

**Economic Analysis of a Health Services Co-operative's Presence on a Home
Territory
The case of Saint-Étienne-des-Grès (1995-2001)¹**

What are the economic and social impacts of the creation of a health services co-operative in a community?

This subject is examined in the following analysis. The municipality of Saint-Étienne-des-Grès (StÉG), in the Mauricie region of Quebec, was selected as the object of the study.

The Health Services Co-operative

When Saint-Étienne-des-Grès' only physician retired in 1990, residents joined forces to ensure that the town's 3,700 citizens would not be without a doctor. The goal was to prevent people from having to travel to Trois-Rivières or Shawinigan, two municipalities located some 20 km from StÉG, to consult a physician.

Over time, the two possible solutions envisaged to solve the problem proved to be non-viable:

- The public solution: In a context of massive budgetary constraints, the CLSC covering the territory comprising StÉG was financially unable to provide a service point in that municipality, and hence, offer access to a doctor.
- The private/physician entrepreneur solution: Several attempts to incite physicians to open a medical office or clinic in Saint-Étienne were unsuccessful.

Inspired by the circumstances, the director of the local *caisse populaire* (the equivalent of a credit union), suggested a pathbreaking idea, that of a co-operative formed by a group of citizens. After collecting capital by emitting common shares and preferred shares, the co-operative contracted a mortgage loan to permit the construction of a 10,000 square foot building. Prior to launching the project, its leaders ensured that a number of health professionals were willing to lease space for their practice: psychologist, dentist, pharmacist, optometrist and, of course, physicians. It was thus essentially with rent payments that the co-operative intended to generate revenues. With strong support from the *caisse populaire* and the municipality, the co-operative launched its operations in 1995. The years that followed were characterized by remarkable development:

- 1999: Opening by the co-operative of a service point in St-Élie-de-Caxton.
- 2000: Establishment of a foundation whose principal goal is to assist the co-operative's low-income members in paying for services not covered by the medical care plan.
- 2001: Assumption of management of a nursing home.

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- 2003: Change of the co-operative's status from a user co-operative to a solidarity co-operative.
- 2003-2004: Development of a center for external medical trainees from the Faculty of Medicine (Laval University).
- 2004: Expansion of the co-operative's main building to double its initial size.
- 2005: Expansion of the nursing home – addition of 15 places.

Study Methodology

The aim of the study is to compare the economic and social performance of the host community (StÉG) on the basis of numerous economic variables for comparable municipalities (1,000 to 6,000 inhabitants). The basis of comparison is founded on data from Statistics Canada's censuses for the years 1996 and 2001 as well as taxation statistics for 1995 and 2000.

The principle of standardization is thus at the core of this methodology. It consists of building a reference universe, i.e. comparables, which is made up of all municipalities in Quebec numbering 1,000 to 6,000 inhabitants in 2001. This totals 464 municipalities. Subsequently, StÉG is positioned on a scale from 1 to 100.

Summary of the Results

Based on comparison of most of the economic variables available for this study, the community of Saint-Étienne-des-Grès scored higher, or in some cases considerably higher, than comparable municipalities for the reference period from 1996 to 2001.

In terms of economic impacts, StÉG scored higher from 1996 to 2001 with respect to:

- Population development; higher ranking, from 13 to 12 (rank/100).
- The number of income tax filers; higher ranking, from 12 to 10 (rank/100).
- The unemployment rate of youth; from position 60 to position 26.
- The unemployment rate of adults; from position 55 to 45.

There is also less reliance on the government, in the sense that the proportion of transfer income with respect to total income is substantially decreasing.

- The proportion of transfer income with respect to total income shifted from position 37 to 24 (rank/100).

Furthermore, despite the relative decline of transfer income, the **total income** at StÉG has increased by **1% more per year** than the universe of comparable municipalities.

- Income ranking: Men, from position 10 to 8, and women, from position 15 to 12.

Finally, there appears to be some improvement with regard to the elderly's situation.

- Decrease in the number of non-family seniors, from position 55 to 20.
- Decrease in the number of single seniors, from position 59 to 15.

Conclusion

Saint-Étienne-des-Grès scores higher for both economic and social factors from 1996 to 2001. The development of the health services co-operative was the main event during this period. The creation of the health services co-operative can be linked to demographic factors that were present prior to its establishment, i.e. an overconcentration of individuals in the 40-55 year age group. There is now a higher retention of the population aged between 50 to 70 years due to the presence of medical services. Finally, there have been positive effects on the operations of the local *caisse populaire*: strong growth of assets and greater capacity to gain a portion of the competitors' business volume.

Repetition of this comparison exercise using data for the fiscal year 2005 and data from Statistics Canada for 2006 will provide an improved understanding of this project's impact over time.