Montreal Economic Institute
Ideas for a More Prosperous Nation

"Health Care" Series

ECONOMIC NOTE

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The Role of the Private Sector in the Quebec Health Care System: A Glimpse At Existing Fees

Potential roles for private financing in the health care sector are a recurring topic of debate – and often of controversy – in Quebec and elsewhere in Canada. A committee headed by Claude Castonguay, established in the latest budget, is also examining this issue and is to deliver its report in the fall. In the wake of these discussions, this Note aims to look into private payments that already exist in Quebec and put them into categories for a better understanding of their nature.

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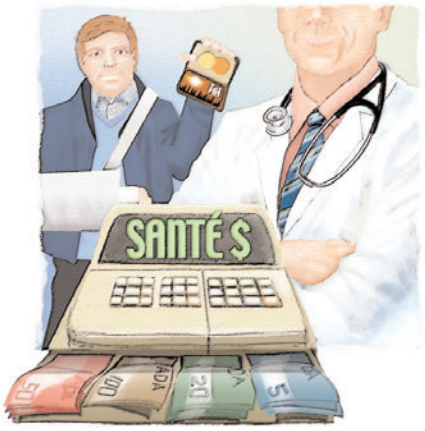
Here, unlike the situation in most other OECD countries, imposing user fees on health care services insured by the public system is deterred by legal measures.[1] In the Quebec health care system, such contributions exist only for the drug insurance plan, in the form of deductibles and co-payments. There do, however, exist many instances where patients may spend out of their pockets to obtain certain health care services, including some that are insured by the public system. Many patients agree to "get around" the prohibition on the user fee principle as a way of obtaining specific services. Such spending generally provides for faster access or higher quality of care and services (including accessory products).



Total private health care spending in Quebec was estimated at $8.6 billion in 2006, or 28.4% of overall health care spending, up from 20.3% in 1981.[2] The current share is comparable to the Canadian average of 29.7% and slightly below Ontario's 33% level. The services provided by the private sector differ in nature. About 29% of spending goes toward uninsured services (based on regulations) such as dental care, optometry, physiotherapy and others. A further 41% is spent on drugs, 4.2% on hospital services, 14% on services in other health care establishments, and the rest on other expenditures and administrative costs.

Uninsured services

It is useful, first of all, to remember that not all health care services are covered by the public health insurance plan. Only "medically required" services are insured. The government also has the authority to exclude services it designates from the public insurance plan. Some services are covered only for specific client groups, based on age or economic status, and yet others in hospitals only. Among the broad range of health care services, some are covered entirely by the public system, some rely 100% on private spending, and others are partly covered by each.

Services provided for cosmetic reasons, as well as acupuncture, psychoanalysis, refractive eye surgery, certain vaccinations, remote consultations and visits just for renewing a prescription or obtaining a health certificate are generally not covered. The same applies to dental care, except for children under 10 or welfare recipients. Eye examinations are insured only for children

1. This applies both under the *Canada Health Act* and under provincial health insurance laws. For a review of user fees in OECD countries, see in particular Joanne Castonguay, Claude Castonguay, Claude Montmarquette and Ian Scott, *Analyse comparative sur le financement de la santé,* CIRANO, May 2007, http://www.cirano.qc.ca/pdf/publication/2007RP-04.pdf.
2. Canadian Institute for Health Information, *National Health Expenditure Trends (1975-2006)*, 2006, http://secure.cihi.ca/cihiweb/products/national_health_expenditure_trends_1975_2006_e.pdf.

under 18 and for persons 65 and over. The purchase, adjustment or replacement of glasses or contact lenses is not covered at all.

Some companies provide examinations for detailed health assessments, often intended for senior managers ("executive health") or for other employees in connection with their work. The price of these full assessments may exceed $1,000. This type of examination is not insured since it is preventive in nature.

Thus, from the beginning, the government did not hesitate to exclude coverage of some services it found too costly for public health insurance. It is possible to take out private insurance for these services, and any doctor practising in the public system can also offer private uninsured services (without even any minimum time working in the public system).

