

## Improving Seniors Care in an Era of Surplus

Canadian Medical Association:

2014-2015 pre-budget consultation submission to  
the House of Commons Standing Committee on  
Finance

August 6, 2014



A healthy population and a vibrant medical  
profession

Une population en santé et une profession  
médicale dynamique

The Canadian Medical Association (CMA) is the national voice of Canadian physicians. Founded in 1867, CMA's mission is to serve and unite the physicians of Canada and be the national advocate, in partnership with the people of Canada, for the highest standards of health and health care.

On behalf of its more than 80,000 members and the Canadian public, CMA performs a wide variety of functions. Key functions include advocating for health promotion and disease/injury prevention policies and strategies, advocating for access to quality health care, facilitating change within the medical profession, and providing leadership and guidance to physicians to help them influence, manage and adapt to changes in health care delivery.

The CMA is a voluntary professional organization representing the majority of Canada's physicians and comprising 12 provincial and territorial divisions and 51 national medical organizations.



## Introduction

*“The 2014-15 budget signals the end to a tough but necessary period of fiscal consolidation. Current expectations are for a surplus of \$6.4-billion in 2015-16, plus a contingency reserve of \$3-billion; there is finally some room to manoeuvre in the years ahead.”*

Glen Hodgson, Senior VP and Chief Economist  
Conference Board of Canada – February 2014

Having emerged from the global economic downturn, now is the time for the federal government to make strategic investments that will ensure Canada’s long-term economic sustainability. The ageing of Canada’s population is the most pressing policy imperative of our time. As highlighted in Finance Canada’s 2012 report, *Economic and Fiscal Implications of Canada’s Ageing Population*, action to prepare for an ageing population will support the sustainability of Canada’s public finances and social programs.

The CMA’s recommendations for the 2014-15 federal budget focus on strategic investments in three key areas:

### 1. Supporting Canadian families and seniors

#### A) Pan-Canadian Seniors Strategy

The CMA is concerned that Canada is ill-prepared for the demographic shift already underway. By 2036, it is expected that a quarter of Canada’s population will be over age 65; almost double the proportion of today. Already, patients aged 65 and older account for nearly half of Canada’s health care spending. Seniors also face challenges accessing health services across the continuum of care. These challenges are getting worse, despite growing efforts to provide sustainable, high-quality health care for seniors, and despite most provinces having seniors care strategies in place.

Canadians share our concern. According to an Ipsos Reid poll commissioned by the CMA, a majority of respondents (83%) said they were concerned about their health care in their retirement years. This poll found that nine out of ten Canadians (93%) believe Canada needs a national strategy for seniors health care that integrates home care, hospitals, hospices, and long-term care facilities into the continuum.

**Recommendation:** The CMA recommends that the federal government provide targeted funding to support the development of a pan-Canadian strategy to address the needs of the aging population.

## B) Incenting savings for future continuing care needs

According to the Organization for Economic Cooperation and Development (OECD), long-term care spending in Canada averaged 1.2% of GDP over the 2006-10 period and could more than double to 2.5% by 2060. The Canadian Life and Health Insurance Association estimates there will be an unfunded long-term care liability of \$590 billion over and above existing government programs as the boomer generation passes through their old age<sup>1</sup>.

Of the approaches available to address this unfunded liability, encouraging and incentivizing individuals to save for their future continuing care needs is the least demanding of public finances as compared with increased personal or business income taxes or mandatory contributions.

There has been increasing interest among Canadians with focused savings vehicles established by the federal government. There continues to be increased uptake with Registered Education Savings Plans (RESPs) to support post-secondary education. The growth in RESP assets was significant in 2011 and 2012, representing an average annual rate of 12.6%.<sup>2</sup>

There has also been increased uptake in the use of tax sheltered individual savings vehicles, such as the Tax Free Savings Account (TFSA). According to a Finance Canada report, as of 2011 there were 8.2 million individuals with a TFSA, representing 31% of tax filers, and they contributed \$30.7 billion in that year. The report noted that the greatest proportionate growth in TFSA uptake was observed among those with incomes of less than \$20,000, with their participation rate almost doubling from 11% in 2009 to 20% in 2011<sup>3</sup>.

