

Canada's elder care crisis:

Addressing the doubling
demand

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Demand for quality care: Meeting the needs of an aging population



The year 2021 marks an important demographic milestone as it is the first year that Canada's largest cohort, the baby-boomers, begin turning 75. As a larger share of the baby boomers move into the ages associated with higher care needs, this will result in rapid growth in demand for home and long-term care. Yet, the health system is already struggling to meet current needs for home and long-term care. As demand is set to grow very rapidly over the next decade, meeting this demand will become even more challenging. This report highlights these challenges by quantifying the looming costs of providing care to our seniors and explores policy solutions that are aimed at offering improvements while creating system efficiencies.

In our baseline scenario, we estimate the current demand for care. This means those who are receiving care, those who are on a waitlist for long-term care and those who are relying exclusively on informal home care but who would like professional care. This unmet demand represents an estimated 20.4 percent of long-term care demand and 7.7 per cent of home care demand. Despite the challenges meeting today's need for care, demand for long-term care, is expected to reach 606,000 patients in 2031, up from 380,000 in 2019. Similarly, demand for home care will increase to roughly 1.8 million patients in 2031, up from close to 1.2 million in 2019. This increase is projected to result in the total cost of care rising from \$29.7 billion in 2019 to \$58.5 billion in 2031. The cumulative cost of providing this care over 2021 to 2031 is pegged at \$490.6 billion.

While this represents a substantial funding requirement, there are policy solutions that can not only lower the cost of care, but also provide care that is aligned with patient needs. Long-term care utilization has been on a downward trend in recent years, which is in line with patients' preference to remain at home. If we can sustain that trend, by making better use of home care, we can move 37,000 Canadians out of long-term care, saving the health care system an estimated \$794 million a year by 2031. In addition, we estimate that there are currently more than 9,405 patients in hospitals waiting to be transferred to other levels of care. If we can shift some of these people to home care and long-term care, we could save an additional \$1.4 billion per year by 2031.

While these policy solutions can better meet care needs and also create system savings, they are simply unable to counter the significant jump in future costs that is forthcoming from our aging demographics. Nor is it likely that any other policy solution will be able to quell the rise in demand. The results of this analysis are clear. Costs for care are increasing rapidly. Policymakers and other stakeholders will need to quickly decide how they will handle this rapid rise in care needs.

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Project scope and approach



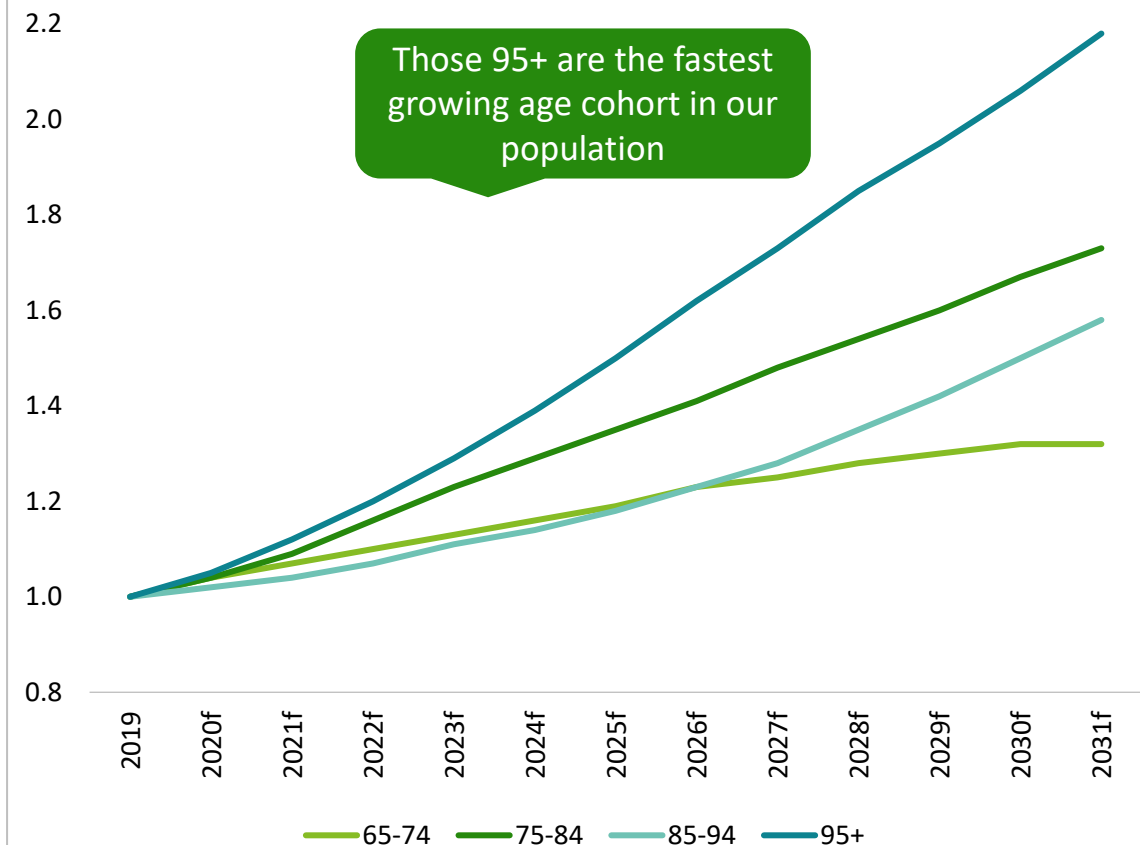
Meeting the care needs of an aging population

