

Ontario Health Coalition

MEDIA
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FOR IMMEDIATE RELEASE **Attention: Assignment Editors**

Tory support for private, for-profit sector increasing cost of health care privatization of Ottawa Home Care services costing the public \$830,000

TORONTO- The Ontario government's requirement that Ottawa-Carleton Home Care contract out its therapy services is costing the agency at least \$830,000 more than to deliver the same services itself.

Physio-therapy, occupational therapy and social work services in Ottawa-Carleton have been delivered directly by the Community Care Access Centre (CCAC), the agency responsible for home care. Under direction from the provincial government, the CCAC is required to contract out these services. KAMAR, a for-profit Ottawa based company, won the bid and is slated to take over delivery of these services in April. KAMAR's contract is \$830,000 more per year than it would cost the CCAC to deliver the services itself.

"....There are additional costs associated with the divestment of the therapy/social work services.....our board has consistently taken the position that it will not reduce or compromise our ability to meet its service obligations in order to make this divestment happen. The agreement, therefore, that we require from the Ministry is that they will recognize this increased cost (\$830K)"

Dan Benedict, Co-chair of the Ontario Health Coalition called this development an indictment of the government's long term care reforms. "The government is turning our health care system into a cash cow for private companies and the public are paying the bill. In Ottawa - Carleton we have the most blatant example in this ideologically driven experiment. We are going to be paying more for the same service. The government should back down and let the CCAC deliver the service directly. Health care, and in this case the Ottawa-Carleton CCAC, needs that money to provide patient services, not to support the profits of a private company."

Taxpayers Liable for 4 Million Dollars in Therapy Divestment

In addition to the ongoing extra \$830,000 per year, the provincial government has agreed to cover the four million dollar liability of KAMAR for severance and other staff costs should KAMAR go bankrupt or, in four years, not win the next contract for therapy services.

The Ministry of Health confirmed to the Ottawa-Carleton CCAC:

"The Ministry will consider as an allowable cost one time funding to cover the payment of specific severance costs incurred by the successor employer [KAMAR] who takes over the employment of direct service workers and subsequently must lay-off these workers as a result of failure to maintain sufficient level of business as a result of loss of the Request for Proposal in the Ottawa Carleton area".

"While we support the government ensuring that workers are able to receive their legal entitlement to severance and other money due, this liability would not even exist if the government did not force home care to give these services to a for-profit company," commented Irene Harris, Co-chair of the Ontario Health Coalition and Vice President of the Ontario Federation of Labour. "Here we have the bizarre situation of the government, in the name of cost efficiency, adding an extra cost of \$830,000 per year by profitizing health care, and putting the public on the hook for an extra four million if the profit company can not meet its obligations. Go figure."

"We believe this is only the tip of the iceberg", explained Ross Sutherland, a visiting home care nurse and Co-chair of the Kingston Health Coalition. "As a result of the competitive profit system in health care we are already seeing duplication of services, excess administration, and wasted health care resources spent in the bidding process, to say nothing of the money lost to the system in private profit. Now we can see how the government can spend more on health care but the public receive less service. This would be a good study for the auditor general."

"A 1997 study by the Kaiser Family Institute in the United States found that 'For-Profit companies in home care cost Medicare [the American public home care provider] 1.1 billion dollars more than if they had used non-profit agencies'. The money the government is wasting in Ottawa-Carleton on for-profit therapy services shows that if the government was serious about providing cost effective health care it would be promoting a public non-profit system," concluded Mr. Sutherland.

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