
Poor value for your tax dollars

Canada's health care system doesn't measure up

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WITH the task of completing our personal tax returns now done and the size of those tax bills fading from our memories, some Canadians may find themselves taking solace in the belief that the taxes they pay purchase a high-quality universal access health care program.

Unfortunately, as the following data clearly show, Canadian taxpayers are not receiving the same sort of value that their counterparts in other nations are when it comes to universally accessible health care.

To begin with, Canadians are funding the developed world's second most expensive universal access health insurance system. On an age-adjusted basis (older people require more care) in the most recent year for which comparable data are available, only Iceland spent more (as a share of GDP) on their universal access health insurance system than Canada did, while Switzerland spent as much as Canada. The other 25 developed nations that maintain universal health insurance programs spent less than we did—as much as 38% less (as a percentage of GDP) in the case of Japan (Esmail and Walker, 2008).

Given this level of expenditure, you might expect that Canadians receive world-class access to health care. But the evidence demonstrates that this is not so.

Consider Canada's waiting lists. In 2008, the median wait time from general practitioner referral to treatment by a specialist was 17.3 weeks. Despite substantial increases in both health spending and federal cash transfers to the

provinces for health care over the last decade or so, this wait time is 45% longer than the overall median wait time of 11.9 weeks back in 1997, and is 86% longer than the overall median wait time of 9.3 weeks in 1993 (Esmail and Hazel with Walker, 2008; Esmail et al., 2007).

Canada's waiting lists are also, according to the available evidence, among the longest in the developed world. For example, a 2007 survey of individuals in seven nations, six of which maintain universal access health insurance programs, published in the journal *Health Affairs* found that:

- Canadians were more likely to experience wait times of more than six months for elective surgery than Australians, Germans, the Dutch, and New Zealanders, but slightly less likely than patients in the United Kingdom;
- Canadians were least likely among the six nations to wait less than one month for elective surgery;
- Canadians were most likely to wait six days or longer to see a doctor when ill, and were least likely among the six universal access nations surveyed to receive an appointment the same day or the next day; and,
- Canadians were least likely to wait less than one hour and most likely to wait two hours or more for access to an emergency room among the six universal access nations surveyed (Schoen et al., 2007).

That is hardly the sort of access you might expect from the developed world's second most expensive universal

access health insurance system. It is also worth noting that there are seven developed nations—Austria, Belgium, France, Germany, Japan, Luxembourg, and Switzerland—that maintain universal access health insurance programs while delivering access to health care without queues for treatment (Esmail, 2004).

Access to medical technologies is also relatively poor in Canada. In a recent comparison of age-adjusted inventories of medical technologies, Canada ranked 14th of 25 nations for which data was available in MRI machines per million population. It ranked 19th of 26 nations for CT scanners per million population, 8th of 21 for mammographs per million population, and tied for second last among 21 nations for lithotriptors per million population (Esmail and Walker, 2008). Clearly, Canada's relatively high level of expenditure on health care is buying neither quick access to care nor high-tech health care services for the population.

Governmental restrictions on medical training, along with a number of other policies affecting the practices of medical practitioners, have also taken their toll on Canadians' access to care. A recent study found that, among 28 developed nations that maintain universal approaches to health insurance, Canada ranked 26th in the age-adjusted number of physicians per thousand population (Esmail, 2008). It should come as no surprise that nearly 1.7 million Canadians aged 12 and older could not find a regular physician in 2007 (Statistics Canada, 2008).

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recent study in the *Journal of Labor Economics* found that a 10% increase in the minimum wage reduced the proportion of minimum wage workers (aged 20 to 24) who received on-the-job training by two percentage points (Neumark and Wascher, 2001). Even if low-skilled workers retain their jobs, they may actually not be better off, depending on changes to their benefits and training.

Of course, some minimum wage earners would benefit from a wage increase, but the typical minimum wage earner is not the person depicted by the advocates of higher minimum wages (i.e., adults supporting families). The reality is that the majority of “typical” minimum wage workers are young people, often students living at home.

According to Statistics Canada, only about 5% of workers in Manitoba earned minimum wage in 2008 (Statistics Can-

ada, 2009). Of these, 64% were young workers aged 15 to 24 years old. In addition, the vast majority of young minimum wage workers (84%) lived at home with their families. Similarly, 3.8% of workers in Saskatchewan earned minimum wage in 2008, 65% of whom were young workers aged 15 to 24 years old. Again, the majority of young minimum wage workers (81%) lived at home with their families.

Many of the remaining individuals earning minimum wages in Saskatchewan and Manitoba in 2008 were adults supplementing their family’s income during child-rearing years or after retirement. This means that any changes to the minimum wage would mainly affect younger workers and would have negligible effects on working adults or those supporting families.

Finally, it is important to note that working for minimum wage is largely a

temporary experience (Godin and Veldhuis, 2009). Research shows that after one year, more than 60% of minimum wage workers earn more than the minimum wage, with a typical wage gain of about 20% (Long, 1999). The percentage of workers earning more than the minimum wage increases to over 80% after two years. With experience and better skills, minimum wage workers increase their productivity and thus garner higher wages.

While increasing minimum wages in Saskatchewan and Manitoba may be well intentioned, doing so would rob young workers and those with few skills of the opportunity to participate in the labour market and gain the skills and experience they need to succeed in today’s workplace. If the governments of those two provinces want to increase economic opportunities for young workers, they should steer clear of future increases to the minimum wage.

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While our taxes can and do pay for important and valuable services for all Canadians, it is critical that we assess whether or not we are receiving value for the dollars we are spending. In the case of health care, it is clear that Canadians are paying for a world-class health care system, but are not receiving one in return. Hopefully, this knowledge will encourage Canadians to think more carefully about the need for substantial reform to Canada’s failing approach to health care policy.

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