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Meeting the Demographic and Retirement Challenge: Potential Solutions to Address Ontario's Health Human Resource Issues

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Healthcare of Ontario Pension Plan Symposium Summary
March 2010



HOOPP

Healthcare of Ontario
Pension Plan

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OVERVIEW OF HOOPP

The Healthcare of Ontario Pension Plan has provided pension benefits to Ontario healthcare workers for more than 50 years. HOOPP's defined benefit, multi-employer pension plan is specifically tailored to meet the unique pension needs of the healthcare sector. HOOPP serves more than 250,000 active and retired healthcare workers and more than 300 participating healthcare employers. HOOPP distributes over \$1 billion in retirement income annually to over 67,000 retired workers.

In continuing to fulfill its mandate "caring for the financial future of those who care for us," HOOPP has an important and more active role to play in the future as Ontario's healthcare pension provider. HOOPP is fully committed to providing a defined benefit pension plan to its members. Highly valuable and secure, defined benefit pensions are regarded as the most effective way of providing replacement income for retirees.

HOOPP is administered jointly by the Ontario Hospital Association and four healthcare unions - the Ontario Nurses' Association, the Canadian Union of Public Employees, the Ontario Public Service Employees' Union and the Service Employees International Union. HOOPP believes this unique structure provides a special vantage point from which to look at health HR issues and an opportunity to help further the dialogue among stakeholders. It is hoped that the big questions asked by the Symposium will lead towards new policy solutions.

PRESENTATION SYNOPSIS

John Crocker, President and CEO, HOOPP

Mr. John Crocker described the Symposium as "the start of a conversation" among healthcare providers in Ontario. He stated that the issues discussed at the Symposium are of critical importance to Ontarians as they impact the quality of healthcare and that all will be interested in the impact of demographics on its provision.

HOOPP believes in a strong healthcare system for the province and that it has a key role to play in the dialogue among healthcare providers. Stakeholders share an interest in the need to attract and retain skilled health workers, a common challenge for their human resource departments.

Mr. Crocker spoke of the economic downturn that has created a consciousness of the fragility of our financial system. There is a better understanding now as to why a stable, reliable and



sustainable retirement income plan (such as HOOPP) is a priority. HOOPP creates peace of mind for healthcare workers and financial security in retirement.

He emphasized the importance of thinking about the human impact of government policy to create greater access to primary, community based care and home care. Mr. Crocker highlighted three questions for participants to consider:

- What are the effects and possible unintended consequences of these changes?
- What are some solutions and options that we should consider?
- How can stakeholders work together to ensure that the changes are positive for all involved?

Mr. Crocker reiterated HOOPP's commitment to playing a continued role in working through these key issues collaboratively with providers and other stakeholders.

Honourable Deb Matthews: *Minister of Health and Long-Term Care, Ontario*

The Minister commended HOOPP on organizing the Symposium with its many stakeholders, and noted it was her first public address as the new health minister. She recognized HOOPP's role in protecting the pensions of a quarter of a million Ontarians.

The Minister conceded that confidence in healthcare in Ontario is shaken and reassured participants that the government is focused on stability. She said "we represent the people and spend money on things that matter." The Minister affirmed her commitment to ensure that health dollars are wisely spent. She said there are four main issues she intends to drive:

- **Access to Primary Care:** Ensuring community services is important to this government.
- **Sustainability:** Spending in healthcare has grown at amazing rates and this is not sustainable. We must ask how to build a more sustainable healthcare system? It is incumbent on us to do so.
- **Transparency:** More transparency will lead to more confidence in our healthcare system.
- **Accountability:** As a mother, grandmother and daughter, the Minister has personally experienced challenges with lengthy wait times. Accountability is essential to ensure that we are spending money wisely and getting value.

Minister Matthews mentioned that while wait times in the province are going down, there is a growing gap between the rich and the poor. She said poverty reduction is an issue close to her heart as is ensuring those with the lowest incomes get the right care.



