As we know, Canadians receive most of their healthcare services through a publicly funded system administered by their province of residence and funded by the federal government. Each province and territory has an established insurance plan that delivers medically necessary hospital and physicians’ services to residents.

Although provinces and territories provide some supplementary health benefits that are not covered by the Canada Health Act, such as prescription drug coverage, supplementary health benefits are largely financed by the private sector. A clear understanding of eligibility and coverage under provincial and territorial insurance plans is necessary for Canadians to co-ordinate private coverage with government programs.

Here is an overview of some of the key healthcare areas and how the coverage actually works.

**Hospital Benefits**

**What’s Covered** All Canadians have access to hospitals across Canada for active or acute medically necessary treatment...
(including operating room facilities, anesthetic, in-patient nursing care, ward room accommodation and some drug coverage). There is very little variance by province or territory.

The Gaps The cost for long-term care (LTC) coverage, however, does vary by jurisdiction. For example, B.C. and Alberta subsidize LTC coverage and include drugs for residents of an LTC facility. In B.C., Alberta, Saskatchewan, Manitoba and Nova Scotia, the cost for each resident is income-tested and includes a minimum and maximum. Ontario and Quebec charge a per diem rate based on the type of accommodation. New Brunswick, Newfoundland and Labrador, and the Northwest Territories provide financial assistance through their departments of health, while Yukon does not provide any type of LTC coverage.

Many private insurance plans provide either semi-private or private room coverage for an acute hospital stay. However, they often limit the daily amount payable. Likewise, convalescent care is typically available under a private plan. But as employers continue to phase out retiree health benefits plans, coverage is limited and is usually available only to active employees under a group plan.

Considerations for Employers The effects of chronic illness on aging challenge our publicly funded healthcare system—and, with an aging population, the need for LTC insurance is increasing.

Employers that consider voluntary benefits an integral part of their overall benefits strategy can provide an expanded benefits offering including LTC and other insurance, making it easier for employees to protect themselves in the future.

Employer-sponsored group benefits plans continue to be an important part of total compensation

Prescription Drug Benefits

What’s Covered All provinces and territories provide a prescription drug benefit to their residents. The benefits available are subject to the provincial formulary list and are typically offered to retirees or lower-income earners.

In B.C., all residents registered with the provincial Medical Services Plan have access to the Fair PharmaCare program. This program is subject to an income-tested deductible and an annual out-of-pocket maximum determined by net family income. PharmaCare is first payer, even for those with private plans. Private insurance plans will cover the cost of non-listed drugs and those prescribed during the deductible and out-of-pocket maximum periods. Claims are subject to private plan provisions.

Manitoba also runs a PharmaCare drug program, but with different eligibility and an annual deductible that’s income-tested. Alberta provides a prescription drug program, without premiums, through Alberta Blue Cross to seniors age 65 and older. The program is first payer to any private plan and includes a per-prescription out-of-pocket maximum fee of $25. For residents under age 65 without private plan coverage, Alberta Blue Cross Non-group Coverage is available on a premium-paying basis. Alberta has announced that it will be launching a universal income-based pharmacare program this year; however, further details of the program terms, cost sharing and general impact have yet to be publicized.

Saskatchewan provides several different provincial drug programs, including the Special Support Program for families with drug costs of more than 3.4% of total family income. All of Saskatchewan’s provincial drug plans are first payer to any private plans. The Children’s Drug Plan is available to children age 14 and under. Both the Seniors’ Drug Plan and the Children’s Drug Plan include a deductible of up to $20 per prescription.

In Ontario, residents age 65 and older with a valid Ontario health card have automatic drug coverage under the Ontario Drug Benefit (ODB) program. The ODB is first payer and includes an annual $100 deductible and nominal per-prescription

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fee. Effective Aug. 1, 2014, high-income seniors will be required to pay the $100 deductible, plus 3% of net family income over $100,000. High-income senior couples with a net combined income of $160,000 will be required to pay an annual deductible of $200, plus 3% of net combined income over $160,000. Residents under age 65 with high drug costs can apply for the Trillium Drug Benefit program (the deductible is determined by household income). This program is second payer to private coverage, and the deductible cannot be covered under a private plan.

Like Ontario, P.E.I.'s Seniors' Drug Cost Assistance Program automatically covers residents age 65 and older and is premium-free. The plan is first payer. The cost to seniors is a per-prescription fixed fee of $8.25 plus the dispensing fee. Seniors with private coverage can co-ordinate coverage with their provincial plan.

