Why Canada needs more palliative care

Better care that costs less, according to this Ontario case study

BY DEREK MIEDEMA • JUNE 2013

INSTITUT DU MARIAGE ET DE LA FAMILLE CANADA IMFC INSTITUTE OF MARRIAGE AND FAMILY CANADA

EXECUTIVE SUMMARY

Ontario's population is aging and with that comes the reality of higher healthcare costs.

The Canadian Institute for Health Information notes that per capita healthcare costs rise from $9,264 for a person younger than one year old to $12,050 for those aged 75 to 79 and upwards to $20,113 for those 80 and older.[1]

The first Baby Boomers will reach 80 in fewer than 15 years. The Ontario Ministry of Finance estimates that the number of Ontario citizens over 65 will more than double between now and 2036.[2]

Accompanying this is an ongoing concern about the lack of access to palliative care across the province. Based on studies in the United States and data from the Ontario Case Costing Initiative, we know that for those who die in hospital, palliative care is significantly less expensive than acute care or intensive care.

Depending on the estimate, expanding access to quality palliative care would have saved between $40 and $354.5 million between 2003 and 2011 in the province of Ontario alone. Projected savings from 2012 to 2036 range from just under $247 million to just over $2.1 billion, again depending on the estimate scenario.

In short, good palliative care not only helps people to die comfortably, but also saves healthcare costs.

The data shows that Ontario has an economic incentive to provide better end of life care in dedicated palliative care facilities. The savings due to expanded access to palliative care will only grow as our population ages.

INSTITUTE OF MARRIAGE AND FAMILY CANADA

1912 - 130 ALBERT ST.
OTTAWA ON, K1P 5G4

TEL: 613-565-3832
FAX: 613-565-3803
TOLL-FREE: 1-866-373-IMFC

WWW.IMFCANADA.ORG
INFO@IMFCANADA.ORG

1. Canadian Institute for Health Information. (2012). National Health Expenditure Trends, 1975 to 2012. See *Highlights*, p. xiv. Retrieved from https://secure.cihi.ca/estore/productFamily.htm?locale=en&pf=PFC1952
2. Ontario Ministry of Finance. (2012). Ontario population projections update, 2011-2036. See *Age structure*. Retrieved from http://www.fin.gov.on.ca/en/economy/demographics/projections/#s3c

INTRODUCTION

Palliative care is a medical specialization that offers mental, spiritual, emotional and physical care to those who are near or at the point of death, as well as their families. It does a better job of providing care than the average hospital ward because palliative care staff has expertise in keeping a patient comfortable until they die instead of fighting to stave off death through sometimes damaging interventions.

Unfortunately, across Ontario today, access to palliative care is spotty. Even in big cities, availability depends on what part of town you call home. There are not nearly enough palliative care beds in hospitals or hospice beds in communities for all those who will need them. This shortage will only grow as our population ages.

As a result of the shortage of palliative care, more individuals die in unnecessary pain and with unnecessary suffering. Palliative care for patients for whom death is both imminent and unavoidable is always more appropriate than expensive care elsewhere in hospital. It is also less expensive than acute or intensive care. (Hospice care in the community is even less expensive, but we do not have comparable data to quantify the related savings at this time.)

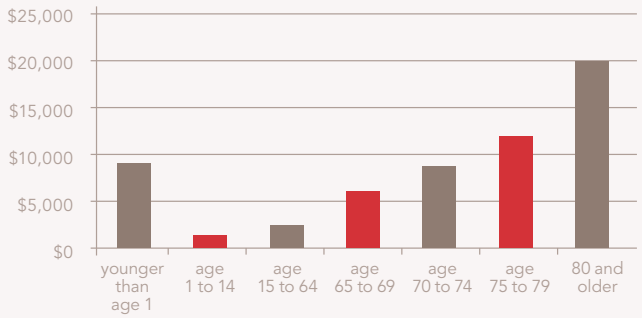
Quality of care for patients is the main concern. However, it is also true that current constraints on healthcare spending will only tighten as government deficits and debts grow.

The reality of the aging of Baby Boomers should compel us to expand access to palliative care. This is both for better end of life care and for better use of healthcare resources.