Project scope and approach

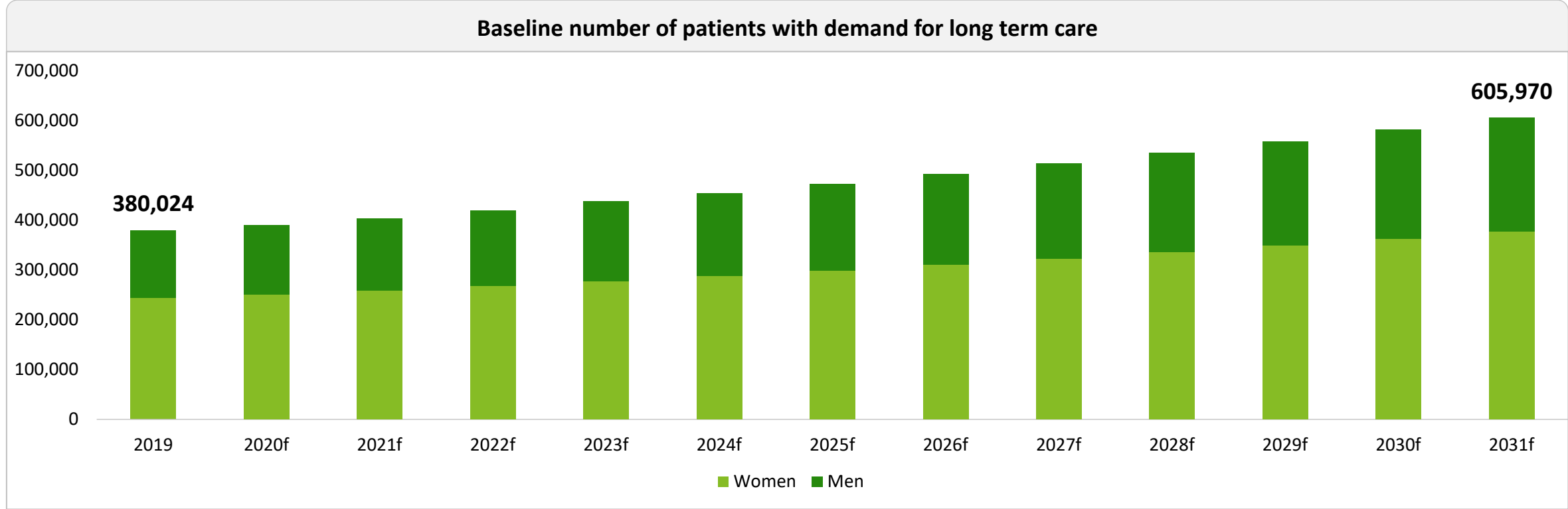
Canada's population is aging which is pushing up demand for home care and long-term care. This analysis determines the demand for home care and long-term care and provides an estimate of the cost of providing that care.

