

The Stelmach government claims it must cut health care to save the system from bankruptcy. It argues that the current rate of growth is “unsustainable.” This claim is nonsense.

In fact, health care spending has remained a fairly constant 5% of GDP for many years, and will, according to a Parkland Institute study done by University of Lethbridge economist Greg Flanagan, require only about a 1.3% increase per year to accommodate the aging baby boomer demographic. Clearly the wealthiest province in Canada, with the lowest proportion of seniors, can afford these increases. Other provinces currently spend about 10% of GDP on health care, and the Americans spend 15.3% of GDP.

Alberta has plenty of tax room to maintain health care at a high level. In a May 15 Op Ed piece in the Calgary Herald, Iris Evans boasted about the low tax regime in Alberta: “If Alberta had the same [taxation] system as other provinces, Albertans and Alberta businesses would pay between \$10 billion and \$18 billion more in taxes every year.” Alberta has no sales tax, no capital taxes, no payroll tax, and the lowest fuel tax and the lowest general corporate tax rate in the country – and the lowest royalties on its resources of anywhere in the world. Alberta gives up at least \$1.6 billion a year because of its flat tax. It recently gave up another \$1 billion when it eliminated health care premiums.

In the spring, the government reported that over a three-month period, because of a drop in the price of oil, Alberta collected \$500 million less than it would have under the previous royalty regime. Stelmach actually celebrated this loss of revenue as a good thing for “suffering” oil companies and was puzzled why the media had ignored such an achievement – because, as he said, he was getting lots of hugs in Calgary.

Clearly, the government’s motives are stubbornly ideological. The Stelmach government believes that low taxes and low royalties are good, that even lower taxes would be better, and that cutting public services is preferable to raising taxes or royalties. It holds to this view despite the fact that Albertans consistently say they would be willing to pay higher taxes to maintain public health care. Higher taxes are a bargain compared with private insurance or private medical care. Albertans know this.

Insurance is cheapest when the risk is spread over the largest number of people. Consequently, a single-payer insurance system such as Medicare is going to be more economical than any private plan from competing insurance companies. Not only must those private companies spend a large chunk on advertising and parallel bureaucracies but also they must make a profit to satisfy shareholders. A hybrid system of public and private insurers, such as Health Minister Ron Liepert seems intent on introducing, is going to cost vastly more in administrative costs, costs incurred by doctors, pharmacists, and multiple insurers all having to keep track of who pays for what – and those costs will be passed on to citizens. Such a system, as the Americans have found out, is simply unaffordable.

What the government means, therefore, when it says that public health care is not sustainable, is that it is not prepared to sustain it through adequate taxation.

Instead, the Conservative government is using the current global economic crisis and drop in oil prices as an excuse for doing what it has wanted to do for many years –as far back as when the Mazankowski report was tabled and when Ralph Klein introduced his Third Way reformation plans for health care. Even though Premier Stelmach has said “ the Third Way is DOA,” his appointment of Liepert as health minister and his

allowing/encouraging Liepert to pursue his current dismantling of health services suggest the Third Way is very much in the process of implementation – this time by stealth.

The first stage was elimination of potential opposition when the government dismantled regional health authorities and centralized power in a health Super Board composed largely of businessmen. More recently, it has disbanded 56 local health councils throughout the province, volunteers who represent communities and patients rather than the government. – and thus are likely to complain when hospitals or nursing homes are shut down or re-purposed, particularly in rural communities.

This time around, the Alberta government is intent on squelching any dissent as it proceeds methodically and swiftly to shift the costs of public health from its books onto individuals, thereby funneling profits to private insurance companies and private providers of health care goods and services.

Since the fall, Albertans have seen a procession of such shifts in costs: A delisting of vision and chiropractic services and transgender operations – with the promise of more delisting to come; a tripling of non-group Blue Cross premiums so that private insurers can compete; a drastic reduction in health subsidies for seniors; a postponement of orthopedic and cataract surgeries to make private clinics more attractive to desperate Albertans.

These moves will certainly save the government money – at least in the short run – but they will also cost individuals far more. And in the long run, this approach will undoubtedly drive up costs in public health care – as individuals who cannot afford private insurance go without their

medications and become sicker; as those in need of chiropractic services or physiotherapy go without treatment and become increasingly debilitated; as those who cannot find or cannot afford long-term care end up in acute care beds.

Because the government is driven by ideology rather than logic, it ignores these longer-term implications. The government believes that the private, deregulated marketplace is the answer to all problems even though that very marketplace has caused the current financial crisis and that very marketplace will continue to be the chief driver of increased costs in health care. Prescription drugs and new technologies, whose prices are privately determined, are the fastest growing costs in health care, outpacing the cost of doctors. Private insurance rates for coverage of such drugs are steadily increasing. Private long-term care facilities want to double their accommodation charges, charges that have already gone up ninety per cent in the last few years and are about to be deregulated by Health Minister Liepert. Private MRI facilities and cataract surgeries cost far more than publicly delivered services. For-profit companies in the health care field are just that: for profit. The only way they can keep that profit rolling in is by increasing fees or by cutting services, often both.

Thus, as John Fleming said in a letter to the Journal, "If we, as a society, cannot afford public health care, then we most certainly cannot afford private health care."

Health Minister Liepert, however, thinks of health care, not as an essential public service, not as a sacred trust, but as a business; and that when revenues are down, as CEO, he can simply make the "tough choice" to cut production of widgets. He thinks that by postponing surgeries or shutting hospital beds, he will magically save money. He does not weigh the costs in pain to individuals in

need of surgery. He does not consider the costs in efficiency when operating rooms stand idle and waiting lists grow longer. As a friend of mine, whose hip surgery was postponed, said, "The only way the government can conceivably save money is if those whose surgeries are postponed die in the meantime."

Even worse, the Alberta government sees health care as a business opportunity – for its friends. The government's solution is not to take the route most economical for its citizens such as bulk purchasing of drugs, which are cheaper because the government has a strong hand to negotiate; or increased public insurance, which is far less costly because the risk is spread more broadly. It builds health care facilities because that is good for the construction industry, but then refuses to staff them because that is a drain on the treasury. Instead it is perfectly happy to let individuals wait in pain and cope with high prescription or insurance costs. Such costs, after all, are good for business. Just like electricity deregulation.

I have no doubt the public health care system can be more efficient. But the route the Stelmach government is taking is sheer madness. It does not see the folly of allowing business people, rather than those with knowledge in health care, to make such decisions from afar. It does not see the irrationality of centralizing control of the health system while decentralizing payment. It does not see the inhumanity of its approach for those who are frail or ill or disabled. It claims to be preserving health care for the future while denying that very care in the present.

If public health care is not sustained in Alberta, it will be because the Stelmach government, deliberately or callously or ignorantly, refused to sustain it. And we must not let that happen.

# **Comprehensive public health care is not only sustainable . . . it's a bargain!**

by

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Distributed by SALT, the Seniors Action and Liaison Team, a self-financed group of seniors concerned with social justice issues.  
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