

Toronto centre hopes to cash in on growing demand for private health services

Cameron Johnston

In Brief

WHEN THE CMA HELD ITS 1996 ANNUAL MEETING, part of the debate on the future of health care involved the “appropriate balance of the roles of the public and private sectors” in delivering health care. The King’s Health Centre in Toronto is now doing its own balancing act: providing publicly funded care to Canadians, and private care to non-Canadians and Canadians who can afford it. This article discusses some of the niche markets King’s is attempting to develop.

En bref

LORSQUE L’AMC A TENU SON ASSEMBLÉE ANNUELLE EN 1996, le débat sur l’avenir des soins de santé a porté en partie sur l’«équilibre approprié entre les rôles des secteurs public et privé» dans la prestation des soins de santé. Le Centre de santé King’s de Toronto cherche maintenant à établir l’équilibre entre la prestation à des Canadiens de soins financés par le secteur public et la prestation de soins privés à des non-Canadiens et à des Canadiens qui peuvent payer. Cet article analyse certains des créneaux que le Centre essaie de créer.

At its annual meeting last summer the CMA reaffirmed physicians’ commitment to medicare. However, it also acknowledged that some form of privately funded parallel health care system is probably inevitable, and agreed to lead a debate on the appropriate role for regulated private medical insurance in Canada.

The latter decision isn’t surprising, given that private facilities such as the Gimbel Eye Centre in Alberta already offer high-quality, for-profit care for those who can afford it. In coming months, though, more attention is likely to focus on the Toronto-based King’s Health Centre, a new and ambitious player in the parallel health care field. Since opening in January 1996, King’s has moved aggressively to recruit some well-known specialists who bring with them both patients and a reputation.

Patients who come to King’s can receive not only medically necessary procedures, which are covered by provincial insurance plans, but also a long list of noninsured services available to those who can pay the fees — foreigners (mostly Americans) and Canadians alike.

Located in a newly renovated building in downtown Toronto, King’s was the brainchild of Ron Koval, a merchant banker, and a group of private investors. Koval lauds the relationship that King’s has developed with the Mayo Clinic in Rochester, Minnesota. Over an 18-month period, King’s paid a consultant’s fee that allowed it to tap into the Mayo’s administrative, marketing, computer and medical systems. The physical layout, right down to doctors’ offices and the “pods” used by support staff, follows the Mayo Clinic model.

New doctors are brought aboard via screening methods devel-

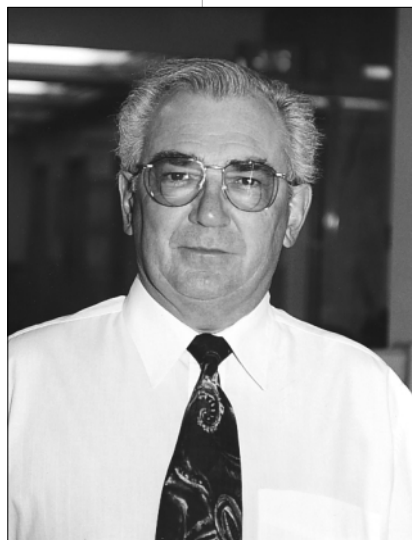


Features

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Dr. Ron Porter: a growing percentage of billings will come from outside OHIP



oped at the Mayo. Staff physicians are required to meet the American clinic's standards for continuing medical education — a minimum of 5 days per year — and Mayo protocols are used to treat a number of illnesses.

Ultimately, he envisions a string of similar Canadian clinics that employ the same template.

King's Health Centre was originally planned as an ambulatory clinic for patients receiving plastic and cosmetic surgery. Before it opened, however, its focus changed from plastic surgery to rehabilitative medicine and the management of disabilities, with the bills being paid either by workers' compensation boards, insurance companies or the patient's employers.

In an interview at the University Avenue offices, marketing director Scott Addison outlined the objectives and answered questions about King's future role in Canadian health care. He said the centre does nothing that contravenes either the spirit or the intent of the Canada Health Act. Asked if it is a two-tier facility, he said that is a matter of semantics. However, he stressed that no one will be able to jump a queue to get treatment for medically necessary, publicly insured procedures.

If a physician at King's discovers that a Canadian patient requires tertiary care — a coronary-bypass procedure, for example — he will either be referred to another hospital to take a place on the waiting list, or referred to the US for care.

Besides being able to offer noninsured procedures to patients, thereby getting around the cap on physician billings imposed by the Ontario government, there is an added incentive for doctors to align themselves with King's. They pay a flat rate of 40% of gross billings to cover overhead costs, which Dr. Ron Porter, King's chief medical officer, says is 10% to 12% cheaper than the provincial average for a free-standing clinic.

Porter predicts that billings made outside the Ontario Health Insurance Plan (OHIP) could account for 75% of the centre's gross income by the year 2000; Addison predicts it will be turning a profit by early 1998.

