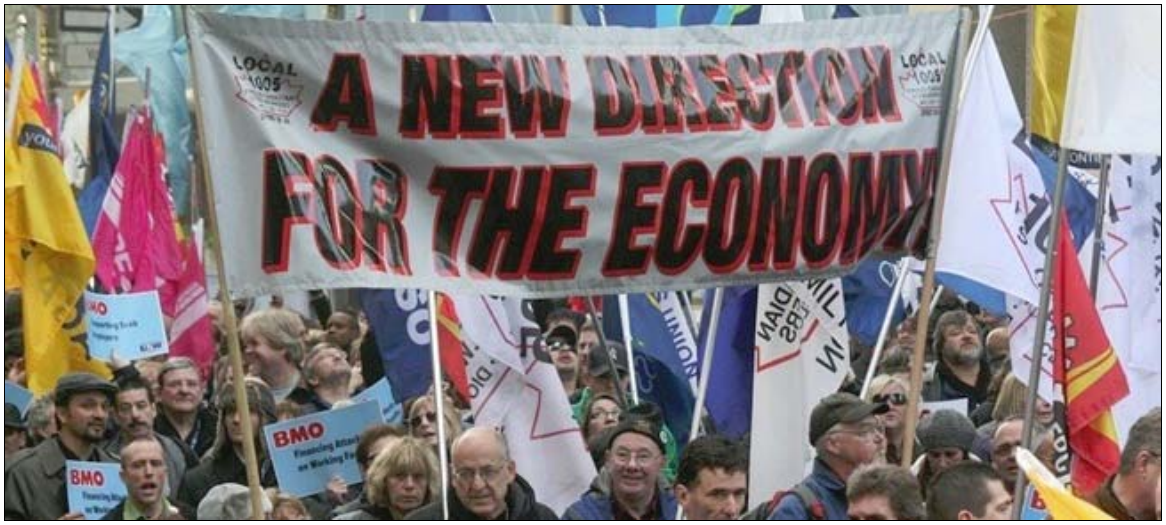
TML WEEKLY
INFORMATION PROJECT
cpcml.ca

Supplement

No. 19 **May 30, 2020**

Discussion of Alternatives

The Need for a New Direction for the Economy



• The Necessity for a Credible Public Authority
• Increase Investments in Seniors' Care and Other Social Programs! Increase the Value of the Capacity to Work of the Working Class!
- K.C. Adams -
• Time to End Profit-Making in Seniors' Care (Excerpts)
- Canadian Centre for Policy Alternatives -

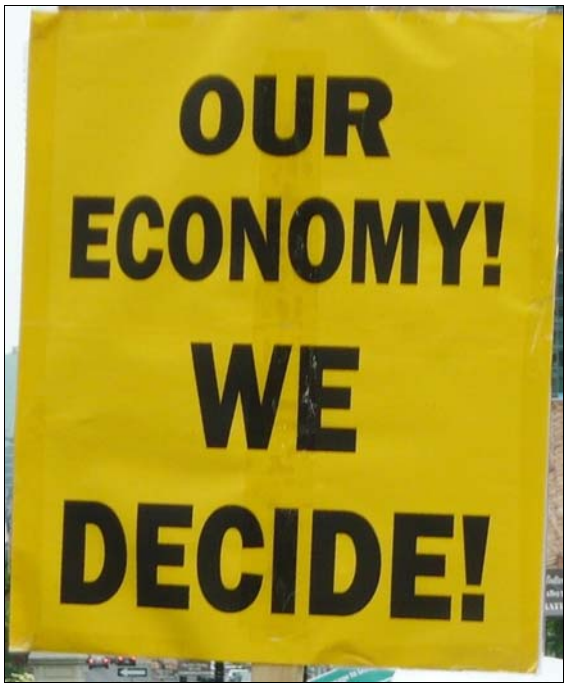
Discussion of Alternatives

The Necessity for a Credible Public Authority

The pandemic has made it clear that a new direction is needed in the care of seniors and the health care sector generally. In order for that to happen, the most urgent need is for a credible public authority.

1. A credible public authority is necessary in order for the people to participate in setting the direction for the economy. For a public authority to be credible, legitimate and accountable in the

modern era it must have a direct connection with the working class. Having a direct connection with the actual producers relates to the important issue of who decides the direction of the economy. In the seniors' care, health care and education sectors generally, a new form is needed to lead them and their public enterprises.

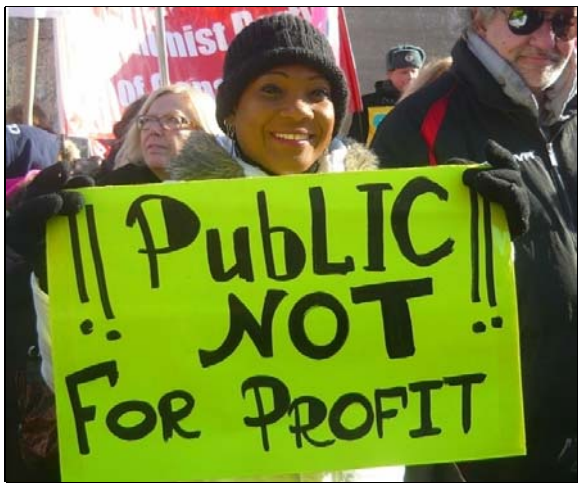


A public authority consisting of elected members from the seniors' care workforce, seniors themselves and those concerned with their well-being is required. Such an organization would be a victory resulting from the mobilization of the workforce and activation of the human factor/social consciousness.

