Canadian Public
POLICY
Analyse de
POLITIQUES

Pensions, Retirement, Longevity, and Long-term Care /
Pensions, retraite, longévité et soins de longue durée

Sponsored by / Commanditaire:
GAI | GLOBAL RISK INSTITUTE

Guest Editors/Rédacteurs en chef invités:
Pierre-Carl Michaud, Kevin Milligan, Tammy Schirle

XLVIII Supplement II / numéro spécial II
November / novembre 2022

Addressing the Capital Requirement: Perspectives on the Need for More Long-Term-Care Beds in Ontario

BLAIR ROBLIN
Oakville, Ontario, Canada

RAISA DEBER
Institute of Health Policy, Management and Evaluation, University of Toronto, Toronto, Ontario, Canada

ANDREA BAUMANN
Faculty of Health Sciences, McMaster University, Hamilton, Ontario, Canada

Il manque à l'Ontario, à l'heure actuelle, 70 000 places en soins de longue durée (SLD), soit 38 000 pour vider les listes d'attentes et 32 000 de plus pour compenser les installations qui doivent être remplacées, pour un cout total de plus de 20 milliards de dollars. Cette étude porte sur les sources et les exigences du financement des maisons de soins de longue durée en Ontario, ainsi que sur les structures de propriété dans ce secteur. Des entrevues semi-structurées permettent de comprendre les moyens dont disposent les propriétaires de maisons de SLD, leurs difficultés et leur volonté d'entreprendre les projets de construction nécessaires. Les propriétaires qui ont répondu au sondage ont nommé les difficultés suivantes : le manque d'accès au capital de financement, le rendement insuffisant du capital privé, les différences dans le financement selon le modèle de propriété, les différences de couts selon la région, ainsi qu'une règlementation contraignante. Des options concernant les politiques sont proposées pour surmonter ces obstacles et stimuler la construction et la relance des maisons de SLD.

Mots clés : maison de soins de longue durée, fonds pour les dépenses en capital, rendement du capital, construction, relance, structure de propriété

Ontario has an immediate need for 70,000 long-term-care (LTC) beds—38,000 to address current waitlists and a further 32,000 in need of replacement, which together will cost more than $20 billion. This study examines funding sources and requirements and ownership structures in the LTC homes sector in Ontario. Semi-structured interviews were used to understand the ability, challenges, and willingness of LTC home owners to undertake the needed construction. Respondents identified poor access to capital funding, inadequate returns on private capital, differences in funding by ownership model, differing costs by region, and regulatory obstacles. Policy options are identified to overcome constraints and spur construction and redevelopment of LTC homes.

Keywords: long-term-care homes, capital funding, return on capital, construction, redevelopment, ownership structure

Introduction

There is an urgent need to replace and supplement the stock of long-term-care (LTC) beds in Ontario. Against a current stock of 78,000 beds, the province requires approximately 32,000 beds to be redeveloped in the short term to meet current design standards and 38,000 beds to address the current waitlist. The associated construction cost of these 70,000 beds has been estimated at more than $20 billion (Marrocco, Coke, and Kitts 2021). These requirements are in addition to ongoing growth in demand spurred by the province's aging population.

doi:10.3138/cpp.2022-029

Despite the lengthening waitlist for beds, only 611 beds were built across the province between 2011 and 2018 (Government of Ontario Newsroom 2020b). However, 45 percent of all licensed beds (32,000) require redevelopment by 30 June 2025 or their licenses will expire. Substantial growth is also anticipated in the number of seniors in Ontario, who constitute the majority of LTC home residents. Ontarians aged 75 years and older are projected to increase in number from 1.1 million to almost 2.7 million between 2019 and 2046, and the number of seniors aged older than 90 years will more than triple, from 130,000 to 443,000 (Ontario Ministry of Finance 2020). However, the Government of Ontario, which is already constrained by high health care costs, has an unprecedented projected total debt of approximately $500 billion by 2024 (Powers 2021).

In July 2020, there were 627 licensed LTC homes in Ontario, of which 57 percent were for-profits (FPs), 27 percent were not-for-profits (NFPs), and 16 percent were municipally owned. At the national level, the Canadian Institutes for Health Information (CIHI; 2021) categorize homes as being (a) publicly owned by some level of government, representing 46 percent of LTC homes, or (b) privately owned, either FP or NFP, representing 54 percent of homes. The proportion of privately and publicly owned homes varies by jurisdiction, with the homes in the three territories being 100 percent publicly owned and the homes in New Brunswick being 100 percent privately owned (i.e., 30 percent FP and 70 percent NFP). Ontario, British Columbia, Alberta, Nova Scotia, and Prince Edward Island have significant FP ownership, with Ontario having the highest. Essentially, all jurisdictions in the country need to build additional capacity to meet demand for LTC beds and are examining funding and incentive structures to spur construction. The Conference Board of Canada has estimated that Canada will require 454,000 LTC beds by 2035, implying a need to build 199,000 beds to supplement a stock of 255,000 beds in 2016, with a projected cost of $64 billion in 2017 dollars (Gibbard 2017). This gap is represented by forecast growth in demand for beds as the Canadian population ages as well as catch-up for a deficit in beds compared with current demand, tempered by increased diversion of demand for LTC beds toward home and community care (Gibbard 2017). This estimate is in addition to the cost of replacing any existing beds before 2035, including those beds in Ontario that are not compliant with current standards.

This article is based on a study undertaken between June 2020 and March 2021 that focused on issues of financial viability in the LTC homes sector in Ontario and formed part of a broader research project titled "Long-Term Care in Crisis: The Reality of COVID-19," which was funded through the Canadian Institutes of Health Research.

The study focused on owners of LTC homes. Owners of homes, as distinct from operators, are the entities or their representatives responsible for making the economic decision to invest or remain invested in LTC home assets. In Ontario, ownership models include a mix of FP, municipally owned, and other NFP entities. They include small, closely held firms; large private and public corporations; registered charities and foundations; municipalities; community groups; and large national chains. Critical issues include whether owners possess the capital resources and interest in redeveloping existing homes that do not meet current design standards and in building new beds to address long waitlists and satisfy growing demand.

The LTC homes sector is highly capital intensive, requiring investment in land, buildings, furniture, and equipment. Owners access capital from a mix of governments, commercial and government-sponsored lenders, private investors, and donors. Access to capital is difficult to measure quantitatively because most FP owners do not disclose their financial information publicly and because access to funding varies by ownership model.

Research Methodology

The research on which this article is based used a mixed-methods sequential explanatory design (Creswell and Plano Clark 2011) consisting of two distinct phases. Phase 1 involved the collection of quantitative and descriptive data from numerous publicly available sources regarding the sectoral characteristics, regulatory environment, funding and financing regime, and prevalence of ownership structures used. These data informed Phase 2 key informant interviews. The mixed-methods sequential explanatory design was considered the best means to explore owners' subjective (qualitative) decision making, with interviews informed first by financial, regulatory, and ownership (quantitative) data regarding the sector, which might be expected to affect those decisions.

