

The origins of publicly funded medical care in BC and the BCMA's contributions

The Royal Commission of 1919's proposals to establish a government-sponsored plan that would provide prepaid medical coverage were not acted upon nationally for almost 50 years, when a true national medicare program came into effect in Canada in 1968. But thanks in part to the efforts of the then-BCMA, BC had established programs dating back to 1940 that covered a large portion of the population.

Bradley A. Fritz, MD

The 50th anniversary of the BC Medical Plan, the first government-funded medical care program in British Columbia, was recognized on 1 September 2015. But long before any government was prepared to do so, the then-BCMA (now Doctors of BC) was at the forefront of establishing prepaid medical plans for the citizens of this province.

The history of publicly funded medical care in BC and Canada dates back to 1919 when the Liberal government of BC established the first of many Royal Commissions to consider creating a government-sponsored plan that would provide prepaid medical coverage in the province. Since then, there have been more Royal Commissions and reports about medical care in Canada than on any other issue, 350 in all. That commission spent 3 years examining compulso-

ry state health insurance and recommended in 1922 that there should be “early consideration to legislation providing for an adequate system of insurance against sickness.”¹

Subsequent governments did not act on the commission's recommendations until 1935, when the Liberal government of Premier Thomas Dufferin (“Duff”) Pattullo passed legislation to establish such a program, without coverage for unemployed people and pensioners, which the government withdrew during debate on the bill due to fiscal constraints introduced after the Great Depression. The legislation created a commission with the right to determine the scope and standards of insured medical services, a great deal of control over physicians' incomes, and a fixed budget regardless of the true cost of providing care to the people who were covered.

Although the legislation was passed, the government delayed making it law at least in part due to furious opposition from BC doctors and the British Columbia Medical Association (BCMA). The association went to great lengths to attack the proposed scheme for several reasons. First, people in the excluded groups were

the most in need of access to medical care and were not likely to be able to pay for medical services themselves; the BCMA was concerned that the costs of care would fall to doctors. Second, doctors believed that they, not the commission, had the right to determine the scope and standards of insured medical services.² Third, the association was opposed to the commission controlling physicians' incomes. The then-Minister of Labour, George Pearson, opined “The chief fear of the medical men seems to be their earnings will be threatened.”³ In addition, and in what would prove to be a harbinger of the future, the commission's fixed budget raised concerns with doctors that their fees would eventually be subject to rationing. After negotiations with the government failed, the BCMA called for a vote of its members on the merits of the proposed law. It was defeated 622 to 13.²

Opposition by the BCMA galvanized public sentiment against the law. The widespread opposition resulted in the government postponing implementation in 1937 and eventually abandoning the idea of state-supported medical insurance.

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Dr Fritz is a family physician and a member of the Archives and Museum Committee. He has a keen interest in the history of the organization, has served on the Doctors of BC Board of Directors for almost 30 years, and chaired the Negotiating Committee for 16 of the last 31 years.

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Doctors understood that because public opinion and business sentiment were in favor of health insurance, government would eventually want to bring in such a plan. In response to societal pressures, and to forestall government action, the BCMA established the Medical Services

were not covered by the MSA. These groups made up approximately 25% of the population. While provincial and federal governments had made an effort to provide money to municipalities for medical services for unemployed people, the programs were not offered consistently throughout the province or the country.

coverage through the various established plans.

In 1961, following the establishment of a government health care program in Saskatchewan, the Canadian Medical Association requested Prime Minister John Diefenbaker to appoint a Royal Commission on health services to examine the need for a universal health care program in Canada. The CMA hoped the Royal Commission (also known as the Hall Commission) would conclude that Premier Tommy Douglas and the Saskatchewan government had gone too far and that wide-scale government intervention in health care was inadvisable. Thus, it came as a shock to the CMA and its provincial divisions that the chair of the Royal Commission, Mr Justice Emmett Hall, in fact proposed the opposite; that is, that federal and provincial governments should establish a national universal medical care program with a range of coverage even more comprehensive than that in Saskatchewan.⁶

Soon after the commission released its report in 1964, discussions between the BCMA and Premier W.A.C. Bennett convinced doctors that a provincial government plan was on its way. The BCMA was approached by the government, which acknowledged that doctors should be the recognized experts on health policy, to enter into negotiations and help design and establish the British Columbia Medical Plan.⁷ The association considered hiring a professional negotiator at this point, although this was not done until 14 years later.