Services from doctors who are outside the public system

Another particularity of the Quebec health insurance system strikes down any notion that it prevents someone from obtaining insured services more quickly than other people. We know that Bill 33, adopted in response to the Supreme Court of Canada decision in the Chaoulli case, will soon allow private insurance for three types of surgery (hip, knee and cataract) performed by doctors who are outside the public system. It is easy to forget, however, that it has always been possible to deal with these doctors for any type of medical care; only insurance is forbidden (for services covered by the public system). Someone wealthy enough to pay all fees charged by a doctor who is outside the public system has always had access to faster treatment.[3] The prohibition serves only to prevent people of more modest incomes from subscribing to private insurance and being able to do the same.

Services covered only in hospitals

Other types of service are covered only in hospitals. These include laboratory analyses or specialized tests such as ultrasound, CAT scans, magnetic resonance imaging (MRI) tests and injections for varicose vein treatment. Patients who choose not to wait in the public system have the option of out-of-pocket payments for faster service in a private setting.

Since these services are considered uninsured outside a hospital, private insurance is allowed. Many health care professionals who work for public hospitals choose also to provide some services in private clinics.

It is noteworthy in this regard that, at the start of 2006, Quebec accounted for nearly half the MRI machines in private establishments in Canada (15 out of 32).[4] Taking the average rate of use of these machines and the $800 average fee for a test in the private sector, it can be estimated that the annual value of services provided in the private sector for these tests alone comes to $28 million.

The range of services insured by the public plan has changed over time in response to several considerations, including budgetary constraints, decision-makers' ideas as to what should be covered, and pressures from various interest groups. For example, physiotherapy in private practice has not been insured for persons under 65 since 1988, and optometry has not been covered for those aged 18 to 40 since 1992 nor for those aged 41 to 65 since 1996.[5] Meanwhile, certain vaccinations and treatments may have been added to the list of insured services.

Fees for related or higher-quality services

There are also fees, whether or not of a medical nature, for greater patient comfort or for higher-quality devices than what the public system covers. For example, a patient may spend up to $210 a day for access to a private room with telephone, private bathroom and adjacent lounge in a hospital. Fees are sometimes required for services such as clothes washing, television or the cafeteria.

Most of the time, devices for coping with physical deficiencies (including hearing aids or visual aids) are covered only under

There do exist many instances where patients may spend out of their pockets to obtain certain health care services, including some that are insured by the public system.

3. One example is Dr. Luc Bessette's MD-Plus Medical Clinic. Overall, there are 131 doctors in Quebec outside the public system out of 19,000 doctors registered with the Collège des médecins.
4. Of the estimated 56 MRI machines in Quebec, 15 are in the private sector. Canadian Institute for Health Information, *Medical Imaging Technologies in Canada, 2006 – Supply, Utilization and Sources of Operating Funds*, December 2006, http://secure.cihi.ca/cihiweb/en/downloads/mit_analysis_in_brief_e.pdf.
5. Conseil médical du Québec, *L'apport complémentaire du secteur privé aux services médicalement requis d'un système de santé modernisé*, octobre 1999, http://www.csbe.gouv.qc.ca/site/download.php?f=e93803a8b49895d01058153058698f1b.

Table 1

Categories of health services subject to private spending

Types of services	Examples of services	Examples of suppliers
Uninsured by the public system i) Services not insured because of their nature	Dentistry, optometry, cosmetic services, psychoanalysis, checkups	Lasik MD, Medisys
ii) Services provided by a doctor who is outside the public system	Any	MD-Plus
iii) Services provided by employers, organizations or associations to their employees or members	Any	Groupe Chaoulli
Services covered only in hospitals	Laboratory analyses, ultrasound, specialized tomography, MRI tests	Réso-Concorde
Appointment search services		Medecina
Accessory spending required by a doctor	Anaesthetics, forms, IUDs (the legality of other spending for equipment and support staff is uncertain)	Rockland MD
FCosts for greater quality or comfort	Private rooms, clothes washing, fibreglass casts, higher-quality prostheses, etc.	

strict conditions (for instance, a handicap must reach a precise threshold of severity) and only for a basic amount. A patient who wants a higher-quality device or optional components can pay a supplement. For example, a basic lens following cataract removal is covered by the public system, but a higher-quality model may cost between $200 and $500. A plaster cast is covered whereas a fibreglass cast will cost about $50.