As a demographer herself, she studied how immigration impacts populations. The Minister did projections 20 to 30 years into the future to ascertain what demographic challenges we face in Canada. Minister Matthews acknowledged that while immigration is important, it will have an enormous impact on how healthcare is delivered. Across 26 cities she included in her research, she found that the percentage of the population that is 85 and older will quadruple in this time period.

David Herle, *Principal, The Gandalf Group*

David Herle’s presentation was based on a quantitative survey conducted on issues related to retirement and healthcare among a representative sample of Ontarians.

First and foremost, the survey found that Ontarians do not feel well prepared for retirement. The data also indicated that Ontarians have high levels of financial insecurity and concerns about retirement that are significant especially for those between 45 and 65 years of age.

Given recent events, the market has been discredited as a reliable source of retirement income. Two-thirds agreed the current crisis in the stock market illustrates the dangers of workers relying on their own savings and investments for retirement income. There was a clear preference expressed for pension plans versus market-invested savings.

Despite this, about one-third of Ontarians said they had set aside no money for retirement over the past year; those with low incomes are least likely to have done so. The ‘save early’ message appears not to be working since 44 per cent of Ontarians under the age of 35 have not started saving for retirement. While 25 per cent of Ontarians surveyed were concerned about losing their job, 58 per cent were worried about their lack of retirement savings.

In terms of healthcare services, Ontarians continue to be very concerned about this issue. Timeliness of service delivery was a key concern. Nurses and other healthcare professionals are seen as absolutely critical to resolving the wait time issue. This highlights the importance of the healthcare workforce to Ontarians. Respondents believe that increasing the number of healthcare workers will reduce the waits. Seventy-four per cent of respondents don’t agree there should be cuts in healthcare spending due to the weak economy and the vast majority says the quality of healthcare professionals in the community should be the same as in hospitals and other settings.

The issues of pensions, health human resources, and ongoing demographic trends impact the growing numbers who are nearing retirement. They represent some of the most important public policy concerns on the minds of Ontarians.



Key points

- Ontarians are very concerned about retirement income security.
- Ontarians and low income earners are setting aside little for retirement.
- Healthcare remains a key concern of Ontarians, there is no desire to cut spending.
- Quality community care and HHR are important elements within healthcare delivery as far as Ontarians are concerned.

Mr. Herle briefly presented survey results from research conducted among private sector executives. The majority of executives surveyed believe there is a pension crisis in which people working today will not have enough to live on in their retirement. While executives are aware of the options and would like to be able to offer pensions, they aren't sure whether they can afford it for their staff. The majority believes defined contribution plans will not offer enough income security to retirees; yet they are not certain they can afford a defined benefit pension plan for their staff.

Just under half of those surveyed said their company had a pension plan for its employees, mostly a defined contribution plan and a group RRSP – only one-third of the respondents offer a defined benefit plan.

Key points

- There is a retirement crisis whereby people will not have enough to live on in retirement.
- Defined contribution pension plans and group RRSPs will not provide enough income – and these are the plans most private sector organizations offer.

Jennifer Espey, Principal, The Gandalf Group

Ms. Espey presented findings of one-on-one interviews she conducted with healthcare employers in Ontario including representatives of Family Health Teams (FHTs), Community Health Centres (CHCs), Community Care Access Centres (CCACs), hospitals and home care provider organizations. The study focused on the HHR challenges facing provider organizations, and strategies to address the challenges.

Ms. Espey noted that employers in all settings are concerned about the competition for staff, meeting the demand for labour, employee turnover and the time and expense involved in recruitment and retention strategies.



Community organizations overwhelmingly list the inability to offer competitive wages, benefits and pensions as the top concern, with most Family Health Teams and Community Health Centres citing that many more experienced nurses are unwilling to leave hospital jobs because of salaries, pensions and benefits. They also mentioned that it is a challenge to find doctors willing to work on salary.

