

A SNAPSHOT OF THE IMPACT OF THE GROWTH OF PRIVATE SURGERY CLINICS IN ALBERTA ON PATIENTS AND PUBLIC PLAN MEMBERS

Based on Investigative Report published in 2000 by the Alberta Chapter of Consumers' Association of Canada. "The Consumer Experience with Cataract Surgery and Private Clinics in Alberta: Canada's Canary in the Mine Shaft" by Wendy Armstrong. Copies available from CAC Alberta Office (780) 426-3270 or cacab@ecn.ab.ca



Some unexpected results:

- higher prices
- higher costs
- less coverage
- less choice
- longer waits
- loss of public scrutiny
- loss of public confidence

PRESENTATION TO THE SENATE STANDING COMMITTEE (Edmonton 2002)

GROWTH IN NUMBER OF PRIVATELY OWNED "NON HOSPITAL SURGICAL FACILITIES" (IDAY SURGERY CLINICS) IN ALBERTA 1972-1999

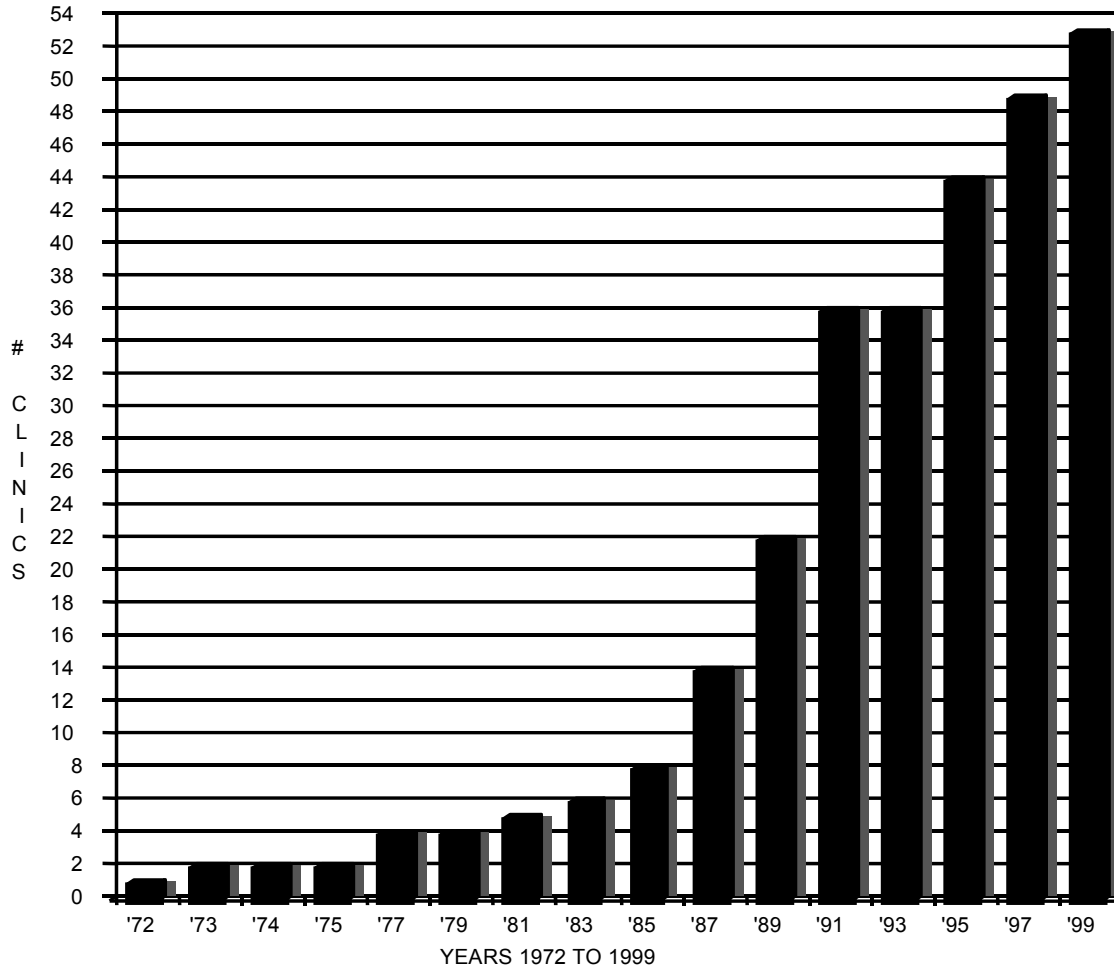


