

TEXT OF

Continued from page 1

quality available to all, whether they belong to low or high-income groups, or reside in rural or urban areas. The problem would appear to be the method and the cost.

"It is also necessary to consider whether compulsory medical insurance could be reconciled with a free society, whether it could assure high quality medical care to the entire population, or whether it would sacrifice quality in the interests of quantitative increases.

Government Action Limited

"In this Province, government action in this field has been limited to the care of the indigent aged and infirm, as well as to mentally ill and tuberculous patients. Medical developments in the treatment of tuberculosis, mental disorders and chronic diseases, have modified the role of government in these fields. In institutions therapy is gradually being substituted for mere custodial care, and preventive and remedial services seek to check the mounting rate of institutionalization. This has been especially true in this Province since the introduction of the Federal Health Grants Program.

"Financial contributions of the Provincial Government to the support of hospital care have been growing steadily, especially during the past few years. In 1949 the amount contributed represented 15.1% of all hospital income, and was 15.4% of the total government budget for health services. It is depressing to note here that a lesser amount, only 14% of the total government budget for health services, was all that was expended for the prevention of disease.

Local Responsibility

"It is considered by this Commission that the ultimate application of all medical services which may be financed by government funds, should be local, and responsible participation by local government authorities and by local professional groups is imperative for the success of any program. It is also recommended that the professional aspects of any medical care program should be developed under the direction of medical personnel.

"When the Government spends tax money for services it is responsible to the public for the proper allocation of these funds. For this reason government supervision of certain administrative procedures appears inevitable in the interest of the patients, the medical profession and the public.

"With the acceptance by the medical profession of responsibility for the supervision of government medical care programs, it is considered by this Commission that medical care of high quality can be best assured through the development of close collaboration in hospital practice, the concentration of medical resources and the maintenance of superior records.

"It is not impossible to conceive—in fact it is recommended for

consideration, both by the government and medical profession of this province—that serious consideration be given to hospital services being extended beyond inpatient and out-patient care. The hospital, in this sense, might be considered as a health centre providing all types of preventive and curative medical service, as a nucleus of all the medical activities of the community, and as the cornerstone of the effective organization of medical care.

Methods Discussed

"The subject of the relative merits of financing medical care by general tax funds, or by contributory prepayment insurance plans, or by a combination of both, has been actively discussed by this Commission. In this respect it is noted that in 1949 general tax funds contributed 15.1% of all hospital income, while contributory prepaid insurance contributed 19.3%. Fees from patients, etc., still remained the highest source of income to hospitals—amounting to 22.9% of the year's revenue. However, it must be remembered that many of these patients paying for their own hospitalization also contributed through taxation to the amount contributed by government.

"In this Province, over the past several years, an increasing number has participated in the voluntary prepayment plan of Maritime Blue Cross Hospital Care. More recently this plan has been expanded to provide certain medical and surgical benefits. With this plan the corporation enters into contracts with groups of employed persons who make regular periodic payments by means of payroll deductions. This hospital service plan establishes contracts with a group of 'participating hospitals' which guarantee to render the necessary hospital services to subscribers and members requiring care. At the time of sickness the subscribers and members have free choice of participating hospitals and, if they have contributed for added medical benefits, free choice of physician.

Policy Formulation

"The question of responsibility for the determination of policy and its application, is a basic consideration in the study of the organization of health insurance programs whether voluntary or compulsory. The group that determines policy decides upon the services to be given by the plan. This group also prescribes the rules governing the administration of the plan with respect to individuals and agencies rendering services, eligibility, subscriber membership rates to be charged and actuarial controls to be maintained.

"The responsibility for policy formulation is placed first,—in the Legislature, which, through insurance legislation, establishes certain broad controls governing the operation of the voluntary health insurance plans. Within this broad legislative framework the Board of Trustees of the individual plan establishes the policy governing the organization and operation.

"Under the prevailing Blue Cross Hospital Plan, policy making is in the hands of a Board of Trustees made up of representatives of the hospitals, the physicians, and the general public, while the hospitals and the physicians maintain voting control. Public representation is in the minority, but at least some degree of democratic control is provided.

Complex Factors

"In this Province this plan has appeared to be satisfactory and, for the present, it is considered that it should be continued. There is agreement, however, that it is not optimally organized, supervised nor distributed, and that the development of plans for its improvement should be preceded by study of many complex factors. It is apparent that in a country as vast as Canada, no controls can be applicable to all parts, and that many and varied experiments for extending and improving medical care, in conformity with local conditions, are urgently needed.

"One of the apparent shortcomings of the present plan in operation is the matter of enrollment of varying income groups. The problem is to attempt to devise a program that will provide adequate health services and, at the same time, make it possible for those in the low income group to pay for the protection offered. The health problem of the underprivileged portion of the population is considered to be a matter of concern of governmental agencies. In this Province this is reflected in the increasing amounts paid through government channels for welfare services and assistance.