**Recommendation: The CMA recommends that the federal government use its economic levers to encourage Canadians to save over their lifetime for future continuing and long-term care needs not covered under the Canada Health Act.**

## C) Promoting Healthy Ageing

The Public Health Agency of Canada (PHAC) defines healthy ageing as “the process of optimizing opportunities for physical, social and mental health to enable seniors to take an active part in society without discrimination and to enjoy independence and quality of life.”

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<sup>1</sup> Canadian Life and Health Insurance Association. *Helping Canadians prepare for long-term care costs*. CLHIA report on long-term care policy. 2014.

<sup>2</sup> Employment and Social Development Canada. 2012 CESP Annual Statistical Review. [http://www.esdc.gc.ca/eng/jobs/student/reports/statistics/cesp\\_2012.shtml#h2.4-h3.1](http://www.esdc.gc.ca/eng/jobs/student/reports/statistics/cesp_2012.shtml#h2.4-h3.1)

<sup>3</sup> There is a detailed analysis of the TFSA in the 2012 Tax Expenditures and Evaluations report by Finance Canada (Pages 31-42 in <http://www.fin.gc.ca/taxexp-defisc/2012/taxexp-defisc12-eng.pdf>).

Such initiatives could focus on:

- Physical activity – 57% of seniors in 2008 reported being physically inactive<sup>4</sup>;
- Injury prevention – 40% of admissions to nursing homes, 62% of injury-related hospitalizations, and almost 90% of hip fractures are due to falls by seniors<sup>5</sup>;
- Nutrition – 28% of men and 31% of women over 65 were obese (BMI ≥ 30); this is higher than the population average. Underweight is also a problem among seniors, 17% of whom report a BMI of 20 or less<sup>6</sup>.

The federal government has already undertaken steps to address healthy ageing among Canada’s seniors, such as ‘Seniors: Active. Engaged. Informed’. In funding over 13,000 projects across Canada, the New Horizons for Seniors Program has demonstrated success in enabling new programs to achieve specific goals; this program can be harnessed to deliver projects focused on promoting healthy ageing.

**Recommendation:** The CMA recommends that the New Horizons for Seniors program be expanded by \$5 million per year to include funding for programs promoting healthy ageing activities for Canadian seniors.

## 2. Ensuring the availability and access to continuing care

*“When we poll CARP members, they call for leadership in helping Canadians save for retirement, get home care when they need it and get access to affordable drug.”*

Susan Eng, VP, Advocacy for CARP – February 2014

### A) Addressing the Continuing Care Infrastructure Crisis

A major issue facing health care systems across the country is the high number of alternate level of care patients (ALC) in acute care hospitals. ALC patients—many of whom are seniors—are those who have completed the acute care phase of their treatment but remain in an acute care bed or who are admitted into a hospital bed due to the lack of more appropriate assisted living settings.

The CMA supports efforts to allow Canadian seniors to remain in the community as long as possible. However, there are increasing pressures on the continuing care sector given the rise in the number of seniors with complex health and social needs. These pressures not only relate to the construction of new facilities, including assisted living units and other innovative residential models for seniors, but apply as well to the need to upgrade and retrofit existing facilities<sup>7</sup>.

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<sup>4</sup> PHAC 2010

<sup>5</sup> PHAC 2010

<sup>6</sup> PHAC 2010

<sup>7</sup> Canadian Medical Association, *The Need for Health Infrastructure in Canada*. Submitted to Hon. Denis Lebel, PC, MP Minister of Transport, Infrastructure and Communities. March 18, 2013.

Despite increasing the availability of home care, Canada will face a significant infrastructure shortage in the continuing care sector. The CMA estimates this infrastructure shortage costs the health care system about \$2.3 billion a year; this cost is estimated to skyrocket as our population ages.

**Recommendation:** The CMA recommends the federal government deliver \$2.3 billion in funding to leverage provincial/territorial strategic investment in the construction, renovation and retrofitting of assisted living units, other innovative residential models, and long-term care facilities.

