

**RESEARCH  
BRANCH**

# REPORT

**CUPE NOVA SCOTIA SUBMISSION  
TO DEPARTMENT OF HEALTH AND  
WELLNESS CONTINUING CARE BRANCH  
ON HOME SUPPORT SERVICES RFP**

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## INTRODUCTION

The Canadian Union of Public Employees Nova Scotia welcomes the opportunity to respond to the Request for Proposals (RFP) process now underway in the Department of Health and Wellness to restructure the provision of home support through a competitive bidding process. This would marketize home support services provided to Nova Scotians, largely seniors, receiving nursing and personal care services in their homes.

CUPE Nova Scotia represents more than 19000 front-line public sector workers who work in a variety of sectors: education, healthcare, elderly and child care, municipal government, community services, transportation, and post-secondary education. This includes more than 450 members in five CUPE Locals who deliver home care services for one municipality and four non-profit agencies currently funded through the Continuing Care Program of the Department of Health and Wellness:

CUPE Local 3885 (Region of Queens Home Support);

CUPE Local 3936 (Lunenburg County Home Support Services Society);

CUPE Local 3953 (VON Cumberland);

CUPE Local 3986 (New Waterford Homecare Service Society); and

CUPE Local 4354 (Victoria County Home Support Service Society).

CUPE Nova Scotia members are frontline home care workers, many of our members are caring for aging relatives, all CUPE members worry about what their own life will be like when they grow old. CUPE Nova Scotia brings not just a diversity of views, but a unique set of perspectives drawn from the people who are directly engaged in providing Nova Scotians with the services they demand, need, and rely upon. When policy works, our members see it first-hand, just as they do when policy does not work.

## POSITION OF CUPE NOVA SCOTIA

CUPE Nova Scotia was invited by the Department of Health and Wellness to respond to a series of questions around how best to structure an RFP for home support services including whether contracts should be for the entire province or four zones, utilization of the proposed new classification of Home Aide, and efficient scheduling, among others.

It is the position of CUPE Nova Scotia that restructuring home support to a compulsory competitive bidding system through any RFP is the wrong policy choice for Nova Scotia. Fine-tuning an RFP for home support services is wrong-headed because it is the use of a competitive bidding process that will throw Nova Scotia's home support system into chaos. Rather than pave the way for commercialization of our province's home support services through competitive bidding, CUPE Nova Scotia calls upon the provincial government to strengthen and further develop our public, not-for-profit home care system.

## COMPETITIVE BIDDING IN HOME SUPPORT

Two provinces have experimented with competitive bidding for home support services. The first was Ontario under the Mike Harris Progressive Conservative government in the mid-1990s. That government was forced to freeze competitive bidding in the face of community opposition. Later Ontario Liberal governments under Dalton McGinty attempted to reintroduce competitive bidding but, they too, suspended the initiative because of concerns around quality of care.

The consequent chaos in the home support system engendered by competitive bidding elicited several high profile reviews including one led by the Honourable Elinor Caplan in 2005<sup>1</sup> and

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<sup>1</sup> Hon Elinor Caplan, *Realizing the Potential of Home Care Competing for Excellence by Rewarding Results*, A Review of the competitive bidding process used by Ontario's Community Care Access Centres (CCACs) to select providers of goods and services, Ontario Ministry of health and Long Term Care, May 2005. Accessed at <http://www.health.gov.on.ca/en/news/bulletin/default.aspx?bulletins>

more recently in April 2014 a Home and Community Care Review Expert Group (Expert Group)<sup>2</sup>. Most recently, problems in the home support sector emerged as an election issue with Ontario Liberals, led by Kathleen Wynne, committing to increase wages for home support workers following a province wide strike in the winter of 2013-2014.<sup>3</sup>

In early 2013, Alberta Health Services put out a Request for Proposals for Homecare services in Edmonton and Calgary. In May 2013, CBC News reported that Alberta Health Services (AHS) planned to cut the number of home-care service providers in Edmonton from 35 to 10. Large home-care groups would have replaced several small non-profits. Agencies competing for home care contracts complained about a lack of transparency. A number of vendors filed appeals. AHS later reversed its decision to replace providers at three facilities.<sup>4</sup>

Twenty-years after competitive bidding was first introduced in Ontario, the process remains frozen due to community opposition and system-wide failure.

Alberta's experience is more recent and limited but also instructive. The lesson to be learned is that using competitive bidding to provide home support services is a recipe for disaster.

## 10 REASONS WHY COMPETITIVE BIDDING IS THE WRONG POLICY CHOICE FOR NOVA SCOTIA HOME SUPPORT

### **1. Competitive bidding changes the nature and culture of the service providers in the sector.**

Prior to the introduction of competitive bidding, the homecare sector in Ontario was served predominantly by not-for profit agencies with deep roots in the community and a long tenure of operation, in some cases lasting more than a century.