Fifteen participants were recruited using purposeful sampling. These included 13 owners (seven FPs, four NFPs, and two municipalities) and two LTC associations. An effort was made to obtain representation of ownership groups in the sample in approximately the same proportions as the ownership of homes in the province. In addition, representation was sought from rural and urban locations, small operators, and national chains (Table 1). All respondents were owners or senior executives of their organizations or in roles that involved financial responsibility.

The full study examined the financial viability of LTC homes. Interview topics pertaining specifically to this article included the adequacy of capital funding, the effect of ownership model on these decisions, the impact of the coronavirus disease 2019 (COVID-19) pandemic, the willingness of owners to undertake redevelopment or new construction of homes, and policy responses relevant

Table 1: Characteristics of Interview Respondents

Characteristics	No. of Participants
LTC home owners or senior employees	
For profit	7
Not for profit	4
Municipal home	2
Total	13
LTC associations	2
Total no. of respondents	15

Note: LTC = long term care.

Source: Authors.

to these matters. Interviews were semi-structured, and respondents were given discretion to pursue in greater detail the issues they considered most salient.

Phase 2 interviews were analyzed using content analysis (Saldaña 2015). All interviews were coded by the researcher (BR), and five interviews were independently coded, audited, or verified by two other coders to ensure consistency and completeness. Ethics approval was obtained from McMaster University. All interviews were conducted by telephone on a semi-structured basis by the researcher.

Long-Term-Care Sector and Funding Structure

Description of the Sector

LTC refers to a variety of services necessary for people who cannot care for themselves. These services can be provided in a variety of settings, including in one's home, in outpatient community settings, and in residences, including LTC homes and retirement homes. To be eligible to reside in a LTC home in Ontario, residents must require (a) nursing care on site 24 hours a day or (b) throughout the day and assistance, supervision, or monitoring to ensure their safety or well-being (Ontario 2007). Retirement homes typically serve residents with a broader spectrum of care needs, ranging from those who live independently to those who have care needs similar to those of residents in LTC homes. In Ontario, retirement homes are not eligible for the government care funding received by LTC homes.

In Canada, health care is under provincial jurisdiction, but to receive full federal funding under the terms of the *Canada Health Act* (Canada 1985), provincial and territorial insurance plans are required to fully cover all insured services (defined as "medically necessary" services provided by physicians and hospitals) to all insured persons (defined as legal residents of that province or territory). However, LTC services are categorized as "extended health services" and are not required to be covered. In Ontario, the Ministry of Long-Term Care (MLTC) has funded some LTC costs but leaves the cost of accommodation primarily to the resident.

Currently, LTC homes must be licensed under the *Long-Term Care Homes Act, 2007* (LTCHA; Ontario 2007a) and *Ontario Regulation 79/10* (Ontario 2007b) to operate as such and to receive government funding. LTC bed licenses are classified on the basis of their structural compliance with MLTC design standards. Class A beds substantially meet standards issued by the MLTC in 1998, and Class B and C beds generally meet 1972 standards but do not meet the 1998 standards. The standards include numerous construction features, but the most relevant ones for this inquiry pertain to resident room configurations, including the prevalence of ward-type rooms with the B and C licenses, where three or four residents may share living quarters and bathrooms. In July 2020, more than 40 percent of Ontario LTC beds were classified as B and C. Class A homes have typically been licensed for 25- or 30-year terms, whereas B and C bed licenses are currently scheduled to expire on 30 June 2025 unless renovated and upgraded to comply with current standards.

Ontario provides a public interest test in determining the geographic location of LTC homes across the province (Ontario 2007a), which considers, among other issues, existing resources in the area. Although this should promote the availability of LTC capacity in accordance with population density, there is evidence of fewer beds being available, relative to population, in more urban and suburban areas of the province (Roblin et al. 2019). Part VIII of the LTCHA also mandates municipalities to establish and maintain municipally owned LTC homes.

Owners of LTC homes range from sole proprietors to national chains. Despite some consolidation in recent years, the industry remains highly fragmented. As of 1 July 2020, 16 percent of LTC homes in Ontario were owned by the three largest chains. However, more than half of all LTC homes were owned by parties with either one or two licensed homes (Chartwell Retirement Residences 2016). In addition to direct ownership, some of the larger owners, such as Extendicare Inc. (Extendicare 2019), also perform management services for smaller owners, thereby increasing their presence in the sector.

Larger owners are able to achieve economies of scale in areas of supply chain management and bulk purchasing. They may also have more specialized management skills that include liaising with government, regulators, and labour. In addition, larger entities may have a greater ability to obtain debt and equity from financial markets (Chartwell Retirement Residences 2016).

Ownership Models

Ontario's LTC homes are owned by a mix of FPs, NFPs, and municipalities. The principal legal distinction between FP and NFP entities relates to the use of profits or

surpluses generated from operations. Ontario's (2010) ***Not-for-Profit Corporations Act, 2010*** provides that a NFP corporation may engage in commercial activities as long as they support the corporation's NFP purposes. Moreover, the corporation may generate a profit provided it is used exclusively for its NFP purposes and not paid out to its members. Therefore, the legal distinction between FPs and NFPs pertains not to the generation of profits but to how they are used by the corporation. The focus on profit may also have the unintended consequence of treating external capital differently depending on whether it is debt or equity. Externally sourced debt, in the form of mortgages or other loans, incurs an interest expense that reduces a firm's profit for accounting purposes and therefore brings the firm closer to break-even, or non-profit, status. However, where equity financing results in a return to capital providers, the return occurs after debt expenses and is part of profit for accounting purposes.

Funding of Operations

In Ontario, the MLTC provides both operational and capital funding to LTC homes. Operating funding flows through different level-of-care (LOC) funding envelopes, which are principally (a) nursing and personal care (NPC), (b) programming and support services (PSS), (c) raw food (RF), and (d) other accommodation (OA), including other wages, equipment, and supplies for dietary, housekeeping, furnishing, maintenance, operating, administration, and financing costs (Ontario Ministry of Health and Long-Term Care 2017).

LOC funding is provided to homes on a per-person, per-diem basis, totalling $185 per day at the time the study was conducted (MLTC n.d.). This funding level is consistent across the province, even though the costs may not be. The NPC, PSS, and RF envelopes are provided on a pass-through basis, requiring any amounts not spent by the home on these care-related services to be returned. The effect is that homes cannot earn a profit from MLTC funding of these non-care services. In addition, homes are not permitted to charge residents for any goods or services in these categories (Ontario 2007b). However, operators may retain as income any portion of OA funding (i.e., non-care portion) that is unspent. Homes may also charge residents directly for accommodation by means of a resident co-payment, according to amounts prescribed by the MLTC, although such amounts received by the home generally reduce, dollar-for-dollar, the LOC funding received from the MLTC (2019). In addition, certain premium amounts paid by residents, such as for a private room, may be retained by the home.