Negotiations between the government and the BCMA were lengthy and eventually stalled. Settlement came in an unusual way in 1965. The BCMA's then-president Dr Hart Scarrow found himself next to the Minister of Health "in adjoining stalls in the gents," where "agreement on outstanding points was reached in minutes."⁸

The BCMA signed a 5-year master agreement with the government,

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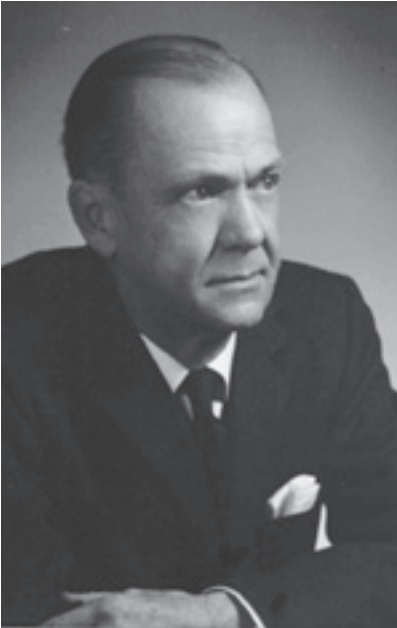
Association (MSA) in 1940, which provided prepayment for medical services for employed people and their families through service contracts with employers that had large workforces. Employers were required to pay at least 50% of the premium and employees paid the rest. The BCMA and individual doctors financed the MSA's initial expenses, with costs repaid in 1944.²

In what proved to be a brilliant public relations move, doctors did not insist on having a majority on the MSA Board of Directors, which comprised four union representatives, two employer representatives, and two doctors.⁴ Over the next 25 years this proved to be the most successful of such plans across Canada and always performed in the black.

British Columbians who were self-employed, employees of small companies, or unemployed people (recipients of social assistance, pensioners, the blind, and mothers, among others)

In 1949, in response to public pressure following the Second World War, the BC government established the Social Assistance Medical Services Fund (SAMS), to be funded by government but administered by the BCMA.⁵ Over time, funding from government did not increase, and when SAMS was integrated into the BC Medical Plan in 1965 the BCMA's bills were being paid at about 30% of the posted BCMA schedule of fees. Thus, doctors' concerns about prorationing first came to pass in the middle of the century.

When the Social Assistance Medical Services Fund was established, self-employed people and employees of small companies still did not have coverage. In 1954 the BCMA and the MSA established Medical Services Incorporated (MSI), which offered coverage to these individuals in exchange for a monthly premium. By 1954 approximately 90% of the population received prepaid medical



Dr H.G. Scarrow, 1965

and its members initially did very well under the BC Medical Plan. For instance, there was a 9.2% fee increase in 1966. The agreement also included an escalator clause that provided for automatic increases in payments based on the consumer price and industrial wage indices. In addition, doctors were free to bill patients extra and could opt out of the medical plan. The agreement was unique across the country. Doctors in other provinces were aghast that the BCMA had reached such an agreement with government and BC doctors were considered by many to be “pinkos.”⁷

The BC Medical Plan was initially envisioned by Premier Bennett to cover those British Columbians who had previously had their medical fees paid by the Social Assistance Medical Services Fund, with private plans from the CU&C Health Services Society, Medical Services Incorporated, and the Medical Services Association continuing to offer coverage separate from the BC Medical Plan. Because enrollment in the new plan was not restricted to unemployed people, in the first 2 years the BC Medical Plan doubled in size and by 1967 was covering 20% of the population.

Due to government subsidies, Medical Services Incorporated could not compete with the BC Medical Plan and was disbanded in 1967, with its members offered coverage through the BC Medical Plan.⁷

In July of 1965, with the implementation of the BC Medical Plan on the horizon, Premier Bennett attended a federal-provincial conference in Ottawa to discuss federal post-Hall Commission plans. He learned that the federal government was proposing to share the cost of health care on a 50-50 basis with the provinces. Bennett’s government was in a financial bind at the time and he could not pass up the approximately \$20 million in federal assistance that BC would receive if it joined the new federal plan. If BC did not join, all of the costs to government would be borne by the province alone.

Unlike during the negotiations that led to the formation of the BC Medical Plan, Bennett’s government did not consult the BCMA about the legislation that would be put in place in order for BC to join the proposed federal plan. Whereas the previous tone had been one of cooperation and mutual respect, this lack of consultation was the first step in the deterioration of relations between successive governments and the BCMA over the next several decades.

British Columbia entered the federal medicare program on 1 July 1968. Saskatchewan was the only other province to join at that time; these were the only two provinces that met the universal coverage threshold (90% of the population had to be enrolled in existing plans) as well as the other requirements:

- Comprehensive physician services had to be covered.
- The plan had to be administered by government.
- Benefits had to be portable between provinces.

Initially, private plans such as CU&C and the MSA continued to act

as licensed carriers for the BC government plan. Eventually, they were excluded by legislation from acting as carriers under the BC Medical Plan.

And one interesting side note: when the MSA was no longer allowed to be a licensed carrier, it had a substantial retained profit. The then-BCMA Board decided to donate that money to the Hamber Foundation and, to this day, Doctors of BC appoints two members to the board of the Hamber Foundation in recognition of that gift.

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