CMA Submission

Federal Role in Addressing the Care Needs of an Aging Population

Standing Committee on Social Affairs, Science and Technology:
Study on the Issue of Dementia in our Society

March 24, 2016
The Canadian Medical Association (CMA) is the national voice of Canadian physicians. Founded in 1867, the CMA’s mission is helping physicians care for patients.

On behalf of its more than 83,000 members and the Canadian public, the 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 over 60 national medical organizations.
The Canadian Medical Association (CMA) is pleased to present this submission to the Senate Standing Committee on Social Affairs, Science and Technology as part of its study on the issue of dementia in our society.

In this brief, the CMA outlines recommendations for essential federal action to ensure Canada is prepared to meet the health care needs of its aging population including the projected rise in the number of Canadians with Alzheimer’s disease and other forms of dementia. The CMA’s recommendations are designed to be implemented in the 2016-17 fiscal year in order to deliver immediate support to the provinces and territories and directly to Canadians.

Immediate implementation of these recommendations is essential given the current and increasing shortages being experienced across the continuum of care in all jurisdictions across Canada. In 2014, the CMA initiated a broad consultative initiative on the challenges in seniors care, as summarized in the report A Policy Framework to Guide a National Seniors Strategy for Canada. This report highlights the significant challenges currently being experienced in seniors care and emphasizes the need for increased federal engagement.

In 2013, at the request of the House of Commons Standing Committee on Finance, the CMA tabled a brief supporting the need for a dementia strategy for Canada. This brief, Toward a Dementia Strategy for Canada, is included as an appendix to this submission.

Finally, if implemented, the CMA’s recommendations will contribute to the federal government’s strategic commitments in health, notably the commitment to the development of a new Health Accord.

**Canada’s Aging Population Emphasizes the Need for Federal Engagement in Health**

In 2015, for the first time in Canada’s history, persons aged 65 years and older outnumbered those under the age of 15 years. Seniors are projected to represent over 20% of the population by 2024 and up to 25% of the population by 2036.

Today, while seniors account for about one-sixth of the population, they consume approximately half of public health spending. Based on current trends and approaches, seniors care is forecast to consume almost 62% of provincial/territorial health budgets by 2036. Health budgets are now averaging 38% of provincial and territorial global budgets. Alarming, the latest fiscal sustainability report of the Parliamentary Budget Officer explains that the demands of Canada’s aging population will result in “steadily deteriorating finances” for the provinces and territories, who “cannot meet the challenges of population aging under current policy.”

As Canada’s population ages, there is a growing concern about the capacity of the health care system to respond to the increasing demands that will be placed on it, particularly to meet the needs of the growing patient population with Alzheimer’s disease and other forms of dementia. By 2040, the number of Canadians with Alzheimer’s disease and other forms of dementia is expected to more than double to reach 1.4 million or 3% of the population.

According to the Canadian Institute for Health Information (CIHI), one in five seniors receiving publicly funded home care and three in five seniors in a residential care facility had a diagnosis of Alzheimer’s disease and/or other dementia. Further, it is estimated that costs associated with dementia total $33 billion per year and will increase to $293 billion annually if current system inefficiencies remain.
Taken together, the indicators summarized above establish a clear imperative and national interest for greater federal engagement, leadership and support in the area of seniors care including a national strategy on dementia. Specifically, the CMA recommends federal action to support:

1) Supporting the expansion and availability of home care and long-term care;

2) Delivering support to Canada’s informal caregivers;

3) Improving affordable access to prescription medication; and,

4) Establishing new funding to support the provinces and territories in meeting the care needs of the aging population.

The CMA’s recommendations in each of these areas are detailed below.

1) Supporting the expansion and availability of home care and long-term care

A) Implement a new Home Care Innovation Fund

The CMA strongly supports the federal government’s significant commitment to deliver more and better home care services, as released in the mandate letter for the Minister of Health.

Accessible, integrated home care has an important role in Canada’s health sector, including addressing alternate level of care (ALC) patients waiting in hospital for home care or long-term care. As highlighted by CIHI, the majority of the almost 1 million Canadians receiving home care are aged 65 or older. As population aging progresses, demand for home care can be expected to increase.

Despite its importance, it is widely recognized that there are shortages across the home care sector. While there are innovations occurring in the sector, financing is a key barrier to scaling up and expanding services. To deliver the federal government’s commitment to increasing the availability of home care, the CMA recommends the establishment of a new targeted home care innovation fund. As outlined in the Liberal Party of Canada’s election platform, the CMA recommends that the fund deliver $3 billion over four years, including $400 million in the 2016-17 fiscal year.

B) Deliver federal capital investment to the long-term care sector as part of Social Infrastructure

All jurisdictions across Canada are facing shortages in the continuing care sector. Despite the increased availability of home care, research commissioned for the CMA indicates that demand for continuing care facilities will surge as the demographic shift progresses.

In 2012, it was reported that wait times for access to a long-term care facility in Canada ranged from 27 to over 230 days. More than 50% of ALC patients are in these hospital beds because of the lack of availability of long-term care beds. Due to the significant difference in the cost of hospital care (approximately $846 per day) versus long-term care ($126 per day), the CMA estimates that the shortages in the long-term care sector represent an inefficiency cost to the health care system of $2.3 billion a year.

Despite the recognized need for infrastructure investment in the continuing care sector, to date, this sector has been unduly excluded from federal investment in infrastructure, namely the Building Canada...
Plan. The CMA recommends that the federal government include capital investment in continuing care infrastructure, including retrofit and renovation, as part of its commitment to invest in social infrastructure. Based on previous estimates, the CMA recommends that $540 million be allocated for 2016–17, if implemented on a cost-share basis.

