

The Case for Cost Effective Home Care

1) New Brunswickers want to stay in their homes.

The New Brunswick Government wrote in their Long Term Care Strategy Report, published in 2007

This long-term strategy is based on a province wide consultation process and the input received from more than 1,000 New Brunswickers.

When we asked New Brunswickers what high quality long-term care should look like, the response was overwhelming.

Families told us that they need help to continue to provide good care to their seniors at home. Seniors told us that they want to stay at home for as long as possible and need more supports to do that

2) In home care is not only desired & effective but cost efficient:

The Long-Term Care Strategy states that:

[t]he premise for the actions identified within this strategy is to focus efforts on keeping seniors out of the long-term care system for as long as possible ...By providing enhanced supports at the community level it is hoped that the need for more *costly forms* of long-term care services, such as hospitals and moving to a special care home or a nursing home will be delayed for as long as possible. (Emphasis added.)

The New Brunswick Advisory Council on the Status of Women published a report in March 2004 titled *Home Support Services: Cost and Effect* which looked at the costs of providing home care in New Brunswick. The following numbers are from this report:

Cost-Effectiveness of Home Care / Support

Home care is intended to be a preventative service that keeps people healthy and in their own homes and community. It also eases the financial strain on the health care budget for hospitals and nursing homes.

In 2002, the cost of one day in hospital was \$660.

A nursing home placement was \$104.80 per day (excluding construction cost).

Extra Mural Program costs \$89 per hour.

Home support was \$65.80 per day.

Using these numbers the following conclusions can be drawn:

12 hours of care would cost:

Hospital- \$812*

In home care- \$163.32 (at present rate of \$13.61)

In home care- \$240.00 (at requested rate of \$20)

Savings from home care- \$572.00-\$648.68/ 12 Hours of Care/ Patient

(*A yearly inflation rate of 3% was used to arrive at the estimate of current hospital costs per day although the actual hospital inflation is thought to be considerably higher.)

Using 3% inflation, the increase for 12 hours of home support, even at the new rates, would be \$7.20. Using the same 3% inflation rate the increase for a days stay in the hospital would be \$24.36. Hospital inflation is probably much higher than 3%.

A national evaluation of the cost-effectiveness of home care was completed in 2002, and has been updated since, by Marcus Hollander, PhD of Hollander Analytical Services Ltd. and Neena Chappell, PhD from the Centre on Aging, University of Victoria. The study is a compilation of 15 sub-studies which capture all aspects of the cost of care. Home care was found to be the most cost effective option in almost all situations.

The key findings from Substudy 1 are presented below, and PC, IC1, IC2, IC3 and EC refer to personal care, three levels of intermediate care and extended care, which is the highest level of care:

- **Home Care Costs Less Than Residential Care:** Costs for home care clients, by level of care, were some 40 to 75 percent of the costs of facility care, with PC and IC1 at about 40 percent, IC2 and IC3 at about two-thirds and EC at about three-quarters of the costs of facility clients.
- **Stable Home Care Clients Cost Considerably Less:** For home care clients who remain at the same level and type of care for six months or more, the costs are about one half, or less, of the overall costs for facility clients.
- **Home Support Services Seem to Substitute for Acute Care Services:** While the proportion of overall home care costs attributable to hospital care declined in the mid-1990s, the proportion attributable to home support services increased. For Extended Care, the proportion of total health costs accounted for by home support and hospitals were 25% and 61%, respectively, for the 1987/88 cohort, while they were 54% and 33% for the 1996/97 cohort. The comparable figures for IC2 clients were 23% and 58% and 36% and 40%, respectively. Thus, home support may have served as a substitute for acute care services.

The Canadian Institute for Health Policy published a report in 2007 titled *Sector Expenditures and Utilization of Home Care Service in Canada: Exploring the Data*.

This report does not make a direct argument for the cost effectiveness of home care, but instead reveals how New Brunswick compares to other provinces in the home care it provides.

Over 9 years (from 1994-1995 to 2003-2004) New Brunswick had the greatest increase in investing on home support. The report states that “[t]his reflects the fact that in New Brunswick, home care played an important role in the delivery of health care. Moreover, through the Extra- Mural Program, home care is perceived as an *economical alternative to hospitalization*” (emphasis added).

Another fact which the report points out is that New Brunswick has one of the highest user rates (per 1,000 people) compared to the other provinces of government sponsored care. This is encouraging because it means as a province we are providing a large amount of care, but also makes a case for change as it speaks to how many people would be affected by a crisis in the industry.

3. Conclusions

- ***New Brunswickers want to stay in their homes.***

The Long-Term Care Strategy published in 2007 highlighted remaining in the home as the number one request made by seniors.

- ***In home care is not only desired & effective but cost efficient***

Provincial and national reports have proven that home care is the most cost effective care model resulting in enormous savings for government and stronger communities of seniors contributing to their local economies.