Chart based on accreditation data for Non-Hospital Surgical Facilities from College of Physicians and Surgeons of Alberta and interviews with private clinic managers. Graph incorporates openings and closings of specific surgical centres.

1975 – Alberta Minister of Health refuses to fund facility costs of private surgery clinics due to lack of evidence of cost savings.

1984 - New Canada Health Act bans extra billing, but Alberta non-compliant until 1986

1986 - Extra billing in hospitals ends, but government allows extra patient charges for “facility fees” at private clinics

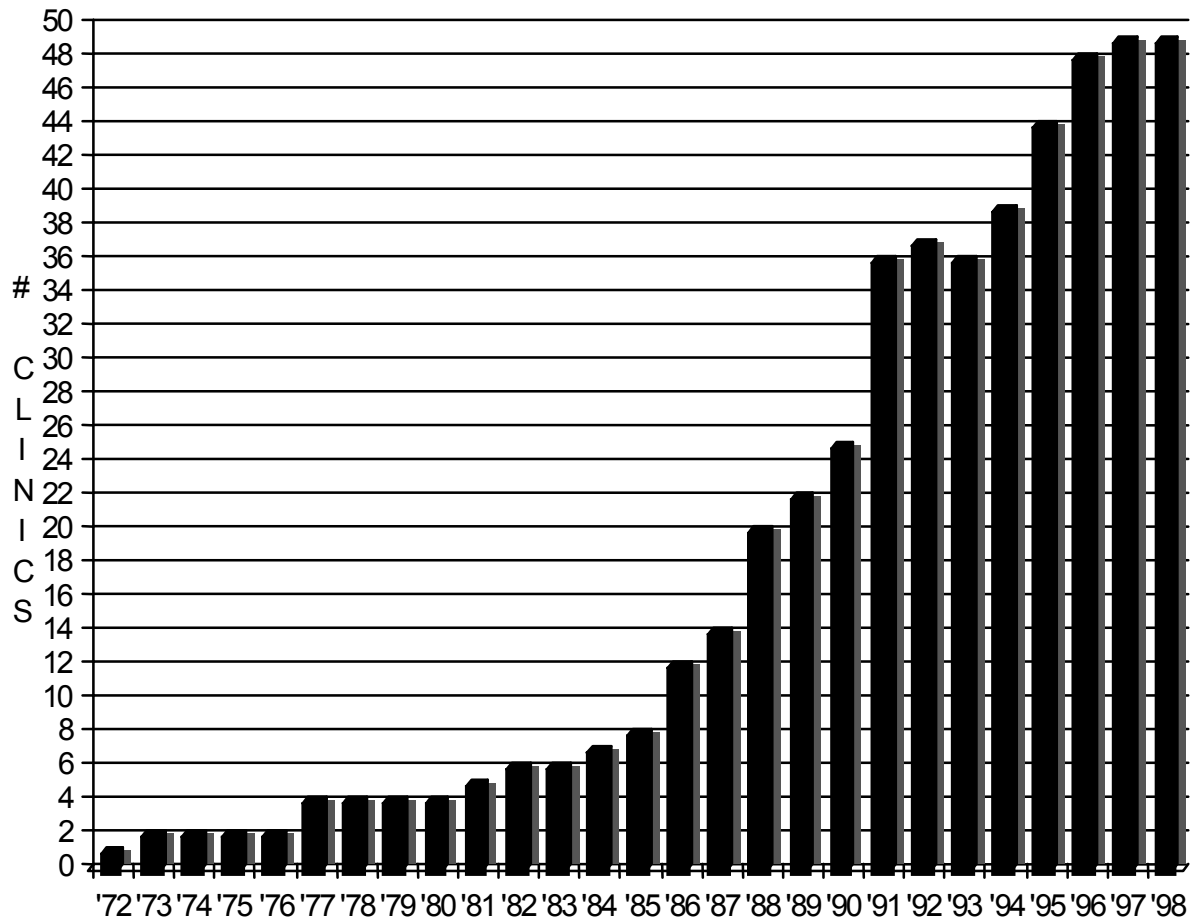
1994 – Influx of new competitors, market saturation and dropping volumes in private day surgery clinics leads to community hospital closures and pressure for private clinic access to public money through facility contracts with new RHAs.