Providers operating out of smaller urban communities have additional difficulties compared to providers in larger cities that have access to a more robust pool of professionals, universities and training hospitals. While representatives in all regions consider themselves “under serviced,” in northern or remote communities the consequences of shortages were found to be significant. Managing HHR challenges in the community sector is becoming increasingly complex. Their attempts to offer integrated care, flexible hours and a better work/life balance require more structured and detailed management in terms of hiring, scheduling, and administration. The continued expansion of delivery into the community requires a human resource infrastructure be in place to accommodate this growth. Community human resource departments who offer less in wages, benefits, and pensions are less able to hire experienced personnel and are concerned about retention.

Over the long term, community organizations are most concerned about their capacity as more services are transferred to the community. Training the next generation to manage increased responsibilities and capacity will be critical as more of these centres are expanded.

The aging population is a long-term concern for both hospitals and CCACs.

Respondents from institutions are most concerned about maintaining adequate staff levels within budget to meet more complex demands. Hospitals are also experiencing turnover and retention issues even with competitive compensation and benefits. CCACs are working to reduce turnover and the competition for labour by enhancing the work experience and environment with options such as flexible hours and enabling staff to work from home. An added challenge is not knowing exactly when to expect the retirement of the large group of employees who are close to retirement age, specifically the baby boom generation.

Healthcare employers have made significant progress in expansion and reorganization of service delivery. New organizations and existing centres have added personnel, managed changes and are serving communities with new, innovative approaches. Yet, competition for workforce members presents a challenge within and between sectors. This challenge is exacerbated by the inequity of a system where there are at least two different human resource infrastructures in operation.

Employers are looking for more standardized human resource policies across the full health sector. Fundamentally, the challenge is to build a health human resources infrastructure that is sensible across settings so that the setting is the primary motivator for employment, not wages,



benefits and pensions. Without this standardization - management becomes burdensome and distribution of quality personnel, uneven. An optimum use of scarce HHR is not achieved. Patient care suffers.

Respondents confirmed that the HOOPP pension plan is highly valued by healthcare professionals. Many will not leave an acute care setting for one in the community sector without it. HOOPP has become even more valuable in the difficult economy we face at this time. When HOOPP is used in recruitment strategies it creates a clear competitive advantage - some community organizations have noted higher rates of applications and an increased interest in employment when HOOPP has been offered.

Key points

- Community organizations are unable to offer competitive wages, benefits and pensions - a key challenge to attracting and retaining experienced workers. This reduces the pool of potential labour in community settings significantly.
- Turnover is a problem and recruitment and retention is expensive.
- Community organizations are most concerned about the inability to have the capacity to manage increased transfer of services to the community.
- Competition between care settings is a significant problem which is exacerbated by the disparity in compensation, pensions, benefits and infrastructures.
- The challenge is to create standardized human resource policies across settings so that it is the setting that is the primary motivator for employment, not wages, benefits and pensions.

Prof. David Foot

David Foot is the author of “Boom, Bust, Echo” - “Profiting from the Demographic Shift in the Twentieth Century”

(David K. Foot with Daniel Stoffman)

Prof. David Foot provided an overview of the three distinct groups consistently represented in population pyramids: the boom, the record number of births following WWII and into the sixties; the bust, caused by the birth control pill in the sixties and seventies; and the echo - children born to those plentiful boomers.



He argued that these three waves in the population impact the labour market and particularly healthcare in substantive ways. The early boomers are just about to reach retirement age and their presence in the workforce will trickle out in the second and third decade of the new millennium; but they are healthy and can - and many plan to - work until they are 75.

Currently the healthcare system faces high demand from those born in the 1920s - people who are now in their 80s. Prof. Foot breaks seniors down into two groups - those over 80 and those under 80. The former, particularly the women, are amongst the poorest cohorts in the country and need a great deal of support (and healthcare). The young seniors, aged 69 to 79, are the richest group in the country. The difficulty with the policies targeted for seniors is that they cannot be adjusted easily to meet the needs of both groups.

