

Delivery Matters:

THE IMPACTS OF FOR-PROFIT OWNERSHIP IN LONG-TERM CARE



The type of ownership of residential long-term care facilities for frail seniors is a determinant of the quality of care provided. Analysis comparing the US and Canadian research on the ownership and quality of services in these facilities concludes that for-profit facilities are less likely to provide quality care than nonprofit or public facilities.

The material in this fact sheet is mostly drawn from a key Canadian report, *Residential Long-Term Care for Canada's Seniors: Nonprofit, For-Profit or Does it Matter?* According to report author Margaret McGregor, “[w]hile the link between for-profit facility ownership and inferior care does not imply that all for-profit facilities provide poor care, the evidence suggests that, as a group, such facilities are less likely to provide good care than nonprofit or public facilities.” The for-profit motive of generating income, through reducing staffing levels and other means, appears to often result in inferior quality of care.

CRITICAL ISSUE FOR AN AGING POPULATION

As the Canadian population ages, all provinces will need to expand their residential long-term care capacity to accommodate frail seniors—those who are no longer able to function independently. The nation will need to properly debate questions of who will pay for that care and how it will be delivered.

FOR-PROFIT DELIVERY INCREASING

In Canada the residential care sector is mainly publicly funded, but these services are delivered by a mix of public, nonprofit and for-profit commercial facilities.

Across the country, the role played by the for-profit sector is increasing. Governments have started looking to the private, for-profit sector as an alternative to public delivery. In Alberta, there was a six percent increase in for-profit beds between 2000 and 2007 (Statistics Canada 2008). Across Canada, the increased number of private beds is mirrored by a decrease in nonprofit residential beds (see Table 1)

TABLE 1 | Change in nonprofit residential care beds per 1,000 population aged 75 years and over, 2001 to 2008

	Total beds 2001 (N)	Beds per 1,000 aged 75+ 2001(N)	Total beds 2008 (N)	Beds per 1,000 aged 75+ 2008 (N)	Change 2001-2008 (%)
Alberta	14,486	106.0	14,654	83.9	-20.8
Canada	174,574	99.2	193,858	90.0	-9.3

Source: Cohen, Tate, and Baumbusch (2009).
Note: Excludes user-pay for-profit beds.

ALBERTA HEALTH QUALITY COUNCIL FINDS LOWER QUALITY OF CARE

The Health Quality Council of Alberta’s *Long Term Care Family Experience Survey*, released in January 2012, found that on average, publicly operated facilities obtained significantly higher overall care ratings compared to private and volunteer operated facilities (Table 2). The survey also found that families were most influenced by such factors as staffing levels, care of resident’s belongings, and assistance with daily living activities such as toileting, drinking, and eating.

TABLE 2 | Health Quality Council of Alberta’s Long Term Care Family Experience Survey

Type of facility	Overall satisfaction on a scale of 1-10
Public	8.4
Voluntary	8.1
Private	8.0

NATIONAL AND INTERNATIONAL RESEARCH FINDS LOWER QUALITY OF CARE

A systematic review is a scholarly initiative to synthesize and summarize the total body of research on a given topic. There are two significant systematic reviews of residential facility ownership and quality. The first concluded that, overall, “residents of [for-profit] nursing homes were more likely to be recipients of poor quality compared to similar residents in [not-for-profit] facilities” (Hillmer and colleagues 2005). They noted that nonprofit facilities had a higher staff-skill mix and lower staff turnover compared with for-profit facilities and that, with one exception, all comparisons favored nonprofit care delivery.

The second review (Comondore et al. 2009) found that nonprofit facilities had, on average, significantly higher staffing levels and a lower frequency of pressure ulcers. They also found there was a trend among nonprofit facilities toward less use of physical restraints and fewer deficiency citations.

Canadian studies have reached similar conclusions. In Manitoba, living in a not-for-profit long-term care facility decreased the odds of dying in hospital or being hospitalized (Menec et al. 2009). Rates of complaint are another measure of quality. Compared with for-profit chain facilities, nonprofit, charitable, and public facilities had significantly lower rates of complaints in Ontario. Likewise, in British Columbia’s Fraser Health region, nonprofit owned facilities had significantly lower rates of complaints compared with for-profit owned facilities (McGregor 2011).

STAFFING LEVELS AND QUALITY OF CARE

Because of the strong demonstrated association between higher staffing levels and better care quality, staffing levels have become one commonly accepted measure of quality in nursing-home research.

Numerous studies have demonstrated an association between lower staffing levels and inferior quality of care. In a survey of almost 1,000 direct-care staff in Ontario facilities, responders reported that more than half the time they were unable to chat with residents or provide emotional support due to time constraints. Bathing and feeding were skipped 10 percent and 20 percent of the time, respectively, for the same reason (Armstrong and Daly 2004).

In Southern California, researchers found that the strongest predictor of a resident being left in bed was the staffing level, with the lowest-staffed facilities being almost six times more likely than higher-staffed facilities to have more than half their residents in bed. They also observed that bedridden residents ate less, were more likely to be drowsy, and were less socially engaged with other residents (Bates-Jensen et al. 2004).

FOR-PROFIT AND LOWER STAFFING LEVELS

One of the primary methods for generating profit in long-term care facilities is through reducing staff. Numerous studies have found that for-profit facilities are likely to have lower staffing levels than nonprofit and publicly owned facilities. Staffing differences between for-profit and nonprofit facilities are one of the most consistent findings in the literature; numerous studies have found that nonprofit and publicly owned facilities have higher nurse staffing levels than for-profit facilities (Aaronson, Zinn, and Rosko 1994; Comondore et al. 2009; Harrington et al. 2001; Hillmer et al. 2005; McGregor et al. 2005; McGregor et al. 2010b).

A 2005 study in Ontario analyzed Statistics Canada’s *Residential Care Facilities Survey* for the period between 1996 and 2002. It found that for-profit facilities had significantly lower levels of direct-care staff than both nonprofit and public facilities (Berta, Laporte and Valdmanis 2005).

CONCLUSION

National and international research clearly shows that the delivery of health care, especially long-term care, matters. It makes a difference whether those services are delivered by public and not-for-profit facilities or by for-profit companies. Research shows that for-profit companies are more likely to deliver poorer quality care.

The Alberta government has indicated that the trend towards increased involvement of for-profit companies in residential care will continue. It is clearly essential for this strategy to be placed on hold.

The University of Alberta’s Parkland Institute will be undertaking an involved research project to conduct qualitative and quantitative research on both the quality and cost implications of the shifting ownership of residential care. This much needed research will shed more light on the critical questions of how to best deliver affordable quality care to seniors. In the meantime, the research clearly identifies significant risks associated with proceeding with the expansion of for-profit residential care.

SELECTED SOURCES AND FURTHER READING

Materials for this fact sheet have mostly been excerpted from Margaret J. McGregor and Lisa A. Ronald, *Residential Long-Term Care for Canadian Seniors: Nonprofit, For-Profit or Does It Matter?* IRPP, No. 14, January 2011.

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