1996 - Federal ban on patient charges for facility fees - but new Federal Minister David Dingwall allows charges for “enhanced” surgical implants and other services related to the provision of publicly paid surgeries.

1999 – 100% of all publicly insured eye surgery contracted out to private surgery clinics in Calgary

GROWTH OF PRIVATE SURGERY CLINICS

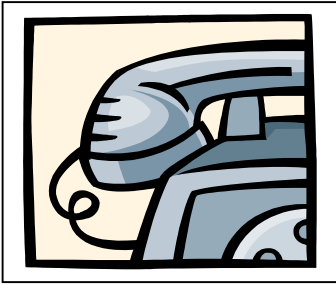
■ NUMBER OF PRIVATE CLINICS



Based on College of Physicians and Surgeons of Alberta (CPSA) database of accredited “non-hospital surgical facilities” (NHSF) and interviews with private surgery clinic managers as of 06/98. The graph incorporates openings and closings. CPSA data *only* reflects accreditation relating to risk of procedures and general categories at time of accreditation - not current activities. As of 06/98 there were 49 accredited Non-Hospital Surgical Facilities (NHSF): 26 listed as dental surgery only and 23 listed as “other” which may also provide anesthesia for dental surgery. No details are available. Multi-purpose day surgery clinics also perform many of the same surgical procedures done in single purpose clinics.

- ◆ 7 eye surgery (5 Edmonton/2 Calgary)
- ◆ 2 abortion (1 Edmonton/1 Calgary)
- ◆ 3 dermatology (1 Edmonton/2 Calgary)
- ◆ 3 plastics (1 Banff/1 Edmonton/1 Calgary)
- ◆ 8 MULTI-PURPOSE (1 Edmonton/7 Calgary)

Multi-purpose surgical facilities provide both publicly insured and non-insured procedures. (orthopaedic and general surgery, ear, nose and throat, gynecology, plastics, urology, ophthalmology, podiatry, etc.)



1994 CONSUMER GROUP TELEPHONE SURVEY OF WAITING TIMES FOR (NO COST) CATARACT SURGERY IN PUBLIC HOSPITALS

BACKGROUND INFORMATION

- ◆ More than 1 in 4 Albertans advised to have cataract surgery were paying unregulated market prices for cataract surgery in a number of private surgical centres owned and run by doctors. Surgeons and anesthetists in these clinics also billed the provincial Medical plan for their professional fees but few patients were aware of this fact.
- ◆ Constant media reports of routine 2 years waits for cataract surgery in all public hospitals were driving Alberta seniors to private eye clinics, but information reported to Consumers' Association by callers. Long waiting times cited by private clinic operators as rationale for proposed tax breaks for private clinics – i.e. proposed Gimbel Foundation Bill.
- ◆ No information on waiting times for cataract surgery with individual surgeons available from Alberta Health, Medical Association or the College of Physicians and Surgeons.

