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NORTHWEST TERRITORIES

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(First Session, 1966)

PROPOSED MEDICARE PLAN - NORTHWEST TERRITORIES

DISPOSITION

Accepted as Read,.....  
Amended..... See Text  
Rejected..... See Text  
Deferred..... See Text  
Not considered.

## PROPOSED MEDICARE PLAN - NORTHWEST TERRITORIES

### Introduction

Speaking at the Federal-Provincial Conference in Ottawa on July 19th, 1965, Prime Minister Pearson introduced the subject of medicare and stated that the time had come for the federal government to co-operate with the provinces in making medicare financially possible for all Canadians and that subject to parliamentary approval, the federal government would support provincial medicare plans by means of a fiscal contribution of predetermined size. It was suggested that the size of the per capita federal grant would be approximately half the estimated per capita cost of the national medicare plan.

Provincial medicare plans would have to meet the following four criteria in order to qualify for the federal grant:

- (1) Scope of benefits should, broadly speaking, include all services provided by both general practitioners and specialists.
- (2) The Plan should be universal, i.e. cover all residents of the province on uniform terms and conditions.
- (3) The Plan should be publicly administered either directly by the provincial government or by a non-profit provincial government agency.
- (4) The Plan should provide for full transferability of benefits when people are absent from the province or during the initial period of a change of residence to another province.

It has been proposed that the federal government grants in respect to medicare would be available as from July 1st, 1967.

### Proposed Plan for the Northwest Territories

Taking into consideration the Prime Minister's statement and the four criteria, the following proposals on a Medicare Plan for the Northwest Territories are placed before Council.

### Commencement Date

It is proposed that a Medicare Plan, based on the recommendations of the federal government, be introduced into the Northwest Territories on July 1st, 1967.

### Financing of Plan

It is proposed that the Plan be tax supported rather than on a premium basis. This is the only way to ensure universal coverage in the Northwest Territories where nearly 70% of the population are unable to meet ordinary medical costs.

### Universal Coverage

It is proposed that the Plan cover all residents who are covered by the Territorial Hospital Insurance Plan, i.e. all persons who have resided in the Territory for a period of three months, except the following:

- (a) Serving members of the Armed Forces and the Royal Canadian Mounted Police.
- (b) Workmen receiving treatment for a compensable injury under Workmen's Compensation.

- (c) Veterans in receipt of a War Disability Pension while undergoing treatment at Department of Veterans Affairs' expense.
- (d) Inmates of federal penitentiaries.
- (e) Residents of Canada who have retained residence in another province or territory while engaged in short term employment in the Northwest Territories.

Camp employees, for whom physician services are the responsibility of the employer under existing legislation (Part II, Public Health Ordinance, Northwest Territories) will be covered if residency requirements are met. Residents who change their abode to another province or territory will be covered for a period of three months from date of departure from the Northwest Territories.

In other words, if a patient is entitled to benefits under Territorial Hospital Insurance Services, he will also be entitled to benefits under the Medicare Plan and vice versa. This arrangement allows for simple administration.

#### Scope of Insured Benefits

It is proposed that initially only physicians' services, both general practitioner and specialist services, be covered, i.e. accounts will only be accepted from qualified and licenced practitioners and specialists in the jurisdiction where the services are rendered. Nursing services provided at nursing stations and health centres will be available at public expense to qualified residents as will also be emergency treatment provided by lay or nurse dispensers.

It will be necessary to restrict certain non-essential benefits to avoid abuses, but provision will be made to permit these services with the prior approval of a Zone Superintendent or a named consultant, e.g. plastic surgery for a harelip or severe scarring would be insured, but plastic surgery to remove "wrinkles" would not be approved. It is proposed that the following physician services be covered or denied as follows:

- (a) Cosmetic surgery will be covered with prior approval of a Zone Superintendent or named consultant.
- (b) Refractions will not be covered whether performed by an ophthalmologist or optometrist.
- (c) Preventive procedures (not associated with actual treatment) will not be covered, e.g. routine immunizations. Most services in this category are already provided at public expense in the Northwest Territories.
- (d) Routine physical examinations and check-ups will not be covered. An increasing number of these are covered under the Public Health Program.
- (e) Physician services in respect of Tuberculosis and Mental Disease will be covered except where such services are rendered in Tuberculosis and Mental Hospitals which have an inclusive medical care and maintenance rate. The normal residency requirement of three months may be waived if the patient is not covered by one of the Provincial Medicare Plans.

- (f) Physician services in respect of Venereal Disease will be covered and it is suggested that no residency requirement should be necessary for such services. This would eliminate the need to submit the name of the patient on the account in respect of this category of disease. The cases would, however, be reported in sealed "Medical-Confidential" envelopes to the Medical Health Officer on the Notifiable Disease Report forms.
- (g) Dental services will not be covered whether performed by a physician or a dentist. Fractures and traumatic injuries of the face and mouth will not be considered as dental services from this standpoint.
- (h) Occupational health examinations will not be covered.
- (i) Immigration medical examinations and examinations to determine the presence or absence of infectious disease will not be covered.
- (j) The periodic examination of food handlers and other examinations required by law will not be covered.
- (k) Examinations for employment will not be covered.
- (l) Insurance examinations will not be covered.

In some provinces, necessary X-rays and laboratory procedures are commonly performed in the offices of radiologists or pathologists in which case they cannot be covered by the Territorial Hospital Insurance Plan. Medicare benefits will cover such necessary procedures when performed by an appropriate specialist in a non-listed facility.

