

## Funding Home and Community Care The Elephant in the Room: Who Pays and How?



**It's time for a serious conversation about funding a home and community care policy that parallels the *Canada Health Act*.**



### **What do we need?**

Needs evolve along with populations. Not only are there more senior citizens today, and even more forecasted for tomorrow, but their needs and those of society as a whole continue to change.

At one time, illnesses tended to be treated primarily by physicians and in hospitals. Today's health care looks different. Some conditions that once curtailed lives are now considered chronic, and many can be managed in the community. Health needs of older, ageing adults are increasingly linked to these chronic conditions, along with multiple diagnoses and dementia, rather than strictly to acute episodes.

Hospitals were built for acute care, but chronic care is what an ageing population needs. Acute care serves seniors reasonably well, but chronic care alternatives are scarce. Community supports – to keep seniors living safely in their homes and communities and, equally importantly, out of expensive hospitals – are even scarcer.

Care Watch advocates for home and community care that lets seniors age safely, comfortably, and productively in their homes and communities. These services are also equally important to others, for example, people of any age who have disabilities or chronic conditions.



### **Confronting the Roadblock**

Discussion of home care and community support services hits a roadblock when we ask the inevitable questions: Who will pay for the system, how will they pay, and where will the money come from? There has been little public discussion, let alone any consensus, about how to pay for these services and how to make the difficult choices involved. Yet what Ontarians can expect in the future will be determined by funding, at the both the national and provincial levels, and by how that funding is protected. It's a hard discussion, but one we need.

**Care Watch** believes strongly that it is time to discuss how we will fund home and community care, to arrive at a consensus, and to be sure elected officials and candidates for office know what we need and expect.



### **Building a System**

Care Watch enters this discussion with two premises. An equitable home and community care policy must:

- 1) **Look to the Canada Health Act for its foundation.** The *Canada Health Act* (CHA) doesn't cover home care services, though provinces may (but are not required to) insure them as “extended health” services. Ideally, the CHA would be expanded to cover home care services, but this is unlikely in the current climate. Care Watch believes, however, that the principles underlying the CHA are foundational to any system for in-home and community support services.

The CHA's five legislated principles - public administration, comprehensiveness, universality, portability, and accessibility – define a system that:

- **protects, promotes, and restores** physical and mental well-being
- **provides reasonable and equitable access** to all necessary services without financial or other barriers
- **gives everyone the same opportunity** to receive the services they need, on uniform terms and conditions, without privileging or disadvantaging any individual or group
- **is transparent and accountable** to members of the public about how it uses their money

Health Canada adds that, “framed by the *Canada Health Act*, the principles governing our health care system are symbols of the underlying Canadian values of equity and solidarity”<sup>1</sup> based on shared goals and interests in maintaining and improving individual and population health.

- 2) **Have dedicated and earmarked funding.** Building a home care and community support services system on the CHA's principles will take a major infusion of funds. Talk of efficiencies – the same, or improved, services at the same, or lower, cost – is compelling. Efficiencies can't, however, generate the necessary funds, particularly in the short term. We need funding approaches that can place home and community care on the same solid foundation as the services covered by the CHA. The debate may at times be acrimonious, but it has to happen.

Currently, all health care sectors are challenged. Hospitals feel pushed to provide more services, decrease lengths of stay, and move patients who don't need acute care to other settings. Contract negotiations with physicians and other health professionals are on-going. When all parts of the system can work together, pressures on all are relieved, but that can't happen immediately. Funding for home care and community services needs to be designated and protected.

**Care Watch** is convinced that designated funding options need to be discussed now so that seniors and their families are not bearing all of the costs.

<sup>1</sup> Health Canada Health Care System. <http://hc-sc.gc.ca/hcs-sss/medi-assur/cha-lcs/index-eng.php>.



**Where can the funding come from?**

Scholars, journalists, politicians, and advocacy groups have argued for various funding approaches.<sup>2</sup> Some rely primarily on general or pooled sources of funding and others partially or solely on individual efforts. Following are some possible options.

