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Health care delivery in America
Why Canada does it better

by Abby Madan

Health care in America has generated a tornado of talk since President Obama signed the Affordable Care Act *into law in 2010—the first major health care reform in the U.S. in nearly half a century.*

The *Affordable Care Act* (or, Obamacare) and its impact on health care delivery remains a polarizing issue. Nearly 11.7 million people signed up for coverage in 2015 and, by 2022, Obamacare is projected to reduce the number of Americans without health insurance by 30 million and increase total health spending by around $621 billion.

Still, when any major political change takes place, it's not unusual for some Americans to declare they are fed up and threaten to move to Canada. Most of the time it's an empty threat (even though around 8,500 Americans do migrate North each year, according to a report by Citizenship and Immigration Canada), but it warrants discussion: which country does health care better?

What does health care coverage in Canada look like?

Canada has a single payer universal healthcare program for every legal resident. All Canadians are covered through a publicly funded plan for life. A patient has the freedom to choose from which physician or hospital they wish to receive care. The patient never

sees any medical or insurance bills, and doesn't have to worry about losing health insurance if they lose their job.

Canadian health care is funded by tax revenues and administered by the provinces (Kirby and LeBreton 2002). Tax payments to fund health care are progressive. Canadians also buy supplemental private insurance for services not provided under public care, such as dental and vision care and prescription drugs. For the average Canadian, 70.5% of all health care costs are covered by the government and the rest is covered by private insurance and out-of-pocket spending (Canadian Institute for Health Information 2014, 32). These numbers have remained relatively stable since 1997.

Health care costs in Canada are low because physician fees are pre-determined at rates set by the government, and physicians are represented by medical associations to negotiate these fees. Moreover, prescription drug prices are kept relatively low because pharmaceutical companies negotiate their prices at the federal level. Most of all, Canada's health delivery system is built on the idea that healthcare is a human right, and not a business.

Unlike Canada, America's pluralistic system means that patients access health care through different ways. Over 159 million Americans access care through health insurance plans offered or subsidized by their employer. Nearly 70 million low-income Americans receive care through the Medicaid program (Paradise 2015); and almost 50 million elderly and disabled are insured through the Medicare program (Kaiser Family Foundation 2012).

In 2013, there were 42 million individuals in the United States without health insurance (Smith and Medalia 2014, 3). However, the implementation of the *Affordable Care Act*, including the requirement that most Americans purchase health insurance, the subsidization of care through the health exchange, and the expansion of Medicaid in many states has demonstrated a net increase of 16.9 million people with health insurance from late 2013 to early 2014 (Kowalski, 2014). During the same time period, the number of uninsured Americans fell from 42.7 million to 25.8 million (Carman, Eibner and Paddock 2015).

Health care should be based on need rather than ability to pay

Within the U.S. system, health care is treated as a service, not a right. Even though the *Affordable Care Act* is expanding coverage and making health insurance more affordable, level of care is still dependent on the level of coverage one can afford, not how much is needed. In fact, the U.S. is the only industrialized democracy in the world without universal health care.

America's health care delivery system is composed of corporate oligopolies. This past summer, leading health insurance company Anthem announced its plans to buy its

rival Cigna for $54.2 billion. The merger comes on the heels of insurance giant Aetna's acquisition of Humana for $37 billion. Insurance mergers hike health care costs across the country and restrict access to care (Dafny et al 2012). A 2010 study by the American Medical Association found that in nearly half of U.S. states, three health insurance carriers control more than 70% of the market.

Fewer players in the market mean fewer options for patients and higher premiums. In September 2015, the AMA released a report on these two mergers, stating that they will significantly decrease competition between insurance companies in 23 states. AMA President Steven J. Stack says, "If a health insurer merger is likely to erode competition, employers and patients may be charged higher than competitive premiums, and physicians may be pressured to accept unfair terms that undermine their role as patient advocated and their ability to provide high-quality care" (American Medical Association 2015).

For-profit hospitals are more responsive to financial incentives than non-profit and government-run institutions (New York Times 2013). This means they are less likely to offer services such as mental health or psychiatric care, which are not as profitable as cardiac surgery (Horowitz 2005).

This is not to suggest that the quality of health care in America is weak. In fact, if you live in a big city and can afford it, you can get some of the world's most advanced surgical procedures and treatments for cancer and chronic illness.[1] But there are significant pockets of the population for whom access to quality care remains out of reach.

Why America's system is more inefficient

The U.S. spends much more money than Canada on health care, on both a per-capita basis and as a percentage of GDP. In fact, by any measure, America spends more money on health care than any other country. Canada spends roughly 60% of what the U.S. does and manages to cover the entire population (Ridic et al 2012).

In the U.S. there are thousands of different "payers" of healthcare. Health Maintenance Organizations (HMOs), managed care companies, private insurance companies, billing agencies, and others cumulatively generate an exorbitant amount of waste. Dr. Uwe Reinhardt, a prominent scholar in healthcare economics, described the wasteful overhead in the Duke Medical System at a U.S. Senate Finance Committee hearing in 2008: "We have 900 billing clerks at Duke. I'm not sure we have a nurse per bed, but we have a billing clerk per bed…it's obscene" (The Oregonian, 2011).