AGING POPULATION MEANS INCREASED HEALTHCARE COSTS

Healthcare costs are unavoidably rising as our population ages. The Canadian Institute for Health Information (CIHI) found that for 2010, healthcare costs skyrocketed for patients over 65 and up. Specifically, CIHI found that "Canadians younger than age one cost an estimated $9,264 per person. For youths age 1 to 14, per person average spending was $1,341. It was $2,479 per capita for those aged 15 to 64. Compared to other age groups, per person spending for seniors increased prominently: $6,223 for those age 65 to 69, $8,721 for those 70 to 74, $12,050 for those 75 to 79 and $20,113 for those 80 and older.[3]

Per capita annual healthcare costs, 2010



Source: Canadian Institute for Health Information. (2012). National Health Expenditure Trends, 1975 to 2012

The first Baby Boomers turned 65 in 2011. In less than 15 years they will be entering their 80s, with younger Boomers filling out the ranks of those 60 to 70. In fact, Statistics Canada notes that "between 1982 and 2012, the number of seniors has more than doubled (112.4%)... The most recent projections show that seniors could account for more than one-quarter of the population by 2036."[4]

Clearly, age is not the only determinant of health, but the CIHI data shows that in general, healthcare becomes more expensive as age advances.

INTERNATIONAL RESEARCH SHOWS PALLIATIVE CARE SAVES MONEY

The cost savings associated with palliative care seem to hinge on its less intrusive nature, which is tuned more to comfort and care in dying rather than an intensive drive to heal.

Studies show present cost savings through palliative care that will be amplified as population ages.

In 2004, Gautam Naik of the *Wall Street Journal* wrote: "The palliative-care unit at Virginia Commonwealth University Medical Center offers plush carpeting, original watercolors and a kitchen for visiting families. A massage therapist drops by often, and a chaplain is available 24 hours. And there's High Anxiety, a fluffy white Lhasa Apso that patients love to pet... it is all part of an approach that has helped VCU save millions of dollars in an area that is notoriously expensive: treatment of patients diagnosed with incurable illnesses."[5]

A 2008 study led by R. Sean Morrison, MD, of Mount Sinai School of Medicine in New York City, compared

3. Canadian Institute for Health Information. (2012). National Health Expenditure Trends, 1975 to 2012.
4. Statistics Canada. (2012). Annual demographic estimates, Canada, provinces and territories. Ottawa: Minister of Industry. p. 39. Retrieved from http://www.statcan.gc.ca/pub/91-215-x/91-215-x2012000-eng.pdf
5. Naik, G. (2004, October 3). Unlikely way to cut hospital costs: Comfort the dying. *The Wall Street Journal*, p. 1. http://www.vipbg.vcu.edu/psy691/WallStreetJournal3.10.04.pdf

costs incurred by hospital patients who did and who did not receive a palliative care consultation as part of their in-hospital care. The study found that a palliative care consultation "was associated with a reduction in direct hospital costs of almost $5000 per admission ($374 per day) for patients who died."[6]

Oncologist Thomas J. Smith and J. Brian Cassel, PhD, of the Massey Cancer Center at Virginia Commonwealth University further note: "When a patient is transferred appropriately from the ICU ($3500/day) to the palliative care unit (PCU) ($1500/day), the health system saves $2000 a day."[7]

WHAT ABOUT HERE AT HOME?

Data from Ontario help us quantify the precise savings which would have accrued from 2003 to 2011 if access to palliative care had been more expansive.

We received data from the Ontario Case Costing Initiative. The data include direct and indirect care costs including length of stay as well as the number of patients who died in hospital under palliative, acute and ICU care.[8] It does not include the cost of physicians unless those physicians were directly compensated by the hospital.

Avoiding excessive interventions at the end of life and providing comfort care physically, spiritually and emotionally is not only better for the dying person, but also less expensive.

