



# Aging and its impact on the Health Sector

**Peter C. Coyte**

Professor of Health Economics &  
Director, Health Care, Technology and Place  
University of Toronto  
Social Policy in an Aging Society  
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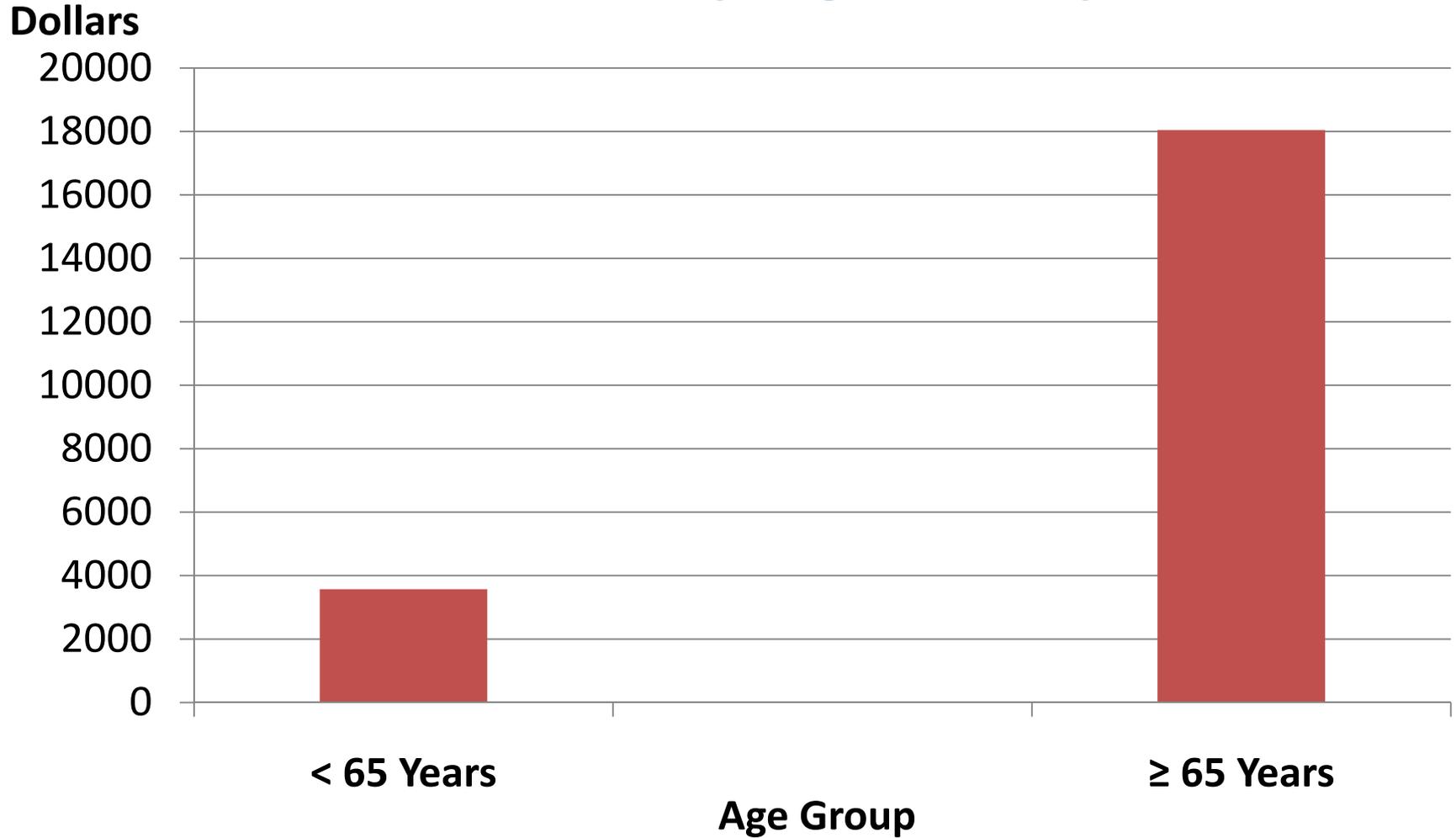
# Outline

