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Canada doesn't have your back: Free health care only goes so far, especially for some seniors



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Patty Randall began caring for her 80-something parents in the 1990s. For the next decade, she learned the limits of the Canada Health Act and the merits of advanced care planning. Flying from her home in Vancouver to her parents' place in Kelowna, B.C., for a week each month, she was both the long-distance care manager and hands-on caregiver. "We eventually moved my father to a long-term care facility and then we basically set up a mini nursing home for my mother in her house," Randall says.

It was a lot to manage. It was also a lot to pay for. "My parents had their regular pensions, their house was all paid for, but there was no way they could have paid for those extra thousands every month," she says. "So it came out of my budget."

The experience was a wake-up call for Randall, who went on to become a care planning advocate. "The experience with my parents taught me that we're each responsible for our own care and the care of our immediate loved ones." It also underscored the cost of the care we may need and, more importantly, the kind of care we may want down the road.

A budget-busting sticker price, however, doesn't mean an individual will be stranded by the system. "Obviously, no one is going to be left in a dire medical situation in Canada," she says, "but without planning, they're certainly going to be left without choices, without a lot of options and without much independence." That's an alarming reality for boomers used to some degree of comfort, autonomy and control.

Despite the need to get on top of health-care expenses for one's senior years, a Leger Marketing survey reported that 56% of Canadians are entirely unfamiliar with the costs of long-term care in their province. It's not surprising, then, that two-thirds of those polled don't have a financial plan to cover the costs, either. Prescription drugs are one major cost, but most will likely shell out for things such as mobility aids, accessibility renovations, at-home or assisted-living care and long-term care. And if you don't like the services available in Canada, or don't like waiting, medical tourism costs could factor into play. So much for our free health-care system.

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The breakdown

To develop a plan and give yourself some choice when it comes to care, you need to know the costs. For example, a recent Statistics Canada survey found that prescription drugs make up the largest portion — 27.3% — of out-of-pocket spending for senior households. Yet 46% of Canadians don't expect to pay out of pocket for prescription drugs, even in their more senior years, a survey by SunLife Financial reveals.

As we age, we're increasingly likely to develop chronic conditions, many of which need meds, sometimes indefinitely. Between the ages of 65 and 74, 20% of Canadians have at least three chronic medical conditions. By age 85, it's up to 36%. "Because of this, it's not uncommon for a senior to be taking 10, 12 or even 14 drugs in a day," says Dr. John Puxty, associate professor and chair of the division of geriatric medicine in the department of medicine at Queen's University in Kingston, Ont. "In Canada, there really is no uniform drug coverage," he says. "Provincial programs like the Ontario Drug Benefit Plan may cover a number of medications, but some are not included, even though they may be indicated for some diseases."

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The average senior household spends \$500 each year on prescription drugs. But that doesn't account for the cost of some very pricey treatments for serious illnesses. In the case of cancer treatment, for example, the government covers the cost of drugs administered in hospitals and clinics. But half of the newer cancer drugs are taken at home and become the responsibility of the patient. A 2009 report by the Canadian Cancer Society pegged the price tag for a full course of these newer drugs at \$65,000. Some, but not all, provinces have established high-cost drug insurance to protect patients. Even with a private insurance plan, the provider usually requires a 20% co-payment, which amounts to a \$13,000 cost in the case of a \$65,000 drug. Those plans, too, often have lifetime or annual spending caps, maxing out with less than one round at this price.

In addition to medications, mobility aids are a common expense as we get on in years. Canes, walkers and wheelchairs might be necessary after hip fractures, for example, or as arthritis becomes more debilitating. A basic walker may cost a few hundred dollars, while a wheelchair can run anywhere from \$250 to \$10,000 for a high-end electric model. Many provinces have programs to help with the cost of basic supplies — up to a point. “In Ontario, for example, they cover 76% of the cost as long as a health professional like a physiotherapist prescribes the piece of equipment,” Puxty says. “But you still have to find the other 25% somewhere. If you don't have it, you may have to rely on the help of a charitable group like the March of Dimes.”

