Economic Evidence for Home and Community Care Investment: The Case for Ontario Personal Support Workers’ Wage Parity

Données économiques sur l’investissement dans les soins à domicile et en milieu communautaire : la cause de la parité salariale des préposés aux services de soutien à la personne en Ontario

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Abstract
The home and community care (HCC) sector is in a health human resource crisis. Particularly concerning is the shortage of personal support workers (PSWs) who provide the majority of HCC. This paper outlines a strategy to mitigate the HCC PSW shortage by applying appropriate funding to HCC and focusing on equal pay between HCC and institutional long-term care facilities’ PSWs. Using publicly available data, our calculations estimate substantial government cost-savings from investing in HCC PSWs to increase HCC capacity. Beyond the economic evidence, how such investments would benefit those seeking care are also highlighted.

Résumé
Le secteur des soins à domicile et en milieu communautaire (SDMC) traverse une crise en matière de ressources humaines. La pénurie de préposés aux services de soutien à la personne (PSSP), qui fournissent la majorité des SDMC, est particulièrement préoccupante. Le présent document décrit une stratégie visant à atténuer la pénurie de PSSP dans les SDMC en appliquant un financement approprié aux SDMC et en mettant l’accent sur la parité salariale entre les PSSP dans les SDMC et ceux des établissements de soins de longue durée. À l’aide de données publiquement accessibles, nous estimons que le gouvernement réaliserait d’importantes économies s’il investissait pour accroître la capacité des PSSP dans les SDMC. Au-delà des considérations économiques, nous soulignons également la façon dont ce type d’investissement profiterait à ceux qui souhaitent obtenir des soins.

Introduction
The home and community care (HCC) sector is experiencing an unprecedented health human resource crisis. Particularly concerning is the scarcity of personal support workers (PSWs) who provide the majority of paid HCC services to over one million Ontarians annually (OCSA 2022a). With the onset of the COVID-19 pandemic, all sectors experienced a decline in the availability of PSWs (OCHU and CUPE 2021). The HCC sector was hit particularly hard (Deloitte 2021) and continues to face massive shortages with more than a threefold increase in unfilled full-time PSW roles from February 2021 to February 2022 (OCSA 2022b). The availability of HCC services is directly dependent on the availability of staff, particularly PSWs. Without their services, patients are less likely to be able to live in the community as most would prefer (Sinha and Nolan 2020), and are more likely to require institutional long-term care (ILTC) services (Gentili et al. 2022).

The HCC staffing crisis is substantially driven by a lack of competitive wages to attract and retain workers. Those who leave HCC often seek employment in better-paying sectors, including ILTC, hospitals and non-healthcare occupations, such as retail, service and manufacturing sectors (Denton et al. 2006). Although other factors – including supervisory support, precarity, scheduling inconsistency and health and safety challenges – also play a role in turnover (Denton et al. 2006; Keefe et al. 2011), the historical wage gap between
sectors has long placed HCC at a disadvantage (Home Care Ontario [HCO] and OCSA 2019) and resulted in the movement of PSWs from HCC toward ILTC or hospitals (Government of Canada 2021). The pandemic and related policies (e.g., single-employer policy [O. Reg. 146/20]) have accelerated PSWs’ transitions toward higher-paid jobs in ILTC and hospitals. The resulting staffing crisis has reduced the availability of HCC services to only those patients who need it, with rejection rates jumping from 5% pre-pandemic to 30% by August 2021 for nurses (HCO 2021) and even higher rejection rates for PSWs. The lack of HCC services, particularly from PSWs, severely impacts the ability to support these patients in the community and increases demands on the ILTC system (Gentili et al. 2022).

Although PSW wages (beyond the minimum $16.50/hour) are set by employers, the ability to increase these wages is constrained within the government funding envelope for service reimbursement (Lewis and Dijkema 2020), which has remained relatively stagnant over the past decade (OCSA 2022a). While wages have not risen, task shifting has led to increases in the complexity of HCC PSWs’ work as PSWs are supporting clients with higher needs and are providing increasingly diverse services (Berta et al. 2013; Saari et al. 2018).

Wages play a key role in PSW sector choice (Zagrodney 2022) and are an important lever to improving HCC capacity, while saving valuable resources in other sectors. Recent announcements by the Ontario government to make pandemic pay permanent will move the entire PSW workforce toward more desirable compensation; however, the gap between HCC and ILTC will remain. Elimination of this wage gap is a promising approach to help stem the flow of PSWs out of HCC. It must be acknowledged that this could negatively impact ILTC’s ability to attract PSWs from the HCC sector. However, the historical practice of privileging the more expensive and less preferred ILTC sector (Sinha and Nolan 2020) over HCC through structural wage inequalities is not meeting Ontarians’ current care needs (HCO 2021), nor can it meet the future demand for care, which is expected to grow by over 50% by 2031 (Deloitte 2021).