- **Fiscal, Demographic & Technological Context**
- **Impact of Aging on Total Health Care Costs**
- **Impact of Aging on Health Care Components**
- **Re-shaping the Health Service Landscape**
- **Home Care Costs, Clients & Conventional Wisdom**
- **Nursing Home Beds**
- **Fiscal & Employment Policy**
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# Fiscal, Demographic & Technological Context

- Health expenditures as a share of GDP more than doubled since 1960: 5.5% to 11.7% in 2010.
- Health expenditures are >40% of provincial government spending
- Federal & Provincial government budget deficits are high and outstanding debt is a cause for concern.
- Demographic trends suggest seniors ( $\geq 65$ ) were 7.6% of the population in 1960, 14.1% in 2010, and will be at 23.4% by 2031.
- Advances in health technologies have altered the range of settings where safe and effective service provision may occur.
- These changes represent the catalyst for health sector reforms with emphasis on continuing care services, i.e. home and institutional care.

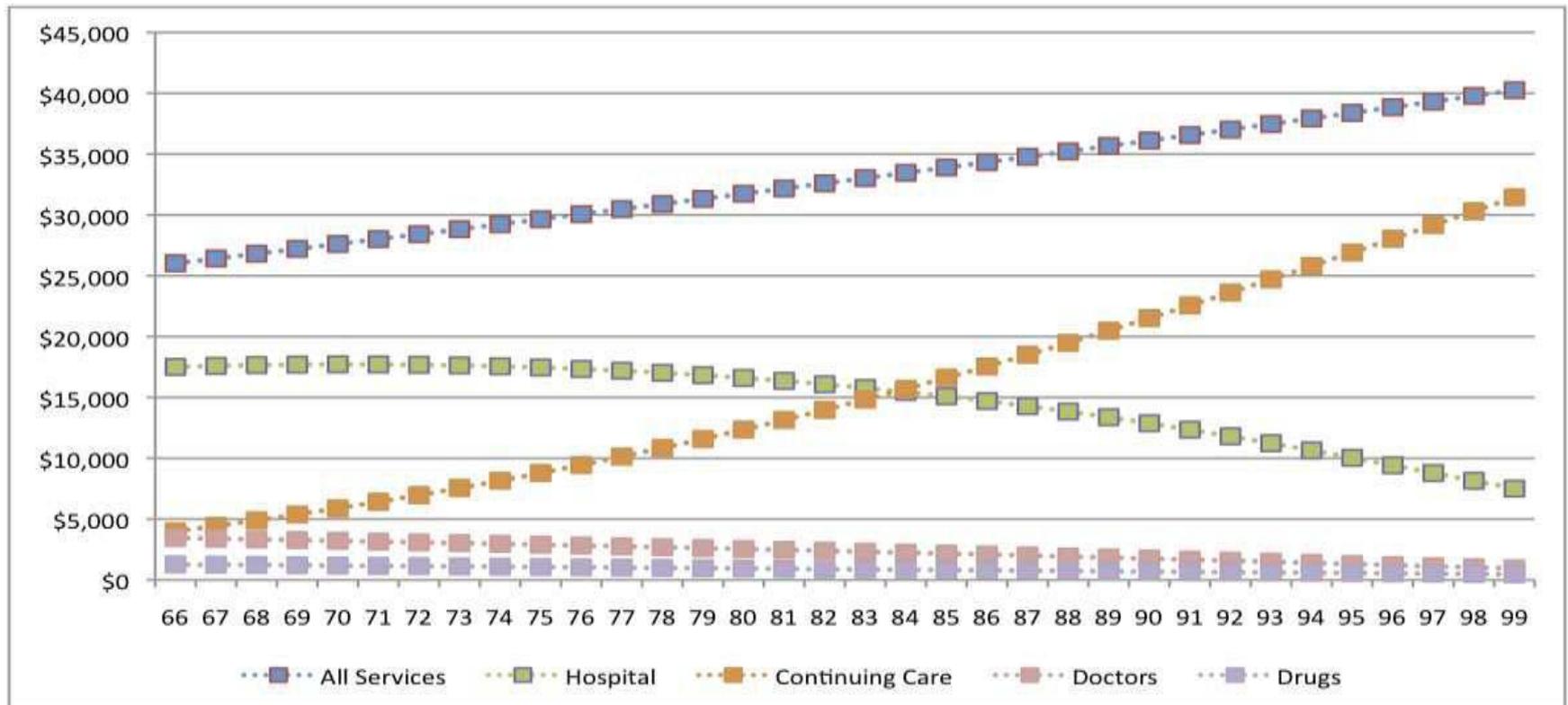
# Per Capita Health Expenditure in 2010 by Age Group



