

# New private facility woos public dollars in Calgary

Richard Cairney

## In brief

THE OPENING OF A PRIVATE WING IN AN OLD HOSPITAL has caused consternation in Calgary because some people consider it a beachhead for private medicine.

## En bref

L'OUVERTURE D'UN CENTRE PRIVÉ DANS UN VIEIL HÔPITAL a provoqué la consternation à Calgary parce que certains considèrent qu'il s'agit là d'une tête de pont pour la médecine privée.

**I**t doesn't look harmful at all. In fact, the newly renovated third floor at Calgary's old Grace Hospital is positively comfy. Its soothing colour schemes, oak and brass trim, and carpeted floors complement 3 state-of-the-art operating rooms, 37 beds, 8 day-surgery beds and 6 postop recovery beds.

All of this makes the Health Resources Centre look like the hospital of your dreams. It comes with many more creature comforts than the old Grace, whose cold marble mouldings and harsh fluorescent lights are testament to a time when hospitals were indeed cold, harsh institutions.

The third floor is opulent in comparison, but the way some people tell the story you would think the centre, run by Calgary's Health Resources Group (HRG), is more a serious disease than a healing place. Opponents of private health care consider it the devil incarnate, another beachhead for corporate health care in Canada. But HRG itself argues that it can play an important supportive role in preserving public health by acting as a safety valve and relieving pressure on the overburdened public system.

Jim Saunders, HRG's chief executive officer, insists that the new centre can be good for health care, period. The centre currently performs day surgery for private insurers, primarily the Alberta Workers' Compensation Board, and provides uninsured services such as cosmetic or dental procedures. Doctors are paid according to the Alberta Medical Association's (AMA) fee schedule for insured services. For uninsured procedures they set their own rates and pay a facility fee to the HRG. If the Health Resources Group is ever allowed to take on work from the public system, doctors will be paid according to AMA schedules but the local health authority contracting the work out will pay the HRG a facility fee. "We are offering additional capacity at no cost to the general public," says Saunders.

In fact, providing that capacity is the HRG's number-one priority. Since opening last fall it has been lobbying for permission to broaden its services. Last December the Alberta College of Physicians and Surgeons denied HRG's request to perform more complicated procedures that require overnight stays, a denial that was repeated in June. The refusal wasn't driven by a lack of confidence in the service provided by the HRG. Instead, the college felt it was



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## Chroniques

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**CEO Jim Saunders: a warm and comfy feeling**



up to the government to rule on a request that would represent a marked departure from public policy concerning private health facilities. The battle came to a boil earlier this year when the provincial government introduced Bill 37, the Health Statutes Amendment Act, in an attempt to regulate private surgical facilities such as HRG.

The legislation became a lightning rod for dissatisfaction with a health care system that has faced nearly \$1 billion in cuts since 1993. The proposed legislation came under fire during a conference on public health care that featured consumer-rights activist Ralph Nader and Council of Canadians chair Maude Barlow. Amid a chorus of grass-roots opposition, which eventually included condemnation from the AMA, Bill 37 died on the legislature's order paper last spring. And that, says Jim Saunders, is a shame. Without the legislation there are no laws giving government control over private hospitals, so the responsibility remains in the college's reluctant hands.

Saunders says HRG wants to serve as a private facility that "enhances" the overburdened public system — he thinks it could help shorten waiting lists for some procedures the public system has trouble providing. The Calgary Regional Health Authority (CRHA) already contracts out all cataract surgery to private facilities, he notes.

"We're just saying to extend that another logical step and look at more sophisticated surgeries and overnight stays that could be contracted," says Saunders, who was the CRHA's chief operating officer before joining HRG last year. "Hernias are not life threatening and don't require a lot of medical, surgical or equipment backup. Could it be considered that hernias could be relocated outside the hospital system?"

However, critics charge that HRG is receiving government subsidies and cannot focus on quality care if profit is its ultimate goal. Richard Plain, a University of Alberta health care economist and vice-president of the Consumers' Association of Canada, says HRG is a recipient of corporate welfare paid for by a provincial government more concerned with bottom-line issues than providing an adequate public system.

He says that even though the HRG paid \$6 million to renovate the third floor of the Grace, which had been shut down due to budget cuts, the corporation didn't pay for a building per se. "Jim Saunders had his infrastructure handed to him on a silver plate," says Plain. "This is not a firm that is going in and putting up money the way any other company does. It has a lease from the Salvation Army, which owns the land on which this former maternity hospital was built. And who paid for it?"

"[Alberta taxpayers] sank tens of millions of dollars into that facility. Then the CRHA, acting as agent for the government, looks at the situation in Calgary and says, 'Grace

Hospital? The best we can do is close you down now.' It was one of the hospitals tanked for its inability to fit in with cost-effective care."

With the Grace closed, he says, investors saw an idle facility and snapped it up. "Normal companies don't have that subsidy. The Alberta government is joint venturing, either directly or indirectly, with the Sally Ann. This is unfair, highly subsidized treatment."

Plain says most Canadians wouldn't mind private firms such as HRG operating if a clear line is drawn between public and private systems. Let doctors choose to work in 1 system or the other, he says, but not both.

The public system is suffering because doctors are allowed to straddle the 2 systems, he suggests, and waiting lists will grow because doctors are spending more time in the private system for financial reasons. "You get doctors with the greater skills going where the money is, so you get an erosion of the public system. Instead of the best doctors doing the most difficult work, they are doing the most lucrative work."

Other opponents attack HRG's corporate connections. Saunders says rumours that HRG was owned by Americans nearly killed the company before it got started. Yet even though its directors are Canadians, they have links to powerful, American-based corporations.

For example, HRG board member Tom Saunders (no relation to Jim Saunders) is president of Columbia Health Care Inc., which runs a chain of 31 outpatient rehabilitation centres across Canada. The company is 80% owned by Sun Healthcare Group Inc. of Albuquerque, New Mexico, the third-largest health care provider on the continent.

Other HRG board members have connections to private health interests. Dr. William Cochrane, an HRG director, is on the board of MDS Capital Corporation; its parent, MDS Inc. of Etobicoke, Ont., is Canada's largest private health care company.

In spite of the connections to Sun Healthcare and other private groups, Jim Saunders says HRG doesn't want an American-style system. "We've looked at all the other types of health care [systems] and we've looked at the control by the insurance industry, and that is not our vision.

"We support the continued dominance of the public system and the government's ability to set national policies. We just want the ability to compete in the system. If we can make a go of it, then we should be able to pursue our initiatives."

The company does have supporters. Last year James Saparas, an Edmonton-area businessman, chose to fly to Phoenix for heart bypass surgery rather than risk a delay of up to 3 months to have the surgery in Alberta. "There's a lot of things running through your mind in the interim, in that waiting period, and I [wonder] how many people we lose because of our system." ❑