

# INSIGHTS

PRODUCED BY  
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## National Drug Plan Visionary or Pipe Dream?

Canada's premiers are proposing a national pharmacare program they say is a "visionary" attempt to improve medicare for future generations. The only problem is that they aren't writing the cheque to fund it. The premiers and the territorial leaders have called on the federal government to assume control of billions of dollars worth of prescription drugs with the creation of a national program to pay drug costs for seniors and welfare recipients as well as people facing catastrophic drug bills. Estimates for what their plan will cost run from 7 billion dollars to 11 billion dollars a year, with the most conservative estimate set at 9 billion dollars.

The current national tab for drugs paid for by various provincial programs is 7.6 billion, but the range of drugs covered, along with the generosity of programs, varies across the country. A national program would likely raise the standard to that of one of the wealthier provinces.

The Prime Minister did run on this commitment as part of his campaign, but in fairness, the price tag that the premiers are proposing far exceeds what the Prime Minister had proposed.

The premiers believe there is an opportunity to save money. Their thinking is that if the feds take over the spending, that through bulk buying there will be a chance to negotiate better deals with the drug manufacturers. To a small degree that will prove itself to be true. However, the underlying motivation may be that from the premiers' perspective, it will free-up their current allocations to

their provincial drug plans and allow them to spend it elsewhere.

The premiers were short on solutions on how a national pharmacare plan would look. Roy Romanow, the former head of a royal commission into medicare ripped into the idea by saying that it was far too expensive and that it was bad public policy. He was quoted as saying, "The odds of any government covering every aspect of drugs would be somewhere between nil to none." He may well be right.

The federal government would be saddled with a huge new responsibility in one of the most expensive areas of health care. Canada spends more, as a nation, on medical drugs than on hospitals. The premiers' proposal would cost the federal treasury 38 billion dollars over five years. On top of that, the provinces want an additional \$20 billion more over five years in medicare funding.

It's hard to see the Prime Minister leaping to satisfy these demands when he has also committed his government to reducing waiting lists and shepherding in a national home-care program. Mr. Martin has offered the provinces \$9 billion more in health spending over 5 years. They want \$58 billion more. The chasm is as wide as the Canadian prairies.

It's a shame that, besides issuing intriguing but exorbitant demands, the premiers accomplished little else in their meeting. They remain split over whether private companies should be allowed to take over the delivery of publicly paid health care.

continued on reverse...

### In This Month's Issue...

Provincial  
Premiers' Plan  
to Fund a  
National Program

Billing Issue  
RWAM's response  
to the recent delisting  
of Routine Eye  
Examinations

Rulings on  
Personal Tax  
Matters

Caregiver Credit  
Medical Expenses  
Incurred Outside  
Canada

Medical Expense for  
Home Construction  
Costs

## Drug Costs

### \$7.6 billion

National annual tab for drugs paid for by various provincial programs.

### \$3.2 billion

Current amount Ontario spends annually on a drug program, which covers seniors, those on welfare and those facing huge drug bills.

### \$600 million

Amount spent annually by Ontario hospitals on drugs for their patients.

### \$7.2 billion

Estimated total (private and public) that will be spent on drugs and patent medicine in Ontario in 2004.

### \$17.7 billion

Estimated total that will be spent on drugs and patent medicine in Canada in 2004.

### \$44.04

Average prescription price in Canada in 2003.

### 361 million

Prescriptions filled in Canadian retail pharmacies in 2003.

Compiled by Rick Sznajder  
Sources: Mapinfo Canada, IMS Canada



## National Drug Plan, continued

Rather, I would prefer that they concentrate their efforts on addressing what needs to be addressed. A survey taken for the Canadian Medical Association provides a warning that needs to be heeded. The Ipsos-Reid survey showed that Canada's medical system received a B mark from members of the public, and that the proportion of C and F grades increased by 8 percentage points compared to last year.

The number one health issue according to Dr. Sunil Patel, the president of the Canadian Medical Association, is the lack of doctors, nurses and technologists. Fix that, make that a priority, and waiting times will get better.

