The Private Cost of Long-Term Care in Canada: Where You Live Matters*

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RÉSUMÉ
Les Canadiens s'attendent le même accès aux soins de santé, qu'ils soient riches ou pauvres, et n'importe où ils vivent, souvent sans frais directs au point de service. Toutefois, nous trouvons que le coût privé de soins de longue durée diffère grandement partout au pays, et dans les provinces, nous trouvons des variations importantes, selon le niveau de revenu, l'état matrimonial et, au Québec seulement, selon les actifs détenus. Une personne non-mariée avec un revenu moyen devrait payer plus de deux fois autant dans les provinces de l'Atlantique qu'au Québec, tandis qu'un couple, dont une personne a besoin de soins, paierait quatre fois plus en Terre-Neuve comme en Alberta.

ABSTRACT
Canadians expect the same access to health care whether they are rich or poor, and wherever they live, often without direct charge at the point of service. However, we find that the private cost of long-term care differs greatly across the country, and within provinces, we find substantial variation, depending on income level, marital status, and, in Quebec alone, on assets owned. A non-married person with average income would pay more than twice as much in the Atlantic provinces as in Quebec, while a couple with one in care would pay almost four times as much in Newfoundland as in Alberta.

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Introduction

The Canada Health Act, the federal legislation for publicly funded health care insurance, is designed to ensure that all eligible residents of Canada have reasonable access to insured health services on a prepaid basis, without direct charges at the point of service for such services. The Act requires that medically necessary hospital and physician services be fully covered. The provisions apply also to certain aspects of long-term residential care (nursing home intermediate care and adult residential care services) (Health Canada, 2008), but discretion is left to the provinces and territories to determine precisely what aspects are publicly funded. In consequence, the costs to residents of long-term care facilities differ substantially from one jurisdiction to another (Romanow, 2002, p. 5). What led to such differences in three provinces, and how they affect the experiences of some residents, is discussed by Stadnyk (2009). Our purpose here is to document and analyse the extent to which costs differ for individuals who have similar socio-economic characteristics but who live in different parts of the country.

All provinces and territories pay a large portion of the costs of long-term care (LTC), but our concern is specifically with the private costs (i.e., those costs borne directly by residents and their families). Total expenditure on nursing homes and residential care facilities in 2006 in Canada is estimated at $15.5 billion, of which about $3.8 billion was from private sources (Canadian Institute for Health Information, 2008). Most of that would be

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from the fees paid by residents of nursing homes. As we show in what follows, there are very large differences in the fees that are paid, depending on where you live. That restricts the ability of older Canadians to move from one province to another, perhaps in order to be closer to their adult children or other family members, and it raises concerns about the fairness and equity of this important component of our health care system.

Approach

We used publicly available information to determine the private cost of LTC in each of the provinces and territories of Canada. We estimated the cost for a number of stylized individuals with characteristics that are representative of the residents of such facilities. In all provinces, admission to LTC facilities is based on both proof of residency and medical need for 24-hour care, as certified by a physician (Manulife Financial, 2009). We limited attention to typical individuals who meet the residence and medical need requirements for LTC.

In all provinces the amount they are charged depends on their marital status and, if married, on whether one or both spouses are in LTC. We therefore distinguished between individuals who were not married and those who were. In the latter category, we distinguished between whether one spouse was receiving care or both, and we assumed that there were no other dependents.

While remarkably little is known about the characteristics of residents of LTC institutions in Canada, from the National Nursing Home Surveys conducted in the United States we know that about 39 per cent of male residents and 16 per cent of female residents in the U.S. are married, the rest not (Ness, Ahmed, & Aronow, 2004). The proportions might be similar in Canada, but we have no way of telling.

Most jurisdictions also base the amount charged on the economic circumstances of each resident, a concept that is usually measured by their individual or family income but, in one province (Quebec), also by the value of assets held. We estimated the charges that would apply to individuals who differed in terms of their marital status, their income levels, and, where relevant, the assets that they owned as well as in their place of residence. All charges and income levels relate to 2008, the latest year for which we could assemble information.

