

Models of Government Business Relations

The Organization for Economic Cooperation and Development (OECD) is an international organization which was formed on April 16, 1948, first named as Organization for European Economic Cooperation (OEEC), which was led by Robert Marjolin of France, to help in administering the Marshall Plan (OECD, 2011). The organization headquarters were then established in Chateau de la Muette in Paris, France, as the Marshall Plan faded, OEEC focused more on the economic questions and issues. It is believed that in 1950s, OEEC provided a multilateral framework for negotiations that aimed at determining the conditions for setting up a common European Free Trade Area. The negotiations mentioned above were to bring all the Common Market of the Six and other OEEC members together. In 1958, they set up a European Nuclear Energy Agency (OECD, 2011). The main aim that ENEA was pursuing was to enable the reconstruction of Europe after the Second World War. After the 1950's, Rome Treaties that led to the Launch of Europe's Common Market, the Convention on the organization for Economic Cooperation and Development was, therefore, drawn with an aim to reform the OEEC, according to Canadian Community Health Survey (2008).

The Convention was signed and put into practice in December, 1960. Hence, OECD was officially superseded the OEEC in September 1961. Later on, the membership was extended to non-European states. Today it is an organization composed of thirty countries that accept the principles of representative democracy and free-market economy. Most of these OECD countries exercise high-income economies, hence, they are regarded as developed countries (OECD, 2011).

After understanding what the OECD countries are, one should compare the

United States of America and Canada with a major focus on the health service industry. The best model to start with is the health care model of Canada which is referred to as Medicare system that is publicly financed but is privately run. It is based on five founding principles, namely, the idea that healthcare must be universal, portable, comprehensive, accessible, and publicly administered (Pollard, 2002), this system is rather controversial. First, the assessment of Canada citizens' accessibility to health care services compared to citizens of America must primarily concern private insurance and publicly funded health care services, primarily focusing on physician and hospital services. According to The Joint Canada/United States Survey of Health (2002), citizens of Canada have an unlimited access to publically-funded health care services, primarily physician and hospital services. Compared to those of America, where the majority of the population require private insurance to cover the cost for the medical services and, therefore, the public insurance is only provided for the poor (Medicaid) and those who are over sixty five (Medicare), the state of affairs in Canada concerning medical service has improved considerably. Therefore, for some citizens of America who do not have cover to access treatment, it is quite complicated to receive proper medical care. One can see clearly that the two healthcare systems differ much more than they were expected to.

Secondly, the health care system of the United States is more expensive, compared to that of Canada (Health Care Systems, 2001). The medical care costs of America are believed to be rising at an alarming rate, getting more than individual income and making it difficult for many Americans to afford the services they want and to the extend of some even suffering and dying without proper care (White, 1997). According to the journal of Canadian and American Health Services published in July

2007, the issue of the medical care availability has raised concerns; combined with the bitter complaints that both large and small businesses are having due to rising costs.

White (1997) argues that employee health care costs in American companies are approximately \$792 million per year. These expenses seem to be more expensive to the company which makes the company being forced to lay off workers to reduce the medical expenses. When compared to Canada's national health care system it imposes substantially lower costs on companies where it is believed that the sick should be cared for (White, 1997).

Another advantage that Canada's system has over the America's system touches upon such aspect of health care as expenditures for medicine and health insurance (Health Care Systems, 2011). According to studies conducted in 2006 by World Health Organization on the Health care systems of America and Canada, the United States spend considerable amount of money on health care both on per capita basis and in terms of its total Gross Domestic Product. For example in the Statistics taken by the World Health Organization it showed that in 2006 America's spending on health care was around US \$3,678 which is about 15.3% of the total Gross Domestic Product. On the other hand, Canada's health care spending in 2006 made \$ 991, which is almost 70% of the total health care expenditures of the public sector system funded primarily by tax dollars (GD Sourcing, 2011). The current state of the healthcare service in the country urges the Canadian government to make some cash transfers to the provinces, but the latter may sometimes impose their own taxes to help defray the costs. Pollard argues that the private sector spends around \$39,2, which is almost 30% of the total state expenditures. According to Pollard's studies, in 1998 Canadian government's contributions decreased significantly where the Canadian government payments

currently make up to only 20% of provincial medical care costs (Pollard, 2002). Further studies by Esmail and Walker (2005) show that provincial government share of health spending in 2002 reached 63.8%. The private sector spending accumulated 30.3 %, which included the cost of the most modern services, such as clinics for eye laser, surgery or in-vitro fertilization, which normally are not covered by provincial health insurance programs. Hence, the costs for the medical service are finally divided between out-of-pocket expenditures and the insurance, which confirms that a total of 70% is spent on health care by a mix of public and 30% private funding with most services delivered both for profit and non-profit delivers. While America spends more per capita than any other nation in the world on Health care, the costs for the medical service are a burden to the citizens of America (Esmail & Walker, 2005).

Considering the governmental involvement of both nations, one must admit that they are both interested in the nation's health, but the central structural difference between the two countries' attitudes concerns the health insurance. The Canadian government is more committed to providing the provincial government with funds for health care expenditures than the American government (Esmail & Walker, 2005). Hence, the even distribution of funds in Canada guarantees accessibility of Canadian citizens to medical easily since it's outlined in the Canada Health Act, which explicitly prohibits billing end users for procedures that are covered by Medicare. Canada's system is more socialized, in contrast to the American one. If compared to the America's system of public delivery, Canadian system provides a public coverage for private delivery, while the America's direct government funding is limited to Medicare, Medicaid, and the state Children's Health Insurance Program (SCHIP) which only covers eligible senior citizens, the very poor, disabled persons, and children, as White

(1997) explains. Though American runs a Veterans Administration, which provides care to veterans, their families and the survivors through medical centers and clinics are uninsured which covers about 25% of the America's population. Some people are eligible for these programs but remain unrolled (White, 1997).