The LOC funding provides for various adjustments to these funding streams based on occupancy and size of home. There are additional streams for specialized programs, which increase both funding and complexity of the system. To supplement LOC funding, the Ontario government introduced several COVID-19 emergency measures during 2020 for the hiring and training of staff, prevention and control measures, and stabilization of operations (AdvantAge Ontario 2020; Government of Ontario Newsroom 2020c).

In addition to Ontario government sources, some homes are able to access external resources to fund operations. Some examples follow:

- Municipal governments contribute to municipally owned homes, over and above the provincial funding. In 2016, these amounts totalled $350 million, not including capital expenditures (Association of Municipalities Ontario 2019). This equates to more than $21,000 per resident per year, or about one-third of the amount provided by the province through the LOC funding.
- NFPs obtain funding from donations and bequests (Lasby 2020).
- Municipal homes and NFPs derive significant staff assistance from unpaid volunteers (AdvantAge Ontario 2018).

Generally, the resident is not responsible for paying any care costs in the home, although they may supplement with private care providers. However, the resident is responsible for a monthly accommodation fee, similar to rent. This amount is paid to the LTC home but reduces dollar-for-dollar the LOC amounts paid to the home by the MLTC (2019).

Funding for Construction

The MLTC contributes to the cost of home construction through the LTC Home Capital Development Funding Policy (Ontario Ministry of Long-Term Care 2020). In July 2020, the government announced the commitment of $1.75 billion over the next five years to accelerate construction of LTC projects, including new and redeveloped beds (Government of Ontario Newsroom 2020a). In addition, the 2021 Ontario budget included the investment of a further $933 million toward the program (Powers 2021).

Construction funding flows from the Ontario government to owners in two main forms. The Construction Funding Subsidy (CFS) provides a per-diem, per-bed stream for 25 years, whereas the Development Grant (DG) provides an up-front grant after certain approvals are obtained. The DG is available to cover between 10 percent and 17 percent of total eligible project costs, depending on regional categories (large urban, urban, mid-size, and rural) and targeted home sizes. Reflected as grant amounts available under the policy, DGs are stated to be between $24,923 and $51,376 per bed. Correspondingly, the total implied eligible project costs are between $243,717 and $302,212, depending on the DG percentages and the regional categories (Table 2).

Table 2: Implied Maximum Eligible Project Costs per Bed

Funding Parameters	Large Urban	Urban	Mid-Size	Rural
Maximum development grant per bed, $	51,376	47,926	24,923	29,246
Development grant percentage	17	17	10	12
Implied total eligible project costs, $	302,212	251,915	249,230	243,717

Source: Ontario Ministry of Long-Term Care 2020.

Responsibility for Construction Funding and Cost of Capital

Although the MLTC contributes to construction funding for LTC homes, a significant portion of the funding must come from other sources. This is distinct from care funding, for which many homes rely only on the MLTC's LOC funding for day-to-day operations. Where capital is contributed in the form of mortgage lending or other debt financing, the cost takes the form of interest payments. In the case of FPs, which raise equity capital, this cost of capital is paid for in the form of returns to investors by dividends or accumulation of retained earnings that accrue to shareholders.

In capital markets, the required rate of return to providers of capital is a function of the risk associated with the venture that generates that return. For businesses in which real estate makes up the largest component, the concept of capitalization rate is used to measure the required net operating income of an investment asset as a percentage of its current market value or the cost to (re)build it, reflecting the expected returns as a function of the risk associated with achieving them. Higher risk assets therefore require higher returns to justify an investment.

Before the pandemic, capitalization rates applicable to LTC homes in Canada were at historic lows, with more attractive properties in the sector carrying capitalization rates of approximately 7 percent (Roblin, Treitel, and McCrorie 2018). These rates increased somewhat during the pandemic, to approximately 7.5 percent by late 2020, despite a reduction in the Government of Canada 10-year bond, thus reflecting an increased risk premium associated with LTC assets (McCrorie, Payne, and Lennard 2021). This capitalization rate captures the return requirements of financial stakeholders as compensation for committing their money. It represents the average cost of capital, before considering how that return is allocated between debt and equity stakeholders.

Capital has a cost, regardless of whether a public or private entity is sourcing the funds. In the case of municipally owned homes that operate on a non-profit basis, the equity provided by the municipality is funded by the local taxpayer, who forgoes both the capital and its return, representing an opportunity cost to the local taxpayer. Similarly, the donor who provides the equity capital to the NFP also forgoes the return on capital that could otherwise be earned by the donor on that equity contribution were it not donated. The donor essentially makes an economic decision that the intrinsic value derived from making the donation is greater than the expected return that could have been earned in a similar-risk investment in the donor's hands.

When the government enlists the private sector to provide the capital required, it avoids having to use its taxpayer-funded financial resources. The trade-off is that it also has to allow the private sector to earn a return on the equity capital it contributes, because the government is not using public funds sourced from taxpayers.

Table 3 shows the government contributions to the total construction costs of one LTC bed, made up of the CFS per diem funding and the upfront DG funding. For illustrative purposes, an urban development is assumed with a total construction cost of $300,000 per bed, an amount consistent with estimates provided by study respondents and respondents interviewed by Ontario's Long-Term Care COVID-19 Commission (Marrocco et al. 2021). This amount fully utilizes the DG subsidy of $47,926 from Table 2. Together with the average CFS, the MLTC funding covers approximately 46 percent of construction costs ($138,067 of the $300,000 total), with the balance (approximately $161,933) required to be raised by owners, independent of MLTC programs.

In the example in Table 3, the cost of external funding would equate to $12,145 per annum, representing the 7.5% capital cost of the $161,933 funded by owners. This cost applies to owners of LTC homes of all ownership models,

Table 3: Ministry Funding Available per LTC HCDP

Funding Parameters	Amounts
Rural (lowest CFS per diem), $	20.53
Large urban (highest CFS per diem), $	23.78
Average per diem,[a] $	22.16
Average annualized, $	8,087
Payment term, y	25
Discount rate, %	7.5
Net present value of per diem CFS, $	90,141
Development grant (urban), $	47,926
Total HCDP per bed, $	138,067
Total construction cost per bed (assumed), $	300,000
Proportion funded by HCDP, $ (%)	138,067 (46)
Proportion funded externally, $ (%)	161,933 (54)

Notes: CFS = Construction Funding Subsidy; LTC = long term care; HCDP = Home Capital Development Policy; NFP = not-for-profit.

[a] Excludes planning grant available to NPF homes and per diem adjustments based on home size.

Source: Ontario Ministry of Long-Term Care 2020.

whether as an actual return to lenders or shareholders or as an opportunity cost to local governments, taxpayers, or donors that could have deployed those funds for other purposes.