We use publicly available data to demonstrate how investing in wage parity between HCC and ILTC is a cost-efficient option for meeting the care needs of Ontarians. Many individuals currently receiving care in ILTC or designated alternative level of care (ALC) while waiting in hospital for HCC could be supported safely at less expense and experience better medical and social outcomes at home (Lee et al. 2015). Realizing these benefits requires competitive wages for HCC PSWs to overcome chronic and, now acute, staffing shortages in this sector.

Why Is HCC Needed?
It is the government’s obligation to provide healthcare to Ontarians who need it. Enabling people to receive care in their own homes is a safe, practical, high-quality solution (Gitlin 2003; Lee et al. 2015; Marek et al. 2012). Living at home is preferred by most Ontarians (Sinha and Nolan 2020) and has the lowest cost of care (Williams et al. 2016).
Our healthcare system is struggling to meet the current demand for care, and the need for HCC and ILTC care will more than double by 2031 (Deloitte 2021), raising concerns about system sustainability. ILTC facilities are already operating at full capacity (FAO 2019) while hospitals continue to struggle with overcapacity due in part to ALC patients waiting in hospitals for HCC or ILTC placements (Devlin 2019).

Creating new capacity in hospitals and ILTC is expensive. While this will be part of the solution, minimizing the need to create institutional beds by capitalizing on the potential of HCC can rapidly improve patient flow, access to care and value for money in the healthcare system (Williams et al. 2016). If HCC capacity does not increase, the growing number of individuals seeking HCC will experience poorer health and, ultimately, require more expensive institutional care.

What Is the Wage Gap between HCC and ILTC?
The most recent publicly available cross-sector wage data come from 2017 and show that average PSW wages in HCC ($19.10/hour) are 26% lower than in ILTC ($24.08/hour) (HCO and OCSA 2019). Achieving wage parity between HCC and ILTC would require a funding increase of $6.23/hour for PSWs in HCC, including a 25% allowance for benefits. Wage parity would improve the relative attractiveness of working in HCC, create much-needed stability in the sector and enable increased capacity to provide HCC (Powers and Powers 2010; Zagrodney 2022). From an ethical and pay equity standpoint, it is concerning that the historically unrecognized and poorly valued HCC PSW workforce includes a higher proportion of women of older age and from visible minority groups, compared to other better-compensated sectors (Laporte et al. 2020).

With Wage Parity, Would HCC Still Be the Least Costly Location for Care?
The average cost to provide ILTC – $201/person/day as of 2017 – is approximately twice the average cost of providing HCC service, $103/person/day (as estimated by the ministry of health [Ontario Home and Community Care Branch 2018; Sinha and Nolan 2020]). Even with the investments in wage parity, HCC will continue to provide a significant cost advantage over ILTC (Figure 1).

FIGURE 1. Sector costs of care per person per day with wage parity: HCC vs. ILTC or hospital

HCC = home and community care; ILTC = institutional long-term care.
To estimate the impact of wage parity on the daily cost of care in HCC, we must make an assumption about the number of hours of care per person per day to which the increased personnel costs would be applied. Although it is far more than what most HCC clients currently receive, we have assumed four hours per person per day of care to match the government-mandated four hours of care per person per day required in ILTC and applied the hourly impact of wage parity accordingly. This conservative assumption helps to ensure that we do not inflate the potential cost-savings of HCC as compared to ILTC.

Inclusive of the costs required to achieve wage parity, the daily cost of HCC would be $127.90/person/day (Appendix 1: Equation #1 [Appendix 1 is available online at www.longwoods.com/content/27161]). If this additional investment can keep a patient out of ILTC, this saves the system $73.10/person/day.

**Build Homecare Beds, Not ILTC Beds**

In Ontario, meeting the projected increased ILTC demand (Deloitte 2021; OLTCA 2019) would require an estimated 46,985 new beds by 2031, costing $6.34 billion to build without accounting for the additional costs of operations and staffing. In addition to the expense, it will be time-consuming to construct these beds; therefore, more immediate strategies to address the demand are required.

Increasing HCC capacity is a viable strategy to mitigate pressures on ILTC. In HCC, the cost of care provision is lower than in ILTC (savings of $73.10/patient/day, inclusive of wage parity), and there is no capital infrastructure expense, whereas the government capital infrastructure cost for a new ILTC bed is $135,000 (FAO 2019).

