

# POLICY BRIEF: THE FLIGHT OF THE SICK

A closer look at waiting lists and medical tourism

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## Key points:

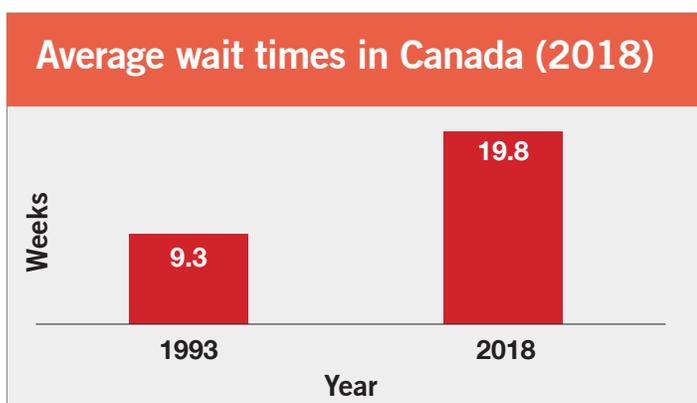
- **Canadians made over 217,500 trips to other countries specifically for health care in 2017**
- **Canadians spent \$690 million on health care in other countries in 2017, or \$1.9 million per day**

## Introduction:

As health care waiting lists have ballooned in Canada, more and more Canadians have endured pain, suffering and even death. But growing waiting lists have also resulted in lost income for Canadians and lost economic opportunities for our nation. This policy brief examines some of the economic consequences from waiting lists, notably bringing to light new details on the number of Canadians travelling abroad for health care.

## Funding up, waiting lists up:

While governments continue to ration health care in Canada, stories of patients suffering have become more and more common. Research by the Fraser Institute shows that waiting lists in Canada for medically necessary treatment have doubled over the past few decades – rising from an average of 9.3 weeks in 1993 to 19.8 weeks in 2018.<sup>i</sup>



Source: Fraser Institute

A lack of funding does not appear to be the problem.

Data from the Canadian Institute for Health Information (CIHI) shows that government spending on health care has increased far faster than inflation during those decades. CIHI data shows that per capita provincial/territorial government spending in 1993-94 was \$1,687.<sup>ii</sup> Adjusted for inflation, that is the equivalent to \$2,613 per Canadian in 2018 dollars.<sup>iii</sup> However, CIHI data shows provincial/territorial government spending is expected to reach \$4,397 per person in 2018-19.

There may be a legitimate case for reallocating a greater share of health care dollars toward some areas of the health care system. But as we will discuss later on, a lack of money does not seem to be the overall root cause of our system's woes.

## The cost of waiting lists: Think PEI's budget

Growing waiting lists not only harm the health and well-being of patients: long waiting periods also have a negative affect on Canada's economy. For example, when someone is unable to work while waiting for treatment, they not only earn less and pay less in taxes, the economy loses their output. Research suggests that in 2017 alone, hours lost during the average workweek came to \$1.9 billion – approximately \$1,822 per patient.<sup>iv</sup> Or put another way: That \$1.9 billion in lost productivity was akin to the entire amount spent by the provincial government of Prince Edward Island in 2017.<sup>v</sup>

There are other impacts on our economy related to an employee’s absence from the workforce. For example, a replacement worker might be less productive or require training costs before starting, and it could take months or even years before their productivity is as high as the worker they replaced. Alternatively, the employee that is off work might start to depend on government social programs for assistance.

But growing waiting lists also have an impact on Canada’s economy in a manner that receives far less attention – medical tourism.

### Medical “tourism”: When Canadians flee their own health care system:

When Canadians are dissatisfied with the amount of time they are forced to wait for care in our government-run health care system, some will turn to private health care providers for faster treatment. The problem is that many politicians leading Canada’s provincial governments obstruct private companies from selling medically necessary health procedures to the public – leading many Canadians to seek medical care outside the country (for example, see the B.C. government’s current case against the Cambie Surgery Centre). When this happens, Canada’s economy misses out on economic opportunities.

For example, when a patient in Winnipeg travels to Minneapolis for an MRI scan, their money leaves Canada’s economy and instead supports jobs and businesses in the United States. This leakage not only hinders Canada’s economic potential, it also represents a loss of tax revenue for the government.

To examine this issue more closely, SecondStreet.org obtained data from Statistics Canada showing the number of Canadians travelling abroad each year specifically for “medical or health reasons.” (Statistics Canada gathers

the data through random surveys of Canadians when they return to Canada.)