2) Delivering immediate federal support to Canada’s unpaid, informal caregivers

There are approximately 8.1 million Canadians serving as informal, unpaid caregivers with a critical role in Canada’s health and social sector. The Conference Board of Canada reports that in 2007, informal caregivers contributed over 1.5 billion hours of home care – more than 10 times the number of paid hours in the same year. The economic contribution of informal caregivers was estimated to be about $25 billion in 2009. This same study estimated that informal caregivers incurred over $80 million in out-of-pocket expenses related to caregiving in 2009.

Despite their tremendous value and important role, only a small fraction of caregivers caring for a parent receive any form of government support. Only 5% of caregivers providing care to parents reported receiving financial assistance, while 29% reported needing more assistance than they received.

It is clear that Canadian caregivers require more support. As a first step, the CMA recommends that the federal government amend the Caregiver and Family Caregiver Tax Credits to make them refundable. This would provide an increased amount of financial support for family caregivers. It is estimated that this measure would cost $90.8 million in 2016–17.

3) Improving affordable access to prescription medication

The CMA strongly encourages the federal government to support measures aimed at reducing the cost of prescription medication in Canada. A key initiative underway is the pan-Canadian Pharmaceutical Alliance led by the provinces and territories. The CMA supports the federal government’s recent announcement that it will partner with the provinces and territories as part of the pan-Canadian Pharmaceutical Alliance. In its pre-budget submission, the CMA recommended that the federal government support inviting the private health insurance industry to participate in the work of the pan-Canadian Pharmaceutical Alliance.

Prescription medication has a critical role as part of a high-quality, patient-centred and cost-effective health care system. Canada stands out as the only country with universal health care without universal pharmaceutical coverage. It is an unfortunate reality that the affordability of prescription medication has emerged as a key barrier to access to care for many Canadians.

According to Statistics Canada’s Survey of Household Spending reveals that households headed by a senior spend $724 per year on prescription medications, the highest among all age groups and over 60% more than the average household. Another recent study found that 7% of Canadian seniors reported skipping medication or not filling a prescription because of the cost.

The CMA has long called on the federal government to implement a system of catastrophic coverage for prescription medication to ensure Canadians do not experience undue financial harm and to reduce the cost barriers of treatment. As a positive step toward comprehensive, universal coverage for prescription medication, the CMA recommends that the federal government establish a new funding program for catastrophic coverage of prescription medication. The program would cover prescription medication costs above $1,500 or 3% of gross household income on an annual basis.
Research commissioned by the CMA estimates this would cost $1.57 billion in 2016–17.

4) Delivering new funding to support the provinces and territories in meeting seniors care needs

Canada’s provincial and territorial leaders are struggling to meet health care needs in light of the demographic shift. This past July, the premiers issued a statement calling for the federal government to increase the Canada Health Transfer (CHT) to 25% of provincial and territorial health care costs to address the needs of an aging population.

It is recognized that as an equal per-capita based transfer, the CHT does not currently account for population segments with increased health needs, specifically seniors. However, the CMA is concerned that an approach to modify the transfer formula would potentially delay the delivery of federal support to meet the needs of an aging population. As such, rather than the transfer formula, the CMA has developed an approach that delivers support to jurisdictions endeavoring to meet the needs of their aging populations while respecting the transfer arrangement already in place.

The CMA commissioned the Conference Board of Canada to calculate the amount for the top-up to the CHT using a needs-based projection. The amount of the top-up for each jurisdiction is based on the projected increase in health care spending associated with an aging population.

To support the innovation and transformation needed to address the health needs of the aging population, the CMA recommends that the federal government deliver additional funding on an annual basis beginning in 2016–17 to the provinces and territories by means of a demographic-based top-up to the Canada Health Transfer (Table 1). For the fiscal year 2016–17, this top-up would require $1.5 billion in federal investment.

Table 1: Allocation of the federal demographic-based top-up, 2016–20 ($million)²³
Conclusion

The CMA appreciates the opportunity to provide this submission for consideration by the Standing Committee on Social Affairs, Science and Technology as part of its study on the issue of dementia in our society.

The CMA encourages the Committee to advance the five recommendations outlined in this submission in its report on this topic. In addition to making a meaningful contribution to meeting the future care needs of Canada’s aging population, these recommendations will deliver immediate support to Canadians with dementia as well as their caregivers. The CMA would welcome the opportunity to provide further information and its rationale for each recommendation.

Summary of Recommendations

1. The CMA recommends that the federal government establish a new funding program for catastrophic coverage of prescription medication; this would be a positive step toward comprehensive, universal coverage for prescription medication.

2. To deliver the federal government’s commitment to increasing the availability of home care, the CMA recommends the establishment of a new targeted home care innovation fund.

3. The CMA recommends that the federal government include capital investment in continuing care infrastructure, including retrofit and renovation, as part of its commitment to invest in social infrastructure.

4. The CMA recommends that the federal government amend the Caregiver and Family Caregiver Tax Credits to make them refundable.

5. The CMA recommends that the federal government deliver additional funding on an annual basis beginning in 2016–17 to the provinces and territories by means of a demographic-based top-up to the Canada Health Transfer.
References

4 Calculation by the Canadian Medical Association, based on Statistics Canada’s M1 population projection and the Canadian Institute for Health Information age-sex profile of provincial-territorial health spending.
9 CIHI. Seniors and alternate level of care: building on our knowledge. Available: https://secure.cihi.ca/free_products/ALC_A1B_EN.pdf
18 ibid.