# The Importance of Aging on Costs

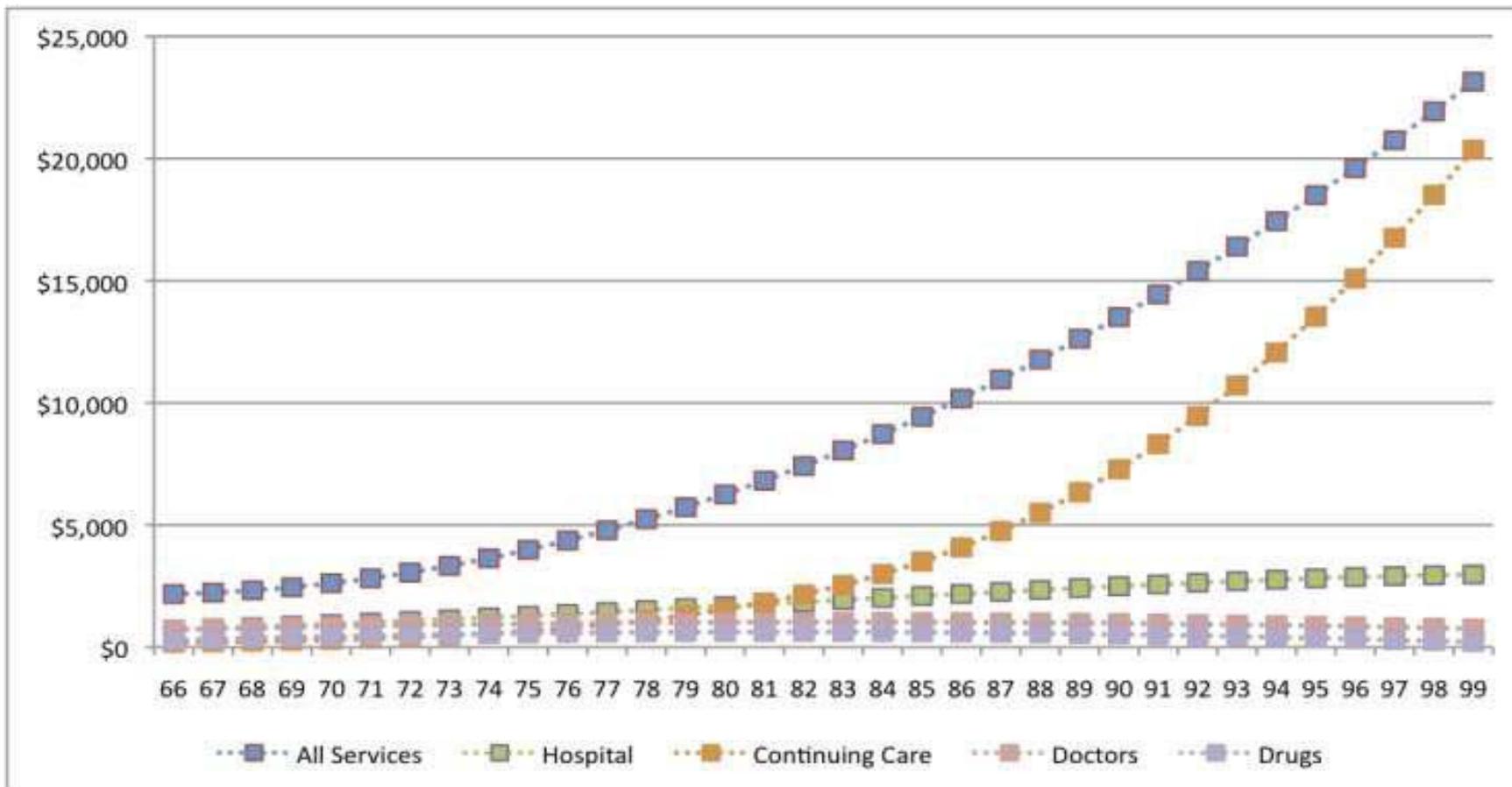
- Since 1960, aging represented a small annual component of 0.36% of the growth in inflation-adjusted per capita costs, 3.7%. Most of the increase was due to increased service intensity.
- For the next 20 years, aging will have a more dramatic effect yielding a 1.0% increase inflation-adjusted per capita costs.
- But if past trends in service intensity continued, aging will still be a relatively small cost driver.

