

For-Profit Hospitals and Insurers in Universal Health Care Countries

by Bacchus Barua and Nadeem Esmail

The poor access to medical services and middling outcomes and safety in Canada's health-care system despite high spending suggest a need for reform of health-care policies. Yet, while Canadians seem open to the possibility of fundamental reform, faulty perceptions of how other countries deliver and finance universal health care still exist, while misperceptions and unfounded beliefs about particular policies plague the popular debate. This paper seeks to correct and inform one such misperception: the belief that private, for-profit institutions are incompatible with universal-access health care.

According to at least two recent polls, many Canadians consider for-profit provision of health care to be incompatible with universality. For example, a 2013 poll commissioned for the Fraser Institute found Canadians believe strongly that private for-profit health care is incompatible with the goals of Medicare. Similarly, a 2012 Ipsos Reid poll found that 80% of Canadians preferred a not-for-profit model of health care when presented with a binary choice between a not-for-profit and a for-profit model. The Ipsos Reid poll also found that 53% of respondents preferred a mixed model incorporating both when this was included as a third option. This all suggests that Canadians are open to a mix of policies as long as they are perceived to be compatible with a universal-access health-care system.

In answering the question of whether for-profit providers are compatible with universal-access health care, we examine the health-care systems of six nations with universal health-care systems: Australia, France, Germany, the Netherlands, Sweden, and Switzerland. Each of these nations spends a proportion of their GDP on health care comparable to that spent in Canada,

and each provides similar or superior access to, and quality of, care in comparison with Canada. In order to determine the compatibility of for-profit institutions with universal health care, we look at the presence of for-profit hospitals and for-profit health care insurers in each of these nations.

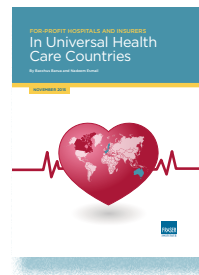
Private for-profit health-care insurers are found in all six nations. Notably, private for-profit companies compete to offer the primary (mandatory) health-care insurance package in the Netherlands, offer a private substitute for public health-care insurance in Germany, and offer a private option alongside the public system for patients in Australia and Sweden. In France and Switzerland, private for-profit insurers play a complementary or supplementary role, though for-profit companies in Switzerland may compete to offer the primary (mandatory) health-care insurance package on a not-for-profit basis.

Private for-profit hospitals are also found in all six nations. While universally accessible services are generally provided through public hospitals in Australia and Sweden,

governments also contract with private for-profit hospitals for the provision of universally accessible services including, in Sweden, acute care. In the Netherlands, in-patient hospital care is provided by independent not-for-profit private corporations while independent treatment centers that provide same-day non-emergency treatments can operate on a for-profit basis. In Germany, France, and Switzerland, universally accessible hospital care is delivered by public, private not-for-profit, and private for-profit hospitals.

These policy approaches are distinct from those pursued in Canada, where private for-profit parallel insurance is disallowed and where a small number of private, for-profit hospitals can be found in a climate that does not encourage their formation. It is important however to remember the reality in other areas of Canadian health care: private (and for-profit) companies provide medical laboratory services, long-term care, supplementary extended health insurance (which is not the same as parallel health insurance), and even diagnostic and surgical procedures (which differ from hospital services). So, in some sectors, Canada's health-care system already allows private for-profit involvement.

While the proliferation and extent of services offered by private for-profit institutions in Australia, France, Germany, the Netherlands, Sweden, and Switzerland varies, all have incorporated for-profit hospitals and insurers into their universal health-care policy framework. This reality should dispel the mistaken notion that private, for-profit institutions (in either the insurance or hospital sector) are incompatible with universally accessible health care. On the contrary, their presence is the norm among high performing universal health-care systems.



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NUMBER OF FOR-PROFIT HOSPITALS IN UNIVERSAL HEALTHCARE COUNTRIES



Sweden 3

Germany 1356

France 1041

Netherlands 79

Switzerland 150

Australia 477