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It's not just getting around that will cost extra. A recent Canada Mortgage and Housing Corp. (CMHC) study suggests 85% of Canadians want to stay in their homes for as long as possible, even if there are changes in their health. Often, this means a senior needs to make some structural tweaks to a home. “In reality, once we're 55 and older, we've really got to start thinking about our housing environment,” Puxty says. You might need to consider whether the main floor can act as an apartment, in case stairs become dangerous. Is there room for a ramp, which may cost anywhere from \$200 to \$1,000, up to the front door? Or will you need a stair lift, which may cost somewhere in the zone of \$3,000 and \$5,000 for a straight run of 10 to 15 stairs? In older homes, you'll need to take a look at the width of door frames to make sure they can accommodate walkers and wheelchairs.

“There are also little things like the height of plugs and light switches [for someone in a wheelchair], or the installation of motion sensors to consider,” Puxty says. Floor surfaces, too, might be something to consider changing. He notes that intersections between surfaces — where hardwood meets Berber carpeting, for example — are common tripping hazards.

For most of us, there will come a time when home modification isn't enough. A senior with health challenges will need some hands-on assistance, too. This might be for meal preparation, bathing and dressing, or general medical care. It might even be live-in help. Typically, Canada's health-care system will provide a certain number of hours of subsidized care for a finite stretch of time. If it's not as much care as someone would like — perhaps someone has a care worker who visits twice each week, but he would like to bathe daily — the cost of additional help is out of pocket.



A senior with health challenges will need some hands-on assistance, too. This might be for meal preparation, bathing and dressing, or general medical care. Getty Images/Thinkstock

Karen Henderson stepped into the role of caregiver for the next 14 years after her father, head of a brokerage firm during his working years, fell and broke his hip, then suffered a major stroke while in rehab. Toronto-based Henderson, founder and CEO of the Long Term Care Planning Network, arranged for a live-in housekeeper for her father as well as frequent home care and medical visits. She installed a stair lift and made several other renovations to the family home. In Henderson's case, her father had made sure he could afford what he wanted, which was to stay at home. "My father had all his ducks in a row when it came to financial planning for his retirement," she says. A good thing, since live-in housekeepers or caregivers can run from \$2,000 to \$3,500 per month or more plus room and board. Depending on where you live, out-of-pocket home-care visits are typically in the \$15-to-\$25 range per hour, and registered nurses charge between \$40 and \$69 per hour.

"When I share statistics about the average cost of a home health-care worker, clients are usually shocked," says Sara Zollo, a financial advisor at Sun Life Financial in Toronto. Perhaps \$15 to \$25 per hour may not seem like a lot of money in isolation, but it can add up. "Just recently, a friend of mine with prostate cancer had two private caregivers looking after him at home around the clock in two 12-hour shifts," Henderson says. "He paid \$10,000 per month."

People don't want to go into a long-term care facility until they absolutely can't manage at home

Even with the expense, most people want to stay in their homes as long as possible. "If you ask people whether they think they're going to need to go to a nursing home, they'll fight you on the issue," says Susan Eng, vice-president for advocacy at CARP, an activist group for older Canadians. "People don't want to go into a long-term care facility until they absolutely can't manage at home." Only about 7% of older Canadians are in long-term care. For many, however, the price of hiring someone to do the hands-on care at home is simply too steep. That's when friends and family members step in to become caregivers. "Sometimes it's not appreciated how much care is given by informal caregivers," Puxty says. "In fact, 75% of the care of frail seniors is given through informal care structures, such as spouses, brothers, sisters, friends and other seniors."

Taking on the role of caregiver instead of care manager comes at a cost. As well as taking a physical and emotional toll, it can also seriously impair the caregiver's ability to generate an income. A report by the Organisation for Economic Co-operation and Development found that caregivers — there are more than six million Canadians giving over 20 hours of care to seniors each week — are unlikely to strike a balance between work and caregiving. They either sacrifice the level of care to retain full-time employment, or reduce their working hours to keep up with the care.