# Health Service Costs for Decedents by age and service category in British Columbia



Source: Payne, G: Health Expenditures, Time to Death, and Age. Unpublished PhD, University of Toronto, 2010.

# Health Service Costs for Survivors by age and service category in British Columbia



Source: Payne, G: Health Expenditures, Time to Death, and Age. Unpublished PhD, University of Toronto, 2010.

# The Impact of Aging on Health Care Categories

- Aging has a modest impact on overall costs, but a dramatic impact on continuing care
- Aging dramatically increases continuing care needs
- Even with publicly funded support for continuing care, there will be more privately financed care and greater demands placed on unpaid carers.

# Preparedness Planning for an Aging Society: Re-shaping the Health Care Landscape

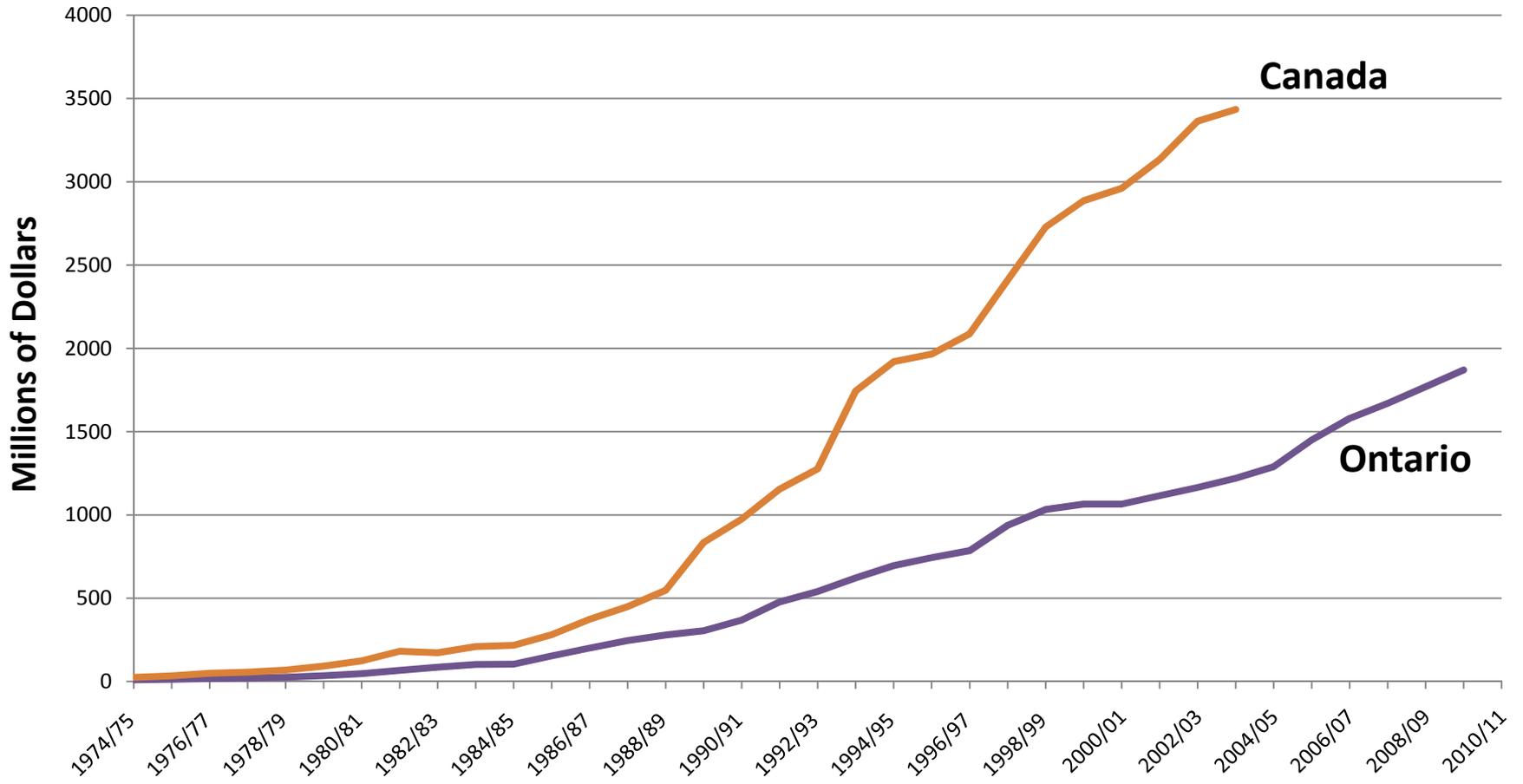
There are three main provincial & Federal efforts to prepare for an aging society:

