

Health care affordability in Alberta

Where are costs rising?



Total health spending is up significantly since 1997. **BUT** the pieces of the system that are public, like hospitals and emergency services, are not up significantly. What pieces have gone up? It is the spending in the “Other” category which is heavily driven by prescription drug costs.

Spending on prescription drugs is rising faster than anything else in the health budget, increasing 50% faster than the overall health budget. Drugs have become the second most costly component of health-care spending in this country. Why are drug costs so out of control? In the early 1990s, patent laws were changed by the Mulroney government to increase patent protection for drug companies from 7 to 20 years. What does increased patent protection do? It removes competition and allows big pharmaceutical companies to overcharge patients for needed drugs.

Alberta can't afford privatization

Private Insurance is another big ticket item. Private health insurance premiums have been rising at rates far in excess of inflation - in the double digits. Vision care is one of the services that has been de-insured. This resulted in a 17% jump in vision care costs in one year alone. Canada already has amongst the highest level of private insurance for developed nations in the OECD. Going any further down this road leads only to an Americanized health system.

Private insurance means not only higher costs but denied care. According to Statistics Canada surveys, almost half of all working Canadians do not have workplace health benefits. And, as insurance costs skyrocket, fewer employers are offering benefits. Also,

insurers are reducing what they cover, putting in caps, co-payments, deductibles and limits for pre-existing conditions.

Private delivery is another area that is driving costs up. Higher administrative, marketing costs and higher CEO salaries mean private for profit health care costs an average of 19% more. Private health corporations also have to extract profit from the health care system. The result – higher costs, worse care, or both. Private delivery cuts corners and the quality is not as good. Death rates are significantly higher in private hospitals.

Are seniors driving costs up?

According to research by the Parkland Institute and the Canadian Institute of Health Information amongst others, ageing accounts for approximately 1.32% per year. This increase has been constant and is affordable.



How do we pay for Health Care?

The government has been hinting at user fees, deductibles, private insurance and other forms of privatizing funding. These cuts don't actually control or save costs, they simply shift costs directly onto individuals, families and in some cases employers. They aren't in fact about saving money, just changing who pays and how we pay. The sole purpose is to make Minister Liepert's bottom line look better.

Albertans already have amongst the highest out of pocket health care costs in the nation at \$1619 per person.

Where are health reforms really needed?

- 1.** A Pharmaceuticals Plan - First and foremost, Alberta and the nation need a public pharmaceuticals plan. A program is needed to provide universal, affordable access to needed drugs. To control costs, patent durations need to be reduced and a program of bulk purchasing introduced (federal, provincial and territorial). Price controls also would reduce costs and emphasize generic substitutes for expensive brand-name products.
- 2.** Restore and strengthen the public system. Reverse the de-insuring of medical services which has reduced universal access to important care (i.e. physiotherapy, vision care, etc). Invest in preventive health care – the most cost-effective way to deliver good health. Stop any further licensing of for-profit, investor-owned surgical clinics. Expand the investment in affordable public continuing care options for seniors.
- 3.** Reduce wait times through better management of the system including human and financial resources. Make improvements from evidence-based best practices. Alberta has already had success in reducing wait times in the public system; let's build on those successes.
- 4.** Charge competitive tax rates. The government's first priority should be to get its revenue rates in line with other provinces, rather than cutting valued public programs.