

# COUGHLIN COURIER



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## Special Coughlin Courier for Ontario plan sponsors

# Ontario budget imposes health premiums, service cuts

*The first budget of the newly-elected government of Dalton McGuinty introduced major changes to the Ontario Health Insurance Program (OHIP)*

Starting July 1, 2004, Ontario will re-introduce health care insurance premiums to help fund the province's financially strapped public health system. The new premiums will be based on individuals' taxable income. Those earning less than \$20,000 per year will be exempt from the new levy.

The new Ontario Health Premium will be collected through the income tax system beginning July 1, 2004. The premiums are:

Taxable income	Proposed premium 2004 taxation year	Proposed premium 2005 and subsequent tax years
up to \$20,000	No premium	No premium
\$20,000 - \$36,000	\$150	\$300
\$36,000 - \$48,000	\$225	\$450
\$48,000 - \$72,000	\$300	\$600
\$72,000 - \$200,000	\$375	\$750
more than \$200,000	\$450	\$900

The fees are expected to generate an additional \$1.6 billion in revenue for health care services.

As part of the new government's health care reform package, chickenpox, meningitis and pneumonia will be added to the children's free immunization program while chiropractic services, optometry exams for those between the ages of 20 and 65 and physiotherapy will no longer be covered by OHIP.

For plan sponsors, the reforms are expected to result in increased costs as services are downloaded from the government to employee benefit plans.

**For optometry services,** benefit plans that cover routine eye examinations can expect increased claims activity to offset the OHIP's previous coverage of one examination per person every two years.

**For physiotherapy,** many plans cover costs over and above those provided by the provincial plan to an annual maximum, such as \$200 to \$500. Since many physiotherapy services are already being provided in private facilities such as sports injury clinics, the impact of the cancellation of such services in government-run facilities is expected to be minor for most plan sponsors.

**For chiropractic services,** the change has potential to be costly. Plans with *first dollar coverage*, which pay for all costs excluding those covered by OHIP, can expect the individual per visit cost to increase by \$9.65 to \$11.75 to

an annual maximum of \$150 per person. Those without *first dollar coverage* can expect to have to pick up the government portion of the costs immediately as members pay directly the amount formerly covered by the province during their first 16 visits to the chiropractor.

The coverage of **additional children's vaccinations** may result in marginal decreases in drug care expenses in some plans.

To offset these new expenses, plan sponsors may want to consider adding either deductibles or coverage maximums for these services, as is done with some convalescent care or dental benefits.

Contact your Coughlin & Associates Ltd. consultant for more information.

Other health care commitments in the budget include:

- funding of 9,000 additional cataract surgeries per year;
- establishing nine new MRI and CT scan sites by 2005-06;
- increased cardiac surgery and dialysis treatments;
- enhancements to home care services;
- the expansion of community mental health services; and
- the addition of 3,700 long term care beds in the province.

More information will be provided as it becomes available. ■