

Will it be third time lucky for Ralph Klein?

Richard Cairney

After 2 unsuccessful attempts to produce legislation allowing private clinics to perform surgery requiring overnight stays, Alberta Premier Ralph Klein is coming to bat for the third time. In November, he delivered a province-wide address about his government's plans to allow private health centres to work for the public health system. The televised speech, which drew a 5-page letter from federal Health Minister Allan Rock, signalled a light at the end of the tunnel for Tom Saunders, CEO at the Calgary-based Health Resources Group (HRG).

This private, for-profit surgical clinic conducts day surgery for third-party insurers,¹ and since opening 2 years ago it has been lobbying tirelessly for the change proposed by Klein. And now that the premier himself has become involved in such a high-profile manner, with legislative changes promised for the spring, Saunders is delighted. "There's no turning back," he says.

The legislation, which Saunders considers a *fait accompli*, will allow Alberta's 17 regional health authorities to contract surgery to private facilities such as HRG. However, the policy will only allow such deals if they improve access, efficiency or reduce waiting lists within a health region. Private firms would not be allowed to charge patients a facility fee — charges beyond the bill for the procedure itself — and no patient will be allowed to get faster service because of an ability to pay for it. Doctors will be paid the same for a given procedure as the amount spelled out in the fee schedule negotiated with the Alberta Medical Association.

It sounds simple but the scheme has

met solid resistance among Albertans, who worry that Klein is ushering in two-tiered, American-style health care. Twice the province steered HRG's request to conduct more complicated procedures, such as joint replacements, to the provincial college, which twice refused to approve the request. And in 2 consecutive sessions, legislation to allow HRG broader scope died on the order paper. HRG itself has been engaged in a battle for the hearts and minds of Albertans, going so far as to sue the province's New Democratic Party and the party leader for defamation. HRG currently operates 37 inpatient beds, 8 day-surgery beds and 6 postop beds in Calgary's decommissioned Grace Hospital.

When Klein says health authorities are better off using a private firm's facilities than building their own, it rubs Greg Flanagan the wrong way. Flanagan, a health care economist in Calgary, says a public hospital's costs would not decline if it transferred joint-replacement services to HRG. Fixed costs of running hospitals and keeping beds open remain the same whether they conduct joint replacement surgery or not, he argues. By contracting services out to private clinics, per-bed operating costs will rise. Similar contracting-out agreements are already in place for other procedures, such as cataract removal, Flanagan observes, but competition to provide those procedures is stiff, with several eye-surgery centres operating in Calgary. As well, technology has reduced the cost of those operations.

Saunders argues that HRG won't have to rely solely on regional health authorities for patients because it already has other clients, such as work-

ers' compensation boards in Alberta, the Northwest Territories and the Yukon. It also and performs some day surgery for the military. And he says HRG could perform joint replacements at a lower cost than taxpayer-funded facilities.

"If you specialize, you no longer have all the costs of an acute care hospital — there's no ER that is full one day and empty the next, no ICU — an acute care hospital has to service all needs," says Saunders. "We don't have all of those costs and therefore we don't have the same huge infrastructure that requires many more people." He also cites the toll that languishing on a waiting list can take. "Nobody calculates those costs," he says.

Saunders is up front about HRG's profit-driven nature and scoffs at suggestions that other provinces contract out medical procedures to "nonprofit" surgical clinics. "People say that at least the Shouldice Clinic in Toronto is nonprofit. . . . Well, who do they think they are kidding? They might, under taxes, be nonprofit, but don't try to convince me they work for nothing."

In the larger scheme of things, he insists, it isn't about profit. It's about improving the public health system. "This really gives us a chance to go from worst to first in terms of access rather than sticking our head in the sand and saying, 'Oh no, the way we have been doing it is the best way and we can't allow it to change.'"

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Reference

1. Cairney R. New private facility woos public dollars in Calgary. *CMAJ* 1998;159(5):551-2.