The province of residence matters not only in terms of the direct charges that are incurred for LTC, but also because differences in provincial income tax rates affect the after-tax incomes of residents and hence the portion of their income that is available for other uses.

Information about the policies in each of the provinces and territories was collected from a variety of sources, and with considerable difficulty. Much of what was needed was provided in reports for each jurisdiction prepared by Manulife Financial (2009). In addition, government documents were reviewed for individual provinces, and telephone help lines were asked for clarification as needed. That was supplemented by e-mail correspondence with government officials in charge of long-term care. Manitoba and Quebec provide calculators on their websites (Manitoba, 2009; Quebec, 2009) that can be used to estimate how much individuals in various circumstances would be charged. We found them to be very helpful.

Cost of Long-term Care

The private annual costs that applied in 2008 in each of the provinces and territories are recorded in Table 1 for non-married individuals and in Table 2 for those married. The non-married category includes anyone without a living partner (i.e., those who never married or are divorced as well as those whose partners have died). We have opted to report the fees actually paid, without making allowance for medical tax credits. Fees are out-of-pocket and have to be paid when due. Someone who entered a nursing home at mid-year, as would happen on average, would have no benefit from the medical tax credit for almost a full year until after his or her income tax return had been filed and processed. A large fraction of residents would never realize the value of such benefits.

In assessing costs, we considered five levels of income ranging from very low to three times the average, all based on Canada-wide average values. The dollar values for each are reported in the last rows of the first two tables. At one extreme, very low income is defined as the sum of benefits received under the Old Age Security (OAS) and the Guaranteed Income Supplement (GIS) programs; in 2008 that represented a before-tax annual income level of $13,759 for non-married individuals and $22,394 for couples. Everyone over the age of 65 who has lived in Canada for at least 10 years is assured of this minimal level of income in the form of transfers from the federal government.

Low income is defined here as the so-called low-income cut-off (LICO) published by Statistics Canada People generally spend less of their income on necessities (defined as food, shelter, and clothing) at higher levels of income and more at lower levels. By construction, households below the LICO spend a larger-than-average share of income on necessities and, as such, might be deemed poor. The values used here assume residence in an urban community of between

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Table 1: Private cost of long-term care by region and income level, 2008: Non-married seniors

	Assumed levels of income				
	Very low	Low	Average	2 x Avg	3 x Avg
			$ / year		
Region					
B.C.	10,731	10,731	23,944	25,769	25,769
Alberta	9,955	14,910	16,243	16,243	16,243
Saskatchewan	11,544	14,071	21,924	21,924	21,924
Manitoba	10,841	13,286	25,441	25,441	25,441
Ontario	11,628	15,840	18,936	18,936	18,936
Quebec (1)	10,311	12,157	12,157	12,157	12,157
Quebec (2)	12,157	12,157	12,157	12,157	12,157
New Brunswick	11,297	15,291	25,550	25,550	25,550
Nova Scotia	9,906	13,972	25,263	28,835	28,835
Newfoundland	12,259	17,594	33,600	33,600	33,600
P.E.I.	12,523	17,858	23,725	23,725	23,725
Yukon	6,935	6,935	6,935	6,935	6,935
NWT	8,544	8,544	8,544	8,544	8,544
Nunavut	0	0	0	0	0
Before-tax income, all regions	13,759	19,094	36,800	73,600	110,400

Note 1: **The costs shown are the total cost paid by or on behalf of the resident, ignoring any medical credits.**

Note 2: **"Very low income" is defined as being in receipt of Old Age Security plus maximum Guaranteed Income Supplement, the annualized average of 2008 quarterly amounts.**

"Low income" is defined as the 2008 low income cut-off for a one- or two-person household, as appropriate, resident in an urban area of between 100,000 and 500,000; values are drawn from Statistics Canada "Low income cut-offs for 2008 and low income measures for 2007", Catalogue no. 75F0002M, No. 002; http://www.statcan.gc.ca/pub/75f0002m/75f0002m2009002-eng.pdf, p 25.

