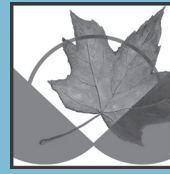


# Election 2016 UNSPUN



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CANADIAN CENTRE  
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MANITOBA OFFICE

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## Remembering Privatization of Home Care

**B**rian Pallister has said that if his Conservative Party wins this month's provincial election, he will not rule out the possibility of experimenting with privatization in Manitoba's health care system.

It may be worth recalling what happened when the provincial Conservative government privatized 10 percent of Winnipeg's home care market in 1997. Mr. Pallister was Minister of Government Services at the time, and was fully in support of the "innovative" privatization experiment.

A 1997 study\* by the Canadian Centre for Policy Alternatives-Manitoba revealed the genuine dangers associated with the private, for-profit delivery of health care.

In March, 1997, the Conservative government awarded a \$5.6 million contract for home care services in parts of the Winnipeg home care market to Olsten Corporation, a large, New York-based multinational health services corporation. The Conservative Minister of Health described Olsten Corporation as "a recognized leader in the delivery of health care," adding that Olsten would "provide the quality service Manitobans require at a lower cost than government."

These claims turned out to be false.

The profits earned by Olsten Corporation flowed back to the company's New York headquarters, helping to pay Olsten's CEO and President annual salaries of \$1.9 million and \$1.1 million respectively. The profits making these excessive salaries possible were, in part, the result of the poor working conditions of US homecare workers employed by Olsten. The Chicago Tribune reported on May 27, 1997, that 95 percent of Olsten employees were denied benefits, that most employees were "part-time, per diem employees," with the result that Olsten had "constant turnover among its employees," thus adversely affecting the quality of care that could be offered to patients.

The Medicaid Fraud Unit of the New Mexico Attorney General's Office investigated Olsten Corporation on a variety of grounds, including exerting pressure on home care patients to purchase more health care services and products than they needed. The Seattle Times reported on August 28, 1997, that a spokesperson for the State of Washington's Department of Health described "situations where doctor's orders said one thing and the documentation and

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patients' records didn't correspond to what was ordered." The State of Washington Department of Health included 56 such charges in the statement of legal charges brought against Olsten Corporation. The American business publication, *Business Week*, reported on September 22, 1997, that FBI agents had raided Florida health care offices managed by Olsten Corporation on suspicion of fraud.

Speaking to a US Senate Committee on the "Prevalence of Health Care Fraud and Abuse" on June 26, 1997, the administrator of the Health Care Financing Administration explained to Senators that:

"The 'invisibility' of the home health setting invites profiteers to prey on disabled and elderly patients who may often be isolated, uninformed, and lacking the support of friends and family. We are finding continuous problems with unnecessary home health services."

So serious were these problems in the US for-profit home care system that then-President Bill Clinton declared a moratorium on new home care providers, saying that the problems in the industry constitute "a fraud on all taxpayers of the country."

Among the results are higher costs of health care delivery. A 1997 study by the Henry J. Kaiser Family Foundation found that the cost of home care delivered by private for-profit corporations was \$1,064 higher per patient, and was costing the American home care system an extra \$1 billion.

When the Canadian Centre for Policy Alternatives-Manitoba study was presented to the Manitoba Legislature in December, 1997, the Conservative government im-

mediately abandoned the privatization of home care. It was obvious, even to them, that privatizing home care made no sense, financially or ethically.

Brian Pallister was the Minister of Government Services when Olsten Corporation was hired, and when Olsten was fired. Given how embarrassing were the revelations about Olsten Corporation and the for-profit home care system in the US, it is surprising that he is now saying that he will consider experiments in health care privatization again, on the grounds that they are more "efficient."

Problems within our health care system are best solved within the public health care system. The resort to the private, for-profit delivery of health care is too prone to poor service and high costs.

*\*Jim Silver, with Tim Scarth and Lisa Shaw. 1997. The Cost of Privatization: Olsten Corporation and the Crisis in American For-Profit Home Care. Winnipeg: Canadian Centre for Policy Alternatives-Manitoba.*

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UNSPUN is the 2016 provincial election commentary from the Canadian Centre for Policy Alternatives Manitoba

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