



Health and Ageing

By Don Drummond

This Verbatim is based on a presentation to the federal government on November 17, 2023.

Don Drummond is Stauffer–Dunning Fellow at Queen’s University as well as Fellow-in-Residence and Senior Fellow at the C.D. Howe Institute.

Canada long ago missed the chance to properly prepare for the inexorable ageing of its population and its broader implications for healthcare, society and the economy. This presentation provides a concise overview of the situation we’re in and outlines a strategic approach to addressing the challenges ahead.

THE DEMOGRAPHIC CONTEXT

From 2021 to 2041, the number of seniors (65-plus) will rise from 7,081,800 to 10,869,000, an increase of 3.8 million people.¹ Those 75-plus will double and those 85-plus will triple, both cohorts whose current and projected health status is more or less “baked in” compared to younger cohorts who can take advantage of health-enhancing changes in lifestyle, medical and social services.

CANADA IS UNPREPARED FOR POPULATION AGEING

Evident as the babyboomers were being born, the ageing of the Canadian population is simultaneously the most predictable of our public policy problems and one for which we are least prepared.

Let us count the ways in which we are unprepared. On the economic front, real economic growth and productivity are already sluggish relative to our own history and most other countries. Ageing will just grind growth down further. As noted in a recent C.D. Howe Institute report, “the gap between GDP per person in the United States and in Canada is widening, and GDP per person in other

For suggestions and comments, the author thanks Duncan Sinclair, David Walker, David Jones, Philipp Gladkov, Kasia Bruski and Rosalie Wyonch.

1 Statistics Canada M3 projection.

OECD countries has decisively surpassed that in Canada.² Ferde and Dahlby estimate that “[relative to no ageing] Canada’s GDP per capita will be lower by \$4,300 by 2043 under Statistics Canada’s slow-ageing population projection scenario and by \$11,200 under its fast-ageing scenario. In other words, under the fast-ageing population projection, real GDP per capita will be about 13 percent lower in 2043 than in a no-ageing state.”³

Federal and provincial debt burdens are too high for current circumstances, and they offer no buffer to absorb ageing’s fiscal pressures (higher spending on pensions, healthcare, long-term care/support and lower revenues).⁴ Ageing adds about one percentage point per annum to the growth rate of healthcare spending – more in provinces with older populations.⁵ This will add directly to the spending pressures on provinces and territories but also likely the federal government through the inevitable pressure for higher transfer payments. Further, personal and corporate marginal effective tax rates are already high, making it difficult to respond to fiscal pressures through the tax system, although there are options to use consumption taxes more.

On the seniors’ care front, Canada has under-invested in long-term care beds. Provincial plans will not be sufficient to accommodate the surge in the senior population, especially after netting out beds in older shared-room facilities coming out of service.

Canada’s homecare services are very under-developed. Canada is near the bottom of OECD spending relative to GDP.⁶ Most provinces score below the international average for home care and half are below average in terms of coordination of care. Canada has the second lowest proportion (ahead only of Australia) of seniors receiving help from an aide, nurse or other health professional compared to other countries.⁷ While seniors overwhelmingly prefer home or community living to institutionalized care, Canada’s spending on seniors is skewed toward the latter whereas in other countries, such as Denmark, the emphasis is on the former – generating both lower costs and higher satisfaction.

Access to care is another issue. In 2022, there were only 382 geriatric medicine specialists and 536 rheumatologists – two specialities especially connected with seniors.⁸ It will be difficult to shift their services to providers of primary care given that

2 <https://www.cdhowe.org/public-policy-research/working-harder-less-more-people-less-capital-no-recipe-prosperity>

3 <https://www.fraserinstitute.org/sites/default/files/effect-of-population-ageing-on-economic-growth-in-canada.pdf>

4 Don Drummond and William Robson argue in “Fall Economic Statement Gets a D. Re-write Needed Before March,” (*Financial Post*, November 28, 2023) that at a projected 39.1 percent by 2028-29, the federal net debt burden will remain too high for many years and should be brought down more quickly to at most the pre-pandemic level of 32.1 percent. The authors add that public debt charges exceeding 10 percent of revenues is another sign of an excessive debt burden. <https://financialpost.com/opinion/2023-fall-economic-statement-re-write-before-march>

5 https://www.queensu.ca/sps/sites/spswww/files/uploaded_files/publications/1%20Ageing%20Well%20Report%20-%20November%202020.pdf

6 Drummond et al., “Ageing Well.”

7 https://www.cdhowe.org/sites/default/files/2023-09/E-Brief_346%20new%20%281%29.pdf

8 Canadian Institute for Health Information.

about 5 million Canadians do not have access now to a regular family physician or nurse practitioner.⁹ With a target of 500,000 new permanent residents per annum, population growth will further squeeze access to primary care. Only 31 percent of Canadian seniors reported they could see a physician or nurse either the same day or the next day, compared with 79 percent in Germany and 70 percent in the Netherlands.¹⁰ Further, little attention has been applied to the social needs of seniors and, more generally, to mental health.

The financial well-being of seniors is also a potential concern. Thanks to Old Age Security and the Guaranteed Income Supplement, seniors make up the cohort with the lowest poverty rate (4.7 percent).¹¹ However, that rate is relatively high (9.0 percent) for adults 55 to 64; this bodes poorly for their senior years. There has been a worrying trend toward lower pension coverage (percentage of paid employees with a pension) over the past twenty years.¹² Despite being available for decades, RRSP savings are modest – an average of \$144,613 in 2022 according to the Bank of Montreal.¹³ People are forced to liquidate their RRSPs too early (starting at 71 years of age) and too quickly given still increasing life expectancy and the cost of many forms of support and care.

