STRATEGYCORP

SENIORS' TAX CREDIT

Seniors' Monthly Tax Credit: Empowering Seniors & Increasing Healthcare and Housing Capacity

Objective

Enabling seniors to live in their home and communities longer while receiving the right care in the right place at the right time, in a cost-effective manner.

The Challenge: What Problem Are We Trying to Solve?

- Ontario's 80+ population is projected to double between 2023 and 2040.[i] The 85+ population is Ontario's fastest growing age cohort.
- Seniors overwhelmingly want to age at home and in their communities, but as they age, the cost of doing so with adequate care increases.
- Failure to give these seniors pathways to the right care in the right place leads to loneliness and declining health outcomes, and places an unfair burden on informal caregivers, who are often forced to dramatically reduce their work hours.
- Despite record investments, the wait list for long-term care beds continues to grow. According to Ontario Health, the current Long-Term Care waitlist is 47,000 people long.[ii]
- Ontario's healthcare system is already being stretched to the limit, and more funding alone won't solve the capacity challenges. To sustain our healthcare system as Baby Boomers age, leveraging care capacity outside of the publicly funded LTC and hospital sectors must be part of the solution.

The Solution: Incentivize the Right Care in the Right Place at the Right Time and Seniors Housing Supply

Enhancing the successful *Ontario Seniors Care at Home Tax Credit* to achieve the following:

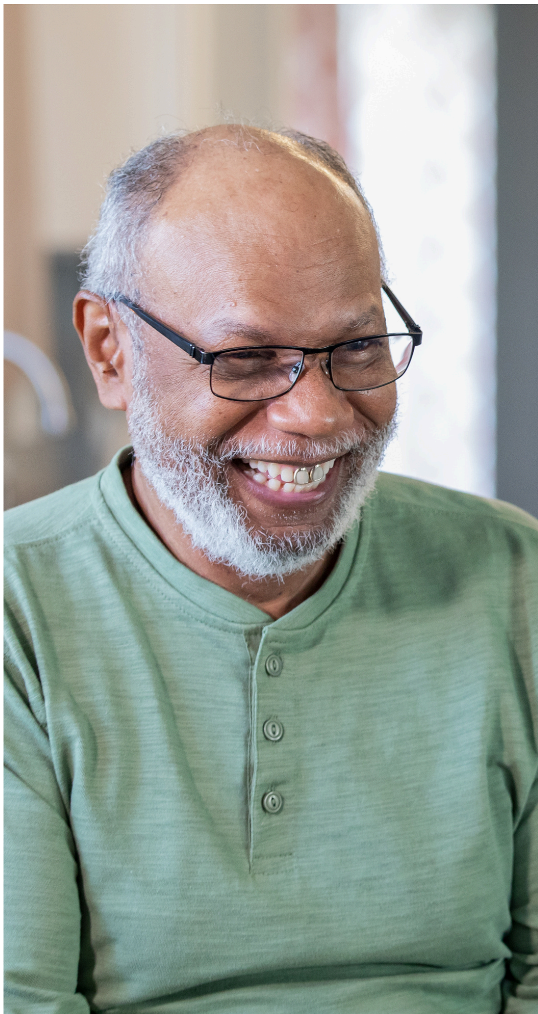
- Seniors have more choice as to how and where they age.
- More seniors can age at home and in their community, freeing up capacity in the long-term care and hospital sectors (particularly ALC beds).
- If this policy can prevent or delay the estimated 1 in 3 early LTC admissions, this could take 15,000 seniors off the wait list, potentially reducing LTC capital spending by hundreds of millions of dollars.
- Slowing the growth of healthcare spending in Ontario.
- Incentivizing the private sector to develop more purpose-built seniors housing, from retirement homes to independent living facilities, increasing our housing supply and freeing up single family homes.