We desperately need creative, innovative thinking, thinking not encumbered by inflexible ideology and partisan political wrangling. We must find new ways to fund health care so that the health care we need doesn't ultimately exert a stranglehold on every provincial and federal budget. Canadians don't simply need a longer list of what the public purse will cover. They need the economics of the system reformed so that the system itself can be sustained. Such reform should be at the top of the agenda when the premiers and Prime Minister meet in September. That would be visionary. Until next time...

## Important Notice for Ontario Clients

2004 Ontario  
**BUDGET**

In the May 18th Ontario budget, The Plan for Change, the Ontario government introduced a number of changes to the Provincial health care system, including the delisting of services previously covered under the Ontario Health Insurance Plan (OHIP).

The health care services delisted in the budget that could have an impact on your client's RWAM group health plan are: Routine Eye Examinations & Chiropractic Services

This communication will focus on the impact of delisting routine eye examinations. The delisting of this service will be effective November 1, 2004.

The delisting of chiropractic services will occur at a later date. Information on the impact to your client's health plan for the chiropractic service delisting will be sent in the near future.

### Routine Eye Examination Delisting

- Routine eye examinations will no longer be covered by OHIP for Ontario residents aged 20-64
- OHIP currently covers one examination every 2 years for Ontario residents in this age category, to a maximum of \$41.30
- The delisting for this service will be effective November 1, 2004

### Impact to your Client's Group Health Plan

Your client's RWAM group health plan may currently include one routine eye examination every 24 months for insured employees and their eligible dependents. Prior to the delisting, most claims for this service were paid by OHIP. Effective November 1, 2004, if your client's plan includes coverage for routine eye examinations, all eligible claims for this service will be paid under RWAM's group health plan. The following monthly rate adjustment will be made on the January 1, 2005 billing for those clients who presently have the eye examination benefit:

**Employees with Single coverage: \$0.85**

**Employees with Family coverage: \$2.15**

For clients who do **not** have eye examination benefit as part of their current plan design but wish to add it, they can do so based on the same rate structure noted above.

This increase is necessary to help absorb the additional claim costs we expect will be incurred, but have not priced for.

As an alternative, if your client does not wish to incur the additional premium cost, they may have the services for routine eye examinations removed from their health care plan.

RWAM will be forwarding a communication piece to clients in mid-October with their November billing statement, requiring them to select from the detailed alternatives. You will receive an advance copy of this communication. If we are not advised of your client's choice, we will continue to administer their plan based on the client's current contract, with the premium increases as stated above. Clients with questions are being directed to contact either their Broker or their RWAM Representative.

## RECENT PERSONAL TAX RULINGS

### Caregiver Credit

In an October 3, 2003 CCRA Technical Interpretation, the taxpayer is a single daughter who lives with her parents in a house owned by her father. The daughter pays the cost of maintaining the house. The father's and mother's incomes are \$20,000 and \$7,000 respectively. The father claims the spousal credit for the spouse.

CCRA noted that the daughter may claim the Federal caregiver credit for her mother (\$586 for 2003 - worth about \$800 when added to the Provincial credit).

### Medical Expenses Incurred Outside Canada

In a November 4, 2003 Technical Interpretation, CCRA notes that amounts paid for cancer treatments in the United States qualify as medical expenses if paid to a medical practitioner or to a public or licensed private hospital. Qualifying medical expenses also include laboratory, radiological or other diagnostic procedures or services.

Also, an individual may claim transportation and travel expenses if substantially equivalent medical services are not available in the individual's locality.

### Medical Expense Home Construction Costs

In a July 28, 2003 Tax Court of Canada case, the taxpayer had multiple sclerosis (M.S.) and, in the construction of a new home, incurred costs of \$15,125 for items such as wider passageways, an elevator shaft, dugout to create walkout access, wider stairs, lower windows for viewing, and appropriate kitchen and vanity design.

The Court permitted these expenses as medical expenses.

Disclaimer: The comments contained herein represent the opinions of the author and should in no way be construed as being official or unofficial policy of RWAM Insurance Administrators Inc. If legal or other expert assistance is required, the services of a competent professional should be sought.

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