"Average income" is defined as the 2008 average income for elderly males or elderly couples, as appropriate; it is based on the published value for 2007 average total (before-tax) income (see http://www40.statcan.gc.ca/l01/cst01/famil05a-eng.htm), adjusted to 2008 levels by adding the CPI plus 1 percent.

Note 3: **Quebec charges relate to 2009, since 2008 values were not available. Asset holdings are assumed to be zero in Quebec (1) and $48,700 in Quebec (2).**

100,000 and 500,000 and a family size of one (Table 1) or two (Table 2).

The values chosen for average income are specific to the older population. For a non-married person we projected the 2008 average income for elderly males; for those who are married we projected the value for an elderly couple with no other dependents. (Further details are provided in Note 2 to Table 1.) Higher levels of income are defined as two or three times greater than the average.

Some provinces base LTC charges on the before-tax income of residents, other provinces on after-tax income; such differences are reflected in the charges shown. Tables 3 and 4 report the after-tax income for each of the five levels of before-tax income. A married senior with before-tax income of $22,750 would have an after-tax income that would be between 5.2 per cent lower and 2.3 per cent higher, depending on the province or territory of residence.

Two sets of calculations are provided for Quebec. In that province alone, account is taken of assets holdings (specifically, the value of financial assets and real estate) in determining the cost of LTC. The row labelled "Quebec (1)" assumes asset holdings of zero, which triggers the maximum subsidy and hence the lowest charge for LTC, while "Quebec (2)" assumes a level of asset holdings that is just sufficient to require the resident to pay the maximum charge. (The dollar values for the assets are shown in Note 3 of the tables.)

Interpretation

As can be seen from Tables 1 and 2, the annual private cost of long-term care generally increases with the level of household income. The territories are exceptions. Not only are the charges levied in all three territories independent of the level of income, but they are the lowest in the entire country, and, in the case of Nunavut, the charge is zero. However, since only a minute fraction of LTC is provided in the territories, in what follows we focus attention mostly on the situation in the provinces.

Consider the case of those not married, for whom the costs are recorded in Table 1 and, for the provinces,

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Table 2: Private cost of long-term care by income level, care requirements and region, 2008: Married seniors

	Assumed levels of income				
	Very low	Low	Average	2 x Avg	3 x Avg
			$ / year		
One in care					
Provinces that split family income					
BC – high	10,731	10,731	22,192	25,769	25,769
BC – low	10,731	10,731	10,731	10,731	10,731
AB – high	8,274	9,442	16,243	16,243	16,243
AB – low	8,274	8,137	7,778	7,778	7,778
SK – high	11,544	11,544	19,899	21,924	21,924
SK – low	11,544	11,544	11,544	11,544	11,544
ON – high	9,605	10,691	18,936	18,936	18,936
ON – low	9,605	9,605	9,605	9,605	9,605
Provinces that do not split family income					
MN	10,841	10,841	17,082	25,441	25,441
QU(1)	2,448	2,791	12,157	12,157	12,157
QU(2)	12,157	12,157	12,157	12,157	12,157
NB	6,825	7,649	24,538	25,550	25,550
NS	2,441	3,489	20,810	28,835	28,835
NF	2,894	4,270	29,250	33,600	33,600
PE	9,961	10,649	23,725	23,725	23,725
Both in care					
BC	16,864	16,864	32,923	36,500	36,500
AB	16,548	17,579	24,021	24,021	24,021
SK	20,246	20,932	39,798	43,848	43,848
MN	21,682	21,682	42,632	50,882	50,882
ON	19,210	20,296	28,541	28,541	28,541
QU(1)	17,882	18,658	21,098	21,098	21,098
QU(2)	24,314	24,314	24,314	24,314	24,314
NB	18,756	19,786	46,340	51,100	51,100
NS	15,906	16,954	41,620	57,670	57,670
NF	19,394	20,769	43,297	43,297	43,297
PE	19,922	21,298	47,450	47,450	47,450
Before-tax income level of couple	22,394	23,769	61,500	123,000	184,500

Note 1: **The costs shown are the total cost paid by the resident, ignoring medical credits.**

