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Canada's Struggle Against the Privatization of Healthcare

The Ontario Liberals and Long-Term Care

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Featured image: "Stop the Cuts" rally in front of Queen's Park in Toronto.

Governments across Canada have been caught in a fiscal bind over the entire period of neoliberalism. On the one hand, they have pursued austerity and restraint almost without interruption since the 1990s; and, on the other, they remain under pressure to deliver some minimal social security for welfare, healthcare, pensions and so forth. Since the eruption of the financial crisis in 2008 this contradiction, a core tension of meeting social needs in capitalist societies, has gotten worse. The combination of a long depression in economic growth and permanent austerity in government budgeting has further cramped government fiscal capacities. This has led to all kinds of efforts, following the new public management organization of the state, to privatize, contract-out, marketize and so on, government functions and services.

In Canada, the government of Ontario loves to trumpet its record of having the lowest per capita programme spending in the country. Since the Mike Harris Common Sense Revolution of the 1990s, it has done as much – or more – to gut the capacity of the public sector as any government in Canada. The Liberals under Premiers Dalton McGuinty and Kathleen Wynne have done nothing to overturn this policy regime. Indeed, the much referenced 2012 Drummond Commission on the Reform of Ontario's Public Services, prepared for the Liberal government, took the neoliberal public management administrative reforms a step further and gave particular emphasis to the privatization and P3ing of the public sector. An especially prominent example of the public sector crisis in Ontario is the long-term care (LTC) sector. It illustrates well how the policies of neoliberal austerity attempt to bolster capital accumulation while displacing the costs of the crisis onto workers, the elderly and the poor.

Care for Profit or Care for Needs

The critical point of tension in nursing care occurs between 'care for profit' and 'care for needs'. Since 2010, seven of the largest for profit long-term care chains have received nearly $4.9-billion in direct cash transfers from the Ontario government (Table 1). The trouble is that without any financial accountability, that public money might be going to the luxury needs of shareholders and executives instead of serving the needs of residents.

Recent international research on the provision of long-term care suggests Ontario has the worst financial accountability and transparency when compared to Scandinavia, England and California. Financial improprieties in the care home sector are systemic in highly

privatized systems. Whether private 'family-run' homes or multinational firms, there is no legitimate reason why with sums of public subsidy this huge, executive salaries and company profit margins are not available to the public.

Table 1: Direct Ontario Contributions to Nursing Care Chains, 2010-2015	
Nursing Chain	**Ontario Contributions (2010-15)**
Extendicare (Canada) Inc.	$1.15bn
Schlegel Villages Inc.	$430m
Chartwell	$344m
OMNI Health Care	$339m
Revera Inc.	$1.5bn
Sienna Senior Living	$866m
Caressant Care	$266m
Total	**$4.9bn**

Source: Public Accounts of Ontario, vol.3, 2010-2015.

As a crisis in care has grown due to the complex needs of an aging population, so too has the government's financial contribution to the system. Between 2004 and 2012, health expenditures grew from $29-billion to $46.4-billion in Ontario. As a percentage of provincial GDP, health expenditure has nearly doubled. LTC is about 7 per cent of the provincial health budget or $4.3-billion per year, yet persistent understaffing continues to plague homes, with resident waiting hours for assistance with the tasks of daily living like toileting. While the province provides unprecedented sums of public money to long-term care homes, the money scarcely gets where experts say it's most needed. Worse, there's no system of accountability that the government has to adhere to beyond the wishes of private sector providers. In addition to $155.52 per diems per resident for care homes and capital funding of $95,000 per bed, other concessions included complete control of staffing levels and virtually no public scrutiny of profit levels.

The Consolidation of Long-Term Care Chains

To grasp the character of the crisis in care today, it is important to understand how Ontario's LTC has evolved and why the turn to privatization will compound current problems.

The 1972 *Nursing Homes Act* put inspectors in regional field offices to enforce the expansions of standards and public funding to private care homes. The *Nursing Homes Act* was significant because it entrenched what Tamara Daly refers to as, "Ontario's private delivery/public funding/medicalized model."[1] Private homes received public money to provide 'extended care' but the system of 'deterrence regulation' would force care home operators abide by costly regulatory changes that only the larger corporations could afford to meet.

