

## Standing Committee on Finance (FINA)

### Pre-budget consultations 2012

## Canadian Healthcare Association

### Responses

#### 1. Economic Recovery and Growth

*Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?*

Leave Needed Dollars in the Health System: CHA believes that the federal government should leave needed dollars in the health system by: 1. Expanding the definition of a “selected public service body” in the Excise Tax Act to be inclusive of the full continuum of care, including hospitals, long term care facilities and home care services; and 2. Increasing the GST rebate to 100% for all eligible purchases for all publicly-funded not-for-profit public service bodies in the health sector, as is the case with Municipalities. Section 259 of the Excise Tax Act specifies how the GST/HST rebate is applied, where the “specified percentage” is dependent on “specified activities” provided by a “selected public service body”. The specified percentage varies between 50% for charities or qualifying non-profit organizations (i.e. “non-selected public service body”), 83% for a hospital authority, a facility operator or an external supplier (i.e. “selected public service body”), to 100% for a municipally-funded facility. Since the inception of the GST/HST, CHA has been consistently working to mitigate their impact on the broad continuum of care. The CHA has identified three areas of concern: 1. Inconsistencies in the application of GST/HST rebate eligibility within the health sector (i.e. hospitals are eligible for 83% rebates; long term care facilities and home care services are eligible for 50% rebates); 2. Inconsistent GST rebate rates among MUSH Formula sectors, specifically Municipalities and Hospitals (i.e. 100% rebate for Municipalities versus 83% for Hospitals); and 3. The significant portion of health funding that is effectively removed from the system through current GST/HST policy. With a federal tax policy that provides a 100% GST/HST rebate to all publicly-funded, not-for-profit institutions in the health sector, the full strength of the public funding that is intended for use in the health system would remain in the health system.

#### 2. Job Creation

*As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?*

#### 3. Demographic Change

*What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?*

CHA believes that the federal government should support caregivers by: Creating a provision in the CPP/QPP to allow for a “drop-out” adjustment in pension calculation for Canadians who have taken time from the workforce to provide informal care, or permit those caregivers who leave the labour force to continue to contribute to CPP/QPP. According to the November 2011 report of the Parliamentary

Committee on Palliative and Compassionate Care, Not to be Forgotten - Care of Vulnerable Canadians, "Caregiving will become the most important issue of social policy in the years ahead. Health care systems are downloading ever sicker patients into the home care setting. This downloading which is done to save the acute care system money presupposes the presence of sufficient family caregivers. As the value of the pension and other benefits paid to a CPP member is based on how long and how much they have contributed to the plan, a contributor who "drops out" of the labour force for a period of time will end up with a smaller monthly pension. There are several dropout provisions within the CPP but there are currently no existing drop-out provisions that explicitly recognize the impact of unpaid adult family care on pension income. Drop out provisions in relation to care are limited to the first seven years of caregiving in a child's life. Such caregivers may be able to make use of the general low-income drop-out provision, which applies to everyone who has contributed to the CPP for at least 10 years. The general drop out provision was originally developed in recognition of the lower income earnings of younger adults entering the job market – which many caregivers will also already have experienced in their paid careers. It was increased from 15% to 16% in 2012 and will increase to 17% in 2014. While this change is a welcome step in the right direction, it will do little to improve the circumstances of long-term, low-income caregivers.

#### **4. Productivity**

*With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?*

CHA believes that the federal government should support caregivers by: Amending the Compassionate Care Benefits program as follows: a. Increase the benefit period of the program to 26 weeks; b. Expand the criteria of the program to include chronic or episodic caregiving periods; and c. Change the qualifying criteria for benefits to remove the requirement that the person in need of care be at "significant risk of death within 26 weeks." The continuing care system could not exist without the volunteer work of friends and family who help take care of loved ones. The value of their contribution is enormous and has been estimated at as much as \$25 Billion. • There are at least 2.85 million family caregivers in Canada. • Care giving often results in lost income and increased financial burden. • Many family caregivers (41%) use their personal savings to weather the financial hardships of care giving. • Nearly a quarter of family caregivers miss one or more months of work. For those who either temporarily or permanently leave employment to provide care, work-related losses are not limited to income but include a loss or reduction of employer-sponsored benefits, CPP credits, training opportunities, experience in one's field and opportunities for promotion. Compassionate Care Benefits, introduced within the Employment Insurance (EI) program, compensate persons who have to be away from work temporarily to provide care or support to a family member who is terminally ill. The Compassionate Care Benefit currently provides employees up to 55% of their salary for six weeks to care for terminally ill spouse, child or parent, when the requirement to provide care can often be longer than six weeks.

#### **5. Other Challenges**

*With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?*

Federal Leadership is Crucial to the Health of Canadians. The predictability and stability of the federal government's December 2011 commitment to maintaining the six percent annual increase in the Canada Health Transfer (CHT) for an additional three years beyond 2013-14 and subsequent increases that will align with the GDP, is valued. However, funding is not the only investment that Canadians want

their government to make. Recent polls indicate that Canadians believe their federal government has a strong role to play in healthcare and that they should be equal partners in healthcare discussions. Health is an Economic Driver that Contributes to a Healthy Productive Workforce. Disease and injury are an economic burden to the economy. In 2009 the Public Health Agency of Canada (PHAC) reported that the direct (the value of treatment and care) and indirect costs (the economic output lost respectively) of disease and injury in 2000 were an estimated \$188 billion. It is unlikely that this figure has declined since that time. In 2011 Canadian workers lost 7.7 days from work due to illness or disability; an increase from 7.0 days in 2001. Health, both as an industry and a state of being, is a vital contributor to the Canadian economy. As a public service, health has an overwhelmingly positive impact on Canada's economic competitiveness. Our publicly-funded health system is respected internationally for delivering a healthy workforce, and affording Canadian-based businesses a definite competitive advantage. Investments in the health system equate to investments in our economy.