

U.S. Senate Committee on Health, Education, Labor and Pensions
Subcommittee on Primary Health and Aging

"Access and Cost: What the U.S. Health Care System Can Learn from Other Countries"
Dirksen Senate Office Building
Room SD-430

March 11, 2014

Testimony of Sally C. Pipes
President, CEO, and Taube Fellow in Health Care Studies at the Pacific Research Institute

Thank you, Chairman Sanders and Ranking Member Burr, for inviting me to testify today. I am Sally C. Pipes, the President, CEO, and Taube Fellow in Health Care Studies at the Pacific Research Institute, a non-profit think tank based in San Francisco that's dedicated to advancing opportunity for all people through free-market policy solutions.

I'm going to focus my remarks on Canada's single-payer, "Medicare-for-All" system -- a system with which I am intimately familiar, as a native of Canada.

Many healthcare reform advocates, political pundits, and policymakers point to Canada as a shining example of the advantages of a state-run, single-payer healthcare system.

Canada is, in fact, one of only a handful of countries with a bona fide single-payer system. Government officials set the total budget for what can be spent on health care every year. Provinces and territories administer their own insurance programs, with additional funding from the federal government.¹ Private insurance is outlawed in several provinces.²

This is the sort of system that many are calling for here in the United States. They want to abolish private insurance and leave government as the sole source of health coverage.

¹

http://www.commonwealthfund.org/~media/Files/Publications/Fund%20Report/2013/Nov/1717_Thomson_intl_profiles_hlt_care_sys_2013_v2.pdf

² <http://www.theglobeandmail.com/life/health-and-fitness/whos-fighting-for-private-health-insurance-in-canada/article4568340/>

But the Canadian system is one that would not be suitable for America. Officials severely restrict patient access to care. And those restrictions saddle patients and their families with massive monetary and non-monetary costs. Or, to frame this in the terms of the title of this hearing: If you're looking for lessons from healthcare systems abroad, Canada shows us exactly what not to do.

Let's start with wait times. In order to keep a lid on healthcare costs, Canadian officials have to ration care. And when the government rations any product, including health care, the inevitable result is scarcity.

The average Canadian must withstand a lag between his initial request for medical services and his actual treatment that the typical American patient would find totally unacceptable.

According to the Canada-based Fraser Institute, the average Canadian patient has to wait over 18 weeks between referral from a general practitioner -- the equivalent of a primary-care doctor here -- and elective treatment from a specialist.³

Let me repeat that: Right now, the average Canadian getting an elective medical service has to wait *four-and-a-half months* between being recommended for treatment by their primary care physician and actually receiving it.

"Elective treatment" doesn't mean Botox or a tummy tuck. We're talking about the likes of orthopaedic surgery and neurosurgery.

And wait times are only growing longer. The average lag period has been on a steady upward trajectory in recent years. The 18-week delay plaguing Canadians today is 91 percent longer than the average wait time in 1993.⁴

³ <https://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/waiting-your-turn-2013.pdf>

⁴ <https://www.fraserinstitute.org/research-news/news/display.aspx?id=19709>

This problem isn't confined to specialty care. At any given time, about 17 percent of the Canadian population -- roughly five million people out of a total population of 35.1 million -- is waiting to gain access to a primary care doctor.⁵

There's also a severe shortage of essential medical equipment. For instance, Canada ranks 14th among 22 OECD countries in MRI machines per million people,⁶ with an average wait time to use one at just over eight weeks.⁷ And it ranks a dismal 16th of 23 OECD countries in CT scanners per million people,⁸ with an average wait time over 3.6 weeks.⁹

These lengthy waits have profound consequences not just for patients who are suffering but for the rest of society. When people aren't treated in a timely fashion, their conditions worsen and their health deteriorates. Their productivity drops, or they have to stop working entirely. And they often end up requiring significantly more expensive and extensive treatments, which are costly for the overall healthcare system.

One estimate from the Center for Spatial Economics found that wait times for just four key procedures -- MRI scans and surgeries for joint replacement, cataracts, and coronary artery bypass grafts -- cost Canadian patients \$14.8 billion every year in excess medical costs and lost productivity.¹⁰

Once Canadian patients finally receive medical treatment, it's far from "free." The Canadian government heavily taxes its citizens to pay for their single-payer system. About 68 cents out of every dollar in government revenue goes to covering healthcare costs.¹¹

⁵ Sally notes.

⁶ <http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/value-for-money-from-health-insurance-systems-2012.pdf>

⁷ <https://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/waiting-your-turn-2013.pdf>

⁸ <http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/value-for-money-from-health-insurance-systems-2012.pdf>

⁹ <https://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/waiting-your-turn-2013.pdf>

¹⁰ <https://www.fraserinstitute.org/research-news/news/display.aspx?id=20470>

¹¹ <https://www.fraserinstitute.org/research-news/news/display.aspx?id=19709>

Yes, patients may only have to pay a nominal fee at the time services are rendered. But the typical Canadian family pays about \$11,300 in taxes every year just to finance the public health insurance system.¹²

And that price is going up. The Fraser Institute estimates that over the last decade, the healthcare tax burden for the average Canadian family has increased one-and-a-half times faster than the average income.¹³

That's unsustainable.

Technically, every Canadian has access to needed healthcare services. But, in reality, long waits and the scarcity of medical technologies leave many untreated. What good is government-provided insurance if you have to wait months to be treated for a severe condition?