- The aging of Canada's population has pushed up demand for seniors care over the past decade. This trend is set to accelerate. Heightened demand will increase the pressure on a system that is already struggling to keep pace with current needs.
- Canada's population is set to grow at an average pace of 1.0 percent per year from 2021 to 2031. However, older age cohorts will see significantly faster growth. The cohort comprised of individuals aged 75-84 will see annual average growth of 4.7 percent while the cohort comprised of those aged 85-94 will see growth of 4.1. The cohort including those 95 and over will see a remarkable 6.9 percent growth.
- In the first part of this research, we created a demographically driven baseline forecast for long-term care and home care in Canada. The forecast includes estimates of the number of patients accessing care and the cost of providing that care.
- The second part of our analysis looks at different potential policy solutions to improve patient care and estimates how demand and costs could change if these policies were implemented.

Projected population growth for Canadians over 65, index 1=2019

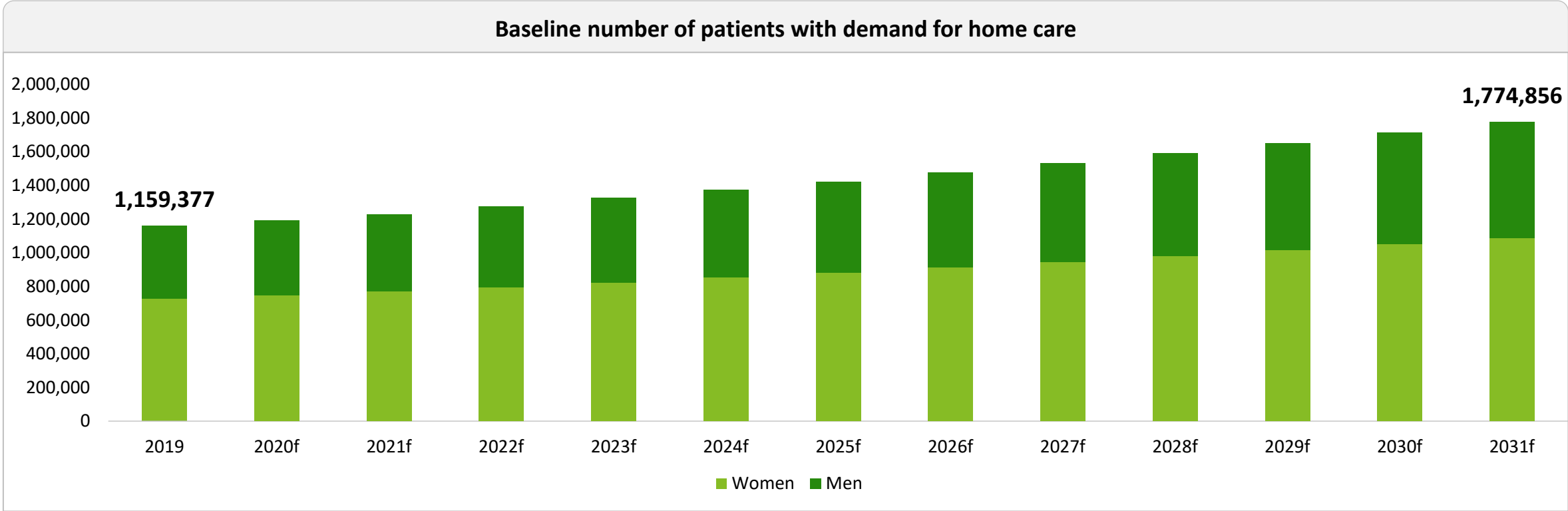


Baseline: Demand for long-term care in Canada



