Does home care save money?

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A home care programme can be very cost-effective and can save millions if not billions of dollars, both in capital costs and operating costs. But it must be accompanied by a reduction in the total number of institutional beds.

Health care systems around the world are more studied and more ripe for change today than ever before in history. Many such studies recommend dramatic changes in the traditional "health care" system if the population requiring care is to receive, or to continue to receive, affordable and quality health care. Many factors underlie this need for health care reform.

Changing demographics and associated utilization rates. There is a significant increase in the proportion of the population which is elderly, especially in the developed world. For example, the number of persons in Canada aged 85 years of age and over is projected to double over the next 20 years and triple over the next 40 years.

Weakening informal support systems. It is estimated that over 85% of long-term care provided in society today is carried out by "informal" care providers such as spouses, children, relatives, friends and neighbours, at little or no cost to government. Lower birth rates have already begun to reduce the availability of children to support the older generation. Higher divorce rates and the increasing participation of women in the labour force will further decrease the availability of informal care.

What is home care?

Home care can be defined as an array of health and social support services provided to clients in their own residence. Such coordinated services may prevent, delay or be a substitute for temporary or long-term institutional care.

The rapid increase in the numbers of elderly people around the world calls for fundamental health care reforms.

A diabetic patient learns how to monitor her own blood glucose level without going to a clinic.
Without question, the home is the desired setting for receiving care. Can we say with the same certainty that home care is more cost-effective than care provided in an acute or long-term institutional setting?

In one province of Canada, Ontario, an investment of only Canadian $300 million per year in the Home Care Programme is estimated to have produced savings of $1800 million in capital costs, and $500 million in annual operating costs. Reducing the numbers of elderly placed in institutions has been identified as the largest potential source of savings to the Canadian health care system. Similar studies in Denmark, the United States and other countries support the notion that many elderly and handicapped persons only require care in costly institutions because of the lack of adequate home care services. At the same time, over the last decade, home care programmes have managed to minister to the “high tech” needs of many persons – with services previously only provided in costly acute care hospitals.

The key to cost-effectiveness in the provision of home care is the appropriate “targeting” of persons who are suitable to be served. Services should reinforce rather than erode self-help and the informal support given by family members and friends. Furthermore, if home care is to be cost-effective, persons must become as independent as possible because of the availability of home services.

Thus, in one case, care in the home may be cost-effective because there is an available, caring spouse or other relative. In another case, home care may be much more costly than institutional care because of the pressing need for on-going, paid professional and non-professional care. One point always to remember is that, if the burden on the informal care-giver becomes too great, the home care arrangement may break down altogether, thereby resulting in a marked increase in cost to the health system.

**Proving cost-effectiveness**

It may be difficult to demonstrate the cost-effectiveness of home care programmes which focus on health maintenance and preventive services (e.g., wellness programmes, house-cleaning, personal assistance, etc.), because persons served by these programmes are usually not at risk of being placed in acute or long-term institutions.

Home care may be more cost-effective in comparison to hospital care when an individual case is studied. However, the introduction of a service may result in a more costly health care system as a whole, unless other adjustments are made in the system. In order to realize a decrease in total costs to the health care system, the expansion of home care must be accompanied by a corresponding reduction in the supply of hospital or institutional beds.

Furthermore, while it may be more cost-effective for a government to provide care at home, it may not be cost-effective for the patient or family; the latter may face more “out-of-pocket” expenses when receiving care at home than would be the case if the sick person received care in a hospital. In many countries, a family must pay for drugs, equipment, dressings, food and home care services which would be provided in a hospital at no expense to the patient or family. Moreover, an informal care provider may have to forego employment in order to remain at home to look after an elderly person. A home care programme must therefore be structured with these facts in mind.

In summary, yes – home care can be very cost-effective and can save millions if not billions of dollars, both in capital costs and operating costs. However, specific targeting of clients is needed and institutional beds must be reduced in number or not added to. Additional benefits can be obtained because disabled persons can pursue work and educational opportunities which would not otherwise have been possible.

Although economic considerations are of great importance, it must never be forgotten that home care provides a holistic, client-focused philosophy of care, and allows maximum autonomy and independence for each individual in a familiar environment – the home.