

The national debate on health care begins

Canada's universal health care system went under the microscope this autumn as the first of two federal government commissions offered their recommendations on the reform of the \$100 billion per year program.

Leading the way was the Senate committee report on health care headed by Senator Michael Kirby.

In his October 25 submission to parliament, Senator Kirby called for up to \$5 billion in additional funding to reinforce existing programs and pay for the expansion of palliative care and drug coverage.

Under the Kirby plan, the additional funding would come through a Health Care Insurance Premium based on an individual's taxable income. It proposed the following premium rates:

Taxable income	Proposed annual premium
Up to \$31,677	\$185
\$31,678-63,354	\$370
\$63,355-103,000	\$740
\$103,001 or more	\$1,400

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Reforms suggested by the Senate committee included:

- the introduction of a drug care program to cover the costs of "catastrophic" prescriptions for individuals with annual drug expenses exceeding \$5,000;
- the expansion of home-based palliative care programs for terminally ill patients in their final weeks of life. This could include providing up to six weeks of Employment Insurance benefits to family members or individuals providing care to terminally ill patients;
- the development of a national home care program to provide individuals with up to three months of in-home convalescent care following major surgery;
- increased funding for research and improved medical technology; and
- the establishment of guaranteed waiting times for those needing surgery or other major treatments. Under this proposal, patients would be allowed to use Medicare funds to pay for private or out-of-province health care services if waiting times for treatments in their home province exceed prescribed levels.

While the Kirby report represents only the first round of a major national debate on health care, it does offer the potential for some major changes in benefits administration.

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(continued...) **The national debate on health care begins**

The imposition of a spending "cap" on prescription drug benefits could stem the trend of rising costs of drug care programs and help stabilize extended health care premiums. (As reported in earlier editions of the Coughlin Courier, the introduction of new and costly drugs, shorter recovery times in hospitals and the increased use of prescription drugs by an aging population has resulted in double-digit inflation in drug costs. Prescription drugs continue to be the fastest growing health care expense.)

Plus, according to media reports, the adoption of a national prescription drug

program would likely foster the establishment of a streamlined national drug formulary, thereby eliminating some of the contradictions associated with today's provincially based drug formularies.

However, these savings could be offset by the additional expense and administration associated with a new health care tax and a revised and administratively more cumbersome Employment Insurance program.

Meanwhile, the Royal Commission on Health Care, headed by former Saskatchewan Premier Roy Romanow,

will release its recommendations on the reform of health care in late November. It, too, is expected to address the key issues of Medicare funding, the involvement of the private sector in the public health system, and the universality of medical coverage.

Like the Kirby study, the Romanow commission is expected to endorse the expansion of medicare services in key areas such as drug coverage and the channelling of more money into health services.

More information will be provided as it becomes available.

How expensive can it get?

There are many conflicting claims about health care expenses, but regardless of the political leanings of the province or territory, health care expenses have tracked steadily upwards since 1975 -- often at a double-digit rate.

The following tables, published by the Canadian Institute for Health Information, illustrate this trend:

Preliminary provincial/territorial government health expenditure, by province

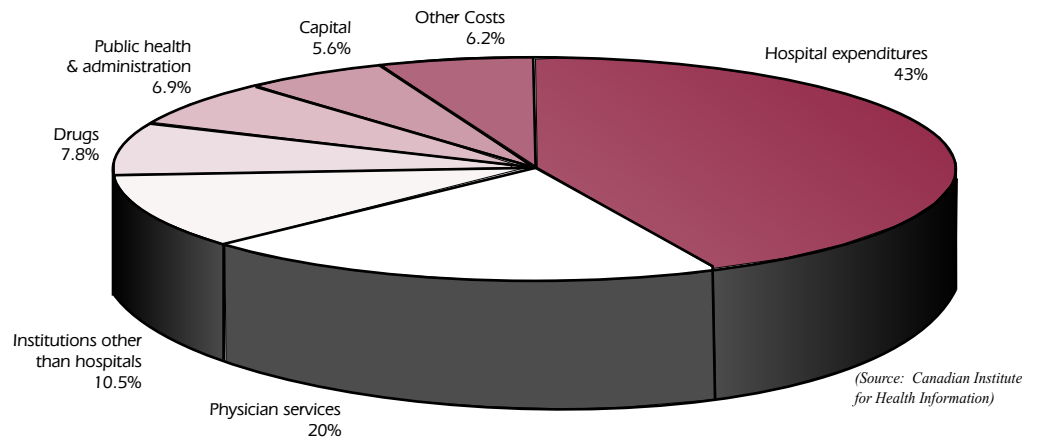
Year	Nfld. (\$' 000,000)	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.
1974/75	174.60	35.60	228.10	169.90	2,141.70	2,767.20	315.30
1979/80	307.90	64.10	424.40	346.90	4,193.70	4,652.10	582.70
1984/85	536.30	118.30	819.30	684.00	7,260.30	9,025.10	1,120.80
1989/90	765.20	165.30	1,207.50	1,003.40	9,780.70	15,457.10	1,619.30
1994/95	910.60	197.90	1,269.90	1,200.60	12,042.80	18,833.20	1,867.70
1999/00	1,226.10	242.70	1,776.80	1,395.70	13,350.10	21,965.00	2,480.30