Using the Statistics Canada data, SecondStreet.org calculated very conservative estimates that focus strictly on the number of patients travelling abroad. Due to the small sample sizes, we did not include Saskatchewan, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island. For 2017, we calculated that Canadian patients made between 217,500 and 323,700 trips outside of the country specifically for health care.

However, if we include those who accompanied the patients, the numbers grow to 369,700 to 550,300 trips in 2017. (For example, a situation whereby a husband accompanies his wife to Minneapolis so that she can receive an MRI.)

### Canadians travelling abroad specifically for health care in 2017 (thousands)

Jurisdiction	Patients (Low)	Patients (High)	Patients + Travel Partners (Low)	Patients + Travel Partners (High)
NL	–	–	–	–
PE	–	–	–	–
NS	–	–	–	–
NB	6.1	12.7	10.4	21.6
QC	10.1	16.9	17.3	28.8
ON	154.0	208.4	261.8	354.2
MB	6.9	14.3	11.7	24.3
SK	–	–	–	–
AB	10.3	21.4	17.6	36.5
BC	30.0	50.0	51.0	85.0
<b>TOTAL</b>	<b>217.5</b>	<b>323.7</b>	<b>369.7</b>	<b>550.3</b>

Source: Calculations made with data purchased from Statistics Canada. Numbers may not precisely add up due to rounding.

Examining the total number of Canadians travelling abroad specifically for health care – in addition to those individually seeking treatment – is important, as the larger the travel party size, the greater the amount of funds spent outside of Canada. For example, when a husband and wife travel to Poland for health care, both adults would require airfare, food, lodging and other expenses. In some cases, one or more of the travelers may have participated in recreational activities that required spending money abroad, such as shopping, attending a sporting event or some kind of other recreational activity. It is unlikely that someone would attend a rock concert after open-heart surgery, but doing some shopping after a less invasive procedure – such as an MRI for a sore shoulder – is certainly possible.

### Snowbirds might push the numbers higher:

The aforementioned estimates do not include an important segment of medical tourism: those who traveled abroad for other reasons, but received health care during their trip. Including such cases would drive the figures even higher.

For example, if a snowbird is away for three months, and decides to pay for medical care while abroad, rather than wait for the service in Canada, he or she may not indicate in their survey that health care was the primary reason for their trip.

The data we obtained provides some rough estimates on the number of Canadians travelling abroad specifically for health care, but we do not know precisely why they decided to seek health care services abroad. We know that many Canadians leave the country due to long waiting lists in Canada’s public health care system. Several companies in Canada that focus specifically on connecting Canadian patients with firms offering medically necessary procedures in other countries is evidence of this problem.

However, Canadians also sometimes travel abroad for cosmetic medical treatment (eg. elective plastic surgery) or to receive procedures that are simply not available in Canada (eg. multiple sclerosis treatment in Germany). A breakdown as to the percentage of Canadian travelers that fall into each category is not available.

In terms of how much money Canadians are spending abroad on health care, Statistics Canada data shows the total was \$690 million in 2017 or roughly \$1.9 million per day. This is up 54% since 2013. During the 5-year 2013-2017 period, adjusted for inflation, Canadians spent over \$3 billion on health care abroad. To put that into context, that is more than what the New Brunswick government budgeted for health care in its 2018-19 budget.<sup>vi</sup>

Canadians’ spending on health care abroad		
Year	Total Amount	Average Per Day
2017	\$690 million	\$1.9 million
2016	\$680 million	\$1.9 million
2015	\$568 million	\$1.6 million
2014	\$480 million	\$1.3 million
2013	\$447 million	\$1.2 million

Source: Statistics Canada Table 36-10-0004-01

The above figures represent all health spending abroad – medically necessary procedures (eg. someone travelling to receive a hip replacement), elective plastic surgery and emergency situations. Further, these figures do not include unrelated expenditures during the trip – such as dollars spent on shopping, funds spent attending sporting events and other expenditures.

It is hard to identify what is driving the increase in health spending abroad as the data is limited. Part of the increase during this period could be explained by a decrease in the Canadian dollar, inflation and population growth. However, those factors fall short in explaining the difference.