Despite improvements, we have not made sufficient progress in improving “lifestyle” factors that will likely compromise the health of seniors. Statistics Canada’s recent report on the “Health of Canadians” (2023)

documents the prevalence of drinking, smoking, drugs and insufficient exercise. These lifestyle factors will continue to compromise the health of Canadians and drive up the cost of healthcare services. More generally, there has not been a proactive approach to prevent or at least mitigate common afflictions of the elderly such as frailty and dementia, conditions that all too frequently drive seniors from their homes and communities to long-term care institutions.

Dealing with one structural shift, ageing, would be enough of a challenge but there is a second major challenge in mitigating and adapting to climate change. Both will draw enormously on the country’s resources and put a heavy burden on younger people. The country should have put itself in a better position to cope.

We have been “flying blind” without sensitive, comprehensive information on the health of Canadians and the determinants of health and well-being over time. Instead, information has focused on spending on inputs to healthcare as opposed to outcomes. The recent Statistics Canada report “Health of Canadians” is a promising start in a better direction.

WHAT TO DO NOW ABOUT HEALTH AND AGEING?

Being behind the ageing curve, Canada will need quickly a strategic approach to get in position to

9 <https://www150.statcan.gc.ca/n1/pub/82-570-x/2023001/section3-eng.htm>

10 https://www.cdhowe.org/sites/default/files/2023-09/E-Brief_346%20new%20%281%29.p

11 <https://www12.statcan.gc.ca/census-recensement/2021/as-sa/98-200-X/2021009/98-200-x2021009-eng.cfm>

12 <https://www150.statcan.gc.ca/n1/pub/11-630-x/11-630-x2015003-eng.htm>

13 <https://newsroom.bmo.com/2023-02-07-BMO-Annual-Retirement-Study-Canadians-Believe-They-Need-1-7M-to-Retire-Up-20-Per-Cent-from-2020#:~:text=The%20average%20amount%20held%20in,the%20March%201%2C%202023%20deadline.&text=B.C.>

better meet the needs of the surging number of seniors and the broad implications of the ageing population. Suggestions for key elements of that strategy are:

1. Continue to improve information. Statistics Canada's report on the health of Canadians is useful and should be built upon. Less of an automatic link from the presence of chronic conditions to ill health would be helpful. More could be done to draw the links from socio-determinants and lifestyle behaviours to health outcomes. All Indigenous people should be covered – data on First Nations people on reserve are not in the report.¹⁴
2. Be mindful of the “Keon-Pepin whole of government” formula for health outcomes.¹⁵ Health status and well-being was estimated to be determined as: 15 percent biology and genetics, 10 percent physical environment, 50 percent socioeconomic determinants of health (early child development, education, employment and working conditions, culture, gender, housing, social environment, personal health practices, income and social status and social support networks) and 25 percent healthcare systems. This formulation may have seemed abstract at the time. It is brought to life in the 2023 Statistics Canada report “Health of Canadians” where the connections to health from factors such as income and health behaviours are clear. The Senate and Statistics Canada report highlight the need for:
 - A holistic view toward health. Policies such as education, employment support and socialization may be the most effective medicine.
3. Give seniors their preference and reap the benefit of lower cost with a sustainable expansion of home, community and social care support rather than the now-heavy reliance upon institutionalization for long-term care.
4. Naturally occurring retirement communities (NORCs) should be promoted.
5. Address health-sector human resource constraints. It is too late to train significant numbers of geriatricians and rheumatologists. Primary care will have to pick up the slack, but family physicians and nurse practitioners are already struggling to meet current demand. The health sector must be re-arranged so the workforce is aligned in teams whose members work to their “full scope of practice,” including personal support workers who are in short supply; increasing their numbers is difficult given their poor retention in the field. Clearly their pay and working conditions, and respect for their vital contribution to support and care, especially of the elderly, must be improved.
6. Make greater and more efficient efforts to address the lifestyle and other factors that are worsening the health conditions of seniors and others, such as substance abuse, lack of exercise, poor nutrition, financial insecurity, et cetera.
7. Nowhere is the need of a holistic approach to health services more evident than for Indigenous Canadians. Their health, well-being and almost every aspect of their socio-economic conditions are worse in the “Health of Canadians” report than those for non-Indigenous Canadians; and the report
 - Co-ordination of the services that improve health rather than letting them operate in silos.

14 First Nations people on reserves have long been missing from key information surveys, not just on health but as well in other key areas such as the Labour Force Survey. Discussions should be renewed between First Nations and Statistics Canada on improving coverage, with the aim of using the information to improve health outcomes.

15 <https://sencanada.ca/content/sen/Committee/402/popu/rep/rephealth1jun09-e.pdf>

does not even cover First Nations people living on reserve where the measures of health are most likely even worse. A starting point would be to improve the data. Appropriate benefit-cost analysis may reveal interesting findings. Strategic investments for Indigenous Canadians may have a large pay-off in terms of higher incomes, lower healthcare costs, and lower incarceration (the incarceration rate of the Indigenous population is nine times that of the non-Indigenous population). The most effective way of improving the health of Indigenous Canadians may be to improve education, especially on reserve. More generally, there must be a shift to defining objectives for the health and well-being of Indigenous Canadians and then determining the necessary actions.

CONCLUSION

Despite population ageing having been foreseeable for decades, Canada is unprepared. We must act quickly and purposefully to meet the needs of the inexorably swelling number of seniors and to address the effects of the ageing population on the Canadian economy and society. The required steps are researched. Now it is time to act.