

# The war on medicare

Advocates of two-tier health care prepare to take on medicare, confident that now they can win

By Thomas Walkom, National Affairs Writer

VANCOUVER—For two days, the medicare critics and two-tier health care fans have been warming up to this. For two days, they've put in long hours on uncomfortable chairs listening to experts discuss the intricacies of hospital management and insurance risk rating.

But now, it's the finale. The key speakers are back on stage and it's time to get the room rocking. Time for the audience of physicians and insurers, of lawyers sniffing out potential business and people who are just plain ticked with Canadian medicare to fight back. Time to put the boots to the unions, bureaucrats and mentally lazy layabouts who think that Canada's single-tier system is just fine ("tree huggers," as Charles Auld, former head of General Healthcare Group, Britain's largest private hospital chain, calls them).

Supporters of the Canadian medicare system are "guilty of something close to criminal negligence," Tom Sackville tells the appreciative audience. Sackville, at one time a junior health minister in Britain's former Conservative government, is now chief executive of the International Federation of Health Plans and a global lobbyist for the insurance industry.

"There's a war out there and we have to win," says Sally Pipes, the head of San Francisco's Pacific Research Institute and an alumna of Canada's Fraser Institute, another right-wing think-tank.

Pipes does confess her disappointment that so few in the room want to axe universal public health insurance completely. But she's thrilled that with its landmark ruling in June, Canada's Supreme Court has finally put medicare on the defensive.

"Tommy Douglas (the former Saskatchewan premier credited with starting medicare) did us a great disservice," she says to applause.

"Don't let the dark side take the initiative again," says Johan Hjertqvist, a Swedish health consultant. The room is really pumped.

On the face of it, the two-day Saving Medicare Healthcare Summit is just another conference. There are name tags, information kits and plenty of experts. The 300-odd participants — who paid between \$1,150 and \$1,300 each to attend — can munch muffins in the morning and drink coffee the rest of the time.

Each evening, attendees may repair to the posh bar of the Hotel Vancouver, where the martinis cost \$13 but the nuts are complimentary.

But there's a buzz here that is unusual, a sense of suppressed excitement that's more reminiscent of a political convention than a conference of policy wonks. For years, many of the people here have been on the losing side of the health-care debate. They want a full-fledged private tier. To put it bluntly, they don't much like medicare.

But every time they push, the public — and eventually the politicians — push back. Even Conservative Leader Stephen Harper has thrown his support behind the existing single-tier, public, universal health insurance system that is Canadian medicare.

On this weekend, though, those assembled in the ballroom of the Hotel Vancouver are almost giddy with excitement. Now that the Supreme Court has outlawed Quebec's ban on private health insurance for so-called medically necessary services, they just might win. In fact, says conference organizer and Vancouver orthopedic surgeon Dr. Brian Day, they have won. All they have to do is seize the moment.

Day is showing the way. Since the top court's ruling, he's been openly breaking a British Columbia law that bars physicians from operating both inside and outside of medicare. His clinic has a contract from a Vancouver hospital to service medicare patients. Yet, he also takes in patients who are willing to pay him directly with cold, hard cash.

"Our position is that any law in any province that prevents access to care is unconstitutional," Day tells the Star. He says the B.C. government knows exactly what he's doing but is afraid to act. "Let them bring me to court," he says.

In Canada, few things are more political than medicare. When Canada's national scheme was introduced in 1966, it faced vehement opposition from the medical establishment, the private insurance industry, the governments of Ontario and Alberta and even some federal Liberal cabinet ministers.

In all cases, the reasons were practical. Physicians feared a loss of income and clinical independence. Private insurers didn't want to lose their valuable health-care business. Provincial governments fretted that medicare could put them on the hook for expenses they didn't want to cover. Conversely, fiscal conservatives in Ottawa worried that the sly provinces would use medicare to loot the national treasury.

But Canadians loved the idea. Unlike the British National Health Service, Canadian medicare offered choice. Patients could consult any specialist who agreed to see them. Those who had not been able to afford private health insurance now had coverage. And for those who had been covered privately, medicare was cheaper — a reflection of the tremendous economies of scale the government insurance plans were able to achieve.

In fact, the key to Canadian medicare was this mixture of choice and monopoly. Health care was delivered by an array of physicians and hospitals. But it was funded by 10 provincial government insurance monopolies.

Under pressure from their voters, all provinces eventually signed on to medicare. They then moved to protect the essential elements of the scheme, particularly those that supported the crucial insurance monopolies.

Six, including Ontario, Quebec and Alberta, banned the sale of private insurance for services covered by medicare. Insurers could still cover so-called extras, like eyeglasses. But they could not insure patients for procedures such as cataract surgery.

The fear here was that private insurers might be able to skim off those with minimal health needs, primarily the young and more affluent. This in turn could reduce middle class political support for medicare, leaving a diminished public plan to cover those with the most serious — and most expensive — maladies.

In addition, all provinces except Newfoundland banned so-called double dipping. Doctors could opt out of medicare but if they did so, they would not be eligible for any medicare payments.

For all but a few physicians, this rule was a major incentive to stick with medicare. Those who opted out would lose most of their patients and most of their income.

Together, these two sets of provincial rules — the ban on private insurance in the big provinces and the ban on double dipping in nine provinces — ensured that a second, private tier of health care for medically necessary services could exist but never flourish.

As long as governments and their voters were willing to support the public system financially through taxes, Canadian medicare worked well. But when the system began to develop serious strains, the voters began to chafe.

That's where the Supreme Court's June ruling comes in.

