
NEWS RELEASE

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Ministry of Health Services

NEW RESIDENTIAL CARE RATES MORE FAIR AND EQUITABLE

VICTORIA – Beginning January 2010, a more equitable rate structure will be introduced for all residential care clients to reduce the burden on low-income seniors and support ongoing improvements to the residential care system, Health Services Minister Kevin Falcon announced today.

For the first time in at least a generation, residential care rates will be reduced for the lowest-income clients. Under the new rate structure approximately 25 per cent of clients with the lowest incomes will see a reduction in their rates, resulting in individual annual savings of up to \$540 per year, while 75 per cent of clients will pay more. The new rate structure will ensure clients with the lowest incomes continue to pay the lowest rate in Canada.

“The new residential care rate structure will better protect low-income residential care clients,” said Falcon. “At the same time, it will introduce a new equitable rate structure so a client’s income determines what they pay for residential care. It’s fair and it’s the right thing to do.”

Residential care clients will pay up to 80 per cent of their income toward their room and board costs, provided they are left with at least \$275 a month to cover personal expenses, giving them the highest retained income in the country. Maximum rates will be capped at the full room and board cost for a client - \$2,932 a month.

More than 90 per cent of all residential care clients will receive government subsidy toward their room and board costs. Every client will continue to have 100 per cent of their health-care costs completely covered by the provincial government. No one who needs residential care services will be turned away – hardship provisions are available for all clients who are unable to pay.

The rate structure change will also help make the rate structure easier to administer and make it easier for clients and families to understand.

Rate increases will be phased in over two years to reduce impacts on existing clients and are expected to generate around \$53.7 million in additional revenue. Health authorities will be required to use the increased revenue raised from this new structure to directly improve care.

“Government has made significant investments over the past eight years in expanding residential care capacity to provide quality options for our seniors,” continued Falcon. “While our clients contribute a portion of their income towards their room and board, the government continues to provide increased funding to support our citizens in quality facilities.”

The province will invest approximately \$1.6 billion in 2009-10 to ensure seniors can access high-quality residential care beds, a funding increase of 40 per cent since 2001. Since 2001, the estimated total health sector capital investment in modernizing residential care is more than \$1 billion.

Residential care provides 24-hour nursing care, as well as room, board and recreational programs to more than 26,000 British Columbians with complex care needs. The daily fees fund only a portion of the cost of operating a residential-care bed, estimated to be \$6,000 a month. The Ministry of Health Services pays 100 per cent of a resident’s health care costs, as well as providing a subsidy for those clients who cannot afford to pay the full amount of their room and board costs. In addition, residents receive full coverage for most prescription medication, routine medical supplies and equipment, as well as some over the counter drugs.

Previous changes to the residential care rate structure were made in 1993, 1997 and 2003. The new rate ranges from \$894 a month to a monthly maximum of \$2,932, compared to private pay rates that are usually in the \$4,000 to \$5,000 a month range.

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A backgrounder follows.

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BACKGROUND

October 8, 2009

Ministry of Health Services

NEW RATE STRUCTURE TO ENHANCE PATIENT CARE

In British Columbia, the cost of residential care services is shared between the Province and clients. No client is denied care based on an inability to pay.

Since residential care policy was established in the late 1970s, clients have been assessed a co-payment fee based on their income for room and board services, such as meals and routine laundry. Health authorities cover the full cost of health care, such as nursing. This applies to all publicly funded residential care services, regardless of ownership.

Costs for services specified in the plan of care for the resident are covered by the health authority, and include skilled care with professional supervision, a therapeutic diet if prescribed by a physician, routine medical supplies, such as sterile dressing supplies, bandages, syringes, catheters, incontinence supplies, and shared equipment.

Clients are responsible for preferred accommodation costs, personal use hygiene and grooming supplies – which a client can choose in preference to a product or service provided by the service provider – personal dry-cleaning, personal telephone and cable service, personal choice nutritional supplements, personal newspaper and periodicals, hearing aids and batteries, personal equipment, special transportation and activities of individual preference.

The current residential care rate structure is split into 11 income-tested client rate categories, with client co-payment rates ranging from \$940 to \$2,260 a month.

Changes to the current rate structure will ensure that clients who can least afford the costs are not unreasonably charged. Lower-income residential care clients currently pay a higher percentage of their income in relation to higher income clients – for example, a client with about \$14,000 before tax income pays 80 per cent of their income toward their co-payment, while a client with \$32,000 before tax income pays about 62 per cent of their income.

For all clients, both existing and new, effective January 2010, this rate structure will be replaced with an individualized income-based rate structure. Clients will pay up to 80 per cent of their after-tax income towards accommodation costs (up to a maximum of \$2,932 per month), unless their income does not leave them with a minimum retained income of \$275; then they would receive a greater subsidy to ensure they are left with \$275. A hardship review is available through health authorities on a case-by-case basis.

Old rate compared to new rate:

Before-tax income	Old monthly rate	New monthly rate	Remaining
\$14,034	\$940	\$894	\$275
\$22,000	\$1,229	\$1,392	\$348
\$30,000	\$1,652	\$1,815	\$454

Note: Examples only, based on end of year two for existing clients with increases (individuals with decreases will see the full reduction in the first year) - individual circumstances, tax credits, taxes paid and rates will vary.

Provincial comparison		
Province	Daily client rate	Minimum retained income
British Columbia*	\$29.40 - \$96.40	\$275/month
Alberta	\$44.50 - \$54.25	\$265/month
Saskatchewan	\$32.73 - \$62.20	\$188/month
MAN	\$30.60 - \$71.80	\$271/month
ONT	\$53.07 - \$71.07	\$119/month
QUE	\$33.77 - \$54.36	\$188/month
NB	\$83.00	\$200/month
NS	\$86.50	\$221/month
PEI	\$69.30	\$103/month
NFLD	\$93.33	\$125/month

*Reflects B.C.'s new rate effective January 2010

While individual situations, tax credits and taxes paid will vary - examples of rate change impacts for existing clients include:

- If Margaret had a before-tax income of \$14,034, she will actually see her rate decrease by approximately \$45 a month or \$540 a year, leaving her with \$275 each month to spend on personal expenses.
- If Bob had a before-tax income of \$22,000, he can expect to pay a monthly increase of around \$81 the first year, increasing to roughly \$163 the second year, if his income remains the same, and maintain around \$348 each month to spend on personal expenses.
- If Alice had a before-tax income of \$30,000, her monthly rate will increase by approximately \$82 the first year and \$164 the second, if her income remains the same, which will leave her with \$454 each month after the second year increase in year two to spend on personal expenses.

British Columbia is one of three provinces offering income-tested residential care rates. The other provinces offer a single flat daily rate.

There are 432 publicly subsidized facilities by health authority:

- Interior Health: 127
- Fraser Health: 110
- Vancouver Coastal Health: 77
- Vancouver Island Health: 79
- Northern Health: 39

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