

# NEWS RELEASE

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## FOR IMMEDIATE RELEASE

Sept. 25, 2023

### **Rising Costs, Rising Profits and Spending Disparities in B.C.'s Contracted Long-Term Care Sector**

VICTORIA – The Office of the Seniors Advocate's (OSA) second review into government's funding of publicly subsidized for-profit and not-for-profit operated long-term care homes has again found spending differences impacting care for residents, many cost increases exceeding inflation, a lack of clarity on many reported expenses and inequitable funding for capital assets. The report *Billions More Reasons to Care* is a follow-up to a report released in early 2020 looking at the same issues.

"Over the past five years, the cost of publicly subsidized long-term care delivered by the private sector has risen 35% - well beyond the rate of inflation. It is crucial to understand where the money is going, how it is impacting residents' care and whether the public is receiving good value for the \$2 billion that is now spent each year on contracted long-term care," stated Seniors Advocate Isobel Mackenzie.

The report examined five years of financial reports for over 90% of B.C.'s publicly subsidized contracted long-term care facilities and found that between 2017/18 and 2021/22:

- Direct care staffing costs increased 33%;
- Indirect care staffing costs increased 33%;
- Building costs increased 18%;
- Supplies and administrative costs increased 61%; and
- Profit increased 113%.

The report found patterns of spending were different in for-profit facilities compared to not-for profit facilities including:

- Not-for-profit facilities spent 25% more on resident direct care and 27% more on indirect care than for-profit facilities;
- For-profit facilities spent 66% more per bed on building costs than not-for-profit facilities;
- For-profit facilities earned 7 times as much profit as not-for-profit facilities; and
- Not-for-profit facilities delivered 93,000 hours more of direct care than they were funded to deliver and for-profits delivered 500,000 hours less than they were funded to deliver in 2021/22.

"Our review again found significant differences in the funding for-profit and not for-profit providers were allocating to care, support staff, capital assets and profits which demonstrates that the current funding model is inequitable for both residents and operators," said Mackenzie. "Government must develop standard financial and operational reporting guidelines that are monitored and available for residents, loved ones and members of the public to review. The long-term care sector continues to be under significant pressure and receiving records amounts of funding, therefore it is essential the system is transparent and accountable."

Since OSA's first review of the contracted long-term care sector, government has acted on one of the recommendations and introduced a standardized financial reporting tool. The next step is to ensure it is fully operationalized and then applied to create a standardized funding formula. The remaining four recommendations have been carried through to the current report and include:

1. *Funding for care must be spent on care.* Financial incentives are needed to ensure the money facilities receive for direct care is spent on providing direct care. If additional revenue is needed to fund other operational costs, it should not be shifted from direct care.
2. *Improve accuracy and transparency of monitoring and reporting for compliance with publicly funded care hours.* The current self-reporting of care hours is vulnerable to inaccuracies. Multi-skilled workers, who provide both direct care and indirect care (i.e., a care aide who also does provides food services or housekeeping) could be counted as direct care hours. The current reporting system tells us how many people the facility has classified as direct care staff, how much they were paid and how many hours they worked. There is not a similar level of detail for non-direct care staffing and the system cannot accurately capture if there is a shifting of direct care staff to non-direct care jobs.
3. *Define profit.* There is currently no standardized approach to determining what is counted as profit. The degree to which mortgages, head office allocations, management fees, subcontracting to a related company, executive compensation and financing of other businesses is providing facilities with additional net revenue is not known. A greater understanding of the details of these expenses is required to begin to address the issue of what expenditures will be allowed, what are reasonable and equitable building costs and what is a reasonable profit.
4. *Make revenues and expenditures for publicly funded care homes available to the public.* The public is entitled to know how their money is spent. Residents and their families are entitled to access information about funding, expenditures and care hours provided by their facility.

By acting now, we can help ensure British Columbians receive the same high quality long-term care no matter which publicly subsidized long-term care facility they call home.

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The Office of the Seniors Advocate is an independent office of the provincial government with a mandate of monitoring seniors' services and reporting on systemic issues affecting seniors. The office also provides information and referral to seniors and their caregivers by calling toll-free 1 877 952-3181, BC211, via email at [info@seniorsadvocatebc.ca](mailto:info@seniorsadvocatebc.ca), Canada Post and the OSA web site <https://www.seniorsadvocatebc.ca/>.

**Learn More:**

- Billions More Reasons to Care report is available online: <https://www.seniorsadvocatebc.ca/reports/>

### **Quick Facts:**

A snapshot of long-term care in B.C. in 2021/22:

- In 2021/22, the total amount spent by health authorities overall on long-term care was \$2.87 billion, a 45% increase in the last five years.
  - Of this amount, \$1.9 billion, or 65% of all spending for long-term care, was contracted for-profit and not for-profit operators.
  - The amount of funding provided to contracted long-term care providers is one of the largest annual transfers of public funds to the private sector across government.
- There are 294 publicly-funded long-term care homes in B.C.;
  - 27,702 beds are subsidized and 1,492 are private pay;
  - 8,925 of the subsidized beds are in facilities owned by the health authority; 9,162 in not for-profit facilities; and 9,615 in for-profit facilities;
  - Over the past five years, 674 net new beds have been added to subsidized long-term care, a 2% increase;
- The average age of a senior in long-term care is 83 years, with 53% of residents 85+;
- The average wait for a long-term care bed is 196 days, a 48% increase from 5 years ago; and
- The annual average cost for a long-term care bed is \$100,855; the estimated average resident co-payment is \$24,132 and the estimated average government subsidy is \$76,723.

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