



TAXATION OF EMPLOYER SPONSORED HEALTH BENEFITS

The Public Interest in Employer Benefits Being Achieved

- The current public policy approach is working as intended. 75% of working Canadians and a total of 24 million Canadians have access to care through benefits.
- There is a clear public interest that is being achieved by encouraging employers to provide benefits to their employees

The Value of Care Provided Through Benefits

- These plans provide preventive care, prescription drugs, mental health services, dental care, and musculoskeletal care.
- These benefits are helping average Canadians access important health care that is not covered by provincial plans.
- Benefits coverage is a critical element in solving the opioid crisis because back pain is currently a key driver of opioid prescribing, and most Canadians currently access the non-pharmacological alternatives for pain using their benefits.
- The \$2.9 Billion in forgone tax revenue to the Federal Government incents more than \$32.2 Billion in health care being delivered to Canadians.
- Without the health care covered by benefits, Canadians will enter the public system with greater health needs, driving up costs.

Certain Loss of Coverage; Small Firms and Average Workers the Most Impacted

- When benefits were subject to provincial income tax in Quebec in 1993, almost 20% of employers dropped their coverage, including up to 50% among small employers.
- Adding federal income tax and expanding to a national impact will dramatically increase this impact.
- The loss of coverage can significantly affect lower paid employees who will have the most trouble paying for drugs, dental and needed health care out of pocket.

Destabilizing Impact Creates Additional Risk

- Incentivizing younger, healthy Canadians to drop benefits will destabilize the benefits market will erode the pooling effect, and make the cost of benefits rise, further compounding the loss of coverage.
- Particularly for Canadians with pre-existing conditions, securing coverage on their own may be impossible.

Transparency

- Taxing health benefits will result in a substantial loss of benefits coverage, and have tremendously negative impacts on Canadians and Canadian employers. A change like this must not be considered without a clear proposal on the table for all stakeholders to carefully study and respond to.

Not the Way to Achieve Equity and Fairness

- Taking needed care away from millions of Canadians is not the way to address fairness and equity.

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