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<sup>2</sup> Accessed at [http://www.health.gov.on.ca/en/news/bulletin/2014/bg\\_20140424\\_1.aspx](http://www.health.gov.on.ca/en/news/bulletin/2014/bg_20140424_1.aspx)

<sup>3</sup> SEIU HealthCare, "It's official: first ask of "Sweet \$16" campaign achieved" accessed at [http://www.seiuhealthcare.ca/its\\_official\\_first\\_ask\\_of\\_sweet\\_16\\_campaign\\_achieved](http://www.seiuhealthcare.ca/its_official_first_ask_of_sweet_16_campaign_achieved)

<sup>4</sup> CBC.CA News, "Home care no-show leaves Edmonton senior on floor, soiled", Sep 5 2013,Section: Canada  
Byline: CBC News

The introduction in 1996 of competitive bidding has transformed the culture of the sector resulting in an influx of the for-profit homecare industry. Over time, small, community-based agencies have lost contracts to larger for-profit as well as non-profit companies. The Victorian Order of Nurses (VON) which had provided care in Ontario since 1897 lost many contracts with the introduction of competitive bidding.

As a result, 58% of home care nursing services and 64% of home care personal support services in Ontario have been privatized by for-profit corporations. Private-for-profit corporations have their eye on the bottom line, not community service.

Today in Nova Scotia, home support is provided by 20 non-profit organization and 5 for-profit companies. All of the home support services outside the Capital District Health Authority (CDHA) are provided by non-profit organizations with long histories in their communities. Only in Halifax Regional Municipality (HRM) are home support services delivered by for-profit companies. For-profit companies were introduced into the public system as short term solutions to overcapacity needs.

If competitive bidding is introduced for home support services in Nova Scotia, we can expect that non-profit agencies who have served the needs of their communities for many years will be pushed aside by private-for-profit corporations with no presence or history in the community.

## **2. Competitive bidding results in massive and regular dislocation of human resources in the sector.**

The retention of home care workers has been identified as a major challenge for home care provider agencies. In Ontario, competitive bidding complicated existing health human resource shortages. Uncertainty and the cost of producing bids resulted in few bids from providers, with fewer individuals willing to work in the sector given higher wages and more stable work environments in proximate sectors (e.g., hospitals and nursing homes).

Workers left the home support sector because of dissatisfaction with their pay, hours of work, benefits, heavy workload and lack of support from their supervisors/managers (all factors impacted by the marketization of the home care sector). Findings show that 36% of the employed Personal Support Workers (PSWs) and 15% of the nurses were no longer working in the health-care field after competitive bidding was introduced in Ontario. About one-quarter of the nurses and PSWs remained in home care, with nurses finding employment in the hospital and other health-care sectors and the PSWs finding employment in nursing homes or other health care.<sup>5</sup>

Today in Nova Scotia, home support workers receive wages and benefits comparable if not identical to health care workers in acute care and nursing homes. If competitive bidding is introduced, the uncertainty will be enough to move workers out of home support into more other sectors of the health care system where jobs are more stable and the future more predictable. This will have significant negative consequences, especially in rural Nova Scotia.

### **3. Competitive bidding works against continuity of care.**

Continuity of care was identified by the Nova Scotia Department of Health and Wellness as a rationale for moving to a competitive bidding system for home support.<sup>6</sup> The Ontario experience is instructive. Competitive bidding in Ontario has not delivered continuity of care. In fact, the opposite has occurred. For patients and their families in Ontario, competitive bidding has meant **a lack of continuity of care**. Given the poor work conditions, staff turnover is very high. An Ontario Ministry of Health and Long Term Care study found that **57%** of the homecare workers surveyed changed jobs over a 12 month period. As well, when long established homecare providers lost contract bids, workers, who had no successor rights, were laid off.

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<sup>5</sup> Margaret Dento et al, “The Impact of Implementing Managed Competition on Home Care Workers’ Turnover Decisions”, in *Health Services Restructuring: New Evidence and New Directions*, edited by C.M. Beach, R.C.Chaykowski, S. Shortt, F. St-Hilaire, and A. Sweetman, 2006 (Kingston: John Deutsch Institute, Queen’s University).

<sup>6</sup> Union Briefing by Nova Scotia Department of Health and Wellness, 18 February 2015.

A study undertaken by the VON in response to the competitive bidding regime in Ontario compared the experience of VON workers in Nova Scotia to those in the Ontario home care systems. The study demonstrated some key differences between Ontario and Nova Scotia at that time.