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1 However, according to a 2009 study by the Urban Institute, comparisons between the U.S. and Canada often find that Canadian quality is better.

Under a single payer system, providers bill one organization for all services. In the U.S., this would not only significantly reduce waste, but it would also guarantee that every American resident receives the care they need. Americans without health insurance do not have access to early prevention services, which means they might go without care until conditions that were once easily managed turn into medical emergencies, leading them to use the emergency room as their primary care. Not only does this cost hospitals an enormous amount of time and money to get paid for these visits, but these costs also raise the overall health care bill for all Americans.

In 2012, the Institute of Medicine issued a report estimating that $690 billion were wasted in U.S. health care annually, due to higher prices, administrative expenses, and unnecessary health care services (Lallemand 2012).2 The absence of a single payer health delivery system is costing Americans more money. Improving accessibility to preventive care may significantly reduce the burdens of cost faced by the nation as a whole, and would increase overall access to care.

An MRI that costs about $1200 in the United States will cost about $824 in Canada, primarily due to lower administrative costs, according to a 2010 Health Affairs study (Kliff 2013). The same study found that doctors in Ontario spend $22,205 annually under the single payer program, whereas American doctors spend $82,975 each year dealing with the numerous private insurance companies, Medicare, and Medicaid.

Neither model is perfect

Neither health care delivery model is perfect. The single payer system in Canada is better for patients, since it is less wasteful and more efficient in distributing access to care. But Canada's system is not without problems. The main concerns in Canada are the lack of new technology and the long wait times.

Access to expensive, high-tech medical equipment in Canada is limited. Single payer limits the use of new technology to only certain hospitals to reduce costs. This decision-making power extends to investments in hospitals, physician licensure, and the location of recent medical graduates, leading government regulators to have less incentive to innovate and invest in new technologies.

Meanwhile, in America's for-profit system, decisions about the acquisition and use of new technology do not need the approval of the state and are made by individual providers. Patients can get access to costly procedures quickly, even when there is no urgent medical need. Whether it's a dermatologist appointment, a hip replacement,

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2 Another category of waste is fraud and abuse, such as fake medical bills and scams. However, this was not factored into the 2012 study. A study published by American Medical Association in 2012 estimates that fraud and abuse in health care cost the U.S. at least $82 billion in 2011 (Berwick & Hackbarth, 2012).

or a nose job, chances are you can get an appointment for surgery within days. But in Canada, long wait times continue to be a challenge. According to the Fraser Institute, in 2014, patients could expect to wait 9.8 weeks for medically necessary treatment, and the average ER wait time is 4 hours (Barua and Ren 2015).[3]

Without a doubt, wait times can have a negative impact on the productivity of patients and their ability to participate fully in life. A patient faced with long wait times may deal with reduced productivity in the workplace, diminished ability to engage with family and friends, and increased stress, among other concerns. Treatment delays are particularly hard on vulnerable social groups such as the elderly. Since 2005, Canada has introduced many initiatives to reduce wait times. The Wait Time Alliance reported in 2014 that substantive and sustained progress is being made, but more efforts still need to be made to substantially shrink the waiting gap (Wait Time Alliance 2014).

But the United States has its own issues with wait times. Americans are more likely to wait for an office-based medical appointment that is not very profitable (Mossialos and Wenzl 2015). In much of the U.S., you can expect to wait up to several weeks for such office appointments – or longer if you need to find a doctor who accepts your insurance plan or care program. A 2014 survey of patient appointment wait times found that the average wait time for a physician in Boston is 45.4 days (Miller 2014). About 636,000 veterans had to wait at least 30 days past when they wanted to be seen for medical appointments (USA Today 2014).

The future of health care: a transformation of health care delivery

Both the U.S. and Canadian systems have much room for improvement, and both are currently experiencing a transformation of healthcare delivery and payments. Technology, particularly the combination of smartphones and sensors, has the potential to make healthcare delivery simple and more efficient. Eric Topol, author of *The Patient Will See You Now*, writes, "We are about to see a medical revolution with little mobile devices… smartphones will play a role well beyond a passive conduit. They will perform blood tests, medical scans, and even parts of the physical examination."

But the adoption of information technology needs to be accelerated to increase accessibility and quality of health care services for patients, and it needs to be driven by the intention to improve quality of care for all. The widespread use of telehealth should also be a priority.

Ultimately, an equitable, accessible, and efficient health care delivery system is the hallmark of a country's success. And a single payer, publicly funded, universal health insurance system is a better way to strive for these goals.

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3 During the two years I volunteered in the emergency room of a Toronto hospital, I recall countless times someone with a concussion or a broken arm would wait more than eight hours.

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Abby Madan is completing a BA in Political Economy at the University of California, Berkeley. Prior to joining the Wilson Center as an intern, she worked at Human Rights Watch in New York producing a critical-comparative analysis of new constitutions of Middle Eastern countries post Arab Spring, and conducted policy research on urban redevelopment in Mumbai with PUKAR, an urban research collective. Her academic, professional, and volunteer experiences, domestically and abroad, have all fostered her passion for human rights and public policy.

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Woodrow Wilson International Center for Scholars
One Woodrow Wilson Plaza
1300 Pennsylvania Avenue NW
Washington, DC 20004-3027

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