Workers directly involved in the health care sector and education sector for example, must have forms and mechanisms to discuss, exchange views and decide the direction of the sectors and the workings of the public enterprises they control and their relations with other enterprises, sectors and the society and economy as a whole.

New mechanisms must be created on the basis that there are those who are charged with the social responsibility for the direction of the sector and its public enterprises and budgets. Those put in charge by the people would ascertain the amount of increased investment needed to raise the level of care, and engage in constant enforcement of regulations and compliance with them and the rules regarding care and working conditions. All discussions, decisions and reports of the public authority must be entirely open and transparent and available on television, the Internet and in written form.

2. Public seniors' care enterprises should be created that have uniform high level care for all seniors, including those in long-term care living facilities or receiving home care. No private profit should be allowed in any aspect of health care and seniors' care that receives any public money. This includes the creation of pharmaceutical and other health supply public enterprises or the transformation of for-profit enterprises to public enterprises, if they wish to continue to sell to the public sector. All added-value from the production in public enterprises in the health care and seniors' care sector should go back into improving health care generally.



3. Public colleges should train seniors' care workers in all aspects of care for seniors at the highest available level of knowledge and practical experience and expertise. All those wishing to work in the sector should be given free education and a living stipend to take courses to prepare them for the work of caring for seniors. The public colleges should be charged with the responsibility of collecting information from workers in the sector and from scientific studies on the highest level of care for those in need. This is particularly important in dealing with the issue of cognitive decline in seniors and how to combat it.

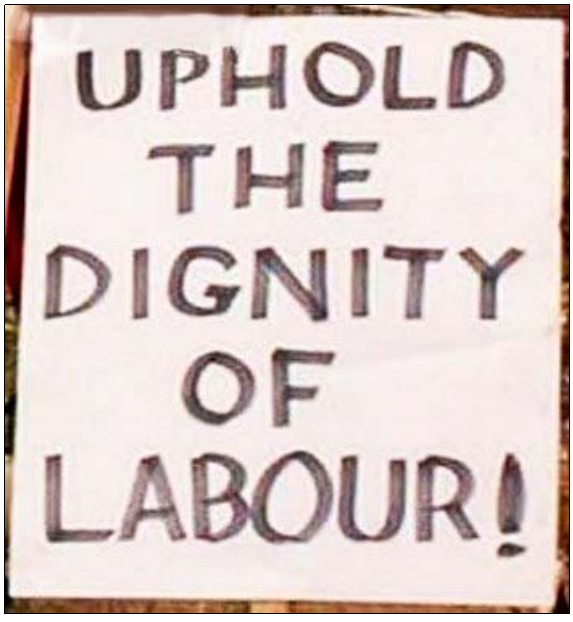
4. Pay for seniors' care workers and their working conditions should be at the highest level with no exceptions. The pay and working conditions should be set and monitored by the unions and collectives of health care workers, in discussion with the public authority, ensuring they never fall below what is considered a Canadian standard.

5. Family physicians refer seniors or even non-seniors, if the need arises, for assessment for possible inclusion in long-term and home care and the necessary level of that care. A collective of professionals and other workers from the long-term care sector should be responsible for the assessment and placement of patients. The collective would aim to limit how long a patient must wait for assessment and placement. This group could use its own information and that of others in the sector on the needs of the sector for additional beds and other resources, including buildings and supplies.

6. The value produced in the health care sector, including seniors' care, should be fully accountable and realized (paid for) in the broader economy and its enterprises. A price of production for seniors' care and health care generally should be determined through the use of a modern formula. The price of production for health care, including seniors' care, in producing a healthy working people and caring for them in retirement must be realized (paid for) on a prorated basis by the public and private enterprises in the economy over a certain size. The health care payment should go directly to the public health care enterprises established under the elected public authority of health care workers and others and not through a government budget. The budgets for the various public enterprises and sub-sectors within the health care sector should be set by the workers themselves and their collectives and verified through public discussion and the elected health care public authority of the health care workers and others. The money received should come to the public enterprises through the provincial health care authority and not through the provincial, federal or Quebec governments.

7. The regulations and rules governing the health care and seniors' care sector and the working conditions should be set through public discussion and agreed to by the elected public authority, collectives of health care workers and individuals. The public enterprises must be fully accountable for following the agreed upon regulations and rules regarding the care of seniors and working conditions and be transparent in reporting any violations and remedies required. All public enterprises in the health care and seniors' care sector must issue annual public reports that detail their operations, plans and needs for the coming year and foreseeable future, including increased investments.

8. The increased investments needed for social programs should be determined by the workers themselves and their public authority in all the various sectors including, importantly, care for seniors. The workers in every sector, their elected public authority and unions should be responsible for determining any increased investment needed, which would be in addition to the realized value from the sector.