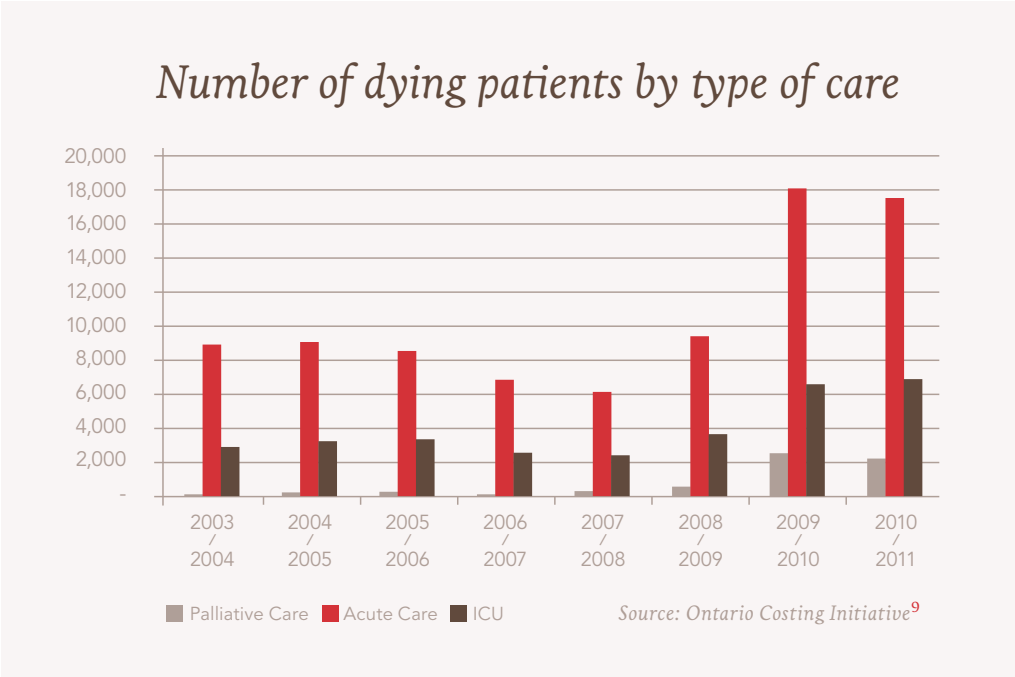
Even so, the number of people dying in a palliative care bed is markedly smaller than the number of people dying in acute or Intensive Care (ICU) wards. From 2003 to 2011, 7,525 individuals died in a palliative care bed, compared to 32,217 in ICU beds and 84,754 in acute beds.

Average total cost by type of care

Palliative care
Acute care
ICU

Source: Ontario Costing Initiative

6. Morrison, R.S., Penrod, J.D., Cassel, J.B., Caust-Ellenbogen, M, Litke, A., Lynn Spragens, L., Meier, D.E. (2008). Cost savings associated with US hospital palliative care consultation programs. *Arch Intern Med*. Vol. 168, No. 16, pp. 1783-1790.
7. Smith, T.J, and Cassel, J.B. (2009). Cost and non-clinical outcomes of palliative care. *Journal of Pain and Symptom Management*. Vol. 38, No. 1., p. 33.
8. Ontario Case Costing Initiative, www.occp.com. Personal communication, March 22, 2013.



As the graph above shows, the vast majority of deaths in hospital occur in an acute care setting. What savings could taxpayers, and by extension government, incur by expanding palliative care availability? Such expansion would allow more patients to die surrounded by professional physical and spiritual caregivers as well as family members.

To answer that question, we need to understand how many patients dying in acute care could realistically have been cared for in a palliative care bed instead.

To grasp the scope of possible savings, we will employ low, medium and high patient scenarios. Our low scenario is based on a 2011 study in Belgium, which identified 9.4% of hospital patients as having needs best served by palliative care.[10] Our medium scenario is based on a UK study in which doctors estimated that 17% of patients could be treated by palliative care.[11] The same study found that 36% of patients fit into a profile that indicated a need for palliative care. This makes up our high scenario.[12]

All three scenarios are adjusted down by six percent, which is the percentage of people dying in hospital in Ontario in 2010 who already received palliative care.[13]

LOW SCENARIO

Under the low scenario, using 2010-11 numbers, Ontario would be able to transfer 596 patients out of acute care into palliative care at a savings of just over $6 million. Additionally, 235 intensive care patients could have been transferred to palliative care for a savings of almost $2 million. Total savings in 2010-11 through such transfers would total $8 million.

Such transfers, had they occurred from 2003 to 2011, would have saved $40 million.

9. The spikes in 2010 and 2011 are due to a higher number of facilities reporting to the Case Costing Initiative.
10. Desmedt, M.S., de la Kethulle Y.L., Deveugele, M.I., Keirse, E.A., Paulus, D.J., Menten, J.J., Simoens, S.R., vanden Berghe, P.J. and Beguin, C.M. (2011). Palliative inpatients in general hospitals: a one day observational study in Belgium. *BMC Palliative Care 2011*, Vol. 10, No. 2. Retrieved from http://www.biomedcentral.com/1472-684X/10/2
11. Gardiner, C., Gott, M., Ingleton, C., Seymour, J., Cobb, M., Noble, B., Bennett, M., and Ryan, T. (2012). Extent of palliative care need in the acute hospital setting: A survey of two acute hospitals in the UK.
12. *Ibid.*
13. Ontario Case Costing Initiative. Personal communication, March 22, 2013, with calculations by author.