What is clear is that annual expenditures on health care abroad represent a sizeable opportunity for our country; especially if Canada became a medical tourism destination. Should Canadian governments wish to reduce the funds spent abroad on health care, and see those dollars instead support Canadian jobs, one solution is straightforward: continue to fund a universal health care system, but allow Canadians more choice when it comes to purchasing services from private clinics and services permitted through private insurance.

Polling data from the Canadian Constitution Foundation (CCF) suggests Canadians are quite supportive of these concepts. According to a survey conducted in March 2018 for the CCF:

76% of Canadians agree with the statement: *“The Charter should allow patients who have been on provincial healthcare wait lists longer than the maximum recommended waiting period for their condition to pay for private treatment.”*<sup>vii</sup>

In fact, more choice in health care could be coming to Canada faster than we might think. The CCF is currently involved in an important legal case in B.C. that could allow Canadians more choice when it comes to purchasing private health insurance and choosing services outside of the public system. Considering the Supreme Court of Canada ruled in favour of consumers having more health care choices in the 2005 *Chaoulli v Quebec* case, it seems quite possible that the courts could rule once again in a similar fashion.

## The big picture: Canadians suffer from poor outcomes for dollars spent

Multiple studies have shown that Canada’s health care system does not perform as well as health care systems in other wealthy nations – including countries that also provide universal health care.

- In 2017, the Commonwealth Fund, a progressive U.S. foundation which conducts extensive health care research each year, concluded that Canada’s health care system ranked 9<sup>th</sup> out of 11 high-income countries studied.<sup>viii</sup> The United Kingdom, Australia, the Netherlands, Norway and New Zealand all ranked higher than Canada when inputs (dollars spent) were measured alongside outputs (“care process,” “access,” “administrative efficiency,” “equity,” and “health care outcomes”).
- While health care debate in Canada often focuses on comparing our current system with the United States, readers should note that the Commonwealth Fund report ranked the United States 11<sup>th</sup> out of the 11 countries it examined.
- In 2018, the Fraser Institute’s Comparing Performance of Universal Health Care Countries, 2018 examined how Canada’s health care system compared with other universal health care models in 28 high-income OECD countries. The report concluded that:

*“Canada ranks among the most expensive universal health-care systems in the OECD. However, its performance for availability and access to resources is generally below that of the average OECD country, while its performance for use of resources and quality and clinical performance is mixed. Clearly, there is an imbalance between the value Canadians receive and the relatively high amount of money they spend on their health-care system.”*<sup>ix</sup>

That is not to say Canada's health care system fails in all areas. For example, the report notes that Canada's system does well in terms of "rates of survival for breast, colon, and rectal cancers." Yet, despite spending more than the average OECD nation included in the study, Canada ranks below average when it comes to technology, physicians, acute care beds, and psychiatric beds per capita.

More broadly, with data from the Commonwealth Fund report, the authors of the Fraser Institute report calculated that Canada ranked 10<sup>th</sup> out of 10 OECD nations (with universal systems) in wait time required to meet with a specialist and wait time required for elective surgery.

## Lessons from alternative models:

During an interview with Bacchus Barrua, author of the aforementioned Fraser Institute report, he described three common features among countries that are achieving better results with their universal health care systems (Germany, Switzerland, France, the Netherlands, Australia, Sweden):

- 1. They have a different attitude towards the private sector** – Rather than seeing the private sector as the enemy, they see the private sector as a partner to help deliver services. (Including as a pressure valve that helps reduce demand on the public system).
- 2. Patients share in the cost of treatment** – Patients are required to contribute to the cost of services in an affordable manner (with limits to ensure no one has to choose between health care and their mortgage). This approach helps ensure patients think of health care as a scarce resource.

- 3. They fund their hospitals differently** – Currently, Canadian hospitals fund hospitals as a cost and provide an annual envelope of funding. However, more effective models fund hospitals based on activities performed so that there is an incentive to provide better, higher quality care and output.

## Conclusion:

Waiting lists often have a devastating effect on patients and their families. Over the past few decades in Canada, per capita government spending on health care has significantly outpaced inflation and yet many of the nation's waiting lists are getting worse, not better.

Unsurprisingly, when waiting lists impact patients and their families, more Canadians appear to be taking flight for health care abroad.

## About the Author

Colin Craig is the President of SecondStreet.org. He has an MBA and a BA (economics) from the University of Manitoba and is the author of *The Government Wears Prada* – a book that examines how Canada can meet the needs of our nation’s aging population without raising taxes.

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