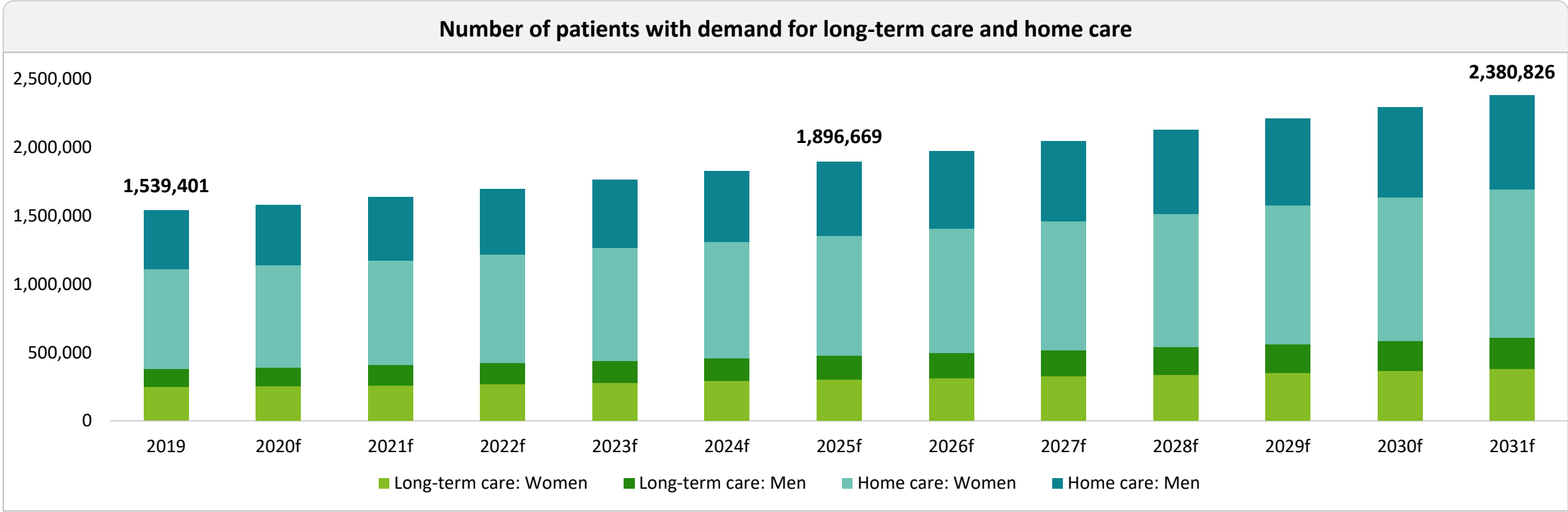
- The reality facing Canada is that our largest cohort, the baby-boomers, began turning 75 this year, entering the years associated with the highest care needs. With life expectancies on the rise, especially for men, this combination will lead to a sharp increase in demand for senior's care.
- There were 380,000 Canadians with demand for long-term care in Canada in 2019, 302,576 in care and 77,448 on waitlists for long-term care. As the number of people in older age cohorts continues to increase, so too will demand for long-term care, which is expected to hit 606,000 patients in 2031. That's an increase of 59.5 percent from 2019 levels.

Baseline: Demand for home care in Canada



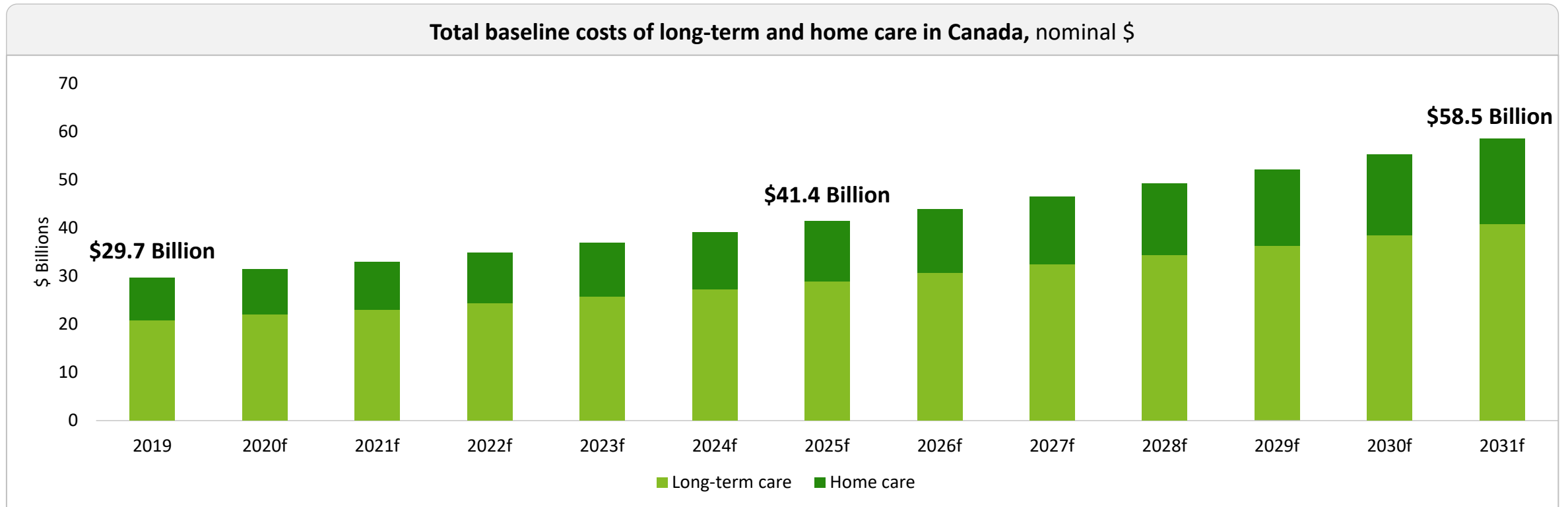
- Our estimates suggest that over 1.1 million Canadians demanded home care in 2019. This includes current home care clients (92.3 percent of the total) and seniors who are exclusively receiving informal care but want to receive professional home care services (7.7 percent of the total).
- By 2031, the number of Canadians with home care needs will increase by 615,479 to just over 1.7 million. This represents a 53 percent increase in demand over that timeframe.