SURPRISING RESULTS

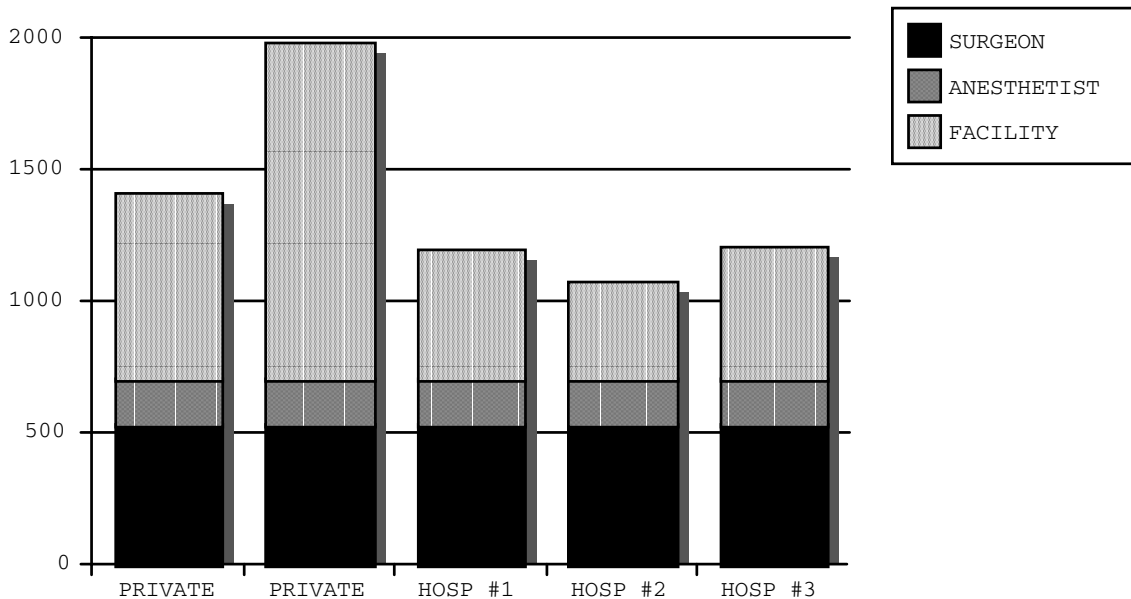
- ◆ Routine waits of 2 years for no cost hospital based surgery were *not* the norm. Waiting times for cataract surgery performed by surgeons who regularly performed this procedure as part of their practice and *only* operated in public hospitals were **2 - 8 weeks with 6 weeks being the average**. Longer waits for fully paid cataract surgery in public hospitals (up to 18 months) were only encountered by patients whose surgeons also offered a shorter wait in a private clinic for private payment.
- ◆ Fees charged to patients in private clinics ranged from \$700-\$1275 per eye. Surgeons and anesthetists *also billed* Alberta Health fees of about \$700 dollars.
- ◆ Patient charges called “facility fees”, originally intended to cover the operating costs of the clinic, were 2 to 2 ½ times the tracked per case costs in two public facilities (hospitals).
- ◆ Alberta had highest rate of cataract surgery per 1000 population in Canada – more than double that of Quebec. 1991 figures showed 1/3 patients going to private clinics.
- ◆ Most cataract surgery was done on a day surgery basis in both hospital and private clinic settings.

VARIATIONS IN THE PRICE OF CATARACT SURGERY IN PRIVATE AND PUBLIC FACILITIES DURING PERIOD 1993 -1995

(BEFORE 1995 FEDERAL RULING THAT FACILITY FEES WERE ILLEGAL)

- SURGEONS AND ANESTHETIST FEES BILLED TO AHCIP IN BOTH SETTINGS
- FACILITY COSTS IN HOSPITALS COVERED AT NO COST TO PATIENT
- FACILITY COSTS IN PRIVATE SETTINGS CHARGED DIRECTLY TO PATIENTS

COST OF CATARACT SURGERY 1993-1995 IN SAMPLE OF PUBLIC/PRIVATE FACILITIES



- SURGEONS FEE (PAID BY AHCIP) \$ 526.18 (SURGERY ONLY)
- ANESTHETIST FEE (PAID BY AHCIP) \$ 179.36 (SOME VARIATION)

