by some accounts, fewer than half of the company's 1.3 million U.S. employees are actually insured.

Aside from being fodder for cocktail party conversations, why do these little bits of trivia matter? Because they serve as a graphic reminder that one of the biggest beneficiaries of Canada's medicare system is big business, and the millions of workers it employs.

When we talk about the right to buy private insurance -- a hot topic since the Supreme Court's Chaoulli decision -- one aspect is often overlooked: Who will pay for it? In countries with private health insurance for basic medical care, premiums are invariably paid -- in whole or in large part -- by employers; they become a key element of contract negotiations. (In Canada, health insurance is available but it covers services not covered by medicare such as prescription drugs, dental care, vision care, etc. The Chaoulli decision extends the right to other basic services if they are not provided by the state in a timely manner.)

The U.S. has an employer-based health-insurance program -- 90 per cent of people with health insurance get it through employers. But there are 45 million who are uninsured, and many more who depend on Medicare (for the elderly) and Medicaid (for the poor).

The employer-based health-insurance system is one of the major concerns of U.S. business because it is a drain on profits. Thankfully, the system is collapsing under the weight of its irrationality.

Bob Moffit of the ultraconservative Heritage Foundation said it best: "Why is America the only industrialized country that ties health insurance to employment? It's nuts."

"Imagine if auto insurance worked the same way. So if you lost your job, you could no longer drive. That would be absurd."

Yet, the absurd reality is that, in the U.S., many employees dare not change jobs for fear of losing their health benefits.

According to a recent survey by the Kaiser Foundation, the average health premium in the U.S. is now \$10,880 a year -- more than the gross earnings of minimum-wage workers. On average, employees with benefits pay \$3,718 of that total, with employers picking up the balance.

Even loyal employees are taking it on the neck. Last month, the United Auto Workers approved a contract that will allow GM to cut \$15-billion from its retiree health-care liability. Practically speaking, that means retirees will now have to pay additional insurance premiums of up to \$750 a year.

Wal-Mart, for its part, is talking about screening policies to avoid hiring employees with health problems and looking for ways to shuffle workers and their families to government-run social services programs like Medicaid.

Wal-Mart is an easy target but it is simply doing what the market demands -- maximizing profits. Employer-based health coverage creates an inherent conflict of interest: Companies will always protect profits over the health of workers and retirees.

Still, there are companies -- Starbucks, Costco, Verizon, Honeywell -- that continue to offer health coverage to all employees. They argue that the only way to get good people is to pay living wages and provide decent benefits. Companies without good benefits have extremely high turnover and, not surprisingly, unhealthy workers.

Howard Schultz, the chairman of Starbucks, has been the most outspoken business leader about the moral responsibility of corporations to provide health benefits. But he has also expressed exasperation: "What's perverse is that companies like ours who are doing the right thing are actually paying more," he said on CNBC.

Mr. Schultz noted that those with health insurance are paying more to offset the costs of the 45 million uninsured who depend on government programs and charity. He said public, state-run health programs would be more efficient, cost-effective and just.

In Canada, individuals and corporations pay higher taxes than in the U.S. But when medicare benefits are factored in, the differences are negligible.

A universal program like medicare not only introduces an element of social justice, it also levels the playing field -- it does not allow corporations to satisfy the profit demands of Bay Street (and Wall Street) at the expense of their employees' security and health.

As the U.S. moves inexorably from private sector coverage to public sector coverage, Canadians should take a moment to appreciate their much-maligned system. And business leaders, in particular, should have the courage and the honesty to stand up and declare how good they have it.

Canada's medicare system is far from perfect, but it has done wonders for the bottom line of corporate Canada.