

## **Canadian Health Care – Information, Analysis and Assessment**

### **Provincial Medical Plan**

Available and “free” to employees and retirees through Federal Canadian Health Care Plan.

- **Coverage**
  - Physicians/Surgeons Bills 100% (Prescription drugs not covered)
  - Paramedical covers (e.g. Chiropractor, Naturopathic)
  - Hospital Stay 100% with shared occupancy
  - Basic vision/hearing checkup
  - Specific annual dollar limits by coverage type and medical service cost limits and formularies
  
- **Subsidized Costs (if employee were to pay)**
  - Single - \$56.00/mo.
  - Couple - \$92.00/mo.
  - Family - \$141.00/mo.
  - Cost Trend + 19%/yr.
  
- **Open Access**
- **Managed Utilization (HMO like)**
- **No deductibles or co-pays**

### **Extended Health Plan**

(Not available to retirees unless provided by employer)

Subsidized premiums paid by employer are not taxable income to employee.

- **Coverage**
  - Prescription drugs
  - Hospital stay - single room
  - Vision - glasses, contacts
  - Hearing appliances
  - Mental, drug and alcohol abuse
  - Limits are reduced and formularies are more flexible

## Canadian Health Care Information Analysis and Assessment – (Continued)

### Extended Health Plan (*continued*)

- Home Nursing Care
- Extended care
  
- **Open Access**
- **Less utilization management (PPO like)**
- **Subsidized Costs**
  - Single - \$82.00/mo
  - Couple - \$130.00/mo
  - Family - \$196.00/mo
  - Cost Trend - 13%/yr.
  - 72% of Canadian BC employers provide with 62% paying entire premium
  - 62% of Canadian BC employers provide subsidized extended care coverage to retirees.

### Dental Plan

(Subsidized premiums paid by employer are not taxable income to employee)

- **Coverage**
  - 100% Preventative
  - 100% Surgery
  - 100% minor restorative
  - 80% major restorative
  - 60% Orthodontics
- **Open Access**
- **No deductibles or co-pays**
- **Annual limits by coverage type with specific formularies as well**
- **Subsidized Costs**
  - Single - \$65.00
  - Couple - \$129.00
  - Family - \$178.00
  - Trend - 6.2 %/yr.
  - 78% of employers provide this coverage; 62% pay entire premium

- □ 75% of employers provide subsidized dental care coverage to retirees

**Canadian Health Care Information Analysis and Assessment – (Continued)**

**Top Up or Private Plans**

**Premiums, if paid by employer, are not taxable income to employee.**

- Highest level of coverage; fills specific coverage and utilization holes of other employee coverage
- Covers Health Care (Medical, Dental Vision)
- 46% of Canadians have some level of private plan coverage
- 15% of Canadian BC employers offer private plan coverage
- Employer paid plans focused primarily on Executives
- Cost usually ranges from 25¢-57¢/hr. depending on coverage level and age

**Other Information**

**Canadian Health Care Provincial Medical Plan**

- Operates primarily like an HMO with no co-pays; differs in that there is open access. Also, has no dental, prescription drugs, or mental/drug/alcohol recovery coverage.
- Utilization is managed through specific procedures/formularies and rationing of high cost services/denial of services in specific circumstances.
- Vancouver, BC has the highest medical cost and cost increase trends of any large urban center in Canada.
- Canadians are taxed much more heavily than U.S. citizens partially to account for Universal Health Care coverage. British Columbia also has a provincial income tax equal to 51% of the Federal Rate.
- The average Vancouver BC employer’s cost for family coverage is \$2.70/hr. for all coverage levels.
- Coverage and costing data provided by 1) Western Compensation and Benefits Association – Vancouver BC; 2) Frank Russell Company, Tacoma, WA; 3) Health Care Authority, Olympia, WA.

**Employer Cost (\$/hr.)**

	<u>Vancouver &amp; BC Region*</u>	<u>Seattle/Greater Seattle Region – Equivalent Cost</u>
<u>Family Coverage</u>		
Basic Provincial Medical Plan	.66	2.90
Extended Health Care	1.05	1.61
Dental Plan	.99	1.25

Total Cost/hr.	2.70	5.76 (\$998.00/mo)
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**\*Note: Does not include Top Up/Private Plans cost**

## **Canadian Health Care Information Analysis and Assessment – (Continued)**

### Assessment Basis

- Similar actuarial coverage and valuation.
- Large employer within similarly sized metropolitan region.
- Utilization restrictions similar to Canadian plans.
- Each plan priced in its own currency.
- Does not include “private coverage” options.
- Significantly “Higher Canadian tax rates (Federal and Province) and Federal funding priorities result in much higher levels of subsidization resulting in much lower health care costs and services to the employer and employee.” (*ERI Canadian Perspective*)
- The subsidized and largely paid for (by employer) Canadian Health Care Plan is estimated to cost \$5.76/hour or \$998.00/month when the equivalent plan is costed in US dollars.

### **Note:**

The cost assessment comparison is well researched and reflects current cost trends but is a “best estimate” of the cost/hour differences between the Canadian Health Care system (Vancouver BC area) and a plan of comparable coverage in the Seattle area. There are a number of factors, some of which are not considered due to the lack of precise technical data available for analysis and others which are strictly situational, that could influence overall costs of either plan. This information should be used in that context.