Comparing Nova Scotia and Ontario home care systems; the Ontario system had a lower level of employee retention and satisfaction with home care employment. Additionally, home care staff in Ontario (in comparison with Nova Scotia) had higher levels of stress, were at greater risk for employment instability and both employees and employers expressed feelings of being demoralized.<sup>7</sup>

If continuity of care is already an issue for home support services in Nova Scotia, competitive bidding will only exacerbate issues around continuity of care.

#### **4. Competitive bidding contributes to a climate of fear among staff and patients, and a culture of secrecy.**

The Nova Scotia government has recognized that an integrated health care system provides better health care. Under a competitive bidding system, home support agencies are forced to hide their best ideas from their 'competitors' for fear of losing the next contract to them. Agencies in the market model are competitors and face disincentives to share information and resources with each other. Instead of an integrated health care system this model has led to **fragmentation**. Real innovation and responsive public policy relies on an open and frank sharing of information on practices and outcomes. The competitive process was widely seen in Ontario to have established a disincentive to collaboration and the sharing of evidence and best practices because providers were increasingly concerned they might lose their competitive edge.

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<sup>7</sup> A VON Canada Study, *Of Systems and Side Effects: Mobility in Home Care Personnel Final Report*, September 2005, Updated January 2006.

Seniors with complex needs are frequently in and out of hospital and have multiple health providers (a family doctor, one or more specialists, a home nurse, etc), who often don't even communicate with one another let alone work as a team. In other words, they face a home and community care system that is highly fragmented. These challenges can be resolved when services are reconfigured around a senior's needs, provided by an interdisciplinary team of health professionals and front-line workers, and available 24/7.

The severing of case management and care in Ontario means that there is no longer the sense of teamwork in home care. Not only does this fail to meet best practices for care work and lead to duplication, it stifles the sharing of information and the creation of effective care teams.

Competitive bidding and privatization will hamper such inter-agency cooperation and collaboration. CUPE believes the provincial government needs to take a strong leadership role in this area to protect the innovative steps already taken in Nova Scotia to provide quality care to patients in their homes. <sup>8</sup>

#### **5. The competitive bidding process lowers working conditions and eliminates job security, factors that lead to an exodus of skilled workers.**

Insecure employment and bad working conditions have become the norm in the Ontario home care sector because of competitive bidding. Casual work is rampant in the industry. Working hours are unpredictable and irregular. Benefits and pensions are very weak in the Ontario home care sector, especially when compared to other health care sectors.

This has led to a litany of problems for home care clients and home care workers. Poor wages and few benefits lead to high staff turnover and a lack of continuity of care. The costs are borne by patients/clients, foremost, but also by underpaid home and community workers and unpaid caregivers, the majority of whom are women.

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<sup>8</sup> Marcy Cohen, Caring for BC's Aging Population: Improving Health Care for All CCPA July 2012.

Competitive bidding deepens the divide between homecare and other parts of the health care system. It results in a migration of skilled personnel from the homecare sector to hospitals and long- term care facilities.

Nova Scotia has taken positive steps to ensure high quality home support care, including establishing in 2010 a voluntary registry for continuing care assistants to identify staff, track education requirements, provide a venue for communication and gather input for future human resource planning.

If competitive bidding is introduced to Nova Scotia's home support sector, we can expect that a decline in working conditions will lead to an exodus of skilled workers from the sector and a decline in the quality of home support care. <sup>9</sup>

**6. The bid process is a matter of assessing expensive consultant-written bids and is largely a theoretical exercise.**

Small, local agencies with depths of experience and respect in the community were displaced in Ontario by large, often multinational shells with no standing office, local presence or staff (and thus no local track record) who could afford to hire teams of consultants to write a better sounding bid.

As one study of strategic purchasing models in home support across Canada warns, "Even if efficiently purchased, the wrong services are never a bargain."<sup>10</sup>

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<sup>9</sup> Canadian Home Care Association, *Portraits of Home Care in Canada*, 2013.

<sup>10</sup> Paul Williams, "Strategic Purchasing in Home and Community Care across Canada: Coming to Grips with "What" to Purchase", *HealthcarePapers*, 8(Sp) September 2007: 93-103.

**7. The direct costs of competitive bidding are a significant burden. Resources shift from patient care to administration.**

Significant overhead costs were incurred as a result of the competitive bidding process, both by the community care access centres (CCACs) created by the Ontario provincial government to manage the process, and by providers, which now had to produce detailed bids. In 2001, for-profit and not-for-profit providers estimated that overhead costs accounted for between 20% and 35% of CCAC expenditures.<sup>11</sup> The structure of the Ontario 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. Ontario's Auditor General pegged administrative overhead costs at 30 per cent.<sup>12</sup>

If competitive bidding is introduced into the Nova Scotia home support sector, we can expect administrative and overhead costs to increase.