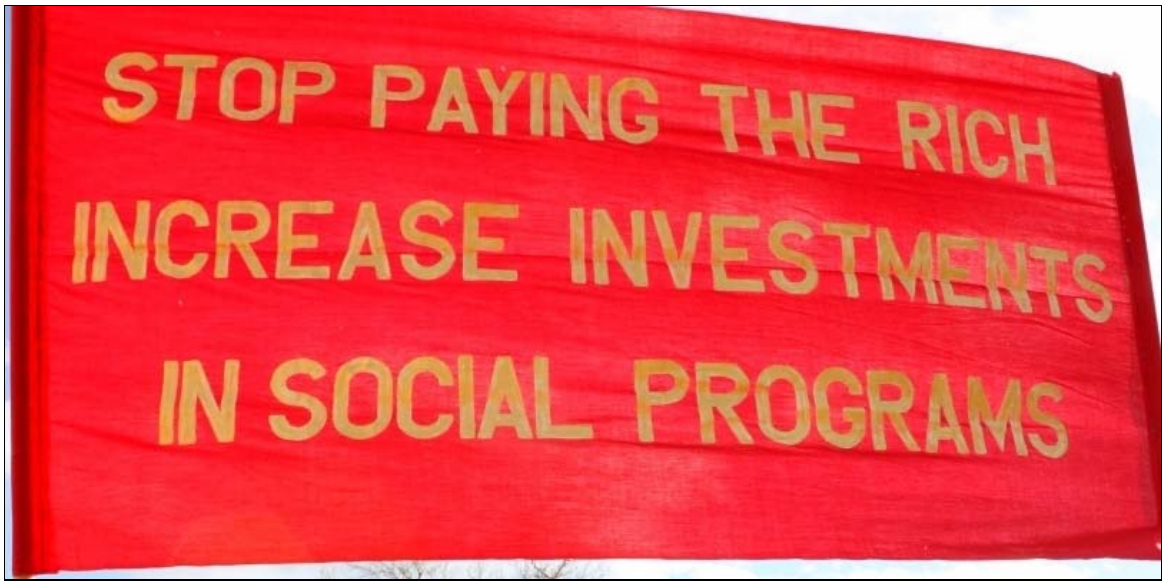


Any funds needed for increased investment beyond what the sector and sub-sectors receive in realized added-value directly from other enterprises in payment should be borrowed from a public bank and not from private sources. The guarantee of return of the loan for the increased investment comes from the potential increased realized value arising from the expansion of the

service. Any loans must come from a public bank such as the Bank of Canada or other newly formed public banks and not from private sources. The issue of public banking must also be on the agenda when discussing an alternative direction for the economy.

Increase Investments in Seniors' Care and Other Social Programs! Increase the Value of the Capacity to Work of the Working Class!

- K.C. Adams -



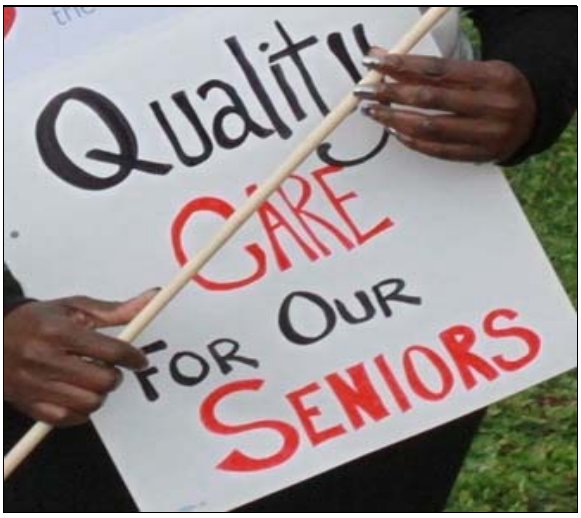
The crisis in long-term care homes has exposed the lack of investment in social programs for the elderly necessary to guarantee their well-being. The dire situation demands increased investments in social programs directed at seniors but also in health care and education generally. The aim is to guarantee the right of all to the care and social programs the people require in all phases of life, including in childhood before entering the workforce and in old age.

The investment in care for the elderly is connected with the value of the capacity to work under imperialism and the claim of the working class on the value it produces, specifically social reproduced-value. The imperialist oligarchy deprives the working class of its rightful claim for social reproduced-value as the claim exists in contradiction with the expropriation of new value as private profit.

Improving the lives of the retired means the economic value of the capacity to work of the working class as a whole becomes greater. The improvement in the quality of life when retired increases the claim of the working class on the value it produces thus reducing the amount of new value the imperialist oligarchy can expropriate.

The imperialist oligarchy stands opposed to any improvement in the economic value of the capacity to work of the working class that is not necessary within the imperialist economy. The oligarchs seek to cheapen all social programs that do not improve the employability of the working class while finding ways to organize those that do, such as education, in a way that does not reduce their expropriation of added-value for private profit or damage their war economy.

The imperialists face a dilemma. They need educated and healthy workers but any improvement means an increase in the value of workers' capacity to work. How to solve the dilemma has been an aspect of why public and semi-public social programs came into being.



The imperialist oligarchs have created semi-public education and health care as means to lessen the burden of paying for them on the oligarchs as a whole yet make educated and healthy workers available for employment. This does not mean that those who work in public and semi-public education and health care do not produce as much new value as if they were working in completely privatized enterprises of the same level. The public and semi-public social programs hold two advantages for the oligarchs as a whole: the full price of production to educate and look after the health of workers is not paid by the oligarchs as the funding comes from taxes of which the biggest companies pay very little, and the oligarchs do not have to realize (buy) directly the higher value of the capacity to work as it is reduced by the amount of added-value the public social programs do not expropriate.

Public workers in most social programs in public and semi-public enterprises produce enormous new value of which they claim a portion as reproduced-value. Wages are the individual portion of the reproduced-value and social programs are the social portion. The working class claims the individual and social reproduced-value as its portion of the new value it produces while those who buy their capacity to work expropriate the rest as added-value or profit. The trick with public social programs is that the added-value or profit is not directly expropriated but transferred indirectly to the imperialists who buy the capacity to work of educated and healthy workers, at least part of it.

Public and Semi-Public Enterprises

The imperialist oligarchy as a whole does not pay the full price of production for what workers produce in public and semi-public enterprises. They skirt this economic responsibility by hiding behind general taxes as the form of revenue needed to fund most social programs. Working people and small and medium-sized businesses pay the vast majority of taxes to realize the value from public and semi-public enterprises while big business mostly avoids paying anything.