If home-care costs are prohibitive and friends and family can't help, a senior can turn to the provincial system, but options will be limited. "You become, unfortunately, something of a charity case," Henderson says. "You'll be given what the CCAC [Ontario

Association of Community Care Access Centre] deems appropriate for you. When push comes to shove and it becomes dangerous for you or others if you stay in your home, if you're lucky, you'll get the first available bed in a care facility, no matter where it is."

An alternative to home health care is assisted living, a community environment designed for seniors who are still essentially independent, but may need a little help here and there. It's a scalable arrangement, where an older person can opt for services that include meals, assistance with bathing, access to an on-call nurse and more. Prices for assisted living accommodation vary wildly. The provinces subsidize some assisted living beds for qualified seniors. Without subsidies, monthly prices range from \$2,500 to \$5,000 and beyond for well outfitted residences.

But when a senior's health has gone downhill to the point where living at home is a risky proposition, long-term care facilities are usually the next step and beds can be hard to come by. "Most people in larger centres will find there's a significant wait time for a bed, in the many months to years range," Puxty says. If there's a genuine crisis, however, you can be bumped up to the top of the list and may find a bed in a matter of days or weeks.

"We eventually moved my father into a long-term care facility when it became obvious he couldn't manage in a retirement home any more," Henderson says. "It was grim," she says, of the facility in general and the ward accommodation in particular. "We eventually managed to get him a private room after about six weeks, and that was a definite improvement."

Costs vary from province to province, and rate reductions are possible for those with low incomes. A heavily subsidized ward bed in the Yukon, for example, is \$550 per month, and an unsubsidized one-bedroom apartment in B.C. is nearly \$7,000 per month. "If you can't afford it, but you need long-term facility care, the government will factor any of your savings or pensions into a calculation and make up the difference so you can live in a ward-level bed, with three or more other residents," Henderson says. "And that's where you will live out the rest of your life."

For those with means and who've planned for it, on the other hand, there's an entire world of medical options out there. "We now have globalization when it comes to care," Randall notes. "We're consumers of health, not just patients." If you need a hip replacement, for example, and the wait is too long in Canada, you have options. One company offers a \$50,000 trip to the U.S. that includes flights for two plus the operation. Or you could head to Costa Rica, enjoy some beach life, and get the same procedure for \$12,500. Need corneal surgery? That's a cool \$1,800 for both eyes in Thailand, or \$16,700 in Israel. Your medical travel options are limited only by your budget.

What next?

Clearly, there are a lot of options to consider and some compelling reasons to make a plan and start to save to fund that plan. But a major stumbling block is the simple fact that we don't tend to want to think about it. We're masters of denial. "Our research shows us that Canadians have a lot of confidence in our own overall good health and think illness and disease won't happen to us," Zollo says. Tackling these issues head on, though, can provide a sense of control, or at least a sense of security. "Instead of the doom and gloom, we want to plan ahead because we have a lot of life available to live," Randall says.

Statistics Canada estimates that close to 80,000 people by 2061 will reach the century mark, compared to 5,825 in 2011. Like it or not, that's a long time to manage chronic ailments. Smart financial planning — from as early an age as possible — should have a specific pot devoted to care needs in the senior years. Insurance, whether private, rollover or long-term care, can provide other alternatives to help bridge the gap between what's needed and what's available.

For a growing number of Canadians, the solution is simply to work longer. Statistics Canada reports that the number of Canadians ages 55 to 64 in the labour force increased from 54% to 59.7% between 2001 and 2006. A CARP poll found that half its members who were still working and planned to keep it that way did so because they loved their jobs. "The other half said, 'I'm working because I have to,'" Eng says. "And many of them needed to stay not only because of income but also because of the health plan."

As Eng points out, there is a huge gap between what things cost and how much money we're putting aside. "The best thing the public system can do for us is to anticipate this and draw a clear pathway for people to navigate." They'd know what to anticipate and be able to plan, so the sticker shock won't be so great. "Care is not an acute problem that needs solving," agrees Randall. "It's an issue that needs managing over a long lifetime."