Some Funding Mechanisms		
Approach	Some facts	Considerations and comments
General taxation	<ul style="list-style-type: none"> <li>Funded from general tax revenues, to which all taxpayers contribute</li> <li>Sourced via General Revenue Fund</li> </ul>	<ul style="list-style-type: none"> <li>Reflects Canadian values of universality, equity and fairness</li> <li>Administrative mechanisms already exist, so funds simple to collect</li> <li>May not generate sufficient funding</li> <li>Funding easily diverted to other uses</li> <li>Government may be reluctant to increase taxes</li> </ul>
Public insurance	<ul style="list-style-type: none"> <li>Funded from general tax revenues, to which all taxpayers contribute</li> <li>Dedicated separate budget to protect funds</li> </ul>	<ul style="list-style-type: none"> <li>Reflects Canadian values of universality, equity and fairness</li> <li>Compatible with CHA principles; risk is pooled and services don't depend on previous contributions</li> <li>Administrative mechanisms already exist, so funds simple to collect</li> <li>Funding envelope earmarked and protected, so can't be diverted</li> <li>May not generate sufficient funding</li> <li>Government may be reluctant to increase taxes</li> </ul>
Social insurance	<ul style="list-style-type: none"> <li>Similar to income security programmes (e.g., employment insurance and CPP) and funded through a supplementary tax</li> <li>Used in other nations (e.g., Germany, Japan, Netherlands)</li> </ul>	<ul style="list-style-type: none"> <li>Employee/employer contributions capture only those in paid labour force</li> <li>Likely to be unpopular with employers</li> <li>Requires new administrative structure</li> <li>Needs time to build sufficient capital pool to deliver benefits</li> </ul>
Private LTC insurance	<ul style="list-style-type: none"> <li>Self-funded</li> </ul>	<ul style="list-style-type: none"> <li>Lucrative market and providers available</li> <li>Much too late for current seniors to participate</li> <li>Depends on sufficient disposable income for premiums, so benefits only upper-middle and high-income households</li> <li>Lacks equity and is incompatible with CHA principle of universality, that everyone entitled to same set of benefits regardless of past contributions</li> </ul>
Private savings	<ul style="list-style-type: none"> <li>Maximum consumer choice</li> </ul>	<ul style="list-style-type: none"> <li>Government could incentivize through tax break, so could be easiest for government</li> <li>Few people have sufficient savings; too late for most seniors</li> <li>Government would have to be default</li> <li>Lacks equity and is incompatible with CHA principle of universality, that everyone entitled to same set of benefits regardless of past contributions</li> </ul>
Diverting resources	<ul style="list-style-type: none"> <li>Resources diverted from other sectors such as acute care/medical treatment</li> </ul>	<ul style="list-style-type: none"> <li>Likely to be unpopular</li> <li>Pits sectors against each other in competition for scarce resources rather than encouraging them to work together</li> </ul>

<sup>2</sup> See *HealthPapers*, 2016. Although structures continue to change, the articles remain relevant to the discussion.



### What now?

As services move from hospitals to homes and communities, we must keep the fundamental equity values that underlie our public health care system. Otherwise, reform becomes a cover for dismantling public health care, which is about taking care of each other. We pay through our taxes for care and we share the cost across society so that the sick, elderly, and dying don't shoulder the burden. Home care is a vital service, and supportive home services can and should be reflected in our public policy decisions.

There is no perfect approach to funding home and community care. Ideally, all funding would be used for maximum benefit and greatest efficiency, thereby freeing some for emerging needs. This would, however, mean completely reorganizing health (and probably also social) services. In the meantime, we need to protect seniors and those who will soon be seniors. This means a system that collects and distributes funding equitably.

**Care Watch** believes that financing stable, designated funding through general tax revenues – though politically and often personally unpopular – is the most feasible and workable approach, given the magnitude of the funds needed for a home care and community support services system. It covers the population completely and equitably and remains true to the fundamental principles of the *Canada Health Act*.

To Care Watch's first two premises – that a home care and community support services system be grounded in the *Canada Health Act* and that service funding be designated and protected – we add a third. The funding commitment must originate in the tax system.

Care Watch looks forward to engaging with others in discussing funding for home care and community services.

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