MEDIUM SCENARIO

Under the medium scenario, using 2010-11 numbers, Ontario would be able to transfer 1927 patients out of acute care and 761 intensive care patients could have been transferred to palliative care.

Total savings through transfers from acute and ICU care into palliative care under the medium scenario would have been over $25 million in 2010-11 and almost $130 million between 2003 and 2011.

HIGH SCENARIO

Under the high scenario, using 2010-11 numbers, Ontario would be able to transfer 5257 patients out of acute care and 2077 intensive care patients could have been transferred to palliative care.

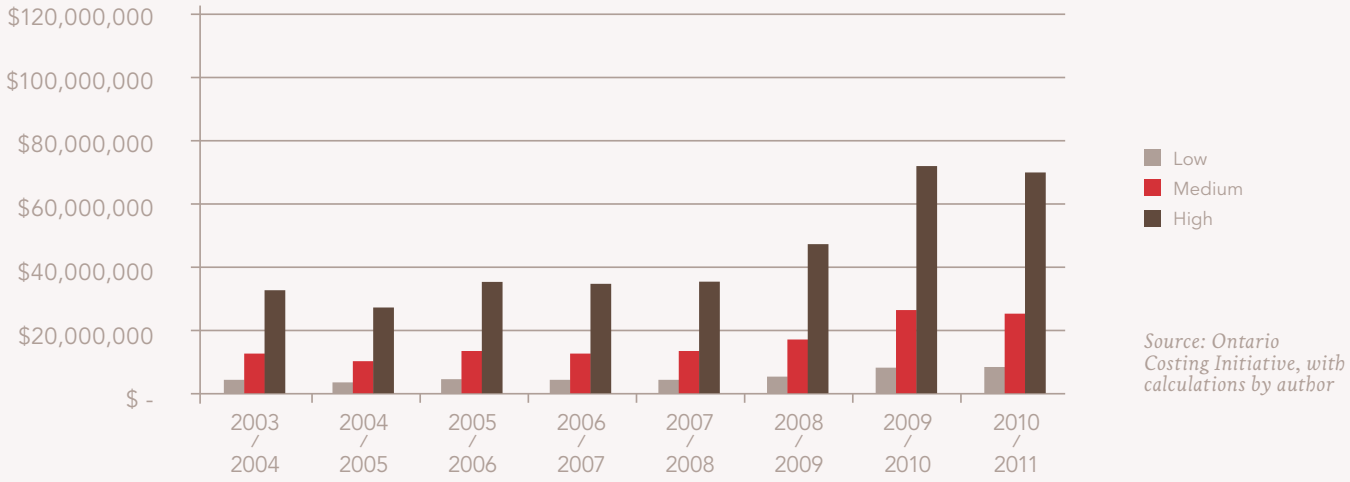
Total savings for such transfers would have been $70 million in 2010-11 and almost $354.5 million between 2003 and 2011.

These savings will only grow as the Baby Boomers age.

PROJECTIONS: GREATER SAVINGS AS BABY BOOMERS AGE

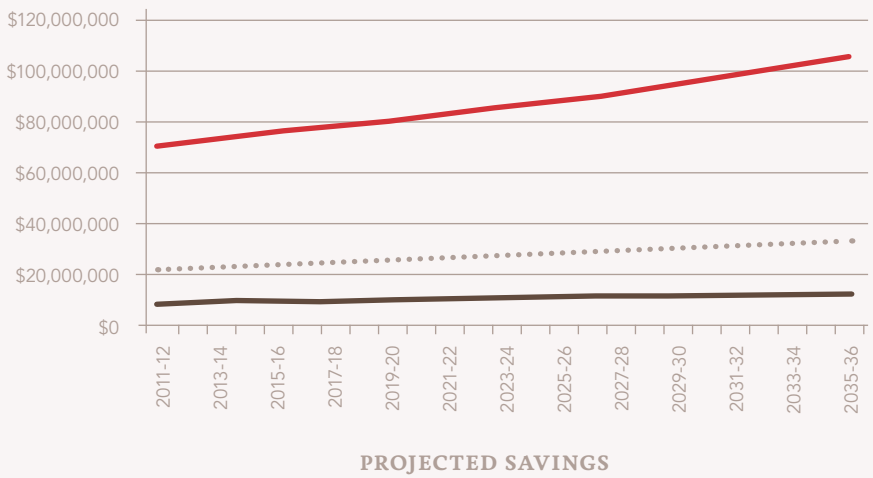
The Ontario Ministry of Finance projects that the annual number of deaths in the province will increase to over 138,000 by 2036 because of Ontario's aging population.[14] Holding cost savings per patient at the 2011 level, savings under the low scenario would increase

Possible past savings due to expansion of palliative care, by three scenarios



Source: Ontario Costing Initiative, with calculations by author

14. Ontario Ministry of Finance. (2012). Ontario population projections update, 2011-2036. See *The components of Ontario population change*.