Baseline: Demand for total care in Canada



- Bringing together our estimates of long-term and home care shows that over 1.5 million Canadians had demand for these services in 2019. By 2031, demand is expected to rise by 55 percent to over 2.3 million Canadians.
- Home care will continue to account for the largest part of care demand, accounting for 75 percent of clients in 2031.
- Women represent the greatest care needs given their higher utilization and that they are a larger share of the population in older demographic cohorts.

Baseline: Cost of total care



- The cost of providing long-term and home care is expected to nearly double between 2019 and 2031, from approximately \$29.7 billion to \$58.5 billion. This increase in cost reflects rising demand and the increasing cost of providing care. Total costs are assumed to increase at a weighted average of overall inflation and average wage growth.
- The cumulative cost of providing care between 2021 and 2031 in our baseline scenario is \$490.6 billion

Potential policy solutions to improve care



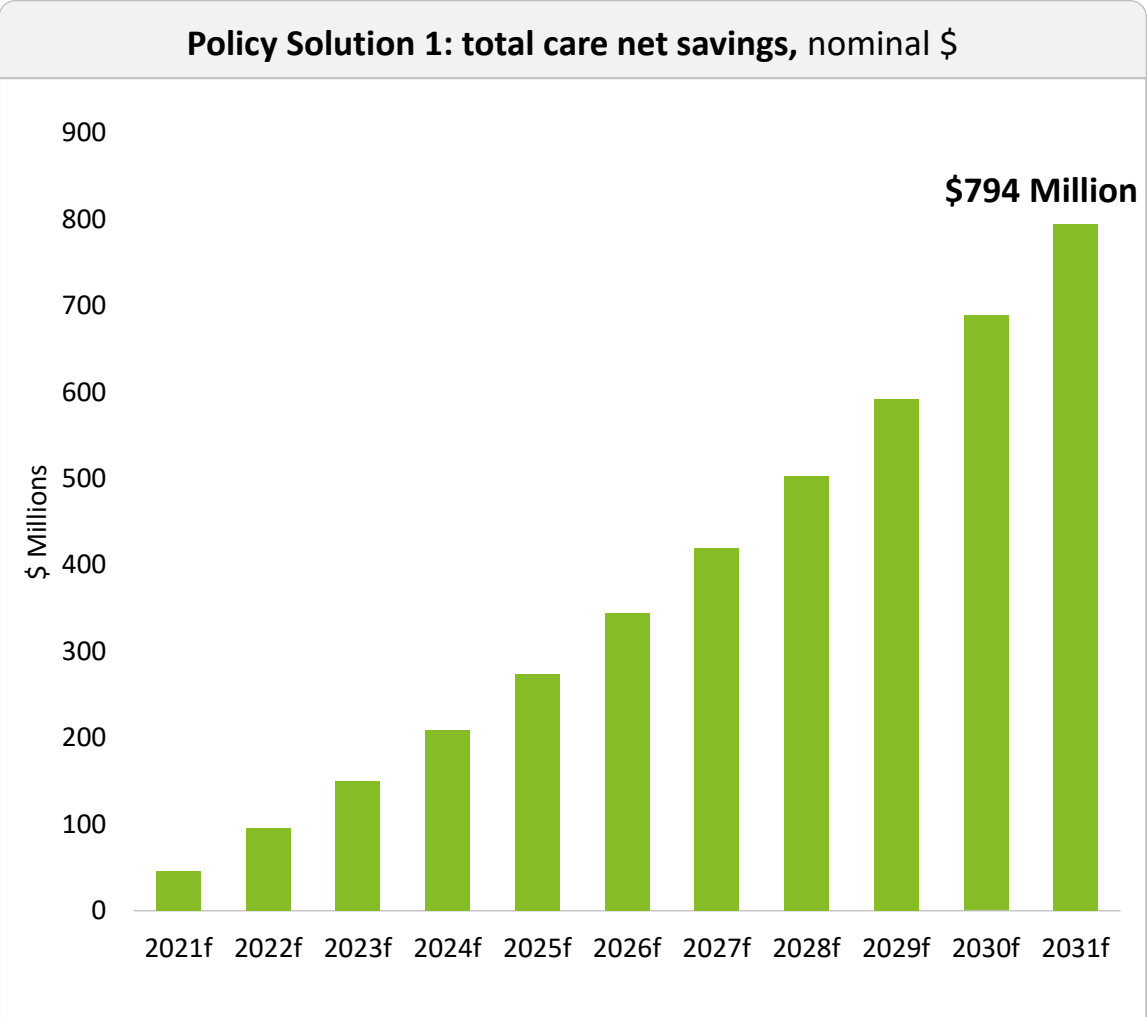
Analysis of Potential Policy Solutions - Introduction