Note 2: **For calculations in which the separate incomes of the spouses matter, it is assumed that the low-income spouse has an income of $11,200 and the high-income spouse has the balance.**

Note 3: **Assets holdings in Quebec (1) are assumed to be 0 in all cases; in Quebec (2) they are $70,000 in all cases if both are in care; with one in care they are assumed to be $364,000 if income is "very low" and $352,200 if income is "low" or higher.**

plotted in Figure 1, Part A. It is clear that costs vary considerably from one province to another and, within province, by level of income. For those with very low incomes, the charges are lowest in Nova Scotia, but only slightly higher in Alberta and also in Quebec, at least for those with no assets. By contrast, the charges in Newfoundland and Prince Edward Island are about 25 per cent more than in neighbouring Nova Scotia.

Within each province, the charges for care generally either increase or remain the same at successively higher levels of income, but the gradients differ considerably from one province to another. For example, higher charges apply in most provinces for those with low rather than very low incomes. However, the charge is the same in British Columbia, and also in Quebec, for those with no assets. Still higher charges apply to those with incomes that are average or greater (except in Quebec, where the maximum charge applies to those with incomes that are low or greater).

In seven of the provinces, the charges are the same for those with greater than average incomes as for those whose incomes are average, and in British Columbia and Newfoundland the charges are higher still for those with twice the average income, but do not increase further for those with three times the average income.

In sum, the private cost for non-married residents of LTC facilities is very uneven across the country. Those with very low incomes pay about one quarter more for

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Table 3: Levels of household income, before- and after-tax, 2008, by region: Non-married seniors

	Assumed levels of income				
	Very low	Low	Average	2 x Avg	3 x Avg
			$ / year		
Before-tax income, all regions	13,759	19,094	36,800	73,600	110,400
After-tax income, by region					
B.C.	12,896	17,152	31,225	56,979	79,589
Alberta	13,135	17,377	30,657	55,757	79,395
Saskatchewan	12,606	16,554	29,656	53,699	76,233
Manitoba	12,511	16,464	29,469	53,204	74,120
Ontario	12,828	17,040	30,995	56,184	77,141
Quebec	12,625	16,438	29,093	51,864	71,971
New Brunswick	12,593	16,587	29,741	52,772	73,878
Nova Scotia	12,606	16,672	29,721	52,751	73,288
Newfoundland	12,597	16,667	29,841	53,188	74,434
P.E.I.	12,543	16,555	29,676	53,099	74,067
Yukon	12,843	17,002	30,805	56,052	79,018
NWT	13,053	17,273	31,256	56,813	79,641
Nunavut	13,039	17,361	31,703	57,939	81,990

Note 1: Definitions of the income levels are provided in Table 1, Note 1.
Note 2: After-tax income is calculated using the Lorne S Marr Insurance Limited "Canadian Income Tax Calculator 2008", available at http://lsminsurance.ca/calculators/canada/income-tax, and Revenue Canada's "General Income Tax and Benefit Package for 2008", http://www.cra-arc.gc.ca/formspubs/t1gnrl/menu-eng.html , retrieved March 14, 2009.

their care if they live in Newfoundland or Prince Edward Island rather than Nova Scotia, those with low incomes pay half again as much if they live in Ontario rather than British Columbia and two-thirds more if they live in Newfoundland or Prince Edward Island, while those with average incomes or higher pay approximately twice as much in five provinces (British Columbia, Manitoba, Nova Scotia, New Brunswick, and Prince Edward Island) as in Quebec, and close to three times as much in Newfoundland.