Paying for this capital cost is problematic within the MLTC funding regime. Financing costs are limited by the flow-through nature of the LOC funding envelopes, which do not permit surpluses to be earned on care services and which regulate amounts obtained from the OA envelope. Essentially, any net surplus available to a home from MLTC funding must come from an excess of OA funding over its operating costs. This is a simplification, because a home's revenues are subject to the external funding sources listed earlier, certain preferred revenues that homes can earn from private room accommodation, and numerous and complex supplementary streams from specialized programs available from the MLTC. Obtaining representative and reliable data on operating surpluses of LTC homes is problematic for the reasons listed earlier. The Ontario Long-Term Care Association (OLTCA; 2015), before its 2016 Pre-Budget Submission to the Ontario government, undertook to portray the percentage breakdown of OA-related expenses as a percentage of OA funding, based on its analysis of the annual audited financial statements of 50 percent of LTC homes. Table 4 shows the breakdown.

As of April 2020, OA funding totalled $56.52 per diem, per bed (Ontario Ministry of Health and Long-Term Care 2019), or $20,644 annualized ($56.52 × 365.25 days). The financial data referenced by the OLTCA (2015) suggest that 16 percent of OA funding is available to defray the costs of capital expenditures and return on debt and equity capital, equal to approximately $3,300 per annum of funding. As indicated, this is only an approximation, because it does not account for other external or internal revenue (MLTC-funded) streams available to homes or additional expenses such as income taxes. Nevertheless, this leaves a large deficit against financing costs of $12,145, as estimated earlier, to be funded by the owner.

Table 4. OA Expenses as a Percentage of OA Funding

Expense	%
Salaries, benefits, and purchased services	53
Utilities	9
Management and allocated fees	6
Maintenance and building services	4
Supplies and equipment	7
Property taxes	2
Insurance and communication	1
Other items	2
Debt service, mortgage interest, capital expenditures, and return on investment	16
Total	100

Notes: OA = other accommodation.

Source: Adapted from Ontario Long-Term Care Association (2015).

Owners' Responses Regarding Redevelopment and Construction

Propensity of Owners to Redevelop or Undertake New Construction Generally

In this section, we refer to respondents as R1 through R15, corresponding to the chronological order in which they were interviewed. The majority of respondents expressed doubt that the sector would meet the requirement to redevelop the B and C beds before their licenses were set to expire in 2025. Several respondents commented positively on the recent government construction funding initiatives announced in August 2020. However, most thought that these new funding initiatives would fall well short of meeting the need for new and redeveloped beds.

Many respondents pointed to the high cost of undertaking home construction or redevelopment in expensive urban areas. Much of this cost was related to the escalating cost of land, but even for rebuilds where the land was already owned, respondents noted that competing uses for the land presented more attractive financial opportunities than use as an LTC home. In addition, for existing LTC homes with a constrained lot size, redevelopment meant either the purchase of a second parcel of land at great expense or the displacement of all residents to other locations while a new building was constructed on the existing property. This meant that, for most redevelopments, the cost was the same as for new construction.

> The cost of having to decant [relocate] residents while you renovate or rebuild are huge, both to the system and to the operator. You lose the revenue, [incur] costs of laying off employees, and also the cost of redeploying when the building is ready to go. *(R6)*

Other respondents noted the business risk of having to purchase land for construction before learning whether their application had been approved and was eligible for government funding. Several respondents cited administrative red tape involved in approvals, licensing, and development as a major obstacle. Some complained that applications were turned down without adequate explanation.

> We have made three proposals for redevelopment in the past. . . . We spent a million dollars on planners and architects, and our proposals were not even given consideration. *(R3)*
>
> No idea why people are being turned down . . . but one of the biggest problems is all the red tape. When the Ministry originally starting giving beds, they had a whole task force that helped put it through. Now the red tape you have to go through to build is insane. *(R9)*

> The developer has to take the risk. So, if I want to do multiple projects, I need to know that I'm going to get approvals for the replacement beds before I go out and commit to buying land. *(R11)*
>
> Part of the challenge with government is that they have approved [beds], but they can't get the development agreements started. They get mired in the muck. . . . They spend undue time looking at the architectural design and frankly it's an impediment to the process. They should have the architectural sign off that it is in compliance with the standard and move on. *(R14)*

Limiting Factors Dependent on Ownership Model

Factors that dissuaded owners from redeveloping or expanding in the sector differed by ownership model. For municipalities, there was a recognition of their obligation to rebuild homes to updated standards, but the majority of respondents who commented on the matter believed that most municipalities would not increase their role beyond their legal obligation to do so. Those respondents who commented on the perspective of local governments indicated that the financial burden of owning and operating LTC homes diverted monies from other purposes that the municipality was responsible to fund.

> And municipalities are losing enough on the one home, so they aren't going to build more. *(R12)*
>
> If council could get out of the business tomorrow, they would in a heartbeat. *(R1)*

NFPs were considered by most respondents to be the most disadvantaged in accessing capital for construction. Operating at or near breakeven made it difficult to meet debt service requirements posed by financial institutions, and aside from fundraising, there were no prospects of raising equity.

For FPs, the question was whether further investment in the LTC homes sector was the best means to use their capital in terms of risk and return, given other alternatives, opportunities, or obligations they may have.

> And we've seen organizations like [Company] saying strategically we're going to focus on retirement homes because the margins are higher, the regulation is a lot less, the reputational risk, public reporting, and COVID-19 is much less. So, it's manifesting itself in different ways depending on the organization, but I think that it [LTC homes] is a low-return endeavour for a huge amount of organizational effort with a ton of reputational risk. *(R10)*

Perceived Differences in Access to Funding

The MLTC's LOC funding model applies to all homes, regardless of ownership or profit status. However, respondents commented extensively on factors that put each of the ownership classifications (FPs, NFPs, and municipal homes) on a different footing from the others.

There was generally a recognition among respondents that municipal homes gained a significant advantage in receiving supplemental revenues from the local municipality. Most respondents regarded this as an unfair funding advantage and as evidence that the MLTC LOC funding alone was inadequate to cover expenses.

Regarding NFPs, respondents identified their ability to raise money through fundraising campaigns or charitable donations as an advantage that FPs or municipal homes were not able to enjoy to the same extent, and in some cases, this provided a significant supplement to MLTC funding. Some NFPs were affiliated with local hospitals and were able to derive supplemental funding from that relationship. However, NFPs were considered disadvantaged in their access to traditional lending sources, such as commercial banks. Because they operate at or near breakeven from a budgetary perspective, it is more difficult to service and repay debt.

For FPs, perceived disadvantages included the lack of recognition in the funding model for the cost of capital and less access to various community resources, municipal tax bases, charitable donations, and other programs that were available for other ownership models. Concerns were also voiced about the application of harmonized sales tax (HST), income taxes, and development fees that treated municipal homes and NFPs differently from FPs. However, FPs were seen as being able to make up for these factors with greater economies of scale and better access to capital markets than their NFP and municipal counterparts.