- PRIVATE FACILITY FEE CHARGED TO PATIENTS \$ 700.00 (LOW END)
- PRIVATE FACILITY FEE CHARGED TO PATIENTS \$1275.00 (HIGH END)

- FACILITY COSTS IN WETASKIWIN HOSPITAL \$ 488.09 (STUDY)*
- FACILITY COSTS IN STONY PLAIN HOSPITAL \$ 369.00 (DOCUMENTED)**
- FACILITY COSTS IN ROYAL ALEX HOSPITAL \$ 500.00 (REPORTED)

* PART OF NATIONAL TRACKING STUDY - INCLUDED DIRECT & INDIRECT COSTS

** INCLUDED DIRECT AND MOST INDIRECT COSTS (DROPPED TO \$235 IN 1998)

NOTE: As more low intensity day surgery cases are removed from hospitals, the calculated per case cost of all the surgeries that continue to be done in hospitals increases. This is because the cost of equipment, supplies, staffing, and operating the hospital facility is spread over fewer procedures and the remaining procedures are all high cost complex cases.

4 YEARS LATER (1998) POST BAN ON "FACILITY FEES", CREATION OF REGIONAL HEALTH AUTHORITIES IN 1995 AND CONTRACTING OUT BY HEALTH AUTHORITIES



CONSUMER GROUP SURVEY OF WAITING TIMES FOR PUBLICLY INSURED CATARACT SURGERY IN 3 REGIONAL HEALTH AUTHORITIES WITH 3 DIFFERENT DELIVERY MODELS

Calgary RHA (100% of procedures contracted to private clinics)

- ◆ 1 surgeon to 37,000 covered population in Calgary
- ◆ Minimum reported waits by surgeon ranged from 1 to 40 weeks
- ◆ The "average" of reported waiting time was 16 to 24 weeks
- ◆ 56% of surgeons' offices reported waits <12 weeks in Calgary

Edmonton RHA (80% public hospitals and 20% use of private clinics)

- ◆ 1 surgeon to 51,000 covered population in Edmonton
- ◆ Minimum reported waits by surgeon ranged from 2-8 weeks
- ◆ The "average" of reporting waiting time was 2 to 8 weeks
- ◆ 87% of surgeons' offices reported waits <12 weeks in Edmonton

Lethbridge RHA (100% public hospitals)

- ◆ 1 surgeon to 49,000 covered population in Lethbridge
- ◆ Minimum waits ranged from 1 to 8 weeks in Lethbridge
- ◆ The "average" of reported waiting times was 4 to 7 weeks
- ◆ 100% of surgeons' reported waits of < 12 weeks in Lethbridge

PATIENT CHARGES FOR "OPTIONAL" PHYSICIAN RECOMMENDED LENS IMPLANT IN 3 DIFFERENT DELIVERY MODELS (1998)

In July 1996, private clinics in Alberta were no longer allowed to charge patients "facility fees" but many patients reported still being charged at private clinics. Many surgeons working in private clinics were recommending patients purchase an "enhanced" or "foldable" lens implants in lieu of implants used within Medicare and surgeons in public hospitals began offering these implants to avoid losing patients to private clinics. Claimed benefits of these implants included: less risk to potential temporary or permanent loss of eyesight (less infection, complications), better vision and less pain and discomfort. Despite many surgeons offering and recommending these implants to patients, cataract surgeons in Calgary and Edmonton advised local Health Authorities these newer implants did not represent a substantial improvement and should not be paid by the public system.