What of those married? As a comparison of Table 2 with Table 1 shows, all provinces charge less for a spouse in care than they do for a non-married person, with the reduced charges generally favouring those with incomes that are average or less. That presumably

Table 4: Levels of household income, before- and after-tax, by region, 2008: Married seniors

	Assumed levels of income				
	Very low	Low	Average	2 x Avg	3 x Avg
			$ / year		
Before-tax income, all regions	22,394	23,769	61,500	123,000	184,500
After-tax income, by region					
B.C.	21,706	22,803	51,608	91,274	126,240
Alberta	22,908	23,939	51,369	91,747	129,604
Saskatchewan	22,090	22,957	49,601	88,134	122,917
Manitoba	21,226	22,245	48,969	85,527	118,398
Ontario	21,610	22,696	51,172	88,740	122,039
Quebec	22,008	22,781	48,510	83,736	115,868
New Brunswick	21,348	22,378	48,932	85,355	118,369
Nova Scotia	21,306	22,354	48,964	84,709	116,877
Newfoundland	21,284	22,333	49,228	85,883	119,741
P.E.I.	21,232	22,266	49,038	85,464	118,173
Yukon	21,690	22,762	50,980	90,733	126,657
NWT	22,052	23,140	51,728	91,534	126,997
Nunavut	21,930	23,043	52,363	93,866	131,085

Note 1: Definitions of the income levels are provided in Table 1, Note 1.
Note 2: See Table 3, Note 2.

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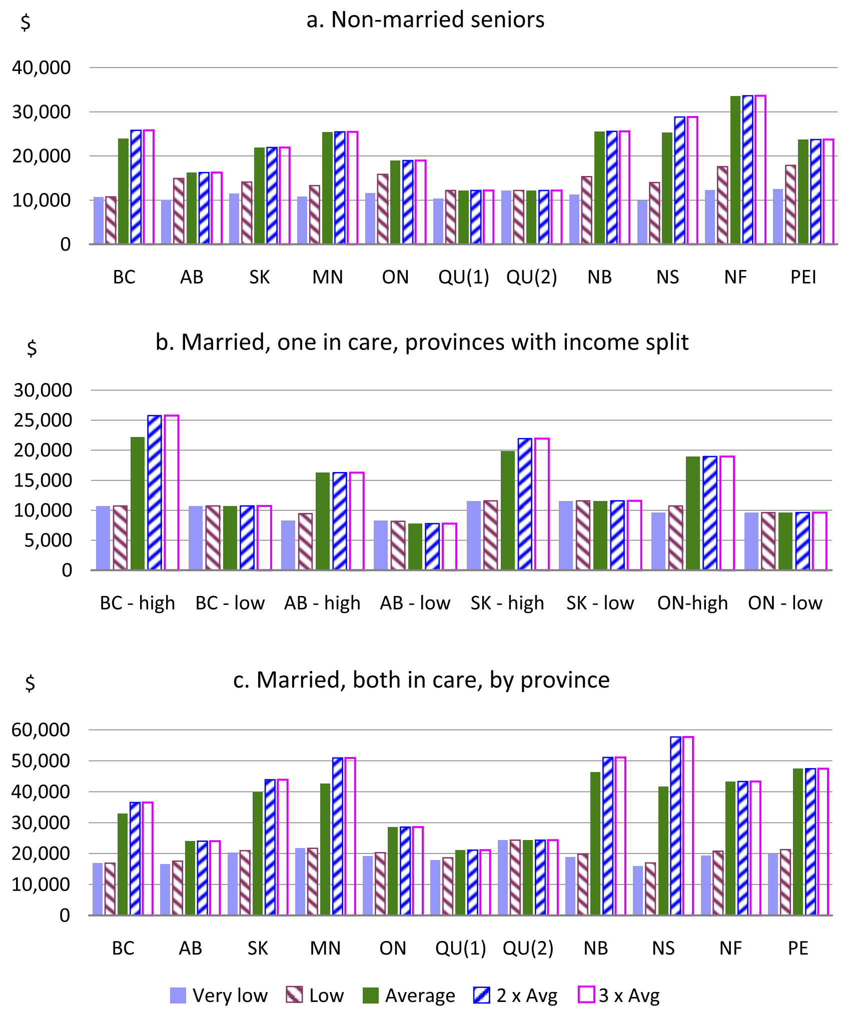

Figure 1: Private costs of long-term care, by income level, marital status, care requirements and region, 2008.

reflects the assumed greater needs of the partner still living in the community, perhaps allowing that spouse to continue to live in the family home.