Need for Private Capital

Respondents mostly agreed that the financing required to redevelop and build homes to address the current bed deficit would need to come substantially from private capital, given government budgetary constraints and the reluctance or inability of municipalities or NFPs to access significant external capital. Two NFP respondents commented as follows:

> In terms of investment in this sector, it's going to need an innovative approach to have the private sector invest in the capital portion. The public sector cannot afford it on its own. So, some of that has to be funded by the private sector because the private sector does it much better than the public sector. *(R13)*
>
> So, the rebuilding will be done by the private sector, and they will only do it if the numbers make sense. No amount of browbeating them will help. They have shareholders to satisfy. The government has signalled they want these rebuilt, and it hasn't happened. Private sector is the only one [option]. *(R12)*

The FPs were regarded by most respondents as being best able to access financing through the capital markets by way of both debt and equity. However, the ability to attract equity capital was understood to be dependent

on owners being able to provide an adequate return on capital to investors, which depended on the particular investment.

> With the operating realities being what they are, the projects aren't driving enough return on equity to encourage investment. *(R5)*

Several FPs provided a perspective on the required returns in the LTC homes sector, noting that returns tended to be lower but more consistent than in the retirement homes sector. They also noted that the care delivery aspect of LTC was more prone to risks associated with human resources and vulnerable clientele, whereas the real estate infrastructure aspect was steadier but more capital intensive.

Several FP respondents drew attention to the fact that much of their capital funding came from private investors, which required a return on investment not factored into the government funding model and that this was poorly understood by the media and the public.

> People don't understand that the people who receive the dividends have given [Company] money to use in addition to the government funding. There has to be a better way to explain that. *(R5)*
>
> Private investors require an appropriate return. You can't justify a project unless there is some return on the capital that's invested. In terms of return, its pretty tight. *(R6)*
>
> The FPs require a return on capital because it's private capital. Not just that, but the dividends that are coming out of [public companies] are funded by the retirement homes, not LTC. The profits are made in retirement homes, and the public isn't told that. *(R15)*

Analysis and Discussion

In this study, we examined the ability, challenges, and willingness of LTC owners, including municipalities, NFPs, and FPs, to build or redevelop beds to meet current design standards and address current waitlists. There is an immediate need for capital to undertake construction of 70,000 LTC beds, which, at a cost of approximately $300,000 per bed, totals $21 billion. Respondents cited both regulatory and financial barriers to addressing the need, although the latter was the greater concern.

With respect to regulatory obstacles, respondents referred to the red tape around licensing, design and construction approvals, development agreements, and the need to obtain reapproval for designs that had already been approved once. There were also concerns about the transparency of the approval process and the need to spend money on land and other expenses before learning whether a project would be approved.

To enhance the financial incentive for owners to pursue construction projects, the Ontario government introduced new measures during the pandemic and in the 2021 budget. At the time of the 2021 budget announcement, the government reported that it was moving forward with the approval of 9,478 new beds and the upgrade of an additional 5,212 existing beds to meet current construction standards (Powers 2021). The new funding was applauded by many respondents as a substantial enhancement to the previous funding available, although most expected that redevelopment and new builds would not come close to the number needed. Of particular concern were the special challenges of densely populated urban areas, where the need for beds is greatest but costliest, and the limited take-up expected from municipal homes and NFPs that either lack the necessary internal funding or have other priorities.

Recognizing Differences in Access to Funding

Access to funding from sources other than the MLTC was considered a significant issue for all three ownership models in owners' willingness to undertake LTC home construction. Most respondents noted the position of municipally owned homes, which receive significant supplemental funding from the local tax base. As a form of government intervention, many of the respondents saw this as patently unfair to the other owners and residents, indicating a clear acknowledgement that the MLTC funding was inadequate on its own. Although some of this supplemental funding was explained in terms of higher wage rates paid to staff in municipal homes, the perceived effect expressed by owners was that it made it harder for other homes to compete for staff in a sector that was already constrained for resources.

NFPs were noted to have access to certain preferential MLTC funding for staff costs and a $250,000 grant under the Home Capital Development Policy. NFPs were also said to be subject to lower HST than FPs and to be exempt from development charges in certain regions. In certain cases, NFPs had close affiliations or common ownership with hospitals, which absorbed some costs while providing operating synergies. NFPs were seen as having greater ability to fundraise from private sources, particularly as charities or foundations, with the ability to issue tax receipts. In addition, NFPs were perceived to have a preferred position in attracting volunteers, thereby increasing care hours without affecting employee costs.

The principal financial advantage cited for FPs was their greater access to capital markets to fund construction. However, the offset, as noted by respondents, was that there exists no provision in the government funding model to address the cost of capital from private sources.

Private Capital Imperative

Regarding capital for development and construction of LTC beds, almost all respondents commented on the greater availability of and need for private capital or,

conversely, on the inability or unwillingness of governments and donors to provide the necessary capital. Together, these comments support a role for private capital in funding LTC development.

Although municipalities are expected to redevelop their B and C homes by 2025, they appear to be less interested in increasing their stock of beds to meet additional demand, especially given that they already provide top-up funding that averages $21,000 per year to each home they already own. Indeed, the Association of Municipalities Ontario (AMO) has called on the province to amend the LTCHA to give municipalities the choice of whether to operate a LTC home at all, allowing them to "invest their property tax dollars in the provision of services most appropriate to their local residents' needs" (AdvantAge Ontario 2018, 10). In the view of the AMO, "Given the evolution of long-term care into a primary care service, it is questionable whether the property tax base is the best source to top up provincial funding" (AdvantAge Ontario 2018, 9).

For NFP owners, the primary obstacle to large-scale construction was access to the necessary capital, both debt and equity. For many NFPs, debt service was problematic, and access to equity depends on securing hard-earned donations, because there is no ability to offer a return on capital to investors.

The Ontario government has, to date, not assumed a significant role in owning LTC homes, aside from a few instances that have involved partnerships with hospitals. The province continues to underwrite the bulk of funding for the care in homes and, as described, has already significantly increased its contribution to capital for home construction during the pandemic. Understandably, Ontario has become burdened with a substantially higher level of debt, in part as a result of the pandemic. Between 1990–1991 and 2020–2021, Ontario's net debt grew from $38.4 billion to $373.6 billion, and it is expected to reach $503.3 billion by 2023–2024 (Di Matteo 2022; Powers 2021).

Determining the Role of For-Profits in Long-Term Care's Future

The role for FPs in meeting the need for new LTC beds has to be considered in the context of their current role in the sector. At present, FP ownership accounts for a majority of LTC beds in Ontario. However, appealing to private capital to expand the sector could raise objections from those who oppose FPs' participation in providing care to seniors. At the time of writing, the Official Opposition in the Ontario legislature was proposing a plan to remove FP ownership of LTC homes, making all homes either publicly owned by government or owned by NFPs (Ontario New Democratic Party n.d.). The plan would bring an immediate stop to new licenses for FPs, an orderly transfer of all services to public and community health organizations and NFPs, and the redirection of public dollars to publicly owned and NFP homes, including funding for refurbishment and new construction. The economic trade-offs associated with such a policy could be significant. From a financial perspective, the removal of the private sector would require purchasing approximately 45,000 beds from private interests in addition to the costs to construct the 70,000 beds needed for replacement and waitlists, all at government expense. Using the assumed cost of $300,000 per bed referenced previously, a purchase of 45,000 beds would cost the government $13.5 billion for the operating assets (land, buildings, etc.) before considering the economic costs associated with expropriation of any licenses before their expiry.