It has always been possible to have access to faster treatment from doctors outside the public system. The prohibition of private insurance serves only to prevent people of more modest incomes from being able to do the same.

Fees for appointment search services

A search service for medical appointments recently set up shop: Medecina offers services to its clients that include finding appointments with medical specialists (inside or outside the public system) within 72 hours, for a fee of $100 to $300. This amount does not include the fees charged by doctors who work in the private sector, where applicable. The company has stated that the specialists it worked with were filling in for unexpected cancellations.

An investigation by the Quebec health insurance board (RAMQ) concluded that Medecina's activities contravene the Health Insurance Act, not because it collects money from patients for making quick appointments but because it makes direct payments to some medical specialists who are inside the system, with these payments applied to office and administrative costs.[6] One thing is clear: the permanent presence of waiting lists is what makes this type of service possible and attractive.

The Groupe Chaoulli, a new organization founded in May, seeks to give access to private services provided by doctors who are in the public system, in exchange for an annual fee. This outfit aims to make use of a loophole in regulation by presenting itself as an intermediary: a service provided by a professional, based on an agreement or contract with an employer, association or organization to provide insured services to its employees or members, is not considered to be insured under the public

6. RAMQ, *Rapport d'enquête – Société en commandite Medecina*, May 23, 2007, http://www.ramq.gouv.qc.ca/fr/publications/documents/depliantscitoyens/rapport_enquete_medecina.pdf.

system and can thus be covered by a private health insurance contract. Public bodies such as the Quebec automobile insurance corporation (SAAQ) and the workplace health and safety board (CSST) use this exception or a similar provision to send their beneficiaries for faster care in the private sector, thereby saving part of the income replacement costs. The government thus denies to citizens what it allows for itself.

Accessory fees

The billing of "accessory fees" set by regulation (or by agreement between the ministry of health and the doctors' federations) is already allowed under the Health Insurance Act. However, accessory fees that are currently permitted are very limited. According to the general practitioners' billing guide, a doctor may be reimbursed only for the cost of drugs, anaesthetics or IUDs or for filling out certain medical forms.

Public bodies such as the SAAQ and the CSST already send their beneficiaries for faster care in the private sector. The government thus denies to citizens what it allows for itself.

This list is soon expected to expand, however, when modifications contained in Bill 33 (*Act to amend the Act respecting health services and social services and other legislative provisions*, L.Q. 2006, c. 43) come into effect. This bill creates an obligation to display these fees; this suggests that they may take on greater importance in the near future. A spokesman for the minister of health stated that accessory fees will be clearly defined.[7]

A number of doctors have not waited for legislative or regulatory modifications to start billing a whole series of accessory fees not mentioned explicitly in any regulation or agreement. These fees generally apply to the use of a private operating room, equipment or support staff. A peculiar aspect of this model is that some of the doctors who bill accessory fees are inside the public health insurance system. These fees enable them to obtain extra amounts from private sources with patients' consent.[8] When Bill 33 comes into effect, the situation should become clearer, letting everyone involved know exactly what is happening with respect to what is or is not allowed.

Conclusion

In the last 25 years, the share of private spending in health care has undergone a substantial increase. People in Quebec have always assumed the cost of certain private health care services, and this is a growing phenomenon beside the public system. This is happening alongside changes in public opinion: a Léger Marketing poll ordered in September 2006 showed that 60% of Quebecers would agree to the government allowing those who so desire to pay extra for obtaining faster access to health care services.

The possibility open to users of paying extra to obtain health care services is not bad in itself, but taking advantage of grey areas in the law can only damage citizens' confidence in the health care system, whether public or private. The presence of the private sector in the health care system should not be feared, since it has always played a major role. The government should examine consistent and rational solutions allowing for an increase in the level of services by carving out a flexible and intelligent role for the private sector.

7. Aaron Derfel, "Loophole allows clinic fees", *The Gazette*, January 25, 2007, p. A2.
8. This, for example, is how Dr. Fernand Taras's Rockland MD complex operates. Although the opening of this business created substantial media reaction since it was the first project of its type and size, its doctors are far from alone in billing accessory fees not clearly inside any regulatory framework. The health insurance board's investigation of Rockland MD and Opmédic concluded that these fees are illegal. Other surgical clinics have also adopted this practice, sometimes going back several years.

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