Aging and its impact on the Health Sector

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Outline

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• Impact of Aging on Total Health Care Costs
• Impact of Aging on Health Care Components
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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 (≥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

Dollars

< 65 Years

≥ 65 Years
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

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

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.

• ≥ 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

The graph shows the trends in public home care expenditures for Canada and Ontario from 1974/75 to 2010/11. The y-axis represents millions of dollars, while the x-axis represents the fiscal years. The expenditures for Canada and Ontario are marked by different colored lines, with Canada's expenditures generally increasing at a faster rate compared to Ontario's.

- **Canada**
  - 1974/75: $200 million
  - 2010/11: $3500 million

- **Ontario**
  - 1974/75: $50 million
  - 2010/11: $2000 million
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 offered 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 ≥75

Fiscal Year

Nursing Home Beds per 1,000 Population ≥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.