Alternatively, if the role of FPs in the future expansion of the LTC home sector is to be preserved, this study suggests that it should be done with a better understanding of (a) the adequacy of current regulatory safeguards to prevent any diversion of profits from government-funded care envelopes and (b) the extent to which any differences in funding streams or other resources available to municipal homes, NFPs, or FPs might be contributing to corresponding differences in the magnitude of care expenditures at the home level.

This study highlights the fact that capital provided by NFPs and FPs to construct and own LTC homes is less expensive from the government's viewpoint, because it avoids approximately half of the costs of home construction (and the cost of capital associated with it) that would otherwise need to be funded through tax dollars. In addition, non-public ownership does not entail the significant government supplemental funding received by municipal homes. There are also revenues collected by government from FP homes in the form of HST, income tax, and development fees that are not received to the same extent from homes owned and run by the government.

However, as further suggested here, the gap in LTC home construction is unlikely to be met without some increase in incentives to owners to underwrite the capital costs involved. The government's challenge here has intensified in recent years as prices in the Ontario housing market have continued to escalate. Indeed, in the 12 months after completion of this research, the average sales price of residential homes in Ontario (all types) increased 25.8% (Canadian Real Estate Association 2022). This directly affects the opportunity cost to owners who must decide whether to build new LTC beds (or rebuild B and C beds before 2025) or to redeploy their capital and real estate assets for other use in the housing market.

Understanding Accountability and the Cost of Capital

All owners have to balance the needs of their stakeholders, which include residents, employees, and the MLTC. For FPs, an additional stakeholder is the private investor, who provides capital for the asset-intensive infrastructure

needed to operate. Health care services in Canada commonly operate on a contract model in which public payers contract with private health care providers (Deber 2014). In this model, the policy instruments used by government to maintain accountability can include financial incentives, supported by regulations that govern how participants must operate. For LTC homes in Ontario, that balance of interests is currently based on permitting FPs to earn returns while eliminating profits from care-related categories with flow-through funding, regulating the accommodation costs to residents, and enforcing universal care standards for all homes, regardless of ownership model.

As discussed, all ownership models in the LTC homes sector must deal with the cost of capital, although in different ways. For municipalities and NFPs, it is represented by the opportunity cost to local taxpayers or charitable donors, who forgo the use of or return on their capital to fund the portion of LTC home construction that is not covered by the province. They must account to those interests for the way their monies are spent. Under the FP ownership model, owners must answer to private investors, in terms of both the application of their investment funding and providing returns on the capital invested. Although the contribution of capital from private sources demands a return, that reality is often forgotten or misunderstood when examined in a health care framework.

Exacerbating the problem of cost of capital is the fact that the government's funding model lacks transparency around return on capital, the level of return required, and even the mechanism by which it is derived. In particular, the OA funding envelope does little to recognize the different financial requirements among ownership models. Although all homes receive the same basic funding through the OA envelope, those funds are expected to enable municipalities and NFPs to effectively break even after meeting accommodation-related expenses, whereas FPs are expected to generate sufficient returns to satisfy shareholders who have provided investment capital to the organization.

This structure is in contrast to those of other regulated, capital-intensive industries in which participants' revenues are set according to the required returns dictated by capital market considerations. In many such industries, a firm's revenues are set by an outside agency that determines a fair return to capital providers. Thus, where governments limit competition by means of special licenses or other barriers to entry, or contribute to or sanction funding, regulation ensures that firms do not exploit the opportunity for excessive profits (Callen, Mathewson, and Mohring 1976; Moore, Durant, and Mabee 2013; Taggart 1981). The Ontario Energy Board (OEB; n.d.), for example, establishes the rates charged consumers on the basis of, among other things, a set required rate of return on assets deployed by electrical utilities. In rate applications, the OEB (n.d.) attempts to balance reliability and quality of service with the financial viability of the utility, where "regulation ensures that the public good is served." Regulating the returns of LTC homes could similarly be done on the basis of the public good, because competition is confined to those with licenses, the sector is capital intensive, services are funded by government, and profits are permitted.

The absence of any provision for returns to investors in the LTC homes funding model leads to two problems. First, it results in FPs needing to "find" profit within an OA envelope that funds NFPs and FPs the same way. Second, it means there is no standard, or even guideline, to indicate what reasonable returns ought to be. There are numerous ways to address these problems that can bring transparency to FP returns while at the same time aligning returns more closely with the risk inherent in infrastructure assets of the LTC sector. The LOC funding envelopes already distinguish care expenditures (NPC, PSS, and RF) from accommodation or infrastructure expenditures (OA), with the latter addressing occupancy costs and requiring the bulk of the capital requirements for LTC homes. This presents an opportunity for government policy to establish return criteria and quantum within the accommodation envelope.

This in turn can lead to a recognition that ownership and maintenance of real estate infrastructure assets represent a separate business within residential care, as distinct from the staff-intensive services activities involving hands-on care of frail residents. Introducing greater delineation between the infrastructure business and the care operations would help address concerns about profit in seniors' care, which has received considerable attention in research (Pue, Westlake, and Jansen 2021) and in the media (Warnica 2021). At the same time, it would enable the segregation of two distinct investment classes: (a) real estate infrastructure assets, which provide relatively conservative returns and steady cash flows with a risk profile dependent on interest rates, financing availability, construction costs, maintenance, and zoning and (b) care operations, which are characterized by risks associated with reputation, contagious disease, vulnerability of seniors, regulation, staffing, and employee relations.

Capital formation also tends to be different for infrastructure assets, with pension funds, life insurance entities, and other institutional investors able to match the long-term return profiles to the term structure of their liabilities. Many of Canada's larger pension funds already have a significant presence in seniors' housing, including the Ontario Teachers' Pension Fund, which owns BayBridge Seniors Housing, and the federal government's Public Sector Pension Investment Board, which owns Revera Inc. Within the sector, there is also evidence that some investment funds prefer to specialize in the infrastructure side of the business as opposed to the operations side. As a

case in point, Axium Infrastructure Inc. is an independent portfolio management firm focused on long-term returns on core infrastructure assets, with more than $7 billion in assets under management. In October 2017, Axium entered into a joint venture partnership with Revera Inc. to share ownership of 32 of Revera's LTC homes in Ontario, Alberta, Manitoba, and British Columbia (Axium Infrastructure Inc. 2017). The transaction contemplated Axium owning a 75 percent equity interest in the joint venture, with Revera retaining the remainder and also continuing to assume responsibility for operating the homes. In March 2022, Axium further announced the acquisition of 16 LTC homes (2,418 beds) from Chartwell Retirement Residences, in partnership with AgeCare Health Services Inc. (CPE News 2022)

Establishing a stronger footing for private capital in the sector can also open the door to a greater role for Infrastructure Ontario (IO). IO reports to the Minister of Infrastructure and defines its mandate as facilitating partnerships between public and private sectors to modernize and create value for taxpayers (IO n.d.).