By not paying directly the full price of production for what public workers produce and mostly avoiding taxes, the ruling imperialist elite and their global private enterprises expropriate indirectly the added-value portion of the new value public workers produce through social programs and the public and semi-public enterprises.

This added-value exists as the capacity to work of educated and healthy workers or as cheap fixed infrastructure such as bridges, roads, mass transit etc and socially produced circulating value such as electricity or postal services, which the oligarchs buy at "preferred industrial rates."

The imperialist oligarchs receive the full value from publicly produced infrastructure and social programs and the increased value of the capacity to work of the workers they employ but do not fully pay the price of production for the infrastructure or the socially produced portion of the capacity to work of the working class. The difference between the price of production and what the imperialists and their enterprises pay and what they should pay is expropriated as indirect private profit.

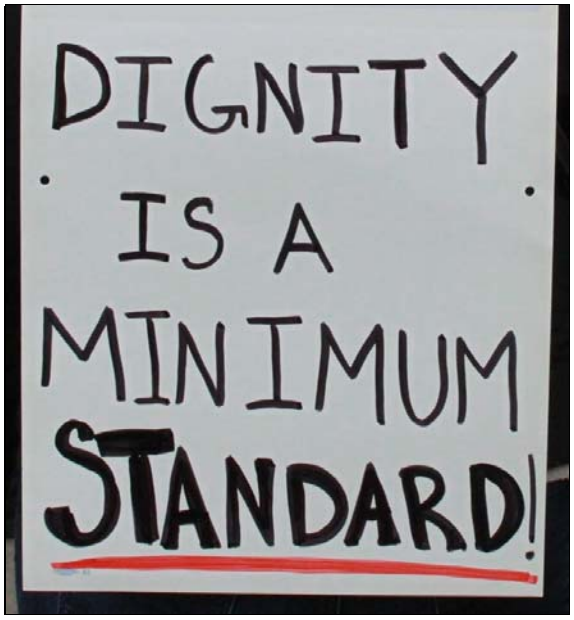
Expropriation of Added-Value from Programs to Care for the Elderly

Workers in public social programs to care for the elderly produce new value, which includes the reproduced-value they claim as wages, benefits and social programs, and the added-value the oligarchs expropriate indirectly as profit. The public and not-for-profit long-term care homes pass on much of the added-value workers produce to the general economy where both public and private enterprises expropriate it as indirect profit. This occurs indirectly because the public and private enterprises in the economy do not directly pay the price of production arising from the work-time involved in caring for the elderly. The social reproduced-value of seniors' care forms part of the aggregate value of the capacity to work of the working class. Within the social relation between the working class and the not-working class that buys its capacity to work, the working class is available to work and the not-working class is supposed to pay the full individual and social value of workers' capacity to work, which includes seniors' care.

Privatization of Social Programs

When a social program is privatized, which is the case with the numerous privately owned long-term care homes and home care, the individual owner of the privatized service expropriates as added-value or private profit a portion of the new value workers produce. This means the full price of production for the privatized social program must be realized. The government generally pays the majority of the price of production while the elderly and their families pay the rest as user fees.

Privatization of social programs has the effect of indirectly reducing the amount of added-value or profit the imperialist oligarchy as a whole expropriates from social programs at least those that do not directly profit from privatized social programs. It also increases the price of production if the level of the social programs is maintained as before the government did not pay for the added-value, which is now expropriated by the private owner. The full amount of the price of production must be directly paid to the owners of the privatized social programs, which the government pays. The fact that the full price of production for the privatized social programs must be paid has the effect of concentrating the expropriated added-value in a few hands while depriving the rest of the imperialist oligarchs from indirectly receiving any of the value.



The oligarchs in control, which do not profit directly from privatized social programs accept the privatized situation because the imperialists that have intruded on social programs are extremely powerful but also they can force a reduction in the value of the privatized social programs to reduce the amount of social reproduced-value the working class can claim. According to the many recent reports of how bad the situation has become in many long-term care homes and in home care, the level of care has been drastically reduced. A similar situation exists in public education, which is facing a lowering of quality such as increased class sizes and other issues.

Faced with the situation, the imperialist oligarchy can and does call for the elimination of privatization as an option and to revert to public or semi-public delivery of social programs. Up to this point in the imperialist world, including Canada, the working class has not intervened forcefully with its own view and outlook but has been led to discuss only the options the ruling

oligarchs have presented regarding the direction of social programs. This is a situation the organized working class must change.

In BC, almost all the money to pay for privatized long-term care homes and home care comes from the government. The individual owners of the privatized service, through their private enterprises, directly expropriate added-value from the new value their workers produce. In this situation of privatized long-term care homes and home care, in contrast with the previous situation of public enterprise, either the level of service must go down or the government must now pay more for the service as the individual owners expropriate the added-value directly. If the service is kept at the same level and the individual owners directly expropriate added-value as private profit, this means the price of production of the service is fully paid mostly by the government and none of the added-value workers produce flows to those imperialist oligarchs not directly involved in delivering the privatized social programs.

The privatized social program at the same level of service means the government pays more, as the full price of production is required because the individual owner of the privatized service expropriates profit. This in fact leaves less public money available for other programs while putting pressure on the government to increase taxes.

In contrast, a publicly-owned long-term care home or home care does not directly expropriate the added-value. At the same level of service, the price paid by the government is lower and the added-value from the service flows into the general economy mainly as part of the value of the capacity to work of the working class that is not paid. This phenomenon explains in part why the imperialist oligarchs created public and semi-public education, health care and other social programs in the first place. They needed more educated and healthy workers and public social programs appeared as the best option on a mass scale.