#### Portability (Transferability) of Benefits

Benefits will be portable from province to province within Canada and also to countries other than Canada with the proviso that the scale of fees paid to registered medical practitioners outside Canada would not exceed those which would be paid if the services were rendered in the Northwest Territories.

#### Territorial Responsibility for Plan

As previously stated, the proposed residency requirements for Medicare are exactly the same as for insured hospital benefits and it is therefore feasible and desirable to operate the Plan through an expansion of the existing Territorial Hospital Insurance agency (T.H.I.S.B.). In this way, the residence qualifications of a person for both hospital and medicare coverage can be checked at the same time, thereby saving both time and duplication of records.

#### Scale of Fees for Services Rendered

The scale of fees paid to physicians must be clearly of the private patient category and it is recommended that the British Columbia fee schedule be used as a reference basis. It has been accepted for many years that the northern fee schedule should be 20% higher than southern fees in order to cover the extra costs of medical practice in the Territories. It is therefore proposed that, in accordance with this practice, the scale of fees in the Northwest Territories between the 60th parallel and the Arctic Circle be approximately 20% higher than those which will be paid by the British Columbia Government for services rendered under the Provincial Medicare Plan, i.e. if the British Columbia Government opts to pay 90% of the B.C. Schedule, the Territorial Plan will pay approximately

1.08 times the B.C. Schedule for services rendered in the Territories by practitioners licenced in the Territories. Fees paid north of the Arctic Circle will be approximately 50% greater than those paid by the British Columbia Government.

The scale of benefits paid for services rendered outside of the Territories but within Canada will be the same as those appropriate in the host province. If the host province does not have a Medicare Program as such, it seems likely that a private insurance scheme, offered by approved carriers and providing standard benefits will exist, and in such case, the scale of benefits paid by the Northwest Territories Medicare Plan will be equal to those paid by the standard carriers.

Where insured services are rendered to a Northwest Territories' resident outside of Canada, the maximum rate of payment will be that which would be made for similar services within the Northwest Territories south of the Arctic Circle.

Specialist fees will be paid only when the patient has been referred to the specialist by another physician. However, the specialist treating a self-referred patient will be paid at the general practitioner rate for the same service.

#### Legislation

In preparing legislation for a Territorial Medicare Plan, it should be noted that it will be necessary to amend Part II of the Public Health Ordinance of the Territory and to include within the legislation a provision to prohibit private insurance companies from covering the same benefits offered by the Plan. Private companies would, of course, still be allowed to provide health insurance for benefits not provided in the Plan.

#### Proposed Financial Arrangements

Medical care in the Northwest Territories differs from that of the provinces in that most physician services are provided by salaried employees of the federal government (Northern Health Service). Private physicians are in practice in Yellowknife and Hay River while all other areas are served by federal physicians. Existing arrangements are that the cost of services provided by the Northern Health Service is cost-shared between the federal and territorial governments on a Health District population ratio while fees from private patients are credited to either federal (Indians and Eskimos) or territorial (non-Indians, non-Eskimos) funds. This arrangement works extremely well and involves a minimum of accounting and billing procedures.

In planning financial procedures for a Territorial Medicare Plan, it is desirable that they should fit into existing arrangements, and it is therefore proposed as follows:

- (1) The territorial government will receive from the federal government an annual per capita grant of approximately \$14, i.e.

$$25,000 \times \$14 = \$ 350,000.$$

This grant is in respect of the total population which consists of 59.2% Indians and Eskimos, and 40.8% others.

- (2) The grant of approximately \$350,000 will be allocated by the territorial government to the Territorial Medicare Agency (T.H.I.S.B.) which will arrange the processing and payment of all accounts from physicians whose salaries or stipends are not cost-shared by the federal and territorial governments. Accurate records will be kept of all funds paid out for physician services to (a) Indians and Eskimos, and (b) others.
- (3) Physicians whose salaries or fees are not cost-shared by the two governments will submit accounts monthly to T.H.I.S.B. for all insured medicare services rendered to all qualified residents.
- (4) Physicians whose salaries or fees are cost-shared between the two governments will not submit any accounts to T.H.I.S.B. in respect of insured medicare services rendered. Neither will Nursing Stations, Health Centres, or Nurse or Lay Dispensers submit any accounts to T.H.I.S.B. for nursing or dispenser services.
- (5) The cost of operation of all Northern Health Service facilities will continue to be cost-shared by the federal and territorial governments on a Health District population ratio. This, in fact, will mean that the federal government will be paying the total cost of medical care to Indians and Eskimos rendered at Northern Health Service facilities. However, as 59.2% of the Federal Medicare Grant will be in respect of Indians and Eskimos, this amount, minus the funds paid out by T.H.I.S.B. to non-cost-shared physicians for insured services to Indians and Eskimos, will be refunded to the federal government. It is suggested that this be accomplished by adding same to the territorial share of the cost-shared program. If funds paid out by T.H.I.S.B. are in excess of 59.2% of the federal grant, medical services would be billed in respect of same.

This proposed arrangement will fit into the existing system of financial arrangements, eliminate unnecessary billing and accounting procedures, and will be easy to administer.

#### Support by Medical Profession

The proposals outlined in this Plan have been discussed with all private medical practitioners now working in the Northwest Territories and they have signified their agreement.

#### Views of Council

The Commissioner endorses the foregoing as having inestimable value to the N.W.T. and would appreciate Council expressing its view on this outline of a proposed Medicare Plan.