Analyzing the coverage and access of the citizens to the medical care, one must mark that the solution has been a problem, but, according to the research conducted on Health Care Systems an International Comparison, 2001, studies showed that 40% of the America's citizens lack adequate access to health care, compared to 5% of Canadian citizens. For example, according to the 2007 Consumer Reports study on the America's health care system, the under-insured account for almost 24% of the total population whom are believed to live with skeletal health care insurance that barely covers their total medical needs, hence, leaves them unprepared to pay for any major medical expense they may incur. Furthermore, a total of 40% of American's population aged between 16-18 are deprived of access to health care. When compared to Canada, according to the Consumer Reports study based on 2007 data from the Canadian Health Survey, an estimated 1.2 million, which is approximately 5% of Canadians, report that they do not have a regular doctor because they cannot find the one, according to Diffen (2003). In addition, the report says that a number of the respondents do not have the immediate access to healthcare because they haven't tried to get the one. In addition, peer-review comparison study of health care access in the two countries published in 2006 concluded that one third of the America's residents do not visit their doctors, which makes it difficult for the residents to access sufficient medical care (Are We Fooling Ourselves? 2009). Furthermore, about a half of the respondents are likely to forgo the needed medicines because they don't have the ability to purchase

them. The above mentioned problems were often faced by the entire uninsured American citizens since the issue of insurance was raised, rarely visit a doctor and do not get the proper medical care (Klatt, 2002).

Another major advantage Canadian system has over American system is an issue concerning the wait time duration, which citizens of both countries have complaints about, whether in terms of specialist, major elective surgery such as hip replacement, or specialized treatment, such as radiation for breast cancer, etc. According to the 2003 survey of hospital administrators conducted in the United States and Canada (Esmail & Walker, 2005), in America, patients on Medicaid, are forced to wait for three months or more to see specialists because of the low-income government programs. On the other hand, since Medicaid payments are low, doctors are always reluctant to see the Medicaid patients, which has forced the patients to apply additional efforts to make appointments not at the doctor's office, but at the clinic, where appointments have to be booked one month in advance. Compared to Canadians they also experience waits for medical emergency and specialists services but it was found that there are high numbers of people waiting for America's system than Canada's system. Studies by the Commonwealth Fund showed that 24% of Canadians waited for four hours or more in the emergency room, which is around 12% compared to America, where these were 57% of the patients who waited for four weeks or more to see a specialist (Esmail & Walker, 2005).

Analyzing the cost of drugs in both countries, one must admit that each of them has limited prescriptions to help those in need. In Canada, the health care system has developed province programs which assist the poor and senior people to have a free access to drugs, with two thirds of Canadians population having a private prescription

on drug coverage, mostly through their employers. When compared to the American system which uses Medicare Part plan, this happens to cover only a partial population with a significant population not fully covered by the program. In a study carried out in 2005 it was found out that 20% of Canada's and 40% of America's sick adults did not fill prescription because of the cost of the medical service (Esmail & Walker, 2005).

Moreover, Canadian system takes an advantage of centralized medicine purchase through the provincial government which has more market heft and always buys in bulk. With the help of the provincial government, the prices of medicine are normally lowered, while in America, laws prohibit Medicare or Medicaid from negotiating on drug prices. In addition, price negotiations carried out by Canadian health insurers are based on the evaluations of the drugs' clinical effectiveness, which, in turn, allows for the relative prices of therapeutically where similar drugs to be considered. It is also worth mentioning that the Canadian Patented Medicine Prices Review Board has the authority to set a fair and reasonable price on patented products, either comparing it to similar drugs already on the market, or by taking the average price in seven developed nations (Canadian and U.S. Health Services – let's compare the two, 2007). Prices are also lowered through a more limited patent protection, compared to America, where a drug patent may be extended for more than five years in order to make up for the time spent on the development of the given drug (Esmail & Walker, 2005).

Basing on World Health Organization's ratings of health care system performance among nine member nations published in 2000, Canada was ranked 35th while American was ranked 72nd which is the clear indication that the Canada's health care system is more preferable to its citizens than that of America's. According to Guyatta (2007), Canadians are, in general, considerably healthier than Americans and

show lower rates of terminal diseases, such as various forms of cancer. On the other hand, evidence suggests that, with respect to some illnesses (such as breast cancer), those who do get sick are more likely to get cured faster and more efficiently in America. When we compare the life expectancy of the two countries, studies in 2006 show that life expectancy in the two countries differs considerably. According to the results of the study, the life expectancy of Canadians makes 79.9 years, while in the USA the average life expectancy makes 77.5 years (Stennholz, 1989). The gap between the two data indicates that the American system does not perform to the required standards, compared to Canada. A joint American-Canadian study showed that Americans have slightly higher rates of smoking and alcohol consumption than Canadians, as well as significantly higher rates of obesity. Another study demonstrated that Americans have higher rates for health risk factors and chronic conditions which include physical inactivity, diabetes, hypertension, arthritis, and chronic obstructive pulmonary diseases (Guyatta, 2007).

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