

Creating an *Ontario Home Care Rebate* to Prevent Additional Costs to the Frail and Vulnerable

November, 2009

The Ontario Home Care Association (OHCA) recommends that the Ontario government announce an *Ontario Home Health Care Rebate* on exempt and taxable home care services in order to mitigate the additional provincial sales tax cost burden to Ontarians for their home health care as a result of the plan to harmonize the federal and provincial sales tax.

Background

Home care is a publicly funded, not a publicly insured, service. In Ontario, publicly funded home care falls under the jurisdiction of the Ministry of Health and Long-Term Care (MOHLTC) and is locally administered by Community Care Access Centres (CCACs). Ontario's provincial home care program is vital to supporting the publicly insured system by enabling early discharge of patients from hospitals and providing an alternative to long-term care homes. For the overwhelming majority who prefer to remain in their community, home care is more humane, cost effective and more *health effective*. (Caplan, 2005) In Ontario in 2007/08, approximately 570,000 individuals received 26,485,042 visits/hours of care at home funded by the MOHLTC.ⁱ

In addition, the Ontario Home Care Association (OHCA) estimates that 150,000 Ontarians purchase an additional 20 million visits/hours of home care services annually in order to remain at home. ⁱⁱ The harmonized sales tax (HST) will place an additional financial burden on the thousands of Ontarian families who purchase home health care services privately in order to complement government funded programs and remain at home.

The government announcement of the intent to harmonize federal and provincial sales tax to a single 13% HST creates an additional tax both on and for health care servicesⁱⁱⁱ. Specifically **within home care, individuals who supplement government funded home care** services privately through insurance or out-of-pocket expenditures (an estimated 150,000 individuals) will be required to pay provincial sales tax. OHCA estimates that the Harmonized Sales Tax (HST) will place **an additional \$260-\$315 annual cost burden^{iv}** on those individuals who choose to purchase taxable home care service in order to keep their loved ones at home. This is a significant increase in expense to be borne by families who may not be able to afford to support the increase.

The net gain in tax is not worth it!
It would cost the Ontario government an estimated \$467 million if Ontarians stopped purchasing home care services.*

Privately purchased home care service provides the vital few hours of care and respite that enables families to continue to their caregiving responsibilities – which many are fulfilling while raising their children and holding a job. The HST will **be the financial breaking point for many, particularly seniors**, and have the unintended consequence of serving as a disincentive to staying in the home. Families, many of whom are on fixed incomes, will **perceive the tax negatively and fault the government for not providing adequate health care**. Many may choose to relinquish their responsibility and financial contribution and turn to the public system (such as hospitals and long term care institutions) to provide care. The cost to the health care system will inevitably increase and the **perception will be that additional taxation is driving institutionalization**.

Insurance policies that are defined by an amount of service hours will generate **fewer available hours for recipients in need of care** as dollars are attributed to the additional tax obligation. The **government's taxation decision will be regarded as negatively impacting the amount of individual health care available** to those who have contributed to such plans.

“Home care is central to the success of health reform and to making the overall health care system function more efficient and effectively”
(Hollander)

The HST has the potential to **drive more families to seek care and support through an underground network or ‘grey market’** which is not regulated and subject to the standards of those who operate as respectable businesses ensuring quality of service provision and labour practices. **Taxation compromising care standards** will emerge as a theme ultimately undermining the good work of the government to create a of a strong, reliable and accessible home care system which fully supports Ontarians to remain independent at home for as long as possible.

Conclusion

Home care in Ontario, both publicly and privately funded, is a vital component of the health care system and integral to the broader health system transformation in the province. Home care research tells us that people want to remain at home for as long as possible and families will try to find ways to ensure that loved ones can maintain independence.

The OHCA believes that **the government has an opportunity to reinforce its support for Ontarians as health care providers, health care recipients and/or as family caregivers by offering a home health care rebate on exempt and taxable home care services so that the harmonization of the provincial and federal sales taxes does not compromise the ability for seniors to remain at home.**

About Ontario Home Care Association (OHCA)

The OHCA, *the voice of home care in Ontario*, is a membership association representing providers of quality home care services from across Ontario. OHCA is dedicated to promoting the growth and development of the home and community health care sector by helping to shape health care policy, supporting members to excel, and being a leading source of information on home and community care. OHCA members are accredited through Accreditation Canada and/or registered with the International Standards Association (ISO).

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For the latest in news and information about the home care sector in Ontario, subscribe to the Ontario Home Care Association’s ‘House Call’ at www.homecareontario.ca.

ⁱ OACCAC, CCAC Report of Measurements, retrieved from <http://www.ccac-ont.ca/Content.aspx?EnterpriseID=15&LanguageID=1&MenuID=138>

ⁱⁱ Based on results of an OHCA membership survey and polling data from OHCA members conducted in 2009. Reasonableness affirmed as follows:

- 1) The Health Council of Canada estimates that 500,000 people across Canada purchase home care privately (Health Council of Canada. (2008). *Fixing the Foundation: An Update on Primary Health Care and Home Care Renewal in Canada*. Toronto: Health Council. www.healthcouncilcanada.ca, p8) and as Ontario represents approximately 39% of Canada’s population, 150,000 is a conservative estimate
- 2) In an unpublished study, André Grenon from Health Canada estimated private home care spending in Canada at \$963.1 million in 2002-2003 (CIHI 2007- *Public-Sector Expenditures and Utilization of Home Care Services in Canada: Exploring the Data*. http://secure.cihi.ca/cihiweb/products/trends_home_care_mar_2007_e.pdf, p3). OHCA assumed a growth rate on private home care spending from 2002 to 2010 and an average consumer cost of \$23.00 per hour, recognizing that approximately two thirds of purchased care is for home support.

ⁱⁱⁱ All health care services will experience additional PST obligations that will result in increased operating costs.

^{iv} Calculation based on industry average costs, utilization and information regarding average length of stay.