In 1993, the care lobby achieved a strategic aim with the passage of the NDP's *Long-Term Care Statute Law Amendment Act*. First, funding was transferred through the envelope system, divided between nursing and personal care, program and support services, raw food (once part of accommodations) and other accommodations. Second, the 1993 achieved funding parity for for-profit homes, ending the relative advantages the non-profit and state

sector enjoyed such as deficit financing). Third, in an effort to keep occupancy levels near 100 per cent, heavy care patients would be transferred to nursing homes as psychiatric wards were shut down. The level-of-care funding would provide money for residential acuity – a measure of chronic sickness on a case mix index deviating from a baseline of 100. This would spawn a suspicious process called "charting for dollars," where improved funding was transferred to care home operator but without any mechanism to ensure improved staffing levels.

The Conservative Party made three fundamental changes to nursing homes between 1997 and 2002. The first was competitive bidding procurement through the Community Care Access Centres, which favoured for-profit homes. The second was the repeal of a legislated care standard and staffing ratios. Third, capital funding was allocated to LTC operators but mostly to the firms that gave generous campaign donations. As Robert MacDermid has shown, between 1995 and 1999, the Conservative Party banked $336,545.30 from the long-term care lobby, representing between 12 and 41 per cent of yearly donations. Roughly 10,000 of 14,000 beds allocated during this time went to the private sector.[2]

The Policy of Long-Term Care under the Liberal Party

A closer look at two key controversies in long-term care – understaffing and competitive bidding – puts a spotlight on the way state power is an expression of class power and the bankruptcy of the party system in Ontario. The key parameters within which the Ontario Liberals operate in this sector can be seen in their holding the line on these two important policies.

The McGuinty Liberals came to power in 2003 amid widespread calls to reform understaffing and competitive bidding structures in the long-term care sector. In order to save face but keep the corporate care lobby on his side, McGuinty had to orchestrate the "reform process" enshrined in the Long-Term Care Homes Act (LTCHA). Despite recent reports such as the 2005 Casa Verde inquest and the Romanow Commission that affirmed minimum staffing standards and public provision of care, McGuinty tasked Elinor Caplan and Shirlee Sharkey to reinvestigate both competitive bidding and understaffing and come up with the *correct* recommendations that wouldn't jeopardize votes or party donations.

No Legislated Minimum Standard of Care: Ontario is the only province that doesn't use a legislated minimum care standard, which is estimated to be between 4 and 4.5 hours per resident per day. Former Liberal Premier Dalton McGuinty campaigned on a promise of a staffing standard but failed to include it. The 2005 recommendations from a Coroner's Inquest into a brutal homicide at a care home included a legislated care standard. The "Sharkey Report", which recommended a staffing standard by 2012, was ignored by the Health Ministry under George Smitherman.

Continuing Competitive Bidding: The other campaign promise McGuinty broke with impunity was the end of competitive bidding for licenses and proposals. Dubiously low bids and big debts on the account books ushered corporate chains into a new phase of industry consolidation. Former federal cabinet minister Elinor Caplan assisted the Liberals in a study on competitive bidding reform. The 2005 Caplan Report supported the machinery of privatization while arguing for the expansion of home care. Public backlash rose once again in 2008 when the 100-year old Victoria Order of Nurses was on the losing end of a series of competitive bids. Competitive bidding was temporarily suspended yet again. However, Elinor Caplan's son, David, became Health Minister and retooled the Community Care

Access Centre (CCAC) procurement process and gave it a Liberal stamp of approval.

Competitive bidding ordains a race to the bottom in working and living conditions. As Daly explains, "Since 2003, the Ministry of Health and Long-Term Care has expanded by 2,500 the number of full-time personal support worker (PSW) positions and by 900 the number of full-time nursing positions in long-term care homes. However, with 20,000 new beds added and new reporting and compliance procedures in place, new staffing amounts to little more than one PSW per eight residents on one shift per 24 hours."[3] The failure of staffing levels and training to keep pace with the growth of complex needs has created alarming scenarios in care homes. A recent report by the Geriatric and Long-Term Care Review Committee showed that homicides were 41 per cent of preventable deaths in 2014. According to former MPP Donna Cansfield, behavioural symptoms like aggression worsen within 90 days of becoming a nursing home resident. To manage these symptoms, Ontario has relied on prescribing antipsychotic drugs, at a high rate of 38% for a long-term care population of about 78,000 – even when such prescriptions are unnecessary. Antipsychotic drugs are routinely used as chemical restraints for the 70 per cent of residents diagnosed with dementia. This type of "treatment" is criticized for being inappropriate for use of off-label drugs and has been linked to instances of preventable death.