**8. Competitive bidding increases the cost of home support services.**

The price to the province of Ontario for home support has gone up under competitive bidding. The combination of short supply and limited competition contributed to higher bids, particularly outside urban areas where there were fewer providers and individual professionals had more market leverage.<sup>13</sup>

Contrary to claims of greater efficiency, there is, in fact, evidence that the agency "markup" portion of the rate charged by for-profit companies in Ontario is higher in than not-for-profit providers. The for-profit providers offered lower wages, while taking a greater portion in profit and administrative fees. Detailed analysis of costs is hampered by the lack of public access to information. For-profit providers are not required to make wage and mark up information

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<sup>11</sup> Ontario Home Health Care Providers Association and Ontario Community Support Association 2001.

<sup>12</sup> Office of the Provincial Auditor of Ontario, *Annual Report 2010*, Chapter 3.

<sup>13</sup> Paul Williams, "Strategic Purchasing in Home and Community Care across Canada: Coming to Grips with "What" to Purchase", *HealthcarePapers*, 8(Sp) September 2007: 93-103.

available as they consider it proprietary.<sup>14</sup>

### **9. Democracy is eroded.**

Many not-for-profit providers are run by boards of directors based in the community with varying degrees of democracy and community control. For-profit providers are accountable only to investors. Access to information is compromised due to competition and privatization with competitive bidding for RFPs.

Implementing competitive bidding in Nova Scotia's home support sector will move health care decision making further away from the communities and people it serves. Under competitive bidding, learning from the Ontario experience, we can expect those health care decisions to be made in corporate board rooms not local communities.

### **10. Reduced access to services and uncertain quality of care.**

With Ontario budgets capped, higher service costs have led to lower service volumes and reduced access to home support services.<sup>15</sup>

The Provincial Auditor of Ontario reviewed the work of the sizeable tier of hands-off case managers and administration in his 2010 *Annual Report* and found insufficient monitoring of contracts and quality of care, poor oversight, and a total failure to measure and try to meet community need for services. The Provincial Auditor concluded that system resources are being spent to maintain a costly structure of competitive bidding and care rationing, while access and quality have taken a back seat. The Auditor found there were 10,000 people waiting for home care services in Ontario, with average wait times that ranged from eight to

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<sup>14</sup> Ontario Health Coalition, *Market Competition in Ontario Home Care Sector: Lessons and Consequences*, 2005.

<sup>15</sup> Paul Williams, "Strategic Purchasing in Home and Community Care across Canada: Coming to Grips with "What" to Purchase", *HealthcarePapers*, 8(Sp) September 2007: 93-103.

262 days <sup>16</sup>

If competitive bidding is introduced to home support in Nova Scotia, we can expect overall costs to rise and wait times for services to increase.

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#### CUPE'S HOMECARE PRINCIPLES

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Homecare must operate under the principles of the *Canada Health Act*. Quality must be foremost. In addition to the current government focus on using homecare for post-hospital care, homecare should provide continuing care for persons with disabilities or chronic illnesses (including mental illnesses). Care should provide dignified lives for care recipients and dignified employment for workers in the homecare system.

Homecare must not be a cheap way to replace facility based services, or be used to cut wages or download care to unpaid caregivers. Appropriate homecare is a public good, not a commodity bought and sold for profit.

Homecare must be of the highest quality. It must be universal, comprehensive, accessible and provided by not-for-profit organizations. The local bodies providing homecare should be democratic organizations with local community governance. They must incorporate diversity.

Homecare should be integrated into the continuum of health care services, and have enforceable, high quality standards. Homecare must be treated equally to the rest of the health care system.

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<sup>16</sup> Office of the Provincial Auditor of Ontario, *Annual Report 2010*, Chapter 3. Ontario Health Coalition, *Still Waiting: An Assessment of Ontario's Home Care System After Two Decades of Restructuring*, April 2011.

## CONCLUSION

CUPE Nova Scotia opposes the restructuring of home support to a compulsory competitive bidding system. It is the wrong policy choice for Nova Scotia. An RFP for home support services will throw Nova Scotia's home support system into chaos. Ontario's twenty-year experience is evidence of that.

Competitive bidding will pave the way for commercialization of Nova Scotia's home support services, pushing out non-profit agencies with deep roots in Nova Scotia's communities. Instability in the sector will negatively impact continuity of care. Uncertainty around working conditions will contribute to staff turnover and recruitment and retention issues. Scarce health care dollars will end up paying for higher in administrative fees and corporate profits.

CUPE Nova Scotia calls upon the provincial government to reject the competitive bidding model for home support. The Department of Health and Wellness must instead strengthen and further develop our public, not-for-profit home care system.