

## As Costs of Ageing Mount, Long-Term Care Insurance Could Be a Financial Lifeline

**TORONTO, May 4, 2023** — As Canada confronts the economic realities of its ageing population — including the mounting cost of long-term care (LTC) — one potential solution that's getting more attention is publicly funded long-term care insurance. The National Institute on Ageing (NIA) has taken a deeper dive into the subject by studying five countries and one U.S. state where public LTC insurance programs have been established, and concluded that this model deserves more serious consideration in Canada. The findings are discussed in a new paper released today: [\*Could a National Long-Term Care Insurance Program be a Feasible Solution to Address Canada's Growing Long-Term Care Crisis? Lessons from Six Countries.\*](#)

In 2019, Canada's governments spent approximately \$38 billion on publicly funded LTC services; on top of that, Canadian households spent an additional \$9.4 billion out of their own pockets to access additional LTC services. The financial burden can be steep for the average household: private in-home care services cost from \$1,000 to \$3,500 per month, and for some clients with complex needs, 24-hour care and support can cost up to \$25,000 per month. With Canadians now expected to live an additional 22 years after age 65, those costs can add up to a crippling amount.

Private LTC insurance is already available in Canada, but insurers struggle to offer affordable premiums — limited uptake leads to small selection pools, and the insured are highly likely to require services, which forces insurers to further raise their premiums. This makes private LTC insurance less attractive to customers and keeps selection pools small.

In theory, Canada may currently have the capacity to implement a national LTC insurance program. It could be funded through specific contributions from Canadians' wages (as is done with the Canada Pension Plan) or through general taxation (as is done with Canada's national health insurance program). In return, Canadians would have a greater sense of security when it comes to meeting unpredictable future LTC needs.

"It's already clear that the current level of public funding has not been enough on its own to meet Canadians' LTC needs," says Dr. Samir Sinha, Director of Health Policy Research for the NIA. "Establishing a national LTC insurance program could present a unique opportunity to re-imagine Canada's social contract and better align its provision of LTC services to the needs and preferences of older Canadians, giving them more opportunities to [Age in the Right Place.](#)"

While a national LTC insurance program can't be expected to lower LTC costs, it could represent an opportunity to guarantee all Canadians a basic level of service and financial

coverage for LTC services, and create a more consistent and sustainable level of funding for future generations of older Canadians.

“Establishing a national LTC insurance program could also present an opportunity to standardize LTC policies and programs across Canada,” said Cameron Feil, NIA Associate Fellow and lead author of the report. “A national LTC insurance program could present a chance to establish a national definition of LTC services, creating common standards for eligibility, benefits and quality of care.”

For this report, the NIA looked at six jurisdictions that already have public LTC insurance programs: Japan, Germany, South Korea, Taiwan, the Netherlands and Washington State. These programs vary widely in their funding methods, levels of eligibility, available benefits and degree of user choice, which shows that it is possible for a country such as Canada to tailor a LTC insurance program to target its specific national needs and goals.

Based on this research, the NIA has developed six key ideas that should be considered in the potential planning and implementation of a national LTCI program for Canada:

1. Present a national LTC insurance program as part of a new social contract for Canadians, by clearly establishing the continuum between an individual’s contributions and the benefits they receive in return to meet their future LTC needs.
2. Leverage the introduction of a national LTC insurance program to support Canadians to Age in the *Right Place*, having it serve as a catalyst to re-organize and allocate LTC funding toward the provision of more home and community care.
3. Use a national LTC insurance program to standardize client eligibility and benefits.
4. Leverage Canada’s established network of public and private LTC home and community care providers to operationalize a national LTC insurance program.
5. Establish care plan managers – employees who work at local level to ensure that recipients are receiving appropriate care based on their needs — as the focal point of a national LTC insurance program to ensure that beneficiaries receive appropriate, timely care and have opportunities to remain engaged in their communities.
6. Use social contributions as the primary funding mechanism for a national LTC insurance program, ensuring that revenue is reliable, sustainable and equitable.

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### ***About the Ageing in the Right Place Research Series***

*Supporting more older Canadians to age in their own homes and communities for as long as possible, commonly referred to as “ageing in place,” will be essential to better caring for Canada’s ageing population. Yet doing so effectively requires more responsive systems and*

services that allow for what the National Institute on Ageing calls Ageing in the Right Place: “The process of enabling healthy ageing in the most appropriate setting based on an older person’s personal preferences, circumstances and care needs.” This [ground-breaking research series](#) presents a practical framework to understand the concept of Ageing in the Right Place (AIRP) and what is required to make it work, and highlights existing best practices and new opportunities that can reduce unnecessary long-term care home admissions and better support the implementation of successful AIRP policies and programs across Canada and beyond.

### **About The National Institute on Ageing**

The [National Institute on Ageing](#) is a think tank at Toronto Metropolitan University (formerly Ryerson University) focused on the realities of Canada’s ageing population. Follow us on Twitter [@NIAgeing](#) and support our call for a National Seniors Strategy [@NSS Now](#).

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