Performing noninsured services is strictly optional for the doctors who work there. Gynecologist Ken Walker, better known as newspaper columnist Dr. W. Gifford-Jones, says he made it clear when he joined the centre in August that he would only deal with OHIP patients.

Walker, who spends considerable time each year travel-

ling in search of material for his books and columns, says that overhead charges in his previous clinic cost him \$100 000 per year, but he expects they will be lower at King's.

The centre offers a wide range of noninsured services but appears to concentrate on 2 areas: executive health, and physical rehabilitation and injury management.

An assessment for a corporate executive planning a business trip or about to be posted overseas costs \$425, without immunizations, and covers general fitness as well as a psychological examination.

A "platinum" class medical for corporate executives includes 15 different blood tests as well as prostate specific antigen tests for men and Papanicolaou smears for women. There are also auditory, visual and pulmonary-function tests, as well as a consultation with a psychologist, an hour with a nutritionist and a sigmoidoscopy. The final bill for this 5-hour session is \$1595, which includes reviews at 4- and 8-month intervals.

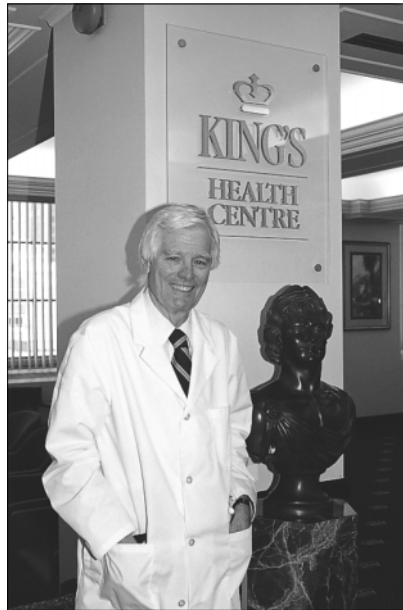
The centre is taking advantage of recent change announced by the Ontario Workers' Compensation Board, which will no longer pay for treatment for soft-tissue injuries that would normally be expected to resolve within 28 days.

The responsibility for that treatment now lies with employers, who sometimes send injured employees to King's for evaluation and treatment. Similarly, insurance companies that deal with medium- and long-term disability claims are looking for assurance — preferably as quickly as possible — that an employee is not malingering.

King's guarantees an independent medical or psychiatric examination within 2 weeks. Could this be open to abuse if a King's doctor deems a patient capable of returning to work, leaving the patient with little recourse for appeal? Addison says this won't happen — the doctors present to the WCB only empirical data collected during examinations. The WCB then makes the final decision about an employee's disability benefits.

The centre says it can offer economic advantages for non-Canadians arriving for orthopedic or plastic surgery and other treatments because costs are lower than in the US. Addison says some American health maintenance organizations and insurance companies are looking at the centre as a source of inexpensive care.

What do facilities like the King's Health Centre mean



Dr. Ken Walker: performing noninsured services is strictly optional



for Canadian health care? Dr. Philip Berger, an assistant professor of medicine at the University of Toronto and head of family and community medicine at Toronto's Wellesley Hospital, says the centre and other similar companies are preparing for the eventual delisting of additional services as governments continue to trim health care costs.

It is uncertain whether the centre represents a threat to universal health care, says Berger, but he finds it disconcerting that it offers services, such as executive medical examinations, whose value he considers questionable. "It [the executive examination] offers an illusion of safety, that's all it does. It provides no real safety protection or value for money.

"It's a paradox that astute, well-informed business people would purchase these services and would never apply the same principles in their own businesses that they would to purchasing these useless medical services.

"You can have one of these physicals, have every orifice peered into, every blood test done, but then a week later you develop acute leukemia or develop a tumour. What good will that executive medical have done?"

Berger says there is nothing unethical or illegal about creating such facilities, but he is worried about the future.

"I would hope these centres will be honourable enough not to try to hide insured services behind an uninsured program."

King's stresses that Canadian patients can still have publicly insured procedures done there, and that they will never be able to jump the queue to receive faster treatment; as for noninsured treatments, they are open to anybody who has the money or the private insurance coverage to pay for them.

In the future, King's expects to target new disease-management programs. Plans for the future include the introduction of clinics to deal with asthma, osteoporosis and infertility, as well as a sleep-disorders unit.

Orders have already been placed for 2 dialysis machines that will be reserved for foreign travellers passing through Toronto. Excimer laser eye surgery is expected to be available soon, and there are plans to offer magnetic resonance imaging and CT scans. Both would require government approval.

What does the future hold for King's? It may not be everyone's cup of tea, but there is little doubt Canada is going to see more centres like it as government cuts create a bigger market for private entrepreneurs and private medicine. ?