Ownership Matters
Lessons from Ontario's Long Term Care Facilities
May 27, 2002

An Ipsos-Reid poll released in April 2001 indicates that the majority of Ontarians are worried about the affordability (60%) and the availability (57%) of long term care. We have good reason to be worried. Statistics Canada predicts that the number of Canadians over age 65 will double in the next 50 years. By 2026, one in five Canadians will be a senior. The fastest growing group in the country is aged 80 plus.

At a time when rampant restructuring of provincial health care systems as well as demographic data demand that we consider an expansion of the services provided under the Canada Health Act - such as home and long term care - the trend of Ontario's government is to move further and further away from the principles of the Act with respect to services for seniors. "Public-private partnerships" are offered as a panacea for the challenges facing the provision of health care. But what has the involvement of the for-profit sector meant for the delivery of long term care in Ontario? How has it affected levels of care? What is the relationship between policy-makers and the corporations who are competing for contracts to deliver care to seniors?

This report draws conclusions from the available data on the trends and outcomes of increasing private ownership and operation of long term care facilities. The lesson from Ontario's long term care sector is clear: ownership matters.

Summary of Findings

- Ontario's long term care facilities are now the most privatized in Canada. For the first time ever, public money is paying for the construction of long term care facilities that will be owned and operated by for-profit corporations. Ontario Health Minister Tony Clement claims privatized health care is "faster, better, cheaper". The evidence points to a different conclusion. While privatization in Ontario's long term care sector has increased, the key trends in the sector paint a disturbing picture about care and costs:**Ontarians in long term care facilities receive extremely low levels of service compared to other jurisdictions.**
- **Ontarians in long term care facilities are among the oldest and the sickest but receive the least therapy, rehabilitation and nursing care.**
- **Basic accommodation costs in Ontario's long term care facilities are among the highest in the country.**
- **Staff workloads, overtime and accident and injury rates are on the increase.**
- **Minimum standards and facility inspections have decreased in the last half decade.**
- **The "second tier" - percentage of beds held for residents who pay a surcharge - has increased while the percentage of beds held for those who can't afford the premium rates has decreased.**
- **Connections between government and private owner/operators are unprecedented.**

Faster, better, cheaper? Private ownership and operation of facilities is not all its cracked up to be. The evidence is that private ownership has created a powerful and fairly consolidated private industry whose interest in profit comes at the expense of the residents and staff in their facilities.

The Trends

While the trend from the mid-1960s to the mid 1990s was to increase resident protection through improved regulation and care standards, accelerated privatization has been accompanied by a reversal in this trend. **Since 1997, regulations ensuring minimum staffing levels in for profit facilities have been removed.**

From 1996 - 1999 inspections of long term care facilities dropped by 40%.

As in other health care sectors, when private sector involvement has increased, the pressure for two tier health care and new sources of revenue for profit-seeking owner/operators has increased. **In Ontario, long term care's "second tier" - the proportion of beds held for residents who can afford to pay a surcharge for "preferred accommodation" - has increased while the percentage of beds held for those who can't afford the premium rates has decreased. In addition, the share of premium-pay surplus kept by facility operators has increased to 100% from previous rates that required a 50/50 split with the provincial government.**

A key government- commissioned study shows that, of all the jurisdictions studied, Ontarians in long term care facilities receive the lowest levels of service despite having among the highest rates of Dementia, Alzheimers Disease, depression, cognitive and activity of daily living impairment.

Connections between the for-profit long term care industry and government are cosier than ever. **Canada's largest owner-operator of for-profit long term care facilities, CPL REIT had Ontario Premier Ernie Eves on the Board of Trustees of its retirement division (Retirement Residences REIT) until he returned to politics in April. Senator Michael Kirby - head of a committee prescribing directions for the future of health care in Canada - sits on the Board of Extendicare Inc. Political donations to the current provincial government are unprecedented.**

Conclusions

As the Romanow Commission on the Future of Health Care in Canada conducts its final round of consultations, we are seeing provincial governments such as Ontario's push for increased private-sector involvement in the provision of care. Will the future of care for the fastest growing population in the country lie in unregulated for-profit retirement homes? Is it sound policy to continue and expand the public financing of private nursing homes run for-profit?

Our conclusions are cautionary. The evidence to date shows that an increasingly privatized and consolidated long term care industry promotes an influential and well-connected interest in deregulation of patient care standards and increasing sources of revenue for profit-seeking owner/operators. It does not reduce costs, has not improved staffing conditions and has promoted the growth of a "second tier". It is not the answer to improving services. Governments should take heed: ownership matters.

The full report is available on our website at www.ontariohealthcoalition.ca

The Ontario Health Coalition is Ontario's most broadly representative voice for public health care policy. Its membership encompasses more than 300 member groups: community health coalitions, health care workers at all levels, unions, social development agencies, womens' groups, seniors' groups, low income and homeless peoples' organizations, ethnic and multiracial minorities' groups, faith-based organizations, health centres and other citizens' organizations.

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