However, the situation, as reported in Table 2, is more complicated than for a non-married person since the charge that is levied for residential care varies not only with the income of the couple but, depending on the province, also with whether one spouse is in care, or both, and on how the income is seen to be split between the partners. In Quebec it again varies with the assets owned by the couple.

Five provinces (British Columbia, Alberta, Saskatchewan, Ontario, and Quebec) take account of the income split between spouses. Their practice is to charge the high-income spouse more as might be expected. However, of the five, Saskatchewan imposes the higher charge only if one spouse is in care, and Quebec only if both. In our calculations, we assumed that if an income split matters, the low-income spouse has very low income (i.e., the amount of benefit entitlement received through the OAS and GIS programs); the high-income spouse was assigned the balance.

Figure 1, Part B, shows the charges for the high- and low-income partners in four provinces (British Columbia, Alberta, Saskatchewan, and Ontario) where the incomes of each of the spouses are treated separately. Given our assumption that the income of the low-income partner is very low, only the minimum charge would be levied if the low-income partner is in care, even if the joint income of the couple is very high. At the same time, the charge would be twice as high if it were instead the high-income partner in care. In Alberta, the situation is exaggerated even more; in that province the charge for the low-income partner actually *declines* somewhat as family income increases. That occurs because the charge is based on the after-tax income of the low-income spouse, which declines because the value of the benefit associated with the marital tax credit is reduced as the income of the higher income spouse increases.

Figure 1, Part C, shows the charges when both partners are in care. We retained the assumption about how the income is split in provinces where that has relevance. A number of features stand out. One is that lower income couples pay the least for care; that is true in all provinces. Another is that in most provinces, the charge rises relatively sharply as income increases. Those with average incomes are charged one-third more than those with very low incomes in two provinces (Alberta, Ontario), about twice as much in three provinces (British Columbia, Saskatchewan, and Manitoba), and even more in four others (New Brunswick, Nova Scotia, Newfoundland, and Prince Edward Island). Quebec is again an exception in that those with sufficient assets bear the same (relatively low) charge whatever their level of income; even among those with no assets, those with average income pay only 18 per cent more than those with the lowest income level.

In four provinces (Alberta, Ontario, Quebec, and Prince Edward Island) the maximum rate applies to the higher income spouse if the couple has average or greater (joint) income (or to both spouses, if both are in care); in the other six provinces the maximum rate applies only to those couples with twice the average income or higher. In five provinces (Alberta, Ontario, Quebec, Newfoundland, and Prince Edward Island) those with much higher income levels pay the same as those with average incomes, but in three other provinces (British Columbia, Saskatchewan, and New Brunswick) they pay about 10 per cent more, 20 per cent more in one (Manitoba), and almost 40 per cent more in another (Nova Scotia).

In sum, there are enormous differences in the amounts paid by married couples, depending on the province of residence and whether one spouse is in care, or both. When only one spouse is in care, the charge for those with very low incomes ranges from less than $2,500 in Nova Scotia to almost five times that much in Saskatchewan and Quebec (for those with sufficient assets). If both are in care, the charges would be at least twice as great in Manitoba and all of the Atlantic provinces as in Quebec (for those with no assets), and only 10 per cent more in Alberta.

Costs Relative to Income

As we have seen, the amounts charged for LTC vary across provinces for individuals in differing income and marital situations but so too does the amount of tax paid on a given level of income. Furthermore, some provinces base charges on the resident's before-tax income, others on after-tax income.

The private costs of LTC relative to after-tax incomes are compared in Table 5 for non-married persons and Table 6 for those married with both spouses in care and in Figure 2 for both. A number of interesting features are apparent. First, we would expect to find that those with lower levels of income would spend a larger fraction of their incomes on care than those with higher incomes. That turns out to be true in all provinces for those with levels of income that are average or higher, whether married or not. However, it is not always the case. For example, those with very low incomes, whether married or not, spend a *smaller* fraction of their incomes on care than do those with low incomes in each of the four Atlantic provinces and also in Alberta and Ontario.