- In the previous section, we outline how the demand for senior care is set to increase rapidly over the next decade, simply because of our aging population. This will lead to **a near doubling of the cost to provide long-term and home care** over the 2019 to 2031 timeframe. However, it is important to note that the projected increase in demand does not consider the capacity of the health care system to meet that demand.
- In our baseline forecast, long-term care waitlists account for an estimated 20.4 percent of total demand. The large waitlist for long-term care is an indication that **Canada does not have the capacity to meet current demand** and strategies need to be developed to address this shortfall in light of our analysis that shows that demand will grow at a strong pace over the next decade.
- In addition to growing demand for long-term care, demand for home care is also set to increase at a rapid pace. Fulfilling this demand requires sufficient workers in the field, which may be a challenge. In the first quarter of 2020, before the full impacts of COVID-19 were felt, home support workers, housekeepers and other related occupations (HSW) employers had 46 percent of their job vacancies unfilled for more than 120 days. This is nearly double the all-occupation average of 24 percent. Further, 91 percent of businesses employing HSWs said they were constantly recruiting compared to 50 percent across all occupations. These figures suggest that **finding labour to support this demand may be difficult**.
- In the next part of this report, we look at potential policy solutions that change utilization in our baseline forecast, affecting patient demand and costs. These policies are suggested with the overarching **goal of providing patients with the type of care that best meets their needs**.
- The first policy solution looks at shifting some long-term care demand to home care. The second looks at those in Alternative Levels of Care (ALC) who could be served with long-term care and home care.

Policy Solution 1: Shifting more long-term care patients to home care

We have seen a trend in recent years to try to treat more seniors at home instead of long-term care. This move towards more home care also aligns with patient survey results showing a strong preference to age at home.

- In this policy solution, we assume that the recent trend towards a decrease in long-term care utilization continues, in favour of more home care treatment.
- Patients kept out of long-term care are likely to require more intensive care than the general population receiving home care. Therefore, we assume that these patients have higher-needs and will receive 22.2 hours of care per week compared to our baseline forecast where home care clients receive an average of 4.9 hours of care per week.
- With this shift, nearly 37,000 fewer Canadians will be using long-term care in 2031 and instead will rely on home care.
- The cost of providing long-term care declines by \$2.5 billion in 2031 while the cost of home care provision increases by \$1.6 billion.
- Overall cost savings amount to \$794 million in 2031.
- The cumulative cost of providing care over the 2021-31 period is \$486.5 billion in this scenario, compared to \$490.6 billion in the baseline.



Policy Solution 2: Getting some Alternate Level of Care (ALC) patients the right type of treatment

ALC patients are those that occupy a hospital bed but do not require the intensity of services provided in that care setting. In other words, the level of care being provided to these patients is not aligned with their underlying need.

- It is estimated that 44 percent of ALC patients are waiting for long-term care and 11 percent are waiting for home care.
- Moving some patients from ALC to long-term care and home care frees up hospital resources, provides cost savings to the health system and improves patient care by providing care in the most appropriate setting for the patient.
- The number of patients designated ALC is not expected to increase over the forecast despite Canada’s aging population. Hospitals have limited capacity and it is unlikely they would be able to direct a greater share of their beds to care for ALC patients.
- The cost of providing long-term care to the patients diverted out of ALC is \$278 million by 2031. Home care patients are assumed to be high-needs and it will cost \$47 million to provide their care by 2031.
- However, this care is much less expensive than ALC. As a result, the health care system stands to save \$1.4 billion by 2031 by shifting 5,173 patients out of ALC.