In 2005, Madam Chief Justice Beverly McLachlin of the Canadian Supreme Court made precisely that point in a ruling overturning the ban on private health coverage in Quebec. Justice McLachlin wrote that "access to a waiting list is not access to health care."¹⁴

That's exactly right. Her colleague at the time, Madam Justice Marie DesChamps, who retired in 2012, went even further: "The idea of a single payer system without waiting lists is an oxymoron."

Those Canadians who can afford to do so have simply opted out of their healthcare system. An enormous number jump the queue for care in their native land and travel to the United States to receive medical attention. In 2012, over 42,000 Canadians crossed the border to get treated.¹⁵

¹² <https://www.fraserinstitute.org/research-news/news/display.aspx?id=19709>

¹³ <https://www.fraserinstitute.org/research-news/news/display.aspx?id=20232>

¹⁴ <http://www.globalhealthrights.org/wp-content/uploads/2013/02/SC-2005-Chaoulli-v.-Quebec-Attorney-General.pdf>

¹⁵ <http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/articles/leaving-canada-for-medical-care-2012.pdf>

Not coincidentally, many of these line-jumpers are part of Canada's political elite. The Canadian healthcare system may be good enough for their constituents, but it's apparently not good enough for them.

In 2010, the premier of Newfoundland, Danny Williams, flew to Florida for heart valve surgery. When questioned about the decision, he said, "This was my heart, my choice and my health. I did not sign away my right to get the best possible health care for myself when I entered politics."¹⁶

Millions of ordinary Canadians would surely love to have that option.

Canadian Member of Parliament Belinda Stronach spent her career vigorously opposing any privatization of the national health system. But when she was diagnosed with breast cancer in 2007, she flew to Los Angeles for surgery -- and paid the bill out of pocket.¹⁷

And wait times aren't unique to Canada. Other government-dominated healthcare systems suffer from them, too. A recent survey from Britain's *Daily Mail* shows that one in every three British citizens can't get a same-day appointment with their primary care doctor. One in five fail to get a consultation within seven days.¹⁸

Canadians are getting fed up. They know their system isn't all it's cracked up to be. Indeed, Anne Doig, former head of the Canadian Medical Association, has called the system "sick" and "imploding."¹⁹ Dr. Brian Day, an orthopedic surgeon in Vancouver who runs the private but illegal Cambie Clinic, pointedly quipped to the *New York Times* that Canada is a

¹⁶ http://voices.washingtonpost.com/checkup/2010/02/canadian_premier_has_heart_sur.html

¹⁷ <http://news.nationalpost.com/2012/11/02/healing-with-dignity-belinda-stronach-aims-to-highlight-breast-cancer-surgery-option-unavailable-to-canadian-women/>

¹⁸ <http://www.dailymail.co.uk/news/article-2570597/Three-week-wait-doctor-Millions-patients-denied-prompt-appointment-GP.html>

¹⁹ <http://www.youtube.com/watch?v=igI5wFIA3ss>

country where a dog can get a hip replacement in less than a week, but his owner would have to wait two years.²⁰

I've seen the failures of Canada's system firsthand.

A few years ago, my mother suffered from severe stomach pain and suspected that she might have colon cancer. Her primary-care doctor ruled out that possibility following an X-ray. When she asked about getting a colonoscopy, she was told that she was too old; there were too many younger people with serious symptoms who were already on a six-month waiting list for the test.

Within four months, she had begun hemorrhaging and lost 35 pounds. After two days in the emergency room and two in a "transit lounge," she finally got a colonoscopy. Sure enough, she had colon cancer. She died two weeks later.

Who knows how much more time we could have had with her, if her doctor had been committed to treating her cancer early on?

Here in the United States, there are some limited, Canada-style single-payer experiments underway. The Veterans Administration's health system is the most notable.

But the VA system suffers from exactly the same costly problems as the Canadian one. Hundreds of thousands of veterans are currently waiting to see a doctor for a disability determination.²¹ Patients seeking acute mental health services still suffer weeks-long waits.²² And according to CNN, at least 19 veterans have died because of treatment delays in VA hospitals.²³

²⁰ <http://www.nytimes.com/2006/08/23/world/americas/23canada.html>

²¹ <http://news.medill.northwestern.edu/chicago/news.aspx?id=228642>

²² <http://www.usatoday.com/story/news/nation/2013/11/04/veterans-mental-health-treatment/3169763/>

²³ http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=6b44c3eb-fc40-493c-ab42-a91274c8e3d0

I urge the committee to resist calls to bring America closer to a single-payer system. Canada shows us what's in store if we follow its lead: rationing, long waits, poor quality of care, dangerous scarcities of vital medical technologies, and unsustainable costs.

That's no way to run a healthcare system.

Instead, we need a renewed focus on injecting genuine market competition and choice into the health system. We need to scale back top-down controls on treatment. And doctors need to be empowered to customize care to individual patients.

Thank you for your time. I look forward to answering your questions.

###

*Sally C. Pipes is President, CEO, and Taube Fellow in Health Care Studies at the Pacific Research Institute, a position she has held since 1991. A former Canadian, Ms. Pipes has authored several books on health care, including *Miracle Cure: How to Solve America's Health Care Crisis and Why Canada Isn't the Answer (2004)* and *The Cure for Obamacare (Encounter Broadside, 2013)*.*