Austerity and Revitalization at Toronto City Hall

The reforms by the Liberal party have had important implications for Ontario's municipalities, which have struggled to keep up with deterrence regulations and capital renewal guidelines. Many have called in auditors and formed research committee to outline privatization strategies to stem the crisis of local government finances.

KPMG conducted a Core Services Review in 2011 under Mayor Rob Ford. The City then hired DPRA Canada and SHS Consulting to conduct a Service Efficiency Study for the Long-Term Care Homes and Services Division. The City decided to maintain control and discover efficiencies, which are identified as: (1) acquire more funding for nursing services; (2) decommission LTC transportation; (3) renegotiate collective agreements to achieve labour flexibility; (4) consolidate LTC homes and beds and sell land; (5) campus model for accommodating different levels of care; and (6) implementing staff scheduling software. One recommendation contained in these studies was the intensification of lobbying efforts toward the Ministry of Health and Long-Term Care to use provincial capital funding to meet the redevelopment needs of Toronto Long-Term Care Services without raising taxes.

Table 2. Corporate Care Lobbying and Political Parties, 1999-2013

Firm	Total Donations	OLP donations	OLP Donation Count	PCPO donations	PCPO Donation count
Extendicare (Canada) Inc.	$62406.25	$14215	12	$46813.25	20
Schlegel Villages Inc.	$82329.24	$30625.44	29	$51703.80	35
Revera Inc. (Formerly CPL and Retirement REIT)	$60800.58	$25416.25	9	$35464.33	24
Caressant Care	$36383.40	$8349.5	12	$27044.33	40
Leisure World (Now Sienna Senior Living)	$30108.28	$3489.55	6	26618.73	10
Ontario Long Term Care Association	$26054.72	$9857.49	12	$16197.23	36

Total	$298,082.3	$91,953.23	80	$203,841.67	165

Source: elections.on.ca/stats.

In 2009, the City of Toronto approved the retrofitting of six of its 10 LTC homes (about 1500 beds) over 10-15 years. Fudger House, Lakeshore Lodge, Seven Oaks, Castleview Wychwood Towers, Carefree Lodge and Esther Shiner Boulevard are all set for redevelopment. These homes with 100-400 beds are structurally classified as C homes and are mandated to be upgraded by the LTCHA's new standards. This capital renewal plan will move out the residents of some homes during the construction phase and temporarily house them in what is currently the Seaton House Men's Shelter on George Street. The George Street shelter is a completely vilified space where underclass men are blamed for the travails of poverty, addiction and unemployment. This is used as the basis to clear the men out of the area and to allow real estate speculators to colonize the area. Ministry of Health subsidies will help pay for the displacement.

Political Parties, Social Policy and Capitalism

So what does all this say about the political parties and welfare rates today? Hundreds of thousands of dollars have been exchanged between corporate care chains and party delegates since the 1990s (Table 2). Registrations of the Ontario Long-Term Care Association show they lobby both parties around the clock for their interests, even using key Liberal Party personnel during the crucial years of the LTCHA (Table 3) like key Conservative Party people who were deployed during the important legislative window of the late 1990s.

Table 3: Ontario Long-Term Care Association Lobbying 1999-2015

ID	Lobbyist	Amendment Date	Client	Company
1	Candace Chartier	2015/12/01		OTLCA
2	Patrick Nelson	2014/05/03	OTLCA	Santis Health inc.
3	Colin MacDonald	2013/10/15	OTLCA	Navigator Ltd.
4	PaulPellegrini	2010/03/10	OTLCA	Sussex Strategy Group
5	Henry Boyd	2012/01/23	OTLCA	Sussex Strategy Group
6	Brett James	2010/10/19	OTLCA	Sussex Strategy Group
7	Joseph Ragusa	2009/10/27	OTLCA	Sussex Strategy Group
8	Bob Lopinski (McGuinty aide, Wynne campaign)	2009/01/21	OTLCA	Counsel Public Affairs Inc.
9	Philip Dewan (McGuinty chief of staff)	2007/03/22	OTLCA	Counsel Public Affairs Inc.
10	Charles Beer (Liberal party member)	2008/03/20	OTLCA	Counsel Public Affairs Inc.
11	Caroline Pinto	2007/03/19	OTLCA	Counsel Public Affairs Inc.
12	Joseph Ragusa	2002/03/04	OTLCA	Sussex Strategy Group
13	Yvonne Hamlin	2003/02/27	OTLCA	Borden Ladner Gervais LLP
14	Ralph Lean (Conservative fundraiser)	2001/10/10	OTLCA	Cassels Brock and Blackwell
15	Paul Pellegrini	2002/03/04	OTLCA	Sussex Strategy Group
16	George Boddington	2002/03/11	OTLCA	Policy Concepts Inc.
17	Gilbert Sharpe	2001/10/10	OTLCA	Cassels Brock & Blackwell
18	Leslie Noble (Mike Harris' campaign strategist)	2001/02/05	OTLCA	Strategy Corp.

