



Alleviating Caregiver Financial Distress - An Opportunity For Savings

Direct financial support to caregivers represents an opportunity for significant government savings. Research suggests that supports to caregivers are a more efficient expenditure than further spending on institutional care.

Unpaid caregivers are doing essential work.

The pandemic has revealed – and exacerbated – significant issues with Ontario’s approach to unpaid caregivers and whom they support.

- ◆ Over 3.3 million Ontarians self-report as having provided unpaid care for family and friends, many on an intensive and ongoing basis.
- ◆ Caregivers provide a wide range of essential supports. They carry out basic medical tasks, help meet daily needs, undertake administrative responsibilities and system navigation, and work closely with medical professionals and social service providers.
- ◆ Caregiving has been recognized as essential to the functioning of Ontario’s healthcare system.
- ◆ Caregiving can enable those needing supports to live in the community, an outcome they overwhelmingly prefer. In this way, it can defer or avoid the transition to costly institutional care.

Caregivers are experiencing financial distress as a result of the costs of caregiving.

Caregiving imposes significant economic costs, both in income and in reduced labour market participation.

- ◆ There are significant out-of-pocket expenditures for medical equipment, adaptations, transportation, and supplementary paid care.
- ◆ Caregivers spend an average of 10-20 dedicated hours per week on care - equivalent to a part-time job.
- ◆ Many caregivers must reduce work hours, liquidate assets, deplete savings, and rely on charity from friends and family to be able to perform their caregiving duties. This impacts both short-term and long-term financial well-being while affecting both physical and mental health.
- ◆ Few caregivers report receiving significant government aid.
- ◆ Financial distress can force families to choose institutional care, despite their preference for care in the community.

Caregiver supports should be an essential element of reforms to Ontario’s long-term care and home & community care systems.

The current care model for seniors with complex and intensive medical needs has been acknowledged to be overly focussed on institutional models. Ontario’s long-term care system is costly, overburdened, and struggles to provide the quality of life that residents and families want.

- ◆ Institutional care of all kinds is expensive for the government. Providing long-term care, for example, costs Ontario \$68,000 per person per year before accounting for infrastructure.
- ◆ While institutional care remains essential, serious reform is needed. However, the intensive pressures on the system and lack of viable options in the community create barriers to reform.

Caregivers currently receive very limited government financial support.

Existing programs are insufficient to make a difference and often don't reach those who need them the most.

- ◆ ***Paid leave:*** 8 weeks in Ontario. This model is aimed at caregivers supporting those with short-term needs, for instance, those recovering from illness, but does not cover longer-term commitments.
- ◆ ***Caregiver tax credits:*** The Canada Caregiver Credit offers up to \$9,643 dependent on certain conditions. This is supplemented by the Ontario Disability Tax Credit and the Medical Expenses Credit. However, these are non-refundable, meaning those caregivers whose employment is disrupted because of their responsibilities are less able to benefit from this program.

Direct financial supports to caregivers are an effective policy option:

A direct cash transfer to caregivers can address financial distress among Ontario's caregivers. Direct financial supports enable caregivers to meet the direct expenses of caregiving and better support their loved ones. They serve as a substitute for forfeited labour income, providing caregivers with the financial room to reduce work hours and provide care without sacrificing personal well-being.

- ◆ With direct support, caregivers can adjust their mix of working hours and additional services purchased to meet their circumstances, ensuring the best balance for their loved ones.
- ◆ Models for this program already exist in Nova Scotia, Manitoba, and Quebec. Ontario can learn from best practices in those jurisdictions to make implementation easier and more effective.
- ◆ Existing models are successful. For example, the Nova Scotia benefit, paying out \$4800/year every month and supporting caregivers assisting those over 65, has operated since 2006 and won praise while reducing institutional care dependency.
- ◆ This transfer, by making care easier to sustain, can reduce dependence on expensive institutions and directly save the government money.

Direct financial support to caregivers can create major savings for the Government of Ontario:

The Ontario Caregiver Coalition conducted a cost-benefit analysis for direct financial support to caregivers that identified significant government cost savings under such a program.

- ◆ **Methodology:** Our cost-benefit analysis was based on data associated with Nova Scotia's caregiver allowance. It assumed similar benefit levels, current demographic trends and projections of caregiver populations, and universal uptake by Ontario caregivers supporting loved ones over the age of 65.
- ◆ **Direct budget benefits from diversion from long-term care:** This program could replace 7.8% of Ontario's long-term care beds. Each dollar provided in cash benefits to caregivers can replace **up to \$2.69** spent subsidizing long-term care spaces. Accounting directly for the spending on the credit at assumed eligibility and considering Ontario's per-bed long-term care subsidy, such a transfer could immediately replace **between \$479 and \$483 million** in LTC beds. Gross savings would escalate over time to **between \$679 and \$783 million**, depending on rates of aging. This would represent **a net saving of \$307 million** when accounting for projected program expenses, escalating to between **\$343 and \$390 million** by 2040.
- ◆ **Savings could be greater:** These numbers do not account for broader social benefits relieving pressures on the health system, infrastructure costs for building more long-term care, and potential escalations in the cost of long-term care. They also assume a level of uptake higher than is realistic. They also do not take into account potential savings from supporting caregivers of persons under age 65.

Imperative for Action:

Caregivers are deeply committed to providing care to their loved ones, even when it places them under significant financial pressure. Caregivers represent a broad and diverse segment of the Ontario population. The government is well-placed to support them through a direct benefit, which will help address the strain caregivers face so they can support their loved ones while diverting Ontarians out of expensive institutional care. Such a program would be a net budget benefit for the government, with benefits for provincial finances increasing over time.

For more information on the budget benefits of providing direct financial support to caregivers, see the Ontario Caregiver Coalition's Research Paper "Direct Financial Supports to Caregivers: A Cost-Benefit Analysis".