"It is suggested, therefore, that a portion of the low income and all of the no income groups have their health needs supplied within the framework of the voluntary plans, and that the costs be paid by government agencies. Under this arrangement the insurance organization would be the welfare agency of the function it has performed in making arrangements for payment on an individual basis for medical cases among its clients.

"One advantage of this arrangement to the recipient of public aid is that, as a patient, his identity as a welfare client is lost, and the stigma attached to his status need not affect his relationship with the medical personnel who handle the case.

Stability And Solvency

"In this arrangement, government subsidy should not be limited to these more distressed groups. The responsibility for the use of public funds would not be met unless the public was assured that funds were being expended properly. Such assurances would call for a body of rules and regulations regarding the quantity and quality of services of cost, and the method of administration.

"The extension of voluntary prepayment plans, by spreading the risk, will make this group competent to provide for its medical needs. Therefore, to assure the stability and solvency of such prepayment funds, it is recommended that they should provide easy admission to the economically higher groups, and that those in a dependency condition should

likewise be covered by the insurance of prepayment plans,—the community paying the premium. Concerning the composition of this latter group, it is suggested that this should be the function of, and require the approval of, a non-political local board.

"For optimal results in the expansion of a voluntary prepayment plan, the co-operation of physicians is required. For successful operation there must also be strict standards of performance to be followed by all the individuals engaged in the enterprise. To enforce the standards, and to achieve optimal results, supervision will be necessary.

Activities Limited

"Another shortcoming of the present plan in operation is its lack of emphasis on preventive medicine, its activities being limited almost entirely to curative medicine. The benefits do not include such preventive services as periodic physical examinations, immunizations, etc. If a complete health service is to be provided through insurance, preventive care must play a prominent role in the program.

"This is not to imply that all such health services should be the function of the insurance plan; certain services will likely remain the responsibility of the Public Health Department. However, the programs of the two agencies should be carefully co-ordinated so that they supplement each other and do not overlap, or leave unnecessary gaps in the care available.

"With respect to the present program of preventive medicine as presently maintained by the Provincial Government, certain commendations have been made previously in this report which are designed to provide a much more adequate service than is presently being rendered in this Province. It has been shown previously in this report that in 1949 only 14.6% of the total budget of the Health Branch of the Department of Health and Welfare was expended on purely preventive services. The remaining 85.4% was, in the main, expended on institutional care and subsidies to general hospitals. Therefore, as just stated, the outstanding weakness of the present prepayment plan in this Province is its failure to provide and to foster the practice of preventive medicine because it compensates only for curative services. The voluntary non-profit prepayment plan offering comprehensive coverage is in a most advantageous position to include preventive services.

Preventable Illness

"It is an obvious point that medical costs will decrease when preventable illness is eliminated. There are enormous expenditures for the medical care of people whose illness arises principally because of inadequate housing, food and sanitation. There are also many illnesses which are allowed to reach serious proportions because of the ignorance of those affected, or because of their reluctance to use available medical facilities. Higher living standards and health education would contribute substantially to the reduction in the overall costs of medical care.

"Another weakness in the plan which is in practice in this Province is that it fails to provide facilities to assist in the diagnosis of disease. This Commission favors the experimental development of diagnostic consultation services at a minimum flat fee.

"In serious illnesses, specialists' services and diagnostic facilities account for the bulk of the doctor's bill. These services are expensive, partly because they are not fully utilized, partly because they are expensive. A promising solution to this problem, and an effective way to reduce costs in medical service, is to establish diagnostic centres. These centres should be relatively easy to organize and could prove effective in that segment of medical costs where economies can be most easily achieved. They would also remove one obstacle which faces general practitioners in their efforts to give adequate care, and they do not involve a sudden change in the overall organization of the practise of medicine.

Other Advantages

"Diagnostic centres, by affecting some of the basic causes of high medical costs, provide means of lowering costs without deteriorating quality. Diagnostic centres may limit their services to X-ray and laboratory tests, or they may also include consultation in various specialties. Patients participating in such a plan, upon referral by a private physician, might undergo a complete examination involving as many tests and consultations as might be necessary.

"These centres would not provide medical treatment. Ordinary diagnostic facilities can be successfully provided to small towns and even to rural areas. It can be shown that started on a sound basis, laboratory and X-ray services make a substantial contribution to the goal of a healthier community.

Government Support

"It is unlikely that rapid progress can be made either in the establishment of adequate hospital and health facilities or in the provision of sufficiently skilled personnel without aid from government sources.

"For the furtherance of voluntary prepayment plans, this Commission favors government support,—the government being local, provincial or federal, or a combination. The Commission is consistent in the disadvantages and involved in every form of payment to the physician made from a prepayment fund, and has refrained from recommending one form of payment, and advises, instead, experimentation with various possible forms of payment until time and experience prove which are the best.

"It is the opinion of this Commission that if the principles of the above plan can obtain the understanding and co-operation of the public, the profession and the government alike, it will ultimately lead to the desired goal,—the distribution of comprehensive medical care of a high quality to all the people."



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