However, productive forces develop and change, for example the introduction of computers and the Internet, and the tendency of parasitism and decay is ever-present, seizing greater parts of the imperialist economy. Powerful new imperialist cartels, which appear as global funds, roam the world seeking out places to invest, such as social programs and public infrastructure. In addition, new global cartels of immense social wealth -- such as Microsoft, Sodexo, Aramark and Compass Group -- have directly invaded public and semi-public enterprises, even prisons in the United States. Waste Management and other green imperialist monopolies have grown to challenge public delivery of social programs, such as city waste removal, and want to expropriate as their own the added-value that workers in the social service sector produce. They do not want to have it flow to the collective of imperialists and their enterprises, which have hitherto indirectly profited from social programs and their production of the capacity to work of the working class for which they have not paid. The imperialists privatizing social programs and infrastructure want governments to pay the full price of production to them for the privatized social programs, even if this means higher taxes or less public money for other programs -- unless investments in social programs are lowered, which in fact has occurred. However, the privatized services face pushback from others in the imperialist oligarchy who want to organize social programs differently so that they can expropriate the social product indirectly and also quell any uproar from the working class.

The Office of the Seniors' Advocate in BC, in a report dealing with the operations of long-term care homes entitled *A Billion Reasons to Care,* found that usually the level of care goes down when privatized, if funding is kept the same as before. To bring the level of privatized service up to where it was before privatization requires more government funding. The increased money must come from the aggregate new value the working class produces, usually as new taxes on them or on small and medium-sized companies or from government borrowing from private lenders, which has become a lucrative source of guaranteed profit.

However, increased funding for privatized social programs usually means more added-value as

expropriated private profit by the enterprises involved, and does not allow any added-value to flow indirectly to the imperialist oligarchy as a whole, and can also mean a degrading of the overall health and education of the working class and its employability. In Canada and the U.S., this has been papered over with large numbers of educated immigrants coming into the workforce, stolen for nothing from developing countries.

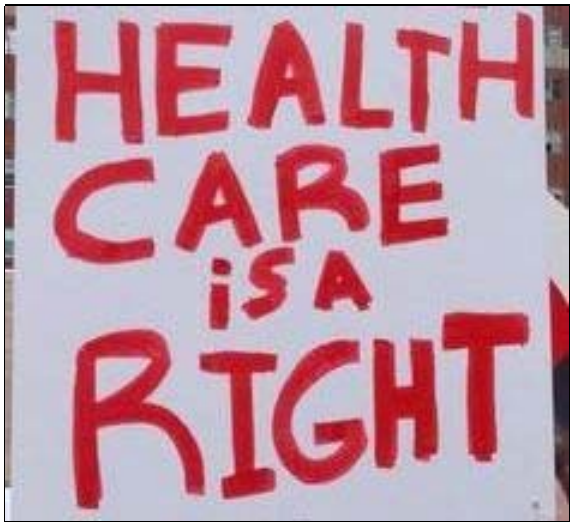
At any rate, a dispute exists within the ruling elite over privatization of public services, with many opposing such a move as it means profit from the social programs goes to particular owners of the service rather than to the imperialist oligarchy as a whole. Generally, the working class is a spectator to this debate, either for or against privatization of public services, and does not forcefully present its own views or an alternative that favours working people.

Within the dispute whether to have social programs delivered as fully public enterprises, not-for-profit charity enterprises, or private enterprises, the subject is rarely broached as one of guaranteeing the rights of all to health care, education and a cultured standard of living and care for the elderly at the highest level the productive forces can deliver. The dispute generally circulates around the issue of "cost" to the imperialist oligarchy and who profits and how best to keep spending on the working class as low as possible so that the price of their capacity to work is likewise as low as possible, expropriated private profit remains as high as possible, and yet the working class and its capacity to work remains available at an appropriate level.

How to Pay for Social Programs

To function, a modern economy and society need a high level of social programs. It is important to discuss the issue of realizing (paying for) the value workers produce in those programs and to formulate a pro-social alternative that favours the people.

The working class has to break out of the anti-social discussion of the ruling oligarchs. It must force through its view for increased investments in social programs and that the socialized economy as a whole, which includes all its individual enterprises, must pay the full price of production for the capacity to work of the aggregate healthy and educated working class and its reproduction and existence from birth to passing away at the highest possible level given the existing productive forces. The working class as a whole is always available to work so its reproduction and existence and rights from birth to passing away must be guaranteed.



History has shown that the right to health care and education and care for the elderly cannot be guaranteed outside of public enterprises and with the economy and its enterprises directly paying for the produced value of social programs. Using public enterprises to solve the problem cannot be separated from the issue of increasing investments in social programs to bring them up to a cultured and sustainable standard for all and forcing the other parts of the economy and enterprises to pay the full price of production of the capacity to work of the working class. This would increase the aggregate value of the capacity to work of the working class and the amount it can claim on the value it produces, the reproduced-value.

The mechanics of how to pay for the full value of the social programs that increase the value of the capacity to work of the working class from the value workers produce in the economy can be worked out on a prorated basis for each enterprise; that is not a problem. The problem is how to

organize this and enforce it. What new alternative forms and mechanisms are necessary for the working class to realize its rights and to decide these matters, such as the standard of living of workers generally, and to enforce compliance with them? Forcing the imperialist oligarchy to agree to such a necessity to guarantee the rights of all working people is the order of the day and task of the organized working class. This requires a broad front of struggle to increase investments in social programs and raise the quality of life of the working class and guarantee the rights of all, including importantly the rights of seniors and children. How to accomplish this in practice with new forms needs to be discussed and concretized. It can be done!