Policy Solution 2: total care net savings, nominal \$



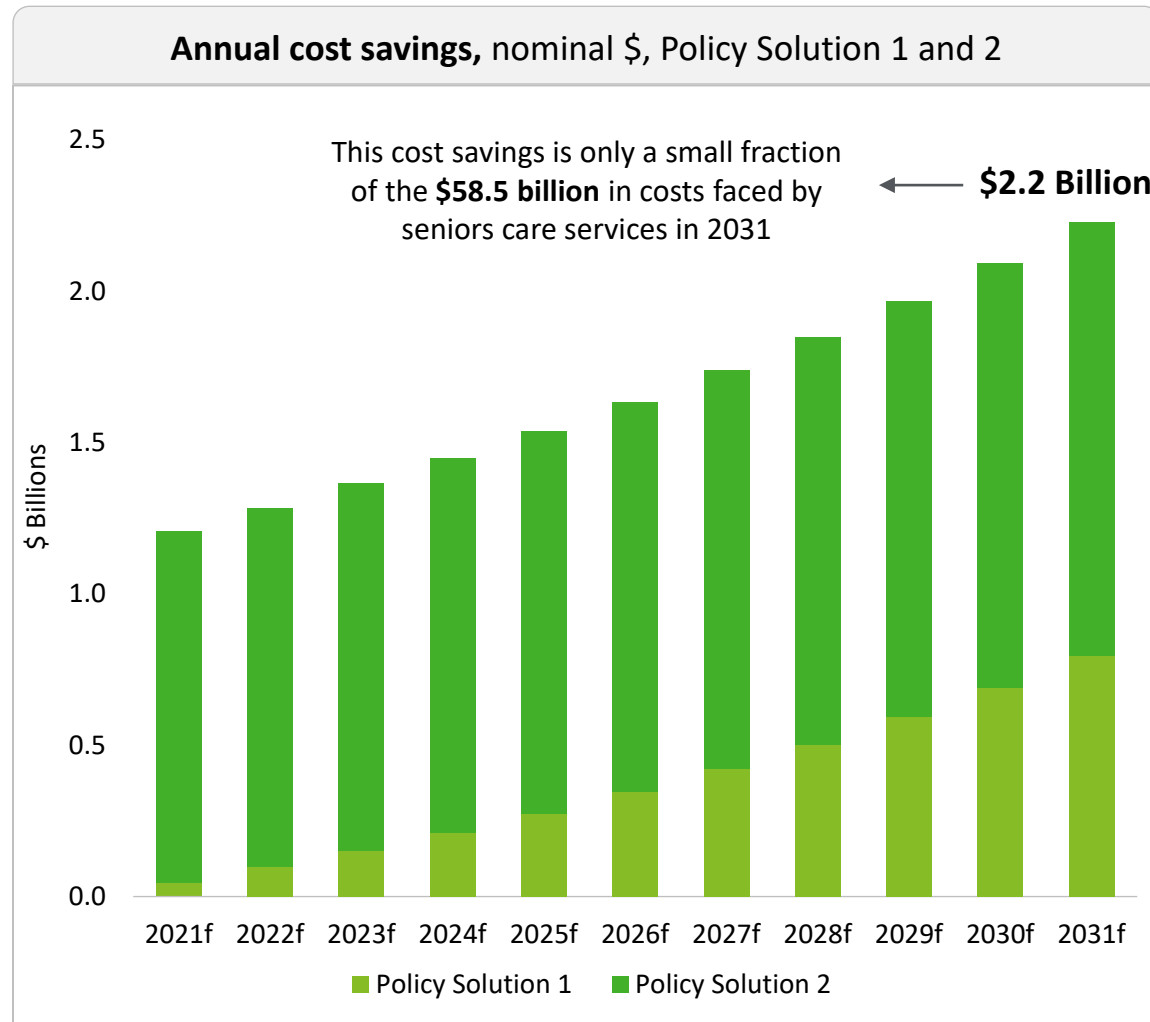
Key takeaways



Summary results of the analysis

Conclusions

There are policy options that can reduce the cost of providing care to our seniors, but none that will prevent the substantial rise in costs over the next decade that is being demographically driven



Demand for long-term care and home care in Canada will continue to grow as our population ages.