How It Works

- By expanding the existing *Seniors Care at Home Tax Credit* to cover a wider range of home services and a broader range of middle class seniors, more seniors will be able to choose to age in their communities, putting downward pressure on long-term care and hospital demand.
- Quebec's successful *Tax Credit for Home-Support Services for Seniors* provides an excellent real-world model for how this works in practice, providing many benefits to seniors and the overall health system.
- By enabling more seniors to age in their communities, fewer seniors end up in long-term care early. Studies have shown that up to 1 in 3 entries to long-term care could have been delayed or prevented by appropriate community supports. This tax credit is intended to enable seniors to pay for those supports privately, preventing their reliance on the publicly funded system.
- Many seniors take up ALC beds in capacity-stretched hospitals because they have nowhere else to go. Most would prefer to live in their communities, but need extra supports as they recover at home. This tax credit would allow many of them to transition home, freeing up desperately needed hospital beds for acute care patients.
- In Quebec where the *Tax Credit for Home-Support Services for Seniors* enables more seniors to privately receive the care they need, their long-term care wait list was 4,235 as of June 2023, while Ontario's is ~47,000. Ontario's population is about 1.7x Quebec's, so on a per-population basis, Quebec's rate of long-term care wait list at Ontario's population level would be just 7,271, nearly one seventh of Ontario's wait list.

Proposed Enhancement of Seniors Care at Home Tax Credit

- Additional eligibility for enhanced tax credit begins at age 80 or 85.
- Eligible expenses expanded to include home services like laundry, cleaning and meal preparation, and personal care services, moving expenses to downsize.
- The maximum tax credit amount that can be received is 35% of the annual cap ($25,500) on eligible costs of services and care.
- Eligibility covers seniors that have up to $85,000 in annual income. In 2025, ~685,500 of Ontario seniors aged 80+ would be eligible and could benefit from the monthly tax credit.
- These tax credit amounts are refundable and payable in advance monthly so that seniors receive the funds when they need it.



Costing

The amount foregone tax revenue depends primarily on three factors – the age of initial eligibility (i.e. 80 or 85), the amount of the tax credit claimed by the average beneficiary, and the percentage of eligible beneficiaries claiming the tax credit.

Based on the most recent data available (2020) from Quebec's similar tax credit, if Ontario were to have similar uptake to Quebec with eligibility beginning at age 85, the foregone tax revenue in 2025 would be ~$244 million.

While this does have a significant cost attached to it, when compared to the cost of operating a long-term care bed (~$206 per day) or an ALC bed ($600 per day), which does not include the significant capital costs required to expand capacity in long-term care and hospitals, a tax credit which gives seniors a maximum annual benefit of $8,925 or ~$25 per day and prevents or delays these LTC or ALC costs therefore represents an incredible return on investment. In 2023, we estimate that such a tax credit would have diverted a conservative estimate of 1,950 hospital transfer to long-term care could be care for in other settings. (resource savings of ~$129 million) and currently 2,400 seniors on the LTC waitlist in other settings. (resource savings of ~$159 million) diverting a total of 4,350 seniors from LTC (resources annual savings of ~$288 million). In the coming decades, these numbers would al increase substantially with the growth of our aging population. *Source: LTC placement data extracted by Ontario Health from the Client Profile Database (CPRO). Placement data for 2023; waitlist data as of July 2024.*

C.D. Howe Institute Commentary[iii]

The C.D. Howe Institute has released a paper entitled Scenarios for *Seniors' Care: Future Challenges, Current Gaps and Strategies to Address Them* which analyzes Quebec's tax credit model and the associated benefits as compared to Ontario's system. To quote from this paper:

*"Ontario and other provinces should **consider similar policies to Quebec**, which provides **a refundable tax credit for senior renters to access retirement homes services** that are adapted to their individual needs."*

*"Provinces should **invest in the continuum of care by investing** in home and community care, **improving financial supports to low & middle-income seniors, & encouraging investment in seniors' care spaces**."*

*"Previous research has shown that about **30% of entries to long-term care** homes (LTC) **could be delayed or prevented** (CIHI 2017). Investing in expanded home and community support services and providing financial supports for low-income seniors to access the care they need where it is most appropriate, **can reduce the demand for more intensive (and expensive) LTC or hospital care."***

[i] ~~Source: Ontario Ministry of Finance Population Projections~~
[ii] Source: Ontario Health Data
[iii] Source: CD Howe Institute – Scenarios for Seniors' Care: Future Challenges, Current Gaps and Strategies to Address Them