Time to End Profit-Making in Seniors' Care (Excerpts)

- Canadian Centre for Policy Alternatives -

Excerpts from the report by Andrew Longhurst and Kendra Strauss writing for the Canadian Centre for Policy Alternatives.

The coronavirus pandemic has shone a light on serious problems in Canada's seniors' care system, as nursing homes quickly became the epicenters of the outbreak. These problems are not only due to the greater vulnerability of seniors to the disease, but also to how care is organized and staffed.

[...]

How did these vulnerabilities in eldercare come about? Going into the crisis, our system has been weakened by policy decisions beginning in the early 2000s that:

- Reduced access and eligibility to publicly funded care;
- Produced vulnerabilities and gaps that are impacting seniors and those who care for them; and,
- Encouraged profit-making through risky business practices such as subcontracting, which undermined working conditions and created staffing shortages.

A System Already Under Stress

Long-term care facilities (LTCF) are at the centre of COVID-19 outbreaks in BC and beyond. In our province (BC) about two thirds of long-term care is delivered by non-profit organizations and for-profit companies, with the remainder provided directly by health authorities. The most severe and widely reported outbreak has been at the Lynn Valley Care Centre in North Vancouver.... In a recent CBC report on conditions at the Lynn Valley Care Centre, Jason Proctor wrote:

In interviews with CBC News, family members, health-care professionals and community members spoke about the march of a virus that has moved through the facility in much the same way it has through the world, preying on vulnerabilities that seem obvious in hindsight: Reliance on a subcontracted labour force whose members... work multiple jobs to make ends meet. Gaps in communication. A societal reluctance to talk about the basics of hygiene.

Sub-contracting is also identified by the *Globe & Mail* in their investigation of how COVID-19 spread at the Lynn Valley Care Home. Sub-contracting seniors' care occurs when service providers (e.g., home support agencies, LTCFs, assisted living facilities) contracted by regional Health Authorities to provide care then sub-contract with other companies for services such as direct care, cleaning, cooking or maintenance. Contracts are often awarded on the basis of lowest cost, which translates into lower wages, poorer benefits and fewer full-time positions.

Long-Term Care Facilities (LTCFs) Are at the Centre of Covid-19 Outbreaks in BC and Beyond

The prevalence of sub-contracting in the eldercare sector is no accident. In 2002 and 2003, the BC government introduced Bill 29 and Bill 94, which stripped no-contracting out and job security clauses from the collective agreements of health care workers and resulted in more than 8,000 job losses by the end of 2004. Together, these laws (which were repealed in 2018) provided health sector employers, including private LTCFs, with unprecedented rights to layoff unionized staff and hire them back as non-union workers through subcontracted companies. Bill 37 also followed in 2004, which imposed wage roll-backs on more than 43,000 health care workers.

The results were predictable. As CCPA research has demonstrated, policies and legislation enacted during this period negatively impacted wages and working conditions while also reducing funding and access to services.

A lack of successor rights for unionized workers meant that subcontracting (often called "contract-flipping") was used to make union organizing more difficult. For example, the number of unionized community health workers (three quarters of whom work for home support agencies) declined almost 10% between 2008 and 2011, before increasing by about 2.5% from 2008 levels by 2013. The number of unionized care aides declined by over 5% between 2008 and 2011, before increasing again slightly by 2013 (for an overall decline of 3.8% between 2008-2013).

Reduced funding for, and access to, publicly funded seniors' care from the early 2000s resulted in the rationing of care. Rationing means that access to publicly funded care is limited to those with more acute needs, leaving seniors with less complex needs without access to supports that might prevent deterioration and keep them from needing institutional care. For example, data show that among those aged 65+ who were assessed by Vancouver Coastal Health for long-term care intake between 2011/12 and 2015/16, the proportion of seniors requiring extensive or more physical assistance rose from 49.6% to 54.6%, and moderate to severe cognitive impairment increased from 52.1% to 57.1%. So as staffing levels have declined, the care needs of many residents have increased.

Reduced funding for, and access to, publicly funded seniors' care from the early 2000s resulted in the rationing of care.

At the same time, more of those publicly funded services are being delivered by for-profit companies, often in LTCFs that combine publicly funded and private-pay beds. As a recent report by the BC Seniors Advocate highlighted, prior to 1999, 23% of beds were run by for-profit companies; by 2019 it was 34% of beds. Health authorities pay for the services provided by LTCFs through block funding which accounts for the direct care hours that each resident is to receive (currently a provincial guideline of 3.36 hours per resident per day) and the cost of other services and supplies such as meals. There are no restrictions on how operators spend these dollars and health authorities do not perform payroll or expense audits to ensure public funds are actually spent on direct care.

Shockingly, the Seniors Advocate's report found that:

- Most direct care (67%) is delivered by care aides, the lowest paid care workers. Health authorities calculate the costs of care on the basis of the master collective agreement, which covers unionized direct care workers. Yet, LTCFs and their sub-contracted companies are not required to pay the rates set out in that agreement. The report states that: "In 2017/18, the industry standard base wage rate for a care aide was $23.48/hour. Some care aides were paid as much as 28% less based on the lowest confirmed wage rate of $16.85/hour, which was found in a for-profit care home". In other words, care companies make profits by underpaying the workers who provide the

majority of direct care despite receiving funding based on the assumption they pay union rates contained in the master collective agreement (industry standard).