The boomer generation established megatrends such as moving out of the city into the suburbs, a phenomenon known as “cocooning” - a term coined by Faith Popcorn and that is where the majority of the aging population is to be found. The populations of cities are consistently younger. And yet, all of the major hospitals are located in downtown core areas, for example, Toronto.

As people move away from the large centres into the small towns and rural areas, the percentage of older folks becomes a larger part of the population. The boomers are healthy at present and not currently a drain on the healthcare system - but this is where an ever greater demand for healthcare will be needed. Prof. Foot challenged his audience with the question: “Where are you going to deliver healthcare? In the cities? Healthcare is not being delivered where our clients want it.” We must, he says, look to moving health services out into smaller communities -- that is where seniors and boomers live.

Immigrants tend to be older. In the past, the general pattern was that immigrants move to the city, live there for a few years and then move out into the suburbs. However, older immigrants are moving directly to the suburbs. For examples, the growth areas in the 905 region including, Brampton, Markham, Vaughan, have all been fuelled by immigration. Prof. Foot linked this pattern to the rising needs of community HHR. In any case, immigration levels are not nearly as robust as required if it is expected immigration will resolve the HHR shortage. At present rates, immigration levels do not stem the flow and younger people are needed to meet future healthcare demands.

Prof. Foot sounded ominous about the encroaching tide of aging boomers needing care, just at the time that fewer young people are choosing healthcare as a profession. He warned that efforts must be made now to get members of the echo generation into the healthcare fields. The need to attract younger, technical orientated employees is crucial.



In communicating to the young, Prof. Foot said we need a younger generation of people to get the messages across. He gave the example of the need for e-Health not catching on “because you have the wrong folks speaking to a young generation. A 50-year-old does not have the same cachet as a 25-year-old.” He also pointed out that many federal government campaigns aimed at seniors have been launched online making them less than accessible for their intended audience. Prof. Foot said even our ability to collect information is at times flawed by design. For example, Statistics Canada cites high use of the Internet among 40-year-olds but the information is gathered by household. That raises the possibility that it is the youngsters in the home are driving this statistic.

Politicians must begin taking a long-term view on policy that will be difficult in light of the nature of the political four-year cycle. He felt that the civil service used to take on a long-term approach and that between the politicians and the civil servants, there was a balance created in dealing with policy. Prof. Foot argued that this is no longer the case because of the introduction of the civil service bonus structure that ties financial incentives to short term goals.

Improved health among the boomers means they want to work longer. This is to the advantage of the healthcare system as the experienced employees are invaluable in teaching the younger recruits who will take over. Prof. Foot mentioned that it takes more than one young person to replace a boomer due to their work experience.

Prof. Foot was emphatic that there is no need to retire these people at 65, and that innovative accommodation should be made for them to stay on. Suggested solutions included, part-time work, working part of the year and flexible hours. Certainly easier work could be found for nurses for example who no longer can lift.

Prof. Foot also asserted that serious consideration should be given to the laws pertaining to pensions. The boomers need to be able to contribute and withdraw from the same pension fund, something that is at present illegal: “this is the type of flexibility that we need to encourage in the workplace. A one size fits all approach to healthcare is not feasible” he said.

Where is healthcare going? Prof. Foot then went through a series of population pyramids (in five-year age groups) of the different Canadian provinces and regions. Using the older age groups as an indicator of mounting healthcare pressures, he showed that:

- Healthcare pressures are higher in the Maritimes and Saskatchewan
- Alberta is younger – less pressure, as in the case of Nunavut where 25 per cent of the population is under the age of 25, mainly first nations’ population

Once again Prof. Foot pointed out that given the disparity in pressures across provinces; a “one-size fits all” approach is not helpful.



Key points

- Boomers are moving away from big cities to the suburbs; high growth areas exist outside big cities.
- The aging population, with a relatively small band of population to service their healthcare needs, is a major challenge.
- Immigration will not solve the HHR crisis; attracting youth to the healthcare professions might.
- Boomers need to be encouraged to stay on and flexible work arrangements are paramount to ensure they do so.
- Pension laws are not aligned with the objectives to attract and retain HHR.

