Intelligence MEMOS

From: Åke Blomqvist and Rosalie Wyonch

To: Merrilee Fullerton, Ontario Minister of Long-Term Care

Date: February 18, 2020

Re: A Voucher Model for Long-Term Care

Long-term care (LTC) for the frail elderly will be a critical question for Ontario and other provinces as the boomer generation enters further into seniority.

Addressing elderly care needs effectively is already a growing challenge, as illustrated by the roughly 35,000 people on waitlists. Other nations have designed flexible and efficient models for long-term and continuing care (France, Germany, Australia). Canada can learn from, adapt and implement many of those LTC innovations.

A good place to start would be to offer a voucher option for patients eligible for LTC.

In a voucher model, an eligible patient could choose to wait for a bed in a subsidized licensed nursing home, or opt for a voucher to be used to pay for care in an unsubsidized elderly or long-term care facility. To safeguard quality of care, only facilities inspected and approved by government could accept vouchers. A patient would be free to choose any such facility, but there would be no restrictions on fees. Voucher patients would decide among approved facilities based on the prices and associated services offered by each.

Support for patients via vouchers can be seen as a cash alternative to "in kind" care provision – a subsidized LTC bed, on terms negotiated by the government. The voucher amounts could be roughly equivalent the in-kind cost to government. Operating subsidies to LTC facilities in Ontario are currently about $182 per patient per day less patient co-payments, and there are also some capital-cost subsidies. Any difference between the value of a voucher and the provider's charges would be paid by the patient.

In general, the purpose of a voucher model is to give patients more options in making LTC arrangements that suit their circumstances and preferences, but vouchers could also serve as an interim measure to reduce the wait-list for LTC in Ontario, as some individuals currently waitlisted would instead opt for vouchers. In addition, it could help free up beds in acute-care hospitals where many currently are occupied by patients who could be cared for in an LTC facility. Under a voucher system, some patients could be accommodated in approved private facilities even if no public LTC beds were available.

In the short run, introducing a voucher option would probably raise government's LTC costs, due to the initial surge of uptake by people currently on waiting lists. Over time, however, it could save money if increased competition between traditional government-subsidized nursing homes and independent providers led to more efficient approaches to LTC.

Better targeting of government spending on those with limited ability to pay is one strategy the government can use to limit the burden on taxpayers and help offset the incremental cost of a voucher scheme.

Low-income patients should continue to be eligible for reduced LTC co-payments, but for those who can afford it, co-payments could rise from the current maximum of $1,891 per month for a basic long-stay bed, and $2,700 for a private room.

The ability-to-pay principle should apply in a voucher system as well, so that the voucher amount that an eligible patient would be offered would be larger for patients with limited ability to pay and smaller for well-off seniors. More means-testing of LTC subsidies seems a reasonable way to restrain taxpayer cost while responding to the growing need.

With waitlists for LTC already long and the population aging, the Ontario government should follow the examples set by policies in France, Germany and more recently Australia in developing alternatives to traditional subsidized institutional LTC.

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