THE PRIVATE PROVISION AND INSURANCE OF DIAGNOSTIC IMAGING SERVICES IN CANADA

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International Research Infrastructure on Social Inequalities in Health

McGill University
First privately funded MRI facility in Canada, 1993

*Janet Brooks photos*

Dr. Fong: "We had no idea if this thing would fly. We still don't know."

Within what policy framework do these clinics operate, and how prevalent are they?
1. To determine how provincial regulations of the public and private funding of diagnostic MRI/CT services have changed over the past 20 years.

2. To characterize the extent that privately funded for-profit MRI/CT imaging facilities have been established during this time.
1.7 million MRI exams and 4.4 million CT exams were performed in Canada in 2011–2012; this is more than double the number of exams performed in 2003–2004.
Why MRI/CT services?

- Wait times for publicly funded scans a major concern
- MRI/CT scans an expensive innovation capable of being provided outside of hospitals
- Canada Health Act does not regulate the private funding of services outside of public insurance plans
Approach

Policy indicators:

1. Do privately funded MRI/CT services exist?
2. What is the legality of private insurance for MRI/CT services?
3. Does private insurance exist for MRI/CT services?
4. Are there governmental regulations on out-of-pocket payments?

- Utilized the Health Insurance Access Database (HIAD)
  - Available at bitly.com/HIADaccess

- Developed to measure the effect of increasing private health expenditures on health inequalities in OECD countries

- Extracted policy indicators specific to diagnostic care services for each province from 1990 – 2010
1. Do privately funded MRI/CT services exist?

<table>
<thead>
<tr>
<th>YES</th>
<th>NOT ANYMORE</th>
<th>NEVER</th>
</tr>
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<tbody>
<tr>
<td>Quebec (1997)</td>
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</tbody>
</table>
1. Do privately funded MRI/CT services exist?

YES

Alberta (1993)
British Columbia (1993)
Quebec (1997)

However…

These provinces have **delisted** medically necessary scans in non-“approved” free-standing facilities as publicly insured benefits.

Practitioners can combine public and private income streams.

Ban extra-billing
Ban user fees
Ban direct-billing *(QC, NS only)*
Require practitioners to opt-out
Results

Number of clinics selling MRI and/or CT scans for private payment by province, 2001 and 2012

<table>
<thead>
<tr>
<th>Province</th>
<th>2001</th>
<th>2012</th>
</tr>
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<tbody>
<tr>
<td>Alberta</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>British Columbia</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td>Quebec</td>
<td>11</td>
<td>31</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

NOTE: Ontario has a small number of clinics that accept private payment, but from third party insurers only.

Sources: CIHI, Selected Medical Imaging Equipment in Canada (2013); Health Canada, Canada Health Act Division (2005)
Results

Location of MRI machines by type of facility in Canada, 2005 and 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>In-Hospital</th>
<th>Free-Standing Facility</th>
</tr>
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<tbody>
<tr>
<td>2005</td>
<td>85%</td>
<td>15%</td>
</tr>
<tr>
<td>2012</td>
<td>73%</td>
<td>27%</td>
</tr>
</tbody>
</table>

NOTE: All of the machines in free-standing facilities are used for privately funded scans except for a small number in Ontario.

Source: CIHI, Selected Medical Imaging Equipment in Canada (2013)
2. What is the legality of private insurance for MRI/CT services?

- **Alberta (1993)**
  - Ban duplicative private insurance

- **British Columbia (1993)**

- **Quebec (1997)**

- **Nova Scotia (2002)**
  - No such ban

However...

Since MRI/CT services in free-standing facilities are delisted, prohibitions on duplicative private health insurance do not apply.

3. Does private insurance exist for MRI/CT services?

Quebec:
• Products for sale in both individual and group markets

Alberta, British Columbia, and Nova Scotia:
• Products potentially available in the group market; none found in individual market

<table>
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<th>Medical services</th>
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<tr>
<td>For Quebec residents, medically necessary MRI, Ultrasound, CAT and CT scans are covered up to a combined maximum of $750/year.</td>
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</tr>
</tbody>
</table>
4. Are there regulatory limits on out-of-pocket payments for privately funded MRI/CT services?

No regulations found

- Scans generally range in cost from $500 to $2000 depending on complexity and other bundled-in services.
What does this mean for people who need care?
Discussion

• Supportive role of private health insurance
  • Duplicative: concerns for health equity
    • Complexity of interactions between public and private health sectors

• Privatization: 1990 – 2010
  • Potential for private health insurance to develop
    • Recession in the 1990’s
    • Wait times to access healthcare
Discussion

- Trade-off: equity versus efficiency
  - De-listing: policy windows
    - Rationing healthcare on the basis of willingness-to-pay

- Ability to pay versus need
  - Horizontal equity: equal access for equal need
  - Vertical equity: quicker access for greater need
Factors potentially contributing to health inequity

<table>
<thead>
<tr>
<th>HORIZONTAL EQUITY</th>
<th>VERTICAL EQUITY</th>
</tr>
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<tr>
<td>Lack of price regulation for services offered in the private sector</td>
<td>Jumping the queue: Implications for treatment and health outcomes</td>
</tr>
<tr>
<td>Radiologists simultaneously practicing in public and private sectors</td>
<td></td>
</tr>
<tr>
<td>Lower volume of patients treated in private sector</td>
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Key Points

1. Delisting with the intent to contain costs set the stage for privatization.

2. Private market growing and an increasing proportion of services are being delivered privately.

3. Potential threats to health equity due to an unregulated two-tiered system of care.
Thank you!