

SPEAKING NOTES – Taxation of Health and Dental Benefits

Good morning, my name is Ondina Love and I am the CEO of the Canadian Dental Hygienists Association and I also serve as the co-Chair of HEAL – an organization representing 650,000 healthcare providers. I am joined here today by colleagues from Optometry, Psychology, Speech-language and Audiology, Occupational Therapy and Dentistry.

Canadians are very proud of our publicly funded health care system. However, many health care providers work outside of the publicly funded system, yet play an invaluable role in the prevention and treatment of patients.

Access to care to this key group of health professionals is utilized by 75% of Canadians through employer-sponsored health and dental benefit programs. These plans provide preventive care, prescription drugs, mental health services, dental care, musculoskeletal care and more. In fact, without the health care covered by these benefits, Canadians will enter the public system with greater health needs – driving up costs even further.

The Federal government is currently considering taxation of the premiums on employer-sponsored health benefits. They calculate this forgone tax revenue at \$2.9 billion dollars per year. But this number doesn't tell the whole story. This \$2.9 billion dollars incents more than \$32.2 billion in health care being delivered to Canadians.

Taxation of these benefits will have huge impacts on access to care. When benefits were subject to provincial income tax in Quebec in 1993, almost 20% of employers dropped their coverage, including up to 50% of small employers. This loss of coverage can significantly impact the lowest paid employees who will have trouble paying for drugs, dental and needed health care out of pocket. In addition, younger and healthier Canadians may opt to drop benefits, which would destabilize the benefits market and increase the existing costs of benefits. Also – what would happen to patients with pre-existing conditions?

The current public policy approach is working as intended. 24 million Canadians have care through these benefits. The health professions standing here today are concerned about access to care for Canadians. Taking care away from millions of Canadians is certainly not the way to address fairness and equity.

Ultimately, this does not simplify the current tax code, nor bring more fairness to Canadians. It will download complexity onto employers and leave many without the care they need.

Thank you.