19	John Duffy (McGuinty's 2003 campaign strategist)	2000/12/12	OTLCA	Strategy Corp.

Source: elections.on.ca/stats.

In the neoliberal period, lobbyists with deep knowledge of the political system and public assistance programmes are sent to carve away parts of the welfare system that support an uptick in the profit rate. As Larry Patriquin has observed, welfare has been a handy prop for capitalist development with its tendencies toward unemployment, impoverishment and pauperization since the emergence of the Poor Laws in England of the 1300s.[4]

Others such as Barrow noted that social policy in contemporary times is consented to by capital only through a mandatory renegotiation. Working people and long-term care residents rarely hold state power and political representation tends to be of a corporate-liberal sort. This means social policies will not impede labour market participation but compel it; it will solicit private interests through concessions and monetary inducements; and it will expand the private market by offering monopoly profits in exchange for participation in public services. Following this logic of commercialization, the long-term care sector in Ontario contributes benefits to the corporate sector first and provide for needs second.[5]

Anti-Privatization Politics and Long-Term Care

Privatization in Ontario is an engine of economic marginalization being deployed by the Liberal government of Ontario. The often shameless looting of public assets under the Conservative Party was supposedly halted when Dalton McGuinty was elected Premier. Styling the party as non-ideological and against the market-worshipping ideology of Mike Harris, the Liberals instead pursued policies of pragmatic privatization, bringing in the private sector through 'partnerships' in order to safeguard public services. With hostility to privatization mounting, provincial and municipal governments increasingly rely on ludicrous claims from outside consultants such as Don Drummond, Elinor Caplan, and KPMG to push marketization ever deeper into social programs such as health, education and welfare. These 'experts' push the same misguided story of neoliberals: the inventiveness of the private market is a necessary antidote for the evils of state regulation and public provision of goods. Defiant workers, volunteers and residents in long-term care services, for example, are opposing this narrative pushed by the state and big corporations working in cahoots. It is plain to see that corporate enrichment off of long-term care subsidies putting any promising practices in care under extreme duress.

It is crucial that privatization in long-term care be resisted and a project for socialization and democratization of the sector be taken up. The work of Pat Armstrong, Ruth Lowndes and Tamara Daly has shown how the privatization of long-term care services such as laundry, meal prep and cleaning can have a negative impact on health. Contracted-out ancillary services exert outsized control over the pace and rhythms of care work because where, when, how and by whom food is served is determined by private companies and not the residents themselves. Care work and daily lives are bent to the whim of outsourcing forced upon begrudging homes by a bewildering system of regulation.

A coalition of anti-privatization forces needs to be watchful of Toronto's structural upgrade policies and work to stamp out the perils of understaffing and competitive bidding.

Community and union forces need to form across the province to fight austerity and the impacts on long-term care. This involves building up alliances within the long-term care sector but also beyond it, in the other realms of public utilities and services, in a broad-based effort to defend the interests of working people and those depending on welfare supports.

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Notes:

1. Tamara Daly, "Dancing the Two-Step in Ontario's Long-Term Care Sector," p. 42.

2. Bob MacDermid, "Contributions of the Long-Term Care Industry to Political Parties," unpublished manuscript, table 3.

3. Tamara Daly, "Dancing the Two-Step in Ontario's Long-Term Care Sector: Deterrence Regulation = Consolidation," *Studies in Political Economy*, 95, Spring 2015, pp. 48-49.

4. Larry Patriquin, *Agrarian Capitalism and Poor Relief in England, 1500-1860: Rethinking the Origins of the Welfare State*, New York: Palgrave MacMillan.

5. Barrow, Clyde, *Critical Theories of the State: Marxist, Neo-Marxist, Post-Marxist*, Madison: University of Wisconsin Press, 1993, p. 41.