Calgary (100% performed in private clinics)

- 18 out of 23 surgeons (78%) charged \$250 to \$750 per eye
- The most commonly reported charge was \$400 per eye
- 3 of 18 offered a shorter wait for purchase of this option (illegal)

Edmonton (80% performed in hospitals & 20% in private clinics)

- 6 out of 15 surgeons (40%) charged \$250 to \$425 per eye
- The most commonly charge was \$250 per eye

Lethbridge (100% performed in public hospitals)

- 0 out of 3 surgeons charge for this "option".
- "Enhanced" implants routinely provided at no charge to patients and purchased by local hospital for a wholesale price of under \$100

Testing Claims: the Consumers' Association formally requested that the Alberta Foundation for Medical Research review the medical literature to assess the evidence to support the claims being made to patients. The agency reported that multiple types of newer "foldable" implants had not been evaluated for long term outcomes and there were a number of trade-offs. The benefits and risk of each type of implant varied according to a number of complex factors such as the unique anatomy and condition of the patient's eye, the material in the manufacture of the implant and the surgeon's skill and experience. (i.e. too technical for sale in retail markets)

Price Protection a la the Alberta College of Physicians and Surgeons. On November 16th, 1998, the Consumers' Association filed a complaint with the College of Physicians and Surgeons of Alberta against 16 cataract surgeons for charging patients excessive prices of \$300 or more. Despite Guidelines suggesting that such excessive mark-ups on products for products recommended by a patient's consulting physician in order to limit conflicts of interest in professional advice, the College ruled that all charges were justified.

THE MIRACLE OF REPACKAGING



A time line of patient charges and public subsidies of private surgery clinics in Alberta

1980 - 1986

SURGEON & ANESTHETIST PROF. FEES PAID BY PUBLIC PLAN
PATIENT CHARGES (up to \$800) CALLED **“EXTRA BILLING”**

1986 - 1996

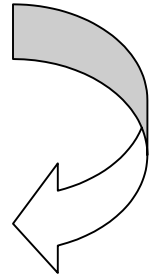
SURGEON & ANESTHETIST PROF. FEES PAID BY PUBLIC PLAN
PATIENT CHARGES (\$700-\$1275) CALLED **“FACILITY FEES”**

1996 – 2000

SURGEON AND ANESTHETIST FEES PAID BY PUBLIC PLAN
PER CASE FACILITY FEES PAID BY RHA (reported ~\$500-\$600)
PATIENT CHARGES (up to \$750) CALLED **“ENHANCEMENT FEES”**

NOTE: A public outcry over the inequities in charges among RHAs for “foldable” or “enhanced” cataract lens implants Identified with the publication of the Consumers' Association Report in Jan. 2000 led to Alberta Health covering these lenses in all regions – at wholesale prices.

A CONSUMER NIGHTMARE: the story of Mr. Smith (alias)



Mr. Smith, 74, was referred to a certain cataract surgeon by his optometrist whom he trusted. His eyesight was failing badly and both eyes were affected. "I was worried about driving, particularly with the grandkids."

At his appointment, the surgeon gave him written information about the benefits of a "foldable" lens implant which would cost an extra \$250 per eye and told him the choice of was up to him. Mr. Smith was shocked. He hadn't anticipated there would be a cost - nor did he feel he had the expertise to judge. So Mr. Smith asked the surgeon what *he* would do - and took his advice to pay the extra. Besides, Mr. Smith didn't want to delay his surgery that was only scheduled for 3 weeks away.

Once he got home, Mr. Smith began talking to friends who'd had cataract surgery with the regular lens implant who were very satisfied. He began to wonder about the wisdom of his choice. Since he was facing a big increase in property taxes and his income was limited Mr. Smith tried to find out more information with little success. So he called the surgeon's office and told the receptionist he had been reconsidering. He requested that she tell the surgeon that *if* both types of implants were going to be available at the hospital, he'd like another chance to speak with the doctor before to see *exactly* how much of a difference this lens would make.

A few days later, at 10 p.m. the night before his surgery, his surgeon called him at home. With no opportunity for discussion, Mr. Smith was brusquely advised that since he obviously had so little faith in the surgeon's advice, he must not consider him competent. Therefore the surgeon was canceling Mr. Smith's surgery and referring him to someone else to wait both for another appointment and another surgery date. Mr. Smith was both frightened and angry. He finally got in to see the other surgeon 6 weeks later, was advised that the "foldable" lens would provide better vision and less chance of certain complications leading to a possible loss of vision. Mr. Smith paid his \$500 and proceeded with the surgeries.