1. Growth in public home care expenditures;
2. Efforts to increase the nursing home capacity; &
3. Fiscal and employment policies to support unpaid carers.

# Home Care Definitions and Populations

- Home care refers to “..a range of services, such as nursing, personal support, physical therapy, etc, that enables a care recipient to reside at home , thereby preventing, delaying or substituting for long-term or acute care.”
- Two main clients: (1) Short-term (ST) care for <90 days; and Long-term (LT) care for >120 days.
- $\geq 60\%$  of all clients receive nursing, but
- <20% of ST clients & >80% of LT clients receive personal support.
- About 65% of all home visits for ST clients are nursing, while 60% of visits for LT clients are personal support.

# Public Home Care Expenditure Trends: Canada & Ontario



# Home Care: The Conventional Wisdom

Emphasis on home care services has occurred in an informational vacuum. The asserted benefits have taken on the status of conventional wisdom:

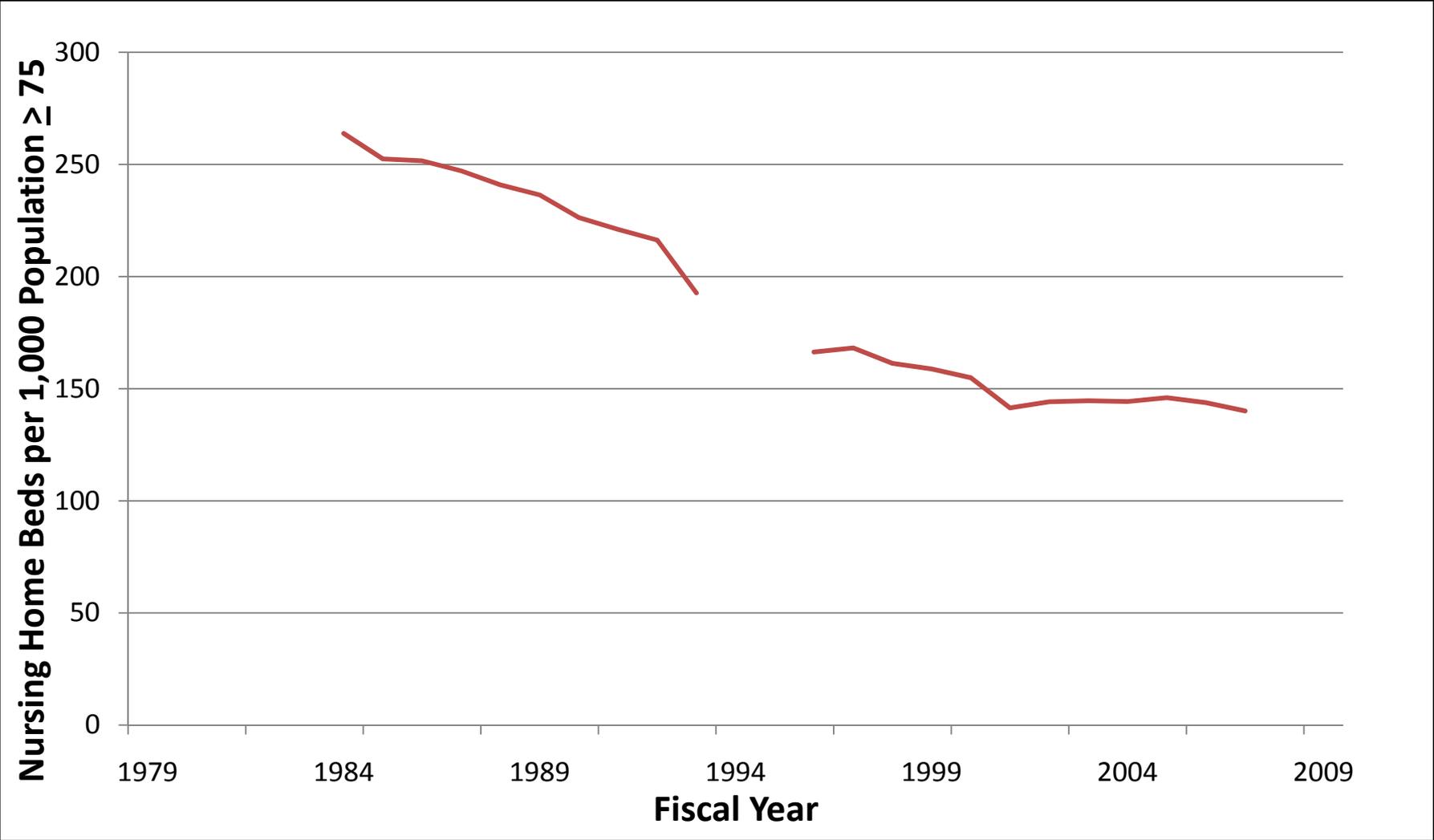
1. Clients and their caregivers prefer care offered at home rather than in other settings;
2. Housing and employment circumstances permit the provision of safe and effective care at home; and
3. Home care results in equal or better care at a lower cost than care offer in other settings.

# Expansion in Nursing Home Capacity

In the last 25 years, nursing home beds in absolute terms have increased by 25%.

However, relative to the population of seniors over 75 years of age bed density fell from 264 to 140 per 1,000 population.