## B) Supporting Caregivers

The 2011 Budget introduced a new non-refundable Family Caregiver Tax Credit to provide tax relief to those who provide informal care for a dependent relative within their home. However, the credit is limited to 15% of a maximum \$2,040 in expenses for 2013 or a maximum sum of \$306. While this credit can be added to other tax credits, the total amount is small in relation to the burden experienced by caregivers and it remains non-refundable.

The CMA is concerned that the scarcity of financial support and programs supporting caregivers represents significant risks in relation to economic costs, lower productivity, impacts on the labour market, inefficiencies within the health care system and, most importantly, patient care.

Informal caregivers are the backbone of any health care and social care system. The work of the 1.5 to 2 million caregivers in Canada is estimated at \$25-26 billion annually, while incurring \$80 million dollars annually in out-of-pocket costs<sup>8</sup>. The role of informal caregivers will only increase with the move to providing more care at home.

**Recommendation:** The CMA recommends the federal government make the Family Caregiver Tax Credit a refundable tax credit as part of an effort to better support informal caregivers.

## 3. Accelerating innovation in health care through enhanced use of electronic medical records (EMRs)

*"The need for innovation ..., both in terms of medical technologies and healthcare delivery systems, is one of the most pressing public policy challenges of our times."*

Hon. Rona Ambrose, Health Minister – January 2014

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<sup>8</sup> Hollander, M.J, Liu, G., Chappeell, N.L. (2009). Who cares and how much? The imputed economic contribution to the Canadian health care system of middle aged and older unpaid caregivers providing care to the elderly. *Healthcare Quarterly*, 12(2), 42-59.

The CMA supports prioritizing continuing the development and meaningful use of electronic medical records (EMRs).

A recent report estimates the costs of a pan-Canadian electronic health record (EHR) between \$7.9 billion and \$16.0 billion<sup>9</sup> while total gross savings over a 20-year range were projected at over \$82 billion. To date, approximately \$2.1 billion in federal funding has been invested. Five national benefit evaluation studies have been commissioned since 2008 and these analyses estimated \$7.7 billion in benefits to date as a result of this investment<sup>10</sup>.

This initial investment has resulted in digitized health care information and paper processes, and created a robust marketplace for innovation by EMR vendors. As such, the value of investments in EMRs is emerging. The 2013 National Physicians Survey<sup>11</sup> indicated that:

- Almost 70% of medical general practitioners (GPs) and specialists now use an EMR, up from 56% in 2012 and 37% in 2009.
- 45% of GPs and 40% of specialists report increased or greatly increased efficiency due to the use of EMRs.
- 63% of GPs and 50% of specialists report the quality of patient care they provide is better or much better since they started using an EMR.

The next step in the evolution of EMRs is enhanced use. In Canada, federal investment does not extend beyond the equivalent of the first stage of the U.S. framework for Meaningful Use. There remain significant gaps in funding to achieve enhanced use of EMRs by clinicians, regional interoperability, and to structure EMR data to leverage big data analytics.

**Recommendation:** The CMA recommends the federal government continue to fund Canada Health Infoway (CHI) to administer remaining project funds from the \$500 million allocated in 2009, and allocate an additional \$500 million, to be administered by CHI, for projects to achieve enhanced use of EMRs.

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<sup>9</sup> [https://www.infoway-inforoute.ca/index.php/resources/video-gallery/doc\\_download/86-canada-health-infoway-s-10-year-investment-strategy-vol-3](https://www.infoway-inforoute.ca/index.php/resources/video-gallery/doc_download/86-canada-health-infoway-s-10-year-investment-strategy-vol-3)

<sup>10</sup> [Remote Patient Monitoring \(RPM\) Evaluation; EMR Evaluation; Telehealth evaluation; Drug Information Systems \(DIS\) evaluation; Diagnostic Imaging \(DI\) systems evaluation](#)

<sup>11</sup> <http://nationalphysiciansurvey.ca/wp-content/uploads/2013/10/2013-National-ENr.pdf>