

Backgrounder: HST Impact on BC Residential Seniors' Care Providers

In July, the BC Care Providers Association (BCCPA) launched a review of the HST's financial impact on non-profit and residential seniors' care providers.

BCCPA has represented seniors' care providers in BC for over 30 years. BCCPA members represent over one-third of all funded long term care beds in BC - caring for over 10,000 seniors each day and employing more than 7,000 workers across the province.

The initial BCCPA analysis concludes that the HST represents an estimated annual tax increase to the senior's residential care sector of \$10.5 million – or approximately \$42 million over the course of the current government's term.

This analysis is based on input from members, a review of the Ontario HST experience and an estimate of 17,000 funded care beds across the province (excluding Health Authority owned/operated sites).

In addition to transferring millions from seniors' care back to the Ministry of Finance, the HST will likely result in layoffs and health service cuts in the absence of any mitigation. This impact would be reduced slightly if non-profit societies continue to receive a minimum 50% rebate as they did under the GST.

While the size of the tax increase will vary for each facility, all care providers are expecting to pay more for hydro, medical supplies, information technology systems, professional fees, education, training, building maintenance and operations. The following three scenarios are representative of an average 100 beds seniors' care facility in BC.

Scenario One

- 100 bed facility
- no contracting out
- represents minimum impact for all facilities

<u>Expense</u>	<u>Total Annual Cost</u>	<u>HST increase</u>
Hydro	\$101,500	\$7,105
Building repairs/operations	\$53,800	\$3,765
Professional fees	\$20,000	\$1,400
Medical supplies	\$19,600	\$1,370
Information/technology	\$10,000	\$700
Education/training	\$5,000	\$350
TOTAL TAX INCREASE		\$14,690

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Scenario Two

- 100 bed facility
- some limited contracted out services
- representative of estimated 40% of sector

<u>Expense</u>	<u>Total Annual Cost</u>	<u>HST increase</u>
Dietary staff	\$389,800	\$27,285
Housekeeping	\$278,400	\$19,490
Hydro	\$101,500	\$7,100
Maintenance	\$92,800	\$6,495
Building repairs/operations	\$53,800	\$3,765
Professional fees	\$20,000	\$1,400
Medical supplies	\$19,600	\$1,370
Information/technology	\$10,000	\$700
<u>Education/training</u>	<u>\$5,000</u>	<u>\$350</u>
TOTAL TAX INCREASE		\$67,955

Scenario Three

- 100 bed facility
- contracted out services – including care aides
- representative of estimated 20% of sector

<u>Expense</u>	<u>Total Annual Cost</u>	<u>HST increase</u>
Care Aides	\$2,033,300	\$142,330
Dietary staff	\$389,800	\$27,285
Housekeeping	\$278,400	\$19,490
Hydro	\$101,500	\$7,105
Maintenance	\$92,800	\$6,495
Building repairs/operations	\$53,800	\$3,765
Professional fees	\$20,000	\$1,400
Medical supplies	\$19,600	\$1,370
Information/technology	\$10,000	\$700
<u>Education/training</u>	<u>\$5,000</u>	<u>\$350</u>
TOTAL TAX INCREASE*		\$210,290

* The tax increase on the care provider that is operating under scenario three is the equivalent of 4-5 full-time care staff positions.