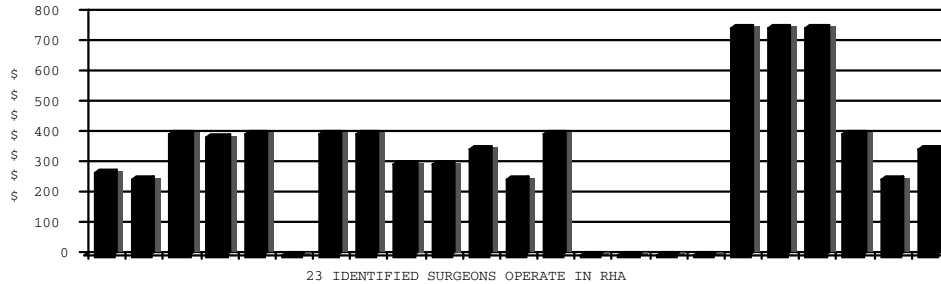
Documented call to Alberta Consumers' Association, November 1998

Comparison of Patient Charges for "Enhanced" Cataract Implants in 3 Alberta Cities with 3 different Delivery Models (1998)

CALGARY Private Delivery Model (100%)

REPORTED PT. CHARGE FOR "ENHANCED" LENS IMPLANT IN CALGARY (MAY/JUNE 1998)

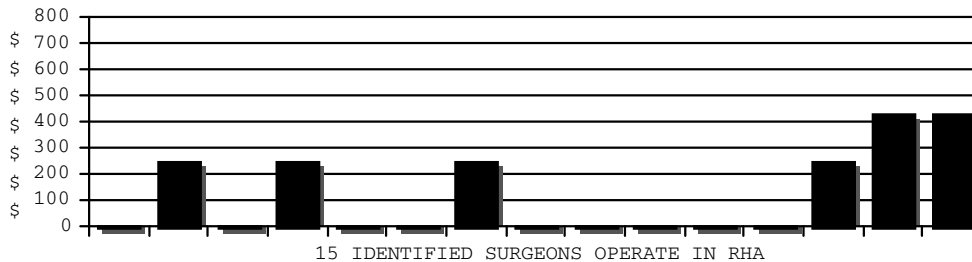
EACH BAR OR SPACE REPRESENTS AN IDENTIFIED CATARACT SURGEON



EDMONTON: Mixed Delivery Model (80% public-20% private)

REPORTED PT. CHARGE FOR "ENHANCED" LENS IMPLANT IN EDMONTON (MAY/JUNE 1998)

EACH BAR OR SPACE REPRESENTS AN IDENTIFIED CATARACT SURGEON



LETHBRIDGE: Public Delivery Model (100%)

- ◆ All cataract surgeries performed in one public hospital by 3 surgeons
- ◆ Enhanced "foldable" implants provided to patients *for no additional cost.*
- ◆ Wholesale costs to the hospital for these implants less than \$100" for each lens.

Conclusions based on the evidence:

1. Remarkably, instead of being the solution to rising costs, longer waits and less than ideal patient care, increased reliance on new sources of private payment and private business interests over the past 20 years has been a major cause of these problems.
2. The “status quo” is not at all what most people think it is.
3. No one is “minding the store” when it comes to either Medicare or Private Medical Markets in Canada.
4. Few public policy makers or members of the public know what is really going on in private clinics – nor do the majority of health professionals.
5. Medical care is ill suited to retail markets – and dangerous.
6. Public safety is at risk from the overzealous application of poorly evaluated technologies by commercially oriented suppliers.
7. It’s probably not a good idea to choose your surgeon or surgery based on how many Airmile points you can earn.
8. This situation has arisen more by default than design
9. Many identified problems are not unique to Canada - leading one to suspect that it is the nature of Modern Medicine and Medical Markets that may be the problem – *not* Medicare.