# Nursing Home Beds per 1,000 Population $\geq 75$



# Fiscal Policy as Health Care Policy

- There have been Federal proposals to expand tax credits and to reform employment insurance arrangements. For example:
  - The introduction of the Family Care Employment Insurance Benefit, similar to the Compassionate Care Benefit, but not restricted to carers of those who are gravely ill and offering 6-months, rather than 6-weeks, of income replacement and job protection; and
  - The introduction of a Family Care Tax Benefit, similar to the Child Tax Benefit, and the expansion of the Caregiver non-refundable tax credit.

# The “New” Health Policy

- Tax and Employment policy may become the “new” health policy to support unpaid carers.
- Targeted fiscal and employment policies to those engaged in intensive caregiving may be more cost-effective than universal policies.
- Variations in the health and social care contexts, suggest that a more personalized approach to the provision of continuing care and the application of fiscal and employment policy may be more efficient than a “one-size fits all” approach.

# Conclusions

- In an era of fiscal restraint and technological change, shifts in the age distribution of the Canadian population represent a catalyst to re-shape the health care landscape.
- While aging may have a small overall impact on inflation-adjusted health care costs, it has a profound effect on the provision of paid and unpaid LTC.
- Health policy dialogue needs to be enriched with greater emphasis on: (1) a broader range of policy levers; (2) the tailoring of services and incentives to unique caregiving contexts; and (3) rebalancing priorities towards LT home care.