Consideration of Alternative or Supplementary Funding Models

Despite the recent changes in construction funding for urban regions, land prices around metropolitan areas were still viewed by respondents as making costs prohibitive, particularly for landlocked properties. The current construction funding model uses a tariff-based model that prescribes funding on the basis of location and building parameters. Incenting owners to build in expensive regions may require policies directed toward specific projects in critical locations. The government has already shown a willingness to consider projects outside of what it terms "traditional long-term-care development" by partnering with three hospitals to expedite procurement and construction of LTC homes at specific sites on hospital-owned land (Government of Ontario Newsroom 2022). Strategies exist to target projects by various means, including an auction process by which interested groups could bid on the construction of needed homes at sites where the government's current rate schedule leaves gaps in certain communities.

Limitations

This study's focus was owners of LTC homes; therefore, there may be bias with respect to views on the inadequacy of government funding and the strictness of sector regulation. Although the factual accuracy of comments could not be confirmed in many cases, the views are those of selected decision makers likely to influence the construction of LTC bed capacity. Further research could be undertaken to verify concerns and claims expressed by respondents.

The study involved a relatively small group of respondents. In addition, the greatest representation was from FPs, similar to their representation in LTC ownership in the province. This limitation was mitigated by considerable consistency in responses among all ownership groups represented, but further research could explore possible solutions for each group more fully.

The funding challenges explored here are shared across Canada and internationally, and further research could examine policy solutions from other jurisdictions and their applicability in Ontario.

Conclusions and Policy Implications

Respondents from all ownership groups confirm the need for additional capital in building out needed bed capacity in the province. However, Ontario's policy framework makes no provision for the cost of capital and no reference to what level of return is appropriate, and it provides no means to measure it or sanction it and no visibility around what returns are actually being earned. The LOC funding envelopes are already structured in a way that segregates care-related services for which no surplus is permitted, making way for a separate funding regime for the capital-intensive infrastructure required in residential care. Numerous examples exist of regulated industries that provide public services where returns on capital assets are funded, monitored, and enforced. A policy that recognizes and funds the capital cost of the infrastructure (as distinct from the care operation) can facilitate compensation for that capital, minimize concerns about firms profiting from care, and better accommodate an investor community that views these two asset classes differently in terms of risk and return profile.

In addition, the MLTC's current construction funding policy is based on a schedule of rates or tariffs that does not adequately account for regional circumstances that differ by population, real estate costs, tax base, affluence, or seniors' demographics. Alternatives exist to supplement the current tariff model, and they include regulatory and request-for-proposal or auction structures and the use of rate-based and other mechanisms to attract and deploy non-government capital sources, addressing the needs of particular communities and the risk profile of specific infrastructure assets.

Ontario's LTC sector faces an enormous challenge in redeveloping B and C beds, undertaking the construction of new homes to absorb a lengthy waitlist, and building additional capacity for the growing population of seniors. From a broad policy perspective, the government could opt for a reduced role for LTC homes in the care and housing of vulnerable Ontarians, relying more on home and community care options and privately funded retirement homes. Alternatively, funding constraints may lead policy toward greater funding required from residents themselves, perhaps from those individuals best able to pay. However, as policy currently stands, the senior care sector relies heavily on the provision

of LTC beds, and despite recent changes in the level of capital funding by the Ontario government, a current gap of 70,000 beds persists for those requiring a high level of care. The limited ability or willingness of existing owners in the sector to fund this gap necessitates policy to address the need for construction capital and the accompanying cost of capital.

References

AdvantAge Ontario. 2018. "Ontario's Municipalities: Proud Partners in Long Term Care." Concord, ON: AdvantAge Ontario. At http://www.advantageontario.ca/AAO/Resources/AAO/Resources_Content/Resources.aspx?hkey=f14b96bc-fad9-46b7-8869-652472257d6e.

AdvantAge Ontario. 2020. "Understand LTC Funding and Reporting Processes." Presented at Ontario Ministry of Long-Term Care, COVID-19 Initiatives, Toronto.

Association of Municipalities Ontario. 2019. "A Compendium of Municipal Health Activities and Recommendations." Toronto: Association of Municipalities Ontario. At https://www.amo.on.ca/AMO-PDFs/Reports/2019/AMO-Compendium-of-Municipal-Health-Activities-and.aspx.

Axium Infrastructure. 2017. "Axium Infrastructure Enters into a Joint Venture Agreement with Revera to Share Ownership of 32 Long-Term Care Homes." Toronto: Axium Infrastructure. At https://www.axiuminfra.com/wp-content/uploads/2017/10/Website-Release_Project-Tulip_Axium_en_Final.pdf.

Callen, J., G.F. Mathewson, and H. Mohring. 1976. "The Benefits and Costs of Rate of Return Regulation." *American Economic Review* 66(3):290–7.

Canada. 1985. *Canada Health Act*. RSC 1985, c C-6.

Canadian Institutes for Health Information (CIHI). 2021. "Long-Term Care Homes in Canada: How Many and Who Owns Them." Ottawa: CIHI. At https://www. cihi.ca/en/ong-term-care-homes-in-canada-how-many-and-who-owns-them#.

Canadian Real Estate Association. 2022. "National Statistics." Ottawa: Canadian Real Estate Association. At https://creastats.crea.ca/en-CA/.

Chartwell Retirement Residences. 2016. "Chartwell Retirement Residences Annual Information Form." System for Electronic Document Analysis and Retrieval. At http://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00019904.

CPE News. 2022. "AgeCare and Axium Infrastructure to Acquire and Manage Chartwell Ontario Long Term Care Homes." *Private Capital Journal,* 31 March. At https://privatecapitaljournal.com/agecare-and-axium-infrastructure-to-acquire-and-manage-chartwell-ontario-long-term-care-homes/.

Creswell, J.W., and V.L. Plano Clark. 2011. *Designing and Conducting Mixed Methods Research*. 2nd edition. Thousand Oaks, CA: Sage Publications.

Deber, R.B. 2014. "Thinking about Accountability." *Healthcare Policy* 10(SP):12–24. https://doi.org/10.12927/hcpol.2014.23932.

Di Matteo, L. 2022. "'Debt' Decision Looms for Ontario's Government." Vancouver, BC: Fraser Institute. At https://www.fraserinstitute.org/tags/ontario-debt.

Extendicare Inc. 2019. "Annual Information Form." System for Electronic Document Analysis and Retrieval. At https://www.sedar.com/DisplayProfile.do?lang=EN&issuerType=03&issuerNo=00033334.

Gibbard, R. 2017. *Sizing Up the Challenge: Meeting the Demand for Long-Term Care in Canada*. Ottawa: Conference Board of Canada. At https://www.cma.ca/sites/default/files/2018-11/9228_Meeting%20the%20Demand%20for%20Long-Term%20Care%20Beds_RPT.pdf.