Projected cost savings due to expanded access to palliative care

Low
Medium
High

Source: Ontario Ministry of Finance. (2012). Ontario population projections update, 2011 to 2036, with calculations by author

from just over $8 million in 2012 to more than $12 million in 2036. Total projected savings from 2012 to 2036 would be almost $247 million.

Under the medium scenario, annual savings would be almost $25 million in 2012 and reach nearly $39 million in 2036. Total projected savings over this time would be close to $799 million.

Under the high scenario, annual savings would be nearly $71 million in 2012 and balloon to almost $107 million in 2036. Total savings over this period total over $2.1 billion.

The aging of the Baby Boomers means that annual savings from 2011 to 2036 will be far larger than savings from 2003 to 2011.

These savings must, of course, be balanced with the cost of expanding access to palliative care across the country. Since palliative care can be provided by either a multidisciplinary team that works across wards or through a standalone ward, capital costs will vary. Hospitals that are able to reallocate existing space (due to fewer dying patients in acute care, perhaps) will of course have lower capital costs than those that need to expand their facilities to offer palliative care.

The aging of the Baby Boomers means that now is the time to switch to more palliative care. Nationally, Statistics Canada notes that there were 4.7 million Canadians aged 65 or over in 2009. By 2036, projections of this same age group range from 9.9 and 10.9 million.[15]

As with Ontario, the number of deaths nationally will also grow. Statistics Canada's medium-growth projection estimates that the number of deaths in Canada would rise from 243,500 in 2009/2010 to 375,400 2035/2036, a 54 percent increase.[16] Again, if more seniors die in palliative care, healthcare costs would be lower than if those people died in acute care or intensive care.

15. Statistics Canada. (2010, June). Population projections for Canada, Provinces and Territories, 2009 to 2036.
16. *Ibid. With calculations by author.*

Provincial governments are currently racking up deficits and debt and economic growth is slowing. Add to that the fact that the Baby Boomers are starting to retire, and you have a recipe for healthcare dollars stretched to the breaking point.

IS IT ALL ABOUT COST?

If it's just a matter of cutting back on resources, then that would be undesirable for anyone approaching death. Palliative care is less costly because it encourages open discussion of end of life desires and palliative care teams craft a plan of care according to the desires of the patient. This plan can avoid some of the costly interventions that might occur in acute care or intensive care, and allow the medical team to focus on physical, emotional and spiritual comfort until the point of natural death.

Palliative care doctors are trained to note what types of interventions enhance and detract from that comfort, something acute care or ICU specialists may, quite understandably, be less well versed. Particularly for patients who do not desire their doctors to pull out all the stops in the face of an inevitable death, palliative care is a better option.

Those who have had the experience of good palliative care for a loved one will be able to testify that such care is anything but driven by cost savings. By accepting that death is imminent and working to make the remaining journey as comfortable as possible, palliative care offers a wonderful alternative to acute or intensive care at end of life.

It's for that reason that we challenge provincial governments to expand access. Cost savings only add an extra level of incentive to do so.

CONCLUSION

Ontario shows considerable cost savings, were palliative care to be expanded. Savings would have ranged between $40 and $354.5 between 2003 and 2011, had more Ontarians had been appropriately transferred to palliative care. Between 2012 and 2036, total savings would range from $247 million to as much as $2.1 billion. Money would have been saved and the care would have been better.

Further Canadian research, particularly on the percentage of dying patients in hospitals whose needs could be met best by palliative care, would help to quantify savings for other provinces and territories.

Other provinces and territories also need to make available price estimates for various types of care so that cost comparisons can be made for jurisdictions other than Ontario.

Based on the fact that palliative care is better suited to end of life than acute or intensive care, provincial governments should make every effort to expand access to it in their jurisdictions. This will be especially important as the Baby Boomer generation moves toward old age and death.