Table 5: Private cost of long-term care as percent of after-tax income, by income level and region, 2008: Non-married seniors

	Assumed levels of income				
	Very low	Low	Average	2 x Avg	3 x Avg
			% of income		
Region					
B.C.	83.2	62.6	76.7	45.2	32.4
Alberta	75.8	85.8	53.0	29.1	20.5
Saskatchewan	91.6	85.0	73.9	40.8	28.8
Manitoba	86.7	80.7	86.3	47.8	34.3
Ontario	90.6	93.0	61.1	33.7	24.5
Quebec (1)	81.7	74.0	41.8	23.4	16.9
Quebec (2)	96.5	73.3	40.9	23.0	16.5
New Brunswick	89.6	91.7	86.0	48.4	34.9
Nova Scotia	78.6	83.8	84.7	54.2	38.7
Newfoundland	97.7	106.3	113.2	63.3	45.4
P.E.I.	97.5	105.0	77.0	42.3	30.0
Yukon	53.1	40.1	22.2	12.2	8.7
NWT	65.5	49.2	27.0	14.7	10.4
Nunavut	0.0	0.0	0.0	0.0	0.0

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Table 6: Private cost of long-term care as percent of after-tax income, by income level, care requirements and region, 2008: Married seniors

	Assumed levels of income				
	Very low	Low	Average	2 x Avg	3 x Avg
			% of income		
One in care					
Provinces that split family income					
BC – high	49.4	47.1	43.0	28.2	20.4
BC – low	49.4	47.1	20.8	11.8	8.5
AB – high	36.1	39.4	31.6	17.7	12.5
AB – low	36.1	34.0	15.1	8.5	6.0
SK – high	52.3	50.3	40.1	24.9	17.8
SK – low	52.3	50.3	23.3	13.1	9.4
ON – high	44.4	47.1	37.0	21.3	15.5
ON – low	44.4	42.3	18.8	10.8	7.9
Provinces that do not split family income					
MN	51.1	48.7	34.9	29.7	21.5
QU(1)	11.1	12.3	25.1	14.5	10.5
QU(2)	55.2	53.4	25.1	14.5	10.5
NB	32.0	34.2	50.1	29.9	21.6
NS	11.5	15.6	42.5	34.0	24.7
NF	13.6	19.1	59.4	39.1	28.1
PE	46.9	47.8	48.4	27.8	20.1
Both in care					
BC	77.7	74.0	63.8	40.0	28.9
AB	72.2	73.4	46.8	26.2	18.5
SK	91.7	91.2	80.2	49.8	35.7
MN	102.1	97.5	87.1	59.5	43.0
ON	88.9	89.4	55.8	32.2	23.4
QU(1)	81.3	81.9	43.5	25.2	18.2
QU(2)	110.5	106.7	50.1	29.0	21.0
NB	87.9	88.4	94.7	59.9	43.2
NS	74.7	75.8	85.0	68.1	49.3
NF	91.1	93.0	88.0	50.4	36.2
PE	93.8	95.7	96.8	55.5	40.2

Second, the fraction of income that is spent on care, at all levels of income, varies greatly from one province to another. For example, for those married with "very low" income levels and with one spouse in care, the fraction varies from 11 per cent (Nova Scotia and Quebec) to 50 per cent or more (British Columbia, Saskatchewan, and Quebec). Similar large differences exist across provinces for those at higher levels of income, and for the non-married.

Third, within each province the fraction that those who are married spend on care is virtually the same at low and very low levels of income (even though it varies a great deal from one province to another). By contrast, again within each province, the fraction spent by those not married differs greatly: those with very low incomes spend 5 per cent more of their incomes on care than do those with low incomes in four provinces and 5 per cent less in four others.