- Operators are not monitored to ensure that they are providing the number of care hours they are being paid for. Without adequate oversight and reporting, companies thus also make profits by understaffing, which impacts the amount and quality of care that residents receive.

- Many LTCFs have a combination of publicly-subsidized and private-pay beds. But the co-located private-pay beds are not consistently included in these facilities' calculation of delivered care hours. As a result, publicly funded care hours may be used to cross-subsidize the care of private-pay residents who pay out-of-pocket, allowing greater profit-taking from private-pay beds and exacerbating staffing shortages as companies use the same staff to cover both publicly funded and private-pay beds (when private-pay beds should have their own staff complement).

- While receiving, on average, the same level of public funding, contracted non-profit LTCF operators spend $10,000 or 24% more per year on care for each resident compared to for-profit providers. In just a one-year period (2017/18), for-profit LTCFs failed to deliver 207,000 funded direct care hours, whereas non-profit LTCFs exceeded direct care hour targets by delivering an additional 80,000 hours of direct care beyond what they were publicly funded to deliver.

These are significant issues in their own right. Care workers are being underpaid relative to the funding that operators receive. But even if we are unconcerned about fairness, low staffing levels are not conducive to quality care.

Data from the 2013 Statistics Canada *Long-Term Care Facilities Survey* showed that although for-profit companies outnumbered public and non-profit providers in the survey, they reported spending less on care aides, licensed practical nurses and other health care staff, and less on dietary, housekeeping and maintenance workers. Low staffing places both workers and residents under increased stress and reduces the time carers have with residents. And as the BC Seniors Advocate report points out, low pay and understaffing are a vicious circle -- they make it difficult to recruit and retain staff, while operators that employ staff directly (no subcontracting) and pay higher wages do not experience the same kinds of shortages.

We need only look to the four LTCFs that are part of the Retirement Concepts chain (owned by the Chinese company Dajia Insurance, the successor company of Anbang Insurance Group) to see these dynamics at work. Regional health authorities in recent months have taken over management of these four Retirement Concepts facilities and brought in their own nursing staff due to persistent shortages that were compromising resident care and safety.

A key reason for staffing challenges is that many LTCF staff, namely care aides, must work more than one job in order to make ends meet. While the provincial government committed to review contracting and sub-contracting in the sector after the crisis, the newly-announced single-site order, increasing wages to the industry standard, and guaranteed full-time hours at one site are as-yet only guaranteed for six months.

Risks Associated with For-Profit Ownership and Financialized Corporate Chains

A large body of academic research demonstrates that staffing levels and staffing mix are key predictors of resident health outcomes and care quality, and that care provided in for-profit long-term care facilities is generally inferior to that provided by public and non-profit-owned facilities. High staff turnover, which is linked to lower wages and the heavy workloads demanded by inadequate staffing levels, is associated with lower-quality care in large for-profit facilities.

The BC government's longstanding reliance on attracting private capital into the seniors' care sector has benefited corporate chains with the ability to finance and build new facilities. Between 2009/10 to 2017/18, BC only invested $37.4 million in LTCF infrastructure, and $3.3 million in assisted living infrastructure, representing on average 0.5% and 0.04%, respectively, of total health sector capital spending over this period. In other words, not much at all.

By 2016, corporate chains controlled 34% of all publicly subsidized and private-pay long-term care and assisted living spaces in BC while 66% of units were owned by either non-profit agencies or health authorities.

Another way to look at the significance of corporate chains is by looking at the top 10 largest corporate chains by market share -- i.e., the share of the total publicly subsidized and private-pay units in BC controlled by the top 10 chains. Over one-quarter (27%) of all assisted living and long-term care units in BC were controlled by the top 10 corporate chains collectively (as of 2016). Among contracted operators, Retirement Concepts (owned by Anbang/Dajia Insurance) controls the greatest share of assisted living and long-term care units in BC. It has 2,158 units or 7.8% market share of publicly subsidized and private-pay units in BC -- more than double the number of units held by the second-largest chain.

Corporate chains pose risks to quality of care. While the growth of chains has received less attention in the health services research in Canada, a prominent U.S. study found that "the top 10 for-profit chains received 36 per cent higher deficiencies and 41 per cent higher serious deficiencies than government facilities, [with] [o]ther for-profit facilities also [having] lower staffing and higher deficiencies than government facilities." Studies show that staffing levels -- a key predictor of care quality -- were already falling before the takeover by private equity investors. Another U.S. study found that there were no significant changes in staffing levels following private equity purchase "in part because staffing levels in large chains were already lower than staffing in other ownership groups."

Corporate chain consolidation in seniors' care is a reflection of *financialization* in the health care and housing sectors. Financialization occurs when traditionally non-financial firms become dominated by, or increasingly engage in, practices that have been common to the financial sector. Globally, there is growing interest among investors in seniors' care because the business is real estate focused. Seniors' care facilities are increasingly being treated as financial commodities that are attractive to global capital markets.

International experience -- and the unfolding Retirement Concepts story in BC -- tells us that financialized care chains tend to employ risky business practices. Chains are typically bought and sold frequently using debt-leveraged buyouts, inflating asset sales prices and leaving the chains loaded with ever more debt until the cash flow -- dependent on government funding -- cannot meet the debt-servicing costs. This situation can result in financial crisis, bankruptcy, and chain failure. The United Kingdom's largest care chain -- Southern Cross -- collapsed in 2011 as a result of these risky financial practices and successive flips of the real estate assets to different investors. Southern Cross's collapse created months of uncertainty for 31,000 residents and their families -- as well as for 44,000 employees -- until other buyers could be lined up.