- Canada's senior population is growing at a faster rate than younger generations. No matter what we do, this aging of the population will continue to push demand higher well into the future.
- Based on current usage trends, demographic change will increase demand for long-term care by 59.5 percent between 2019 and 2031. A similar trend is evident in home care, with the number of patients increasing 53.1 percent over the same period.
- In our baseline scenario, this higher demand nearly doubles the cost of care which rises from \$29 billion in 2019 to \$57 billion in 2031.
- Policy solutions that reduce reliance on long-term care in favour of home care and shift some patients out of ALC and into home and long-term care would result in a better match with care needs and result in health care system savings of \$2.2 billion in 2031.
- Nevertheless, costs will still rise significantly over the next 10 years and finding a way to address those needs is a policy imperative.

Appendixes



Methodology, data sources and references

Methodology and data sources

- The estimates presented in this report are based on a number of different data sources.
- Historical population data is from Statistics Canada and the forecast by age and gender is derived from Deloitte's demographic projection model.
- Data on long-term care patients is from CIHI's "Profile of Residents in Residential and Hospital Based Continuing Care, 2019-20", age and gender of residents in continuing care facilities.
- The number of clients on long-term care waitlists was estimated using data from three provinces, using: "Long-Term Care Utilization Report," 2019, to obtain Ontario estimates; "Monitoring Seniors Services," 2020, to obtain British Columbia estimates; and the Nova Scotia "Health Care Wait Times" database. We used this data to create estimates of the percentage of total Canadians on long-term care waitlists and used this ratio to adjust our utilization rate estimates. The age profile of those on waitlists is assumed to be the same as those receiving care.
- The number of home care clients is based on CIHI data on all home care clients from their, "Profile of Clients in Home Care, 2018-19". The age and gender profiles of assessed clients are assumed to be the same for those who are receiving care. Ontario estimates for homecare are based on CIHI's 2017-18 data for assessed homecare clients. Home care clients in Ontario were estimated using the average ratio of all clients to assessed clients for Alberta and British Columbia.
- The unmet demand for home care is based on Statistics Canada's GSS for an estimate of the number of seniors relying exclusively on informal care. The survey results available to date show that about 3 million Canadians receive informal care. Of that, 39 percent are seniors and 39 percent rely exclusively on informal care. It is assumed that the share of the general population relying on informal care is the same for seniors. Further, the survey results show that 19 percent of respondents were dissatisfied with their care. We assume that that the share of seniors who are dissatisfied is the same as the general population and add this to our baseline demand for home care.

Methodology and data sources

- The cost of providing long-term care is assumed to be \$150 per day, by taking a weighted average of Canadian expenditures on other institutions by age cohort from CIHI's "National Health Expenditures and Trends, 2020."
- The cost of providing home care is assumed to be \$21 per day. This estimate is based on the average wage of homecare workers being \$30 per hour based on the calculations in "The Future Co\$t of Long-Term Care". It is assumed that patients will need an average of 4.9 hours of care per week, based on "Monitoring Seniors Services," 2020 resulting in an average per day cost of \$21.
- The decline in long-term care utilization in Policy Scenario 1 is based on the work in (Gibbard 2017). We use the same methodology in that research to reduce the growth rate in long-term care relative to our baseline forecast.
- The cost estimates for high-needs home care patients is based on the work from the National Institute on Ageing's "Future Provision of Long-Term Care in Canada" that suggests the provision of home care to a high-needs client costs \$95 per day. With an average cost of \$30 per hour, that translates into 3.2 hours a day or 22.2 hours per week.
- The ALC patient data is from CIHI, Inpatient Hospitalization, Surgery and Newborn Statistics, 2018–2019, provides information on ALC patients in Canada. This data suggests that on an annual basis, 7,671 patients were receiving ALC excluding Quebec. We assume that the share of the population designated ALC in the rest of Canada would be the same share as in Quebec. Based on this share and Quebec's population, we adjusted our ALC estimate up to 9,405 patients as an estimate of the number of patients designated ALC across the country.
- Assumptions on the share of ALC patients waiting for long-term and home care are from Ontario Health Quality, "Measuring Up 2019"
- The cost of caring for ALC patients is from the National Institute on Ageing. "Future Provision of Long-Term Care in Canada" *National Institute on Ageing* September 2019.

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