Government of Ontario Newsroom. 2020a. "Ontario Accelerating the Development of Long-Term Care Homes." Toronto: Government of Ontario Newsroom. At https://news.ontario.ca/en/release/57613/ontario-accelerating-the-development-of-long-term-care-homes.

Government of Ontario Newsroom. 2020b. "Ontario Fast-Tracks Long-Term Care Home in Toronto." Toronto: Government of Ontario Newsroom. At https://news.ontario.ca/en/release/57958/ontario-fast-tracks-long-term-care-home-in-toronto.

Government of Ontario Newsroom. 2020c. "Ontario Launches Historic Long-Term Care Staffing Plan." Toronto: Government of Ontario Newsroom. At https://news.ontario.ca/en/release/59727/ontario-launches-historic-long-term-care-staffing-plan.

Government of Ontario Newsroom. 2022. "Ontario Celebrates New Long-Term Care Home in Ajax." Toronto: Government of Ontario Newsroom. At https://news.ontario.ca/en/release/1001509/ontario-celebrates-new-long-term-care-home-in-ajax.

Infrastructure Ontario. n.d. "What We Do." Toronto: Infrastructure Ontario. At https://www.infrastructureontario.ca/What-We-Do/.

Lasby, D. 2020. *Imagine Canada's Sector Monitor: Charities and the COVID-19 Pandemic*. Toronto: Imagine Canada. At https://imaginecanada.ca/sites/default/files/COVID-19%20Sector%20Monitor%20Report%20ENGLISH_0.pdf.

Marrocco, F., A. Coke, and J. Kitts. 2021. *Ontario's Long-Term Care COVID-19 Commission: Final Report*. Ontario: Ontario's Long-Term Care COVID-19 Commission. At https://files.ontario.ca/mltc-ltcc-final-report-en-2021-04-30.pdf.

McCrorie, S., H. Payne, and A. Lennard. 2021. *Seniors Housing Industry Overview: Canada*. Toronto: Cushman and Wakefield.

Moore, S., V. Durant, and W.E. Mabee. 2013. "Determining Appropriate Feed-in Tariff Rates to Promote Biomass-to-Electricity Generation in Eastern Ontario, Canada." *Energy Policy* 63:607–13. https://doi.org/10.1016/j.enpol.2013.08.076.

Ontario. 2007a. *Long-Term Care Homes Act, 2007*, SO 2007, c 8.

Ontario. 2007b. *Ontario Regulation 79/10: General*, under the *Long-Term Care Homes Act, 2007, SO 2007, c 8*..

Ontario. 2010. *Ontario Not-for-Profit Corporations Act*, SO 2010, C 15.

Ontario Energy Board. n.d. "What We Do." At https://www.oeb.ca/about-oeb/what-we-do.

Ontario Long Term Care Association. 2015. "Building Resident-Centered Long-Term Care, Now and for the Future: Ontario Long Term Care Association Pre-Budget Submission to the Ontario Government 2015/2016." Toronto: Ontario Long Term Care Association. At https://www.oltca.com/oltca/Documents/Reports/PreBudgetSubmission2015-2016.pdf.

Ontario Ministry of Finance. 2020. "Ontario Population Projections Update, 2019–2046." West Oshawa, ON: Ontario Ministry of Finance. At https://www.ontario.ca/page/ontario-population-projections.

Ontario Ministry of Health and Long-Term Care (MHLTC). 2017. "Long-Term Care Homes Funding Policy: Eligible Expenditures for Long-Term Care Homes." Toronto: MHLTC. At http://www.health.gov.on.ca/en/public/programs/ltc/docs/eligible_expenditures_ltch_policy.pdf.

Ontario Ministry of Health and Long-Term Care. 2019. "Long-Term Care Homes Financial Policy: Long-Term Care Homes Level-of-Care Per Diem, Occupancy and Acuity-Adjustment Funding Policy." Toronto: MHLTC. At https://www.health.gov.on.ca/en/public/programs/ltc/docs/level_of_care_per_diem_funding_policy.pdf.

Ontario Ministry of Long-Term Care. 2020. "Long-Term Care Home Capital Development Funding Policy, 2020." Toronto: Ontario Ministry of Long-Term Care. https://www.ontario.ca ontario.ca/page/long-term-care-home-capital-development-funding-policy-2020#.

Ontario Ministry of Long-Term Care. n.d. "Home, Community and Residential Care Services." Toronto: Ontario Ministry of Long-Term Care. At https://www.health.gov.on.ca/en/public/programs/ltc/lsaa_policies.aspx.

Ontario New Democratic Party. n.d. "Aging Ontarians Deserve the Best: A New, Public and Non-Profit Home Care and Long-Term Care System." Toronto: Ontario New Democratic Party. At https://www.ontariondp.ca/sites/default/files/aging_ontarians_deserve_the_best_-_en.pdf.

Powers, L. 2021. "Ontario Budget 2021: Deep Deficits as Province Plots COVID-19 Recovery." *CBC News,* 24 March. At https://www.cbc.ca/news/canada/toronto/ontario-budget-2021-covid-19-doug-ford-1.5962279.

Pue, K., D. Westlake, and A. Jansen. 2021. "Does the Profit Motive Matter? COVID-19 Prevention and Management in Ontario Long-Term-Care Homes." *Canadian Public Policy/Analyse de politiques* 47(3): 421–38. https://doi.org/10.3138/cpp.2020-151.

Roblin, B., R. Deber, K. Kuluski, and M.P. Silver. 2019. "Ontario's Retirement Homes and Long-Term Care Homes: A Comparison of Care Services and Funding Regimes." *Canadian Journal on Aging/La Revue canadienne du vieillissement* 38(2):155–67. https://doi.org/10.1017/s0714980818000569.

Roblin, B., N. Treitel, and S. McCrorie. 2018. "Business Valuations in the Long-Term Care Homes Sector: The Ontario Example." *Journal of Business Valuation* 2018:13–21.

Saldaña, J. 2015. *The Coding Manual for Qualitative Researchers*. London: Sage Publications.

Taggart, Jr., R. 1981. "Rate-of-Return Regulation and Utility Capital Structure Decision." *Journal of Finance* 36(2):383–93. https://doi.org/10.2307/2327020.

Warnica, R. 2021. "The Problem with Profits: As Ontario's Long-Term-Care Homes Stagger Under a COVID Death Toll of More Than 3,000, Some Say It's Time to Shut Down For-Profit Homes for Good." *Toronto Star*, 26 January. At https://www.thestar.com/business/2021/01/26/the-problem-with-profits-as-ontarios-long-term-care-homes-stagger-under-a-covid-death-toll-of-more-than-3000-some-say-its-time-to-shut-down-for-profit-homes-for-good.html.

Canadian Public Policy / Analyse de politiques

Canadian Public POLICY
Analyse de POLITIQUES

XLVIII Supplement II / numéro spécial II

November / novembre 2022

GUEST EDITORS' INTRODUCTION

ARTICLES

350338048S200

UTP JOURNALS
UTPJOURNALS.PRESS

XLVIII Supplement II / numéro spécial II

November / novembre 2022