Preliminary provincial/territorial government health expenditure, by province

Year	Nfld. (Annual percentage change) %	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.
1974/75	---	---	---	---	---	---	---
1979/80	16.0	10.6	12.0	13.4	11.2	8.0	9.8
1984/85	1.6	5.6	10.2	7.8	5.5	9.6	7.2
1989/90	8.0	5.6	10.5	9.7	6.5	10.8	8.7
1994/95	3.6	-4.8	-3.1	3.9	1.2	1.7	1.3
1999/00	14.4	3.5	6.7	8.2	1.0	7.4	16.0

Where does the money go?

Hospital expenditures continue to account for the biggest piece of the health care pie. However, the situation is hardly stagnant. Drugs now account for almost eight per cent of health care costs, compared to only two per cent 15 years ago. At the same time, the amount channelled to hospital services has dropped from 52 per cent to 43 per cent.



Quebec health care law faces doctors' protests

Quebec's proposed law requiring specialists and general practitioners to work a minimum number of hours in the emergency facilities of regional hospitals continues to face strong protests from the medical community.

Bill 142, which was tabled in the Quebec National Assembly in early November, requires specialists to be available or on-call at specified hospitals throughout their region or face potential

legal action. It also requires general practitioners to work as many as 12 hours per week in hospital emergency facilities or face losing as much as 30 per cent of their fees.

Doctors say they are being forced to work in remote or outlying hospitals, often several hours away from their home communities, resulting in service disruptions and, ultimately, the exodus of doctors to other jurisdictions. The government maintains that, if passed, the new law will ensure that emergency rooms throughout the province will remain open at all times and that

medical expertise will be spread evenly throughout Quebec.

While much of the health care debate revolves around the *cost* and ultimate funding of Medicare services, Quebec's attempt to grapple with the *supply* of these services adds an important question to the health care quandary: *Is universal health care an issue of cost, supply, or both?* If there is a lesson in the Quebec situation, it may be that the solution to Canada's growing health care crisis may not rest with additional funding alone.

Province/territory and Canada • 1974/1975 to 2002/2003 • Current dollars

Sask.	Alta.	B.C.	Y.T.	N.W.T	Nun.	Canada
259.80	571.60	744.60	5.40	12.80	---	7,426.70
526.60	1,323.30	1,604.60	12.50	27.50	---	14,066.40
1,034.80	2,846.90	3,110.00	24.00	63.10	---	26,642.80
1,541.40	3,898.30	4,585.40	36.80	179.40	---	40,239.80
1,577.60	4,001.30	6,942.20	74.80	211.70	---	49,130.20
2,033.90	5,859.80	8,527.10	78.50	143.30	140.10	59,219.40

Province/territory and Canada • 1974/1975 to 2002/2003 • Variance

Sask.	Alta.	B.C.	Y.T.	N.W.T	Nun.	Canada
---	---	---	---	---	---	---
16.0	24.5	13.5	6.0	-6.0	---	11.7
4.8	0.5	4.4	8.2	7.9	---	6.3
12.0	12.1	12.7	6.2	12.1	---	9.9
4.5	-9.3	6.7	22.6	-4.2	---	1.3
8.2	18.1	8.7	4.1	-49.7	---	7.5

Ontario introduces amendments to Pension Benefits Act

The Ontario government has introduced amendments to its Pension Benefits Act that will allow employers to access the surplus of defined benefit pension plans on full or partial wind-up.

According to the province's Ministry of Finance, Bill 198 will clarify the distribution rules and member rights to pension surpluses and "restore the law to what was understood prior to 1998..."