The financialized business model is often structured around short-term real estate flipping where government and taxpayers assume the financial risk of failure. The disruption that can result from these business practices undermines the conditions necessary for stable "relational care" in which continuity in staff allows care workers to know their residents and the rest of the staff. The opposite of relational care is high staff turnover and workforce instability, which can have a negative effect on quality. This has been occurring at the four Retirement Concepts facilities that were put under health authority administration.

Rebuilding Seniors' Care in BC

The COVID-19 crisis is exposing the long-term impacts of policies aimed at cutting costs and expanding the role of for-profit companies in the seniors' care sector in BC. Reduced pay and benefits and understaffing are bad for workers; they are also bad for vulnerable older people who depend on those workers to meet their daily needs. The COVID-19 pandemic may be unprecedented in recent times, but its impacts are being felt in LCTFs because of the way seniors' care has been undervalued, underfunded, and privatized.

Policy can be steered in a different direction, however.

Over the medium and long-term, the BC government should end its reliance on contracting with for-profit companies and transition exclusively to non-profit and public delivery of seniors' care.

The evidence is in: profit-making does not belong in seniors' care. The revelation from the Seniors Advocate that contracted for-profit LCTFs failed to deliver funded direct care hours should be reason enough to determine that the government is getting poor value for money by contracting with corporations. Public dollars are flowing into profits, not into frontline care as earmarked.

Moreover, the single-site public health order is largely a response to the erosion of wages and working conditions in long-term care that began in the early 2000s. In mere weeks, the BC government is trying to rectify workforce instabilities brought about over years of labour policy deregulation and business practices intended to drive profits. These policy decisions were championed by care companies and corporate chains. And once the current crisis is over, we simply cannot return to the status quo.

The BC government needs to move boldly on a capital plan to start building new seniors' care infrastructure and acquiring for-profit-owned facilities. BC's longstanding policy approach has allowed corporations and their investors to build up large real estate portfolios on the public dime, while receiving generous public funding that assumes they are paying unionized wages when many in fact are not.

The BC government said that it will cost about $10 million per month to provide "top-up" funding to increase wages to the unionized industry standard so that no worker loses income as a result of the single-site order. It appears these public dollars will flow to employers that, up to now, have not been paying the unionized industry standard rate. Structuring the wage top-up in this manner raises some concerns.

The top-up will go to some employers who are already funded to pay the unionized rate. As noted above, the Seniors Advocate found that a significant number of long-term care operators have been funded using a formula that is based on the unionized industry standard rate but have failed to pay their workers commensurately. In practice, the top-up means these operators will be rewarded for over-charging the public. Instead, they should be compelled to pay the unionized wage rate -- without additional funding -- and to become part of the public sector labour relations structure (as was required of all publicly funded operators before the early 2000s).

Topping up operators who have underpaid their workers is not a cost-effective strategy now or beyond the current pandemic. But neither is it tenable to suggest that these workers will get a pay cut after the pandemic, or that they should return to cobbling together an income through multiple part-time jobs. All of which reinforces the need to move to consistent public and non-profit ownership and delivery of care.

In the immediate term, there are a number of steps that the provincial government should take:

- First, require much greater transparency, public reporting and accountability in the seniors' care sector. This should include implementation of the Seniors Advocate's recommendation that public funding for direct care in contracted LTCFs must be spent on direct care only, and to require standardized reporting in all LTCFs (including public disclosure of audited revenues and expenditures). These recommendations align with a recent CCPA-BC report that looks at the growth of private for-profit seniors care. Over the longer term, moving exclusively to non-profit and public delivery of seniors' care addresses this problem. Public institutions and non-profits don't have investors; any excess revenue is reinvested into frontline care.

- Second, ban sub-contracting. The BC government rightly repealed Bills 29 and 94 in 2018, but subcontracting continues to undermine employment standards that are preconditions for quality care. COVID-19 has made this very clear. The industry-wide labour relations and bargaining model, established in the 1990s, provided standardized wages and working conditions. This structure needs to be put back together and, following the end of special COVID-19 measures, existing operators should be part of the public-sector master collective agreements if they are receiving public funding. This was the case before the early 2000s.

- Third, in the assisted living sector, seniors in both publicly subsidized and private-pay units need much greater protections regarding tenancies, rents and fees as the incomes of seniors and their families may decline significantly during the pandemic. We know from CCPA research and CMHC data that assisted living costs continue to rise faster than the incomes of many low- and middle-income seniors.

- Fourth, public funds should not be used to bail out over-leveraged corporations in the seniors' care sector. The impact of COVID-19 on international financial markets will likely have knock-on effects and the provincial government should be prepared for the possible financial collapse of for-profit LTCFs. It should be prepared to take over these facilities and chains.

When we emerge from this crisis, there should be a public consultation on the kind of seniors' care system we want in our province and across Canada, drawing on lessons from the pandemic. This should inform a comprehensive planning approach to projecting demand and identifying appropriate transitions for seniors across the continuum of home and community based services.

This crisis is highlighting how the exclusion of seniors' care from Canada's universal Medicare system, and the inconsistencies across and within the provinces, lead to uneven conditions for seniors, their families and workers. This unevenness creates the vulnerabilities that we are seeing now, and the disproportionate impacts on older people in care and those struggling to look after them.

We have the evidence and tools to rebuild seniors' care. COVID-19 has revealed the urgency of doing so.

Note

1. The provincial government also recently announced that the BC Care Providers Association, a long-term care industry group -- will receive $10 million to administer an infection control program for LTCFs. Public dollars for a government program should be disbursed by government, not by private industry.

*For the full report **click here***