To estimate the potential cost-savings from increasing HCC capacity to avoid premature ILTC admissions, we consider that – according to the Canadian Institute for Health Information – one in 13 newly admitted Ontario ILTC patients from 2019–2020 could have been cared for in HCC (CIHI n.d.b.). This means that approximately 2,574 of the 32,576 new ILTC admissions were avoidable if HCC had been available (CIHI n.d.b., 2020). If these 2,574 patients had been able to access HCC services through increased HCC capacity, the government would have saved an estimated $188,123 per day, or $68.66 million per year, without accounting for the cost to create a new ILTC bed (Appendix 1: Equation #2).

Including both the cost of care and the cost to build an ILTC bed – $135,000, or $20.53/bed/day, amortized over 20 years (FAO 2019) – would mean an estimated $240,957 per day, or $87.95 million per year, in government savings (Appendix 1: Equation #3). This equates to annual savings of $34,175 for each person who is not prematurely admitted to ILTC.

To minimize the need for new ILTC beds as demands for care increase (Deloitte 2021), we could “build” HCC beds by increasing health human resource capacity in HCC. While creating some new ILTC beds is necessary, only patients who need this level of care should be placed in these expensive ILTC beds. Investing in HCC PSWs will help stabilize the workforce, increase the availability of HCC for those who can be cared for safely at home and lead to substantial savings.
Build Homecare Capacity to Minimize ALC and Hallway Healthcare

The HCC sector not only helps ease the strain on ILTC but also on hospitals. Hospital care is far more expensive ($730/person/day [Ontario Home and Community Care Branch 2018; Sinha and Nolan 2020]) than wage parity–adjusted HCC ($127.90/person/day). However, in 2019, lack of HCC capacity left an estimated 5,428 Ontarians in the hospital longer than necessary while waiting for HCC services (CIHI n.d.a.). These patients spent a median of eight days waiting for HCC (CIHI n.d.a.). Caring for these ALC patients in hospital cost an estimated $31.9 million instead of the $5.6 million that would have been required to support these patients at home with wage parity–adjusted HCC. Compared to an appropriately timed transition to HCC, this ALC time resulted in unnecessary government expenditure of approximately $26.14 million (Appendix 1: Equation #4). Appropriate investment in wage parity–adjusted HCC to stabilize staffing and increase capacity can avoid such losses in the future.

What Would Additional HCC Capacity Mean for Patients and Families?

Investing in wage parity to improve capacity in HCC is not just a fiscally responsible option. It will also allow Ontarians to receive care when and where they want it. By providing support to seniors living at home and supplementing the efforts of family caregivers, HCC investment will enable seniors to age at home as most would prefer (Sinha and Nolan 2020), allowing them to reap the known health and social benefits of aging in place rather than in institutions (Lee et al. 2015).

Reducing ALC stays through improved access to HCC will lead to better outcomes for patients (Graf 2006) while allowing others to access the hospital-based care that they need. Existing health system capacity challenges coupled with the impacts of the COVID-19 pandemic have created a massive unmet need for hospital-based services, including elective surgeries, procedures and diagnostic imaging (Deloitte 2020). As is clearly demonstrated above, by far, the least expensive option for increasing health system capacity is investment in HCC.

For unpaid family caregivers, who provide 70–75% of all required care (Health Council of Canada 2012), valued at up to $72 billion annually (The Change Foundation 2019), the ability to access HCC services eases the extreme strain associated with transitions from hospital to home (McCusker et al. 2020) and makes it feasible to delay ILTC admission. Reducing caregiver burden through accessible HCC would contribute to improving the health of approximately 1.5 million Ontarians who provide care to older adult family members (The Change Foundation 2019).

Conclusion

Improving wages for PSWs is a promising policy option for stabilizing and expanding the homecare PSW workforce. Even with investments in wage parity, HCC remains the least expensive place to receive care, costing half as much as ILTC and one-seventh as much as
ALC hospital care. Supporting people who could safely receive care at home via HCC will yield better health and social outcomes and be more cost-efficient than higher-priced and less appropriate institutional care. Expansion of HCC capacity will also relieve the pressure on institutions, with timely transitions improving patient flow out of hospitals and preserving ILTC beds for those with the greatest need.

However, creating capacity to meet this demand requires investment to improve the working conditions of HCC workers to support stabilization of staffing in this sector. Home is where most Ontarians would prefer to live for as long as possible; we need to make sure it is also where healthcare workers would prefer and can afford to work. This requires a recognition that historical funding models undermine the stability of homecare staffing – they do not meet our current needs, nor will they meet future demands. Updating government funding models to invest in wage parity and stabilize the HCC workforce is a fiscally responsible policy option that sets the foundation for expanding this sector to address the current healthcare crisis and meet the future care needs of Ontarians more efficiently.

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References


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