Under current legislation, the consent of at least two-thirds all parties involved in a plan is required at wind-up before any withdrawals of surplus funds can occur. Full consent is required for withdrawals from a continuing plan. This, the government says, has resulted in unnecessary delays of surplus withdrawals, entitlement disputes and confusion.

The amendment has met with strong criticism from labour groups such as the Ontario Federation of Labour and some pension lawyers.

These groups contend that the regulations will amount to a pension grab by employers and prevent plan members from seeking redress through the courts.

Since it is retroactive to 1988, Bill 198 could reverse or overturn previous pension rulings by the courts, the Superintendent of Financial Services and the Financial Services Tribunal, critics charge.

With members of wound-up defined benefit plans, labour organizations and others awaiting court decisions on the status of their pension surpluses, Bill 198 could result in controversy for both plan sponsors and members in the months ahead.

More information on Bill 198 will be provided as it becomes available.

EI maternity and parental claims jump 24 per cent

The number of Canadians using Employment Insurance (EI) program maternity and parental benefits jumped by over 24 per cent in the past year says Human Resources and Development Canada (HRDC).

According to the federal government ministry, 216,000 people used EI parental benefits in 2001 compared to 174,000 a year earlier. The number of people claiming maternity benefits also rose by over 16 per cent, or 27,420 people, to 198,420.

Meanwhile, the number of men filing for EI parental leave increased by almost 80 per cent, from 12,010 in 2000 to 21,530 last year.

HRDC says the increase in EI parental and maternity claims is directly attributable to the extension of parental benefits from 10 to 35 weeks in 2001, which doubled the overall duration of maternal and parental benefits from six months to one year. The lowering of EI entrance requirements from 700 hours worked to 600 hours also accounted for an additional 8,240 parental claims, the agency says.

Based on this data, plan sponsors should continue to expect increased use of EI maternity and parental benefits.

Obesity not a disability

The Canadian Transportation Agency has ruled that obesity is not a disability according to the Canada Transportation Act.

The ruling by the Agency was in reaction to a suit filed by an obese airline passenger who charged that the limited size of the aircraft's seat created an obstacle which restricted her movement and therefore violated the Act's accessibility provisions for disabled people.

In its ruling, the Agency stated that, while some disabilities may be attributed

to obesity, the condition itself is not a disability per se. "It is not the obstacle that makes a person deaf, blind or paraplegic...it should be no different in the case of obesity," the Agency said. "...Being unable to fit comfortably in the seat should not be enough evidence of the existence of a disability."

The Canadian Transportation Agency is an independent, quasi-judicial tribunal that has jurisdiction over the federally regulated transportation network.

PPN update

- Effective November 15, 2002, the former Rexall Pharmacy at 1980 Ogilvie Road in Gloucester, now named the Pharma Plus Drugmart, will no longer be a member of the Coughlin & Associates Ltd. preferred provider network.

The Rexall Pharmacy located at 1 Centrepointe Drive, has also changed to a Pharma Plus

Drugmart and will continue to participate in our PPN. Their telephone number is 225-5070.

- The pharmacy outlet at 2 Lorry Greenberg Drive is no longer called A Wellness Pharmacy. It is now a Carepharma Drug Mart under new ownership and will continue to participate in our PPN. Their telephone number has been changed to 247-1700. Their fax number is 247-1725.

Fast facts

- Effective January 1, 2003, the maximum pensionable earnings for the Canada Pension Plan will increase to \$39,900 from today's level of \$39,100. The individual employee and employer contribution rates will increase to 4.95 per cent of pensionable earnings while the combined employee-employer contribution rate will be 9.9 per cent of pensionable earnings. The maximum individual contribution level will be capped at \$1,801.80. The combined employee-employer contribution, which is also capped, will be \$3,346.40.

- The federal government has approved an amendment to the Employment Insurance Act that requires waiting periods, where an employee is compensated for being "on call" by his/her employer, to be considered insurable employment.

Under the terms of the amendment, if a person is paid by his/her employer to be available for work, that time must be considered insurable employment for EI purposes (and subject to EI deductions), even if no work is actually performed. The amendment goes on to apply the same principle in cases where an employee is required to

be on an employer's premises at certain times in the event his/her services are required.

- The British Columbia Court of Appeal has ruled that the province must pay for specialized treatment for children with autism, overturning the province's earlier denial of treatment to such patients because it was too expensive.

Treatment programs for the disorder can cost from \$45,000 to \$60,000 per year for two to three years and involve intensive behavioural therapy and individual care. More than 90 per cent of untreated children are placed in group homes or other institutions.