



Canadian Dental Association Association dentaire canadienne

www.cda-adc.ca

1815 Alta Vista Drive
Ottawa ON K1G 3Y6

613-523-1770

info@cda-adc.ca

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of Saskatchewan

December 16, 2016

The Honourable Bill Morneau, P.C., M.P.
Minister of Finance
90 Elgin St.
Ottawa, ON
K1P 5E9

Dear Minister Morneau,

On behalf of the Canadian Dental Association (CDA), the national voice for dentistry in Canada, dedicated to the promotion of optimal oral health for Canadians, I would like to request an opportunity to meet with you to discuss how employer-provided health insurance helps keep Canadians in good physical and mental health.

The mandate letter written to you by the Prime Minister notes that the government's plans are grounded in the understanding that a healthy economy starts with a strong and growing middle class, and that the Government must invest to strengthen the middle class and those working hard to join it.

The employee-sponsored health care tax exemption helps to achieve this objective by encouraging employers to offer their employees health benefits to cover expenses they otherwise would need to pay out of their pockets.

In exchange for the foregone tax revenue, the increased access to preventative care helps to save publicly-funded healthcare systems by addressing and preventing health care issues early. Your department, Finance Canada, estimates that exempting employer provided health benefits results in \$2.9 B in forgone tax revenue. However, that generates \$32.2 B in additional health care benefits for Canadians.

The outcome of taxing health benefits would mean fewer employers offering them, leaving many lower income and middle class Canadians will be faced with tough choices, ultimately leading to many going without necessary and preventative care.

This scenario was demonstrated in the province of Quebec when they began taxing health benefits. The plan resulted in a 14 percentage point drop (roughly 20%) in employer-provided supplementary insurance. Very few (10-15%) of those employees self-insured after losing their benefits and when it came to smaller businesses (fewer than 20 employees), there was a 19-26 percentage point reduction in coverage. Studies suggest the removal of this tax benefit across the board could result in a decrease of 50% of small firms who offer the health benefits today.

This plan will mean fewer Canadians will be able to access include: vision care, prescription drug, mental health services, dental care and musculoskeletal care (physiotherapy, chiropractic, massage therapy). These are services that keep Canadians and their families healthy and productive.

For those employers who continue to provide these benefits, the added tax burden on employees could prove prohibitive, as the reduction in the number of enrollees in insurance programs would erode any pooling effect, causing the costs for those remaining to rise dramatically.

A decision to tax health and dental benefit plans would primarily disadvantage the lower income, middle class and the smaller employers in Canada, creating a truly regressive system.

Taxing these benefit plans will not simplify the tax code, bring more fairness to Canadians or help grow the middle class. It will download complexity onto Canadian employers and leave many Canadians and their families and dependents without the care they need.

We would appreciate the opportunity to meet with your office at your earliest convenience to discuss this important issue.

Thank you very much in advance for your consideration of this request.

Sincerely,

A handwritten signature in cursive script that reads "L. Mr. Levin".

Dr. Larry Levin
President-Elect
Canadian Dental Association

C.C. The Honourable Jane Philpott, Minister of Health