Concluding Remarks

The spirit and intent of the Canada Health Act, in part, is to provide Canadians with reasonably equal access to health care services whether they are rich or poor and wherever they live. However, as we have demonstrated, the charges incurred by residents of LTC facilities and their families differ greatly from one province or territory to another and, within most jurisdictions, depend on income, marital status, and in Quebec alone, also on asset holdings. Our calculations relate to representative individuals and couples, taking into account their marital status and income, the levels of which range from very low to quite high. In assessing the implications of alternative income levels, we have assumed that there are no dependents to take into consideration, other than possibly a spouse. Also, the lowest level of income that we consider is one that is assured to all over the age of 65 who have lived in Canada for at least 10 years. Those who immigrated

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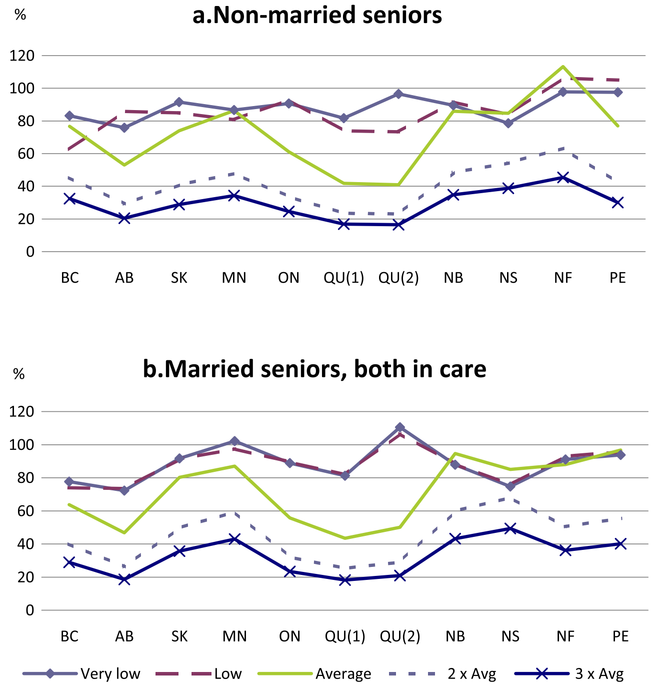

Figure 2: Private cost of long-term care by marital status, income level and province, 2008: Percent of after-tax income.

shortly before reaching that age would not be assured of having even that minimal level of income. Exceptional circumstances are taken into account in some jurisdictions, but we have not taken them into consideration here.

However, for the representative individuals and couples considered, it is clear that almost all older people in need of LTC at the lower end of the income distribution range can afford access, in the sense that in almost all jurisdictions the amounts charged for their care is less than the benefit payments that they receive from the combined OAS and GIS programs. At the same time, they are left with much more room for discretionary spending in some jurisdictions than in others after paying their costs of care. At one extreme, no charge is imposed in Nunavut; that leaves those with very low incomes who are not married $13,039 to spend each year while those married would have $21,930 if both are in care. Among the provinces, individuals in similar circumstances, however, would be left with much less: a non-married person in Prince Edward Island would have only $20; married couples in Manitoba would have to come up with an additional $456 whether or not they have assets on which to draw; and in Quebec, those with sufficient assets would have to pay an additional $2,306. At the other extreme, similar married couples resident in Alberta would be left with $6,360 to spend in ways of their own choosing. The differences are greater at higher levels of income.

Such differences across jurisdictions might be regarded as unfair, but they raise other considerations as well. Among them, we note that residency requirements tend to keep those already in LTC facilities from moving, perhaps to be closer to family. But lower charges could also be an attraction: forward-looking individuals might consider moving from higher to lower cost areas to benefit in the future from the lower rates that apply elsewhere. Consider an average income couple, one of whom is in care. After paying for the cost of LTC such a couple would have discretionary spending of more than $43,000 in Alberta but less than $20,000 in Newfoundland.

We do not know if people actually move (or fail to move) for such reasons. Indeed, we know remarkably little at an aggregate level about the characteristics of those in LTC in any part of Canada. So far as we have been able to determine, there is little published or even publicly available information about this population. From the Statistics Canada *Residential Care Facilities* Survey, we have estimates of the total number of residents in such institutions and the numbers of men and women in each age group, but we know nothing of their marital status and prior place of residence, their health care needs, and what family and other social support they have. That represents an important gap in our knowledge and statistical systems, one that could be remedied by analysis of existing administrative data combined with appropriate on-going surveys.

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