NEWS RELEASE

FRASER INSTITUTE

Health-care costs of migrating seniors have cost B.C. more than $7.0 billion, saved Quebec $6.0 billion since 1980

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VANCOUVER—Because Canada's public health-care funding model doesn't account for interprovincial migration, the movement of seniors from province to province can materially impact provincial budgets, finds a new study by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

"Canada's public health-care funding model has several flaws including the fact that it doesn't adjust for seniors moving around the country after they retire," said Jason Clemens, executive vice-president of the Fraser Institute and co-author of ***The Impact of Interprovincial Migration of Seniors on Provincial Health Care Spending***.

The study finds that Canadians consume the bulk of health-care services after retiring. For example, Canadians aged 15 to 44 consume, on average, $2,093 in health-care services each year compared to $7,401 for Canadians aged 65 to 74. In other words, Canadian seniors consume three-and-a-half times more health-care services than a large portion of younger Canadians.

But while Canadians consume significantly more health care after retirement, they pay the bulk of their taxes—which fund health care—during their working years.

So why is that important?

Migrating seniors pay most of their lifetime taxes in one province during their working lives. But when they move to another province, they consume health-care services in their new adopted province. That means some provinces benefit financially while others shoulder higher costs due to the interprovincial migration of seniors.

For example, British Columbia's net inflow of seniors—the largest in Canada at 40,512—increased health costs in that province by $7.2 billion between 1980 and 2016.

On the other hand, Quebec—which experienced the largest net outflow of seniors of any province (37.305) over the same period—effectively saved $6 billion as many seniors who paid taxes in Quebec while working didn't use Quebec's health-care services post-retirement.

Taxes paid by migrating seniors do mitigate these costs or savings somewhat. Up to 36 per cent of B.C.'s costs may have been offset, and 19 per cent of the savings to Quebec could have been reduced because of the taxes seniors pay in their new provinces.

But the mitigating tax revenue does not fully offset the increased costs or savings.

In total, six provinces experienced a net inflow of seniors over the past 36 years: B.C., Alberta, Ontario, New Brunswick, Nova Scotia and P.E.I.

"It's perfectly reasonable for Canadians to move after they retire—unfortunately, Canada's health-care funding model doesn't account for the cost changes that movement creates," Clemens said.

"As Canada's population ages over the coming decades, this discrepancy between provinces because of senior migration will become an even bigger issue."

MEDIA CONTACT:
Jason Clemens, Executive Vice-President
Fraser Institute

To arrange media interviews or for more information, please contact:
Bryn Weese, Media Relations Specialist, Fraser Institute
(604) 688-0221 ext. 589
bryn.weese@fraserinstitute.org

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