The court's 4-3 decision to overturn Quebec's ban on private insurance is still hotly debated by legal experts. But the thrust of the ruling had little to do with law. Rather, it was almost purely political, a *cri de coeur* from the affluent and aging middle classes.

In effect, the judges were asking: Why can't people like us use our own, well-deserved incomes to get to the front of the line? And if we can queue-jump by flying to, say, Cleveland, why shouldn't other middle-class people who are slightly less well-off get a chance to do the same at home by purchasing private health insurance?

Which brings us back to the Hotel Vancouver on a rainy November weekend.

For years, the opponents of medicare have been beating their heads against the wall of public opinion. But as pollster Michael Marzolini noted last month, the Supreme Court decision has put a "politically correct stamp" on the idea of two-tier medicine. Now, more people think they can support queue-jumping without being un-Canadian.

Day and his confreres are determined to take advantage of this.

The key, as former British private hospital supremo Auld tells the conference, lies in strategy. The best way to get Canadians to accept two-tier health care is to sell private medicine as part of a partnership that will strengthen medicare. If it is just presented as better health for the well-to-do, it will not fly.

Second, attack as reactionaries those who support the current system. "Draw the teeth from the unions," advises Auld. "Paint them as the voice of vested interests."

Indeed, the strategy of partnership runs through the weekend. Except for diehards like Pipes and former Fraser Institute head Michael Walker, most of those present are careful to praise the value of universal health care.

"No one in this room thinks we shouldn't have a great public health-care system," says organizer Day, who shows slides of himself chatting with Cuban President Fidel Castro.

Reform party founder Preston Manning advises the crowd to present their ideas as a compromise. Canadians, he says, love compromises. But up to now, proponents of two-tier health care have been painted as extremists. The solution is to rearrange the terms of reference so that what appears moderate today is redefined as extreme and what appears extreme is recast as moderate.

Manning's strategy, borrowing from the terminology coined by Alberta Premier Ralph Klein, is to define two-tier medicine as the "third option." In this lexicon, the current Canadian system is redefined as one extreme and the U.S. system as another. A two-tier system similar to that of, say, Britain is then presented as the middle way.

Once the battle over language has been won, Manning says, it will be politically easier to follow his substantive prescription: Completely dismantle national medicare, have the federal government hand over more taxing power to the provinces and let them handle health as they please.

However, he continues, politicians — even conservatives — will not deliver this vision on their own. Politicians fear voters and the voters like medicare. So, the politicians must be pushed.

The way to do this is by creating a powerful, single-issue movement, independent of political parties, to lobby the public during an election campaign. This will involve money and organizers. Interest groups who want more private medicine will have to unite and hire an experienced campaign team, replete with fundraisers and pollsters. They will have to choose the most vulnerable targets (he suggests Quebec as a start). They will have to find the best spokespeople.

Here Manning suggests that anti-medicare forces find appropriate victims whose stories will appeal to the media.

Or as Bruce Davidson, director of a New Zealand private insurance company, tells the conference: "Get a good story; sing a good song; keep it consistent."

Some hesitant starts along these lines are made this weekend — such as the Saturday afternoon victims' panel, where three ordinary Canadians describe their medicare horror stories.

Strictly speaking, the exercise is not entirely successful. Two of the victims freely acknowledge that their needs were adequately, and in one case, handsomely, dealt with by

Canada's public health insurance system. Still, the trio are praised for demonstrating bravery in the face of an uncaring monopoly.

A CanWest Global television documentary lauding European health-care systems is also aired.

Later, Jane Petruniak, a health-care benefits expert with the firm Watson Wyatt Canada, warns that, regardless of the picture painted in the documentary, most of the countries featured face problems similar to Canada's. But the audience doesn't seem to care. It is compelling television.

The attendees are also treated to Dead Meat, a short U.S. documentary attacking Canadian medicare. They love it.

It's the end now, and speaker after speaker congratulates organizer Day. The Fraser Institute's Walker calls him a hero. Pipes says Walker and Day are both heroes.

Day tells the Star how he hopes to turn his fledgling organization, the Canadian Independent Medical Clinic Association, into a vehicle for political action.

Yet, there are a few dark spots in the dream. The big private insurers are holding back. The politics of being seen to attack medicare are still too dodgy.

"I can't name one major insurance company willing to do anything outside the Canada Health Act (the federal law governing medicare)," Gary McLeod, the president of the financial advisers association Advocis, tells the audience.

Later over coffee, Irene Klatt of the Canadian Life and Health Insurance Association is particularly circumspect when asked whether her members will begin promoting more private medicine. "This is a cautious, conservative industry," she finally says.

But it's Dr. Ian McPherson, chief executive officer of the New Zealand private insurer Southern Healthcare, who articulates the biggest problem. Adopting two-tier health may be fine, McPherson says. But it won't necessarily get Canada where it wants to go.

New Zealand has a functioning two-tier system that McPherson calls necessary for that country. But he points out that New Zealanders still have to put up with long wait times, particularly in the public tier. A New Zealander, he says, must wait two years for hip surgery if he wants it done under medicare.

What's more, the existence of a private tier encourages penny-pinching governments to reduce services available in the public system. In New Zealand, this kind of "surreptitious cost-shifting," he says, is happening already in the fields of neurosurgery and chemotherapy.

"We (the private insurers) don't want it," McPherson says. "It puts more costs on us ...

"Private funding alone certainly won't get you an ideal system," he warns the conference. "Private insurance is not a panacea."

In this particular room, on this particular weekend, it's a message that doesn't resonate.