

# Ontario Health Coalition

## The loss of 100 years of non-profit home nursing in Hamilton

### Briefing Note - January 2008

#### Two major non-profit homecare providers axed

In December 2007 the Victorian Order of Nurses (VON) and St. Joseph's Home Care were deemed "not eligible" in a "competitive bidding" process to submit requests for proposals to provide home care services in Hamilton even though these two organizations are the largest non-for-profit agencies in the region and provide about 80 percent of home nursing care in the region.

St. Joe's has provided health care for more than 80 years and many of its nurses have over twenty to thirty years of service. The Hamilton VON has 107 years of service and was recently awarded the Hamilton Spectator Gold Reader's Choice Award in the home health care category.

As a result 100 years of faithful non-profit community homecare service is under threat and patients face serious service disruptions. With other contract changeovers winning agencies struggled to hire enough staff, leaving many patients in a precarious position. Nurses will lose their jobs through no fault of their own and will be facing unemployment or working for lower wages and benefits.

#### Profit over patients and service: background

Until the 1990's homecare was a non-profit public service provided by trusted agencies like the Victorian Order of Nurses and the Red Cross. In 1996 the provincial Conservative government cut off the non-profit grants and forced a bidding process to allow multinational for-profit companies to take over homecare contracts. An outcry over the problems with "competitive bidding" forced the province to put a moratorium on competitive bidding in 2004. However the moratorium was lifted in fall 2007 and the bidding is again underway across Ontario.

With competitive bidding private for-profit corporations are invited to compete for contracts against the non-profit providers. 80-90% of the costs for providing homecare are nurse and homemaker salaries and benefits. The for-profit agencies have consistently underbid non-profits by cutting salaries and worsening working conditions, disrupting care and leading to serious staffing shortages. Non-profits are community agencies controlled by a locally elected Board of Directors. For-profits are investor-controlled and operate (by mandate and law) to provide a profit to their investors. Homecare, as part of the healthcare system should be a public non-profit service rather than a commodity bought and sold for profit.

#### Competitive bidding has resulted in:

- Profit-taking that siphons money away from care.
- Disruptions in care, frequent changes in the nurses and caregivers providing intimate personal care such as baths, medications and wound dressing.
- The loss of small non-profit agencies providing service.
- Severe staff shortages as staff leave the sector seeking fairer working conditions. Many staff are forced to re-apply for their jobs at lower wages and poorer working conditions.
- A dangerous environment of secrecy. Employees are required in some cases to sign oaths of confidentiality that is so broad it prevents homecare workers from telling the public about problems with homecare services.
- Resources moved from service to administration as organizations absorb a significant financial burden to complete the application process.

#### A "paper exercise"

The minister of Health and the CCACs have asserted that "quality control" is given a priority in the awarding of contracts and that quality accounts for 70-80% of the points used to assess bids. *But "quality" is assessed on the nature of a bidding document – not actual quality of care.* It is simply a paper exercise.

Agencies with few or no care staff have been awarded contracts in competitive homecare bidding based on their documents, favouring multinational companies that hire expensive consultants to write the bids.

#### Secrecy

What are the exact criteria that agencies are bidding on? No one knows. And the scores which resulted in a denial of funding for St. Joe's and the VON have not been released to them.

#### Privatization

The competitive bidding process is a privatization model. Homecare is an integral part of the continuum of health care and not a commodity to be sold or traded for profit. The bidding process has resulted in the massive growth in homecare by private for-profit companies.

## Crucial lessons from the competitive bidding process in homecare health

Competitive bidding, which began in 1996, has had a very negative result on homecare health delivery. After several high-profile battles were waged in 2004 to save community supported not-for-profit agencies the provincial government put a moratorium on competitive bidding. This moratorium was lifted in the fall of 2007 and the Victoria Order of Nurses Hamilton and St. Joseph's Home Care are among the first agencies to lose home care work with the moratorium lifted.

In 2005 the Ontario Health Coalition studied the effects of the competitive bidding process and found the following:

- 1. Competitive bidding has changed the nature and culture of the service providers in the sector.** Competitive bidding has led to consolidation of the market, creating a market oligopoly of large companies rather than community-based service
- 2. Competitive bidding has introduced massive and regular dislocation of human resources in the sector.**
- 3. Competitive bidding has introduced massive and regular interruptions in continuity of care in the sector.**
- 4. Competitive bidding has contributed to a climate of fear among staff and patients and a culture of secrecy.**
- 5. Despite claims of "innovation" resulting from competition, we have been able to find no evidence of bonafide improvements in care methods or administration.** Rather, we have found that the competitive bidding process is responsible for declining working conditions and the elimination of job security, factors that have led to an exodus of skilled workers. Conditions appear to be worse in for-profit agencies, or at least, to have worsened more quickly among these providers.
- 6. Despite assertions of quality assurance, in practice, the bid process is a matter of assessing expensive consultant-written bids and is largely a theoretical exercise.**
- 7. The direct costs of competitive bidding are a significant burden.** The structure of the homecare sector as shaped by competitive bidding is rife with duplication, redundancies and higher administrative costs that are unnecessary but for the competitive bidding system. Resources have been shifted from patient care to administration.
- 8. Democracy has been eroded.** Boards are not elected by or representative of the community, contrary to the original intention behind regionalizing long-term care services. While many not-for-profit providers are run by boards of directors based in the community with varying degrees of democracy and community control, the for-profit providers are accountable only to profit-seeking investors. Access to information has been compromised due to competition and privatization.
- 9. Extending the length of contracts while maintaining competitive bidding fails to address the fundamental problems with the current system, and would create a host of new problems.**
- 10. Competitive bidding worsens the divide between homecare and other parts of the health care system.** It has already resulted in a migration of skilled personnel from the homecare sector to hospitals and long-term care facilities.

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## Action we need from Dalton McGuinty's government

**Stop competitive bidding.** Competitive bidding diverts tremendous resources from care into marketing, administration, profit-taking and redundancy.

**Reverse the private for-profit delivery of homecare by building quality, local community-controlled, integrated non-profit delivery.** Eight years of expanded for-profit care has brought no evidence of better care outcomes, but has created instability and removed resources from caregiving.

**Repeal directives requiring the Community Care Access Centres to divest direct care and allow CCACs to hire direct care staff.**

**Fund homecare to meet population need for services,** including supportive care to allow seniors to age in place and persons with disabilities or chronic illnesses to live in the community, and in-home respite for family caregivers.

**Establish terms of employment that are equal to other health sectors.** Respectful working conditions must include fair, equitable and standardized wages and benefits, pay equity, paid sick leave, pension benefits, employment security and guaranteed hours of work. Competitive bidding has contributed to staff shortages and incentives for workers to leave the sector for better working conditions. Continuity of care relies upon a stable workforce, which, in turn, depends upon respectful and just employment conditions.

**Restore democratic community governance of homecare services.**

Visit: <http://www.web.net/ohc/LongTermCare.htm> for more information!

**Contact Dalton McGuinty** and tell him to stop competitive bidding in homecare and restore non-profit homecare!

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