Quebec residents ages 18 to 64 who are not eligible for a private group insurance plan must join the Public Prescription Drug Insurance Plan. Premiums are income-tested, and the plan includes deductibles and co-pays up to a monthly out-of-pocket maximum. If an individual becomes eligible for a private employer-sponsored plan, termination of provincial plan benefits is required. Seniors with access to a private employer-sponsored plan can choose to opt out of the provincial plan or join it and supplement their private coverage. The provincial plan is first payer, so benefits can be co-ordinated with a private plan.

New Brunswick, Nova Scotia, and Newfoundland and Labrador seniors' drug programs (for those age 65 or older) don't require premium payments if individuals receive old age security and/or the Guaranteed Income Supplement. Each province has varying application requirements, co-pays and deductibles.

In New Brunswick, the Medavie Blue Cross seniors’ plan is available to those who do not qualify for the provincial drug program and who have no private coverage. The plan includes a monthly deductible and per-script co-pay. Non-seniors who have a health card and receive assistance from the Department of Social Development also have access to provincial drug coverage.

Starting May 1, 2014, New Brunswick is phasing in a mandatory drug program for all residents with similar criteria to Quebec's drug plan. Premium payments will be income-tested and effective April 1, 2015, and all residents will be required to have drug coverage through the province or through a private plan.

Nova Scotia offers coverage to non-seniors with no other insurance coverage or those with high drug costs not covered by their private plan. Individuals must register for the drug program, and deductibles and co-pays will apply. Newfoundland and Labrador has a similar program for non-seniors, with similar requirements. Each provincial program is second payer to a private plan.

The Northwest Territories, Yukon and Nunavut provide coverage to seniors based on varying age requirements and are second payer to private coverage. Catastrophic drug coverage is available to non-senior residents for specific chronic diseases.

The Gaps In some provinces, private plans are first payer, and only residents with fairly high drug costs can access public programs. For example, in Manitoba,
individuals earning between $24,001 and $25,000 must satisfy a deductible of $1,068 per year prior to receiving 100% coverage through the program.

While the B.C. and Manitoba PharmaCare programs are available to both seniors and non-seniors, unless net family income is very low and drug expenses are fairly high, it’s unlikely that people will receive 100% reimbursement. Private coverage is needed to offset the deductible and out-of-pocket maximums.

Although most provincial plans provide some vision, paramedical and dental coverage, it is varied. Some offer eye exams to seniors and individuals under age 20. Alberta, Manitoba, the Northwest Territories, Yukon and Nunavut provide seniors with limited prescription eyewear. Some provinces cover physiotherapy and psychology benefits if the services are rendered in a hospital or an approved facility. And limited dental coverage is available, but mostly to seniors or children.

**Considerations for Employers** Although provincial drug coverage is available to residents who meet the criteria, access is limited and restrictive. Per the Canadian Health Policy Institute, private plans provide better quality drug coverage than public plans that may restrict access to the most advanced medicines. While the cost for employers that provide drug coverage to their employees continues to be a concern, the benefit of choice and easy access under a private plan is valuable to employees. And private plans don’t have to come with a high price tag.

Employers need to consider the benefits of providing access to private coverage for their employees and partner with them to help tame costs. Choice and access to advanced medicines under a private plan can still be managed by implementing the right strategies, such as eliminating waste. According to Express Scripts Canada’s 2012 Drug Trend Report, private plans wasted $5.1 billion in drug spend in 2012, accounting for one-third of the total drug spend that year.

The right communication strategy can make all the difference. Educating and informing employees will ultimately change drug-spending behaviour so that employers can continue to provide access to better private plan alternatives at an affordable cost—not to mention the advantages associated with peace of mind and improved productivity gained by alleviating the stress caused by the emotional and financial burden of illness.

Given the limited coverage in government plans, employer-sponsored group benefits plans continue to be an important part of total compensation.

To maximize health services, Canadians need to be aware of the medical coverage available in their home province. This will allow them to understand if they will face coverage gaps or medical costs they haven’t planned for, and encourage them to either save additional funds or purchase private coverage if they don’t have access to a workplace plan.

Employers can help by providing information on provincial public healthcare insurance programs along with their regular benefits program communications, educating employees and helping to bridge the gaps. 

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