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REPORT OF THE SUPPLEMENTARY HEALTH BENEFITS JOINT WORKING GROUP

Background:

In late May 2010, six members were appointed by Cabinet and the Standing Committee on Priorities and Planning (SCOPP) to chart the way for improvements to the government's Supplementary Health Benefits Program (SHB). With a broad mandate summarized in the Assembly by Premier Floyd Roland, members of the Joint Working Group(SHBJWG) held four meetings from May 20 to June 30, 2010.

Health Minister Sandy Lee and SCOPP Chair Jane Groenewegen were chosen to co-chair the SHBJWG. The other four members were Frame Lake MLA Wendy Bisaro, Transportation Minister Michael McLeod, Deputy Premier Michael Miltenberger, and Sahtu MLA Norman Yakeleya.

The focus of their work was a proposed SHB program that extends coverage to 2000 NWT residents currently ineligible, and to serve all citizens fairly and equitably, while respecting those with Aboriginal rights. The cost of potential programs was another focus, with the current program rising in cost by 6.3% annually. In the course of their work, members of the SHBJWG considered many other related issues.

To assist in its deliberations, the SHBJWG sought much additional information and research from the Department of Health and Social Services(DHSS), the Bureau of Statistics, and Assembly staff.

In addition, the SHBJWG received an oral/written presentation from Great Slave MLA Glen Abernethy, an oral presentation from Mackenzie Delta MLA David Krutko, written submissions from Weledeh MLA Bob Bromley and Yellowknife Centre MLA Robert Hawkins, and a discussion paper from Frame Lake MLA Wendy Bisaro.

SHBJWG members reviewed a wide variety of material about other programs in place across the country - not to adopt another jurisdiction's program, but to seek solutions that could be adapted to benefit NWT residents. A summary of this information is attached as Appendix A.

The SHBJWG also considered the most recent proposal advanced by the DHSS, a model based on income-tested co-payments. A summary of that proposal is attached as Appendix B.

A number of additional topics and considerations were also discussed, and have been listed as Appendix C.

It was agreed that the SHBJWG's recommendations, and a backgrounder on the SHB Program, would be made public following their submission to SCOPP, and Cabinet.

Principles:

Members agreed that a revised SHB program should be based on the following principles:

- Aboriginal rights must be respected;
- Cost-controls for pharmaceuticals should be improved;
- Payments by individuals must be at reasonable and practical levels, with protection against catastrophic costs;
- Individuals must be required or encouraged to obtain private insurance;
- Employers must be encouraged or required to provide private insurance;
- All individuals with private insurance must be required to use it first;
- Individuals truly unable to afford third party insurance must be covered by the public program;
- SHB program coverage should be on par with that provided to treaty Dene, Inuit and Inuvialuit people through the federal government's Non-Insured Health Benefits (NIHB) program, retaining vision care, dental care, and coverage of certain medical supplies and equipment;
- There should be a fair and independent mechanism for handling appeals.

Recommendations:

Respecting the issues noted in Premier Roland's letter of May 18, 2010 (attached as Appendix D) following the letter from the Chairperson of the Priorities and Planning Committee, members of the SHBJWG agreed to recommend the following for review and endorsement by the Standing Committee on Priorities and Planning, and Cabinet:

1. Many insurance companies offer third party health insurance packages at reasonable cost. It was agreed by SHBJWG members that for SHB to be sustainable, prudently run, and able to provide protection to those most in need, individual NWT residents should be required to obtain third party insurance;

2. Employers must be encouraged, both directly and through the structure of the program, to provide third party insurance to employees; all members of Chambers of Commerce have access to its group insurance program. Public-sector employers (community governments, band councils, housing

authorities, non-profit organizations, etc.) can buy affordable group insurance through Northern Employee Benefits Services (NEBS). It is the SHBJWG's view that these practical avenues of obtaining third-party insurance are under-utilized.

3. Individuals unable to obtain third party insurance must provide substantive proof of their inability to do so, before becoming eligible for SHB;

4. NIHB parity is the standard for NWT SHB coverage of benefits including prescription drugs, vision care, dental care, medical supplies and equipment (that will include NIHB policy re: use of generic drugs);

5. There must be a reasonable cap on out-of-pocket costs paid by individuals. The amount of the cap was not determined, although using a deductible approach to setting the cap based on the Manitoba model was discussed.

6. In 2004, SHB coverage for some people, and for some specific items was 'Grandfathered'. That 'Grandfathering' must be repealed to provide for equal coverage to all NWT residents, and to eliminate current administrative inefficiencies.

Further Recommendations:

1. DHSS must make progress by early 2011 on bulk purchasing of pharmaceuticals (through both the Western Premiers' initiative, and joint purchasing by NWT Health and Social Services Authorities). DHSS is to explore and implement program efficiencies and cost-saving measures by early 2011, as part of a larger "Pharma" strategy;

2. There must be a fair and independent appeals process to resolve disputes related to income and pharmaceuticals;

3. Residency of one year should be required for eligibility to SHB (9 months from the issuance of NWT Health Card);

4. There was agreement in principle for the Manitoba model of pharmacare, (see Appendix A). However, the model required adjustments for:

   a.) suitability to NWT residents
   b.) suitability to NWT geography and isolation
   c.) administrative efficiency in the NWT
   d.) ability to leverage third party insurance purchase by individuals and employers

The Manitoba model is recommended in principle, but the review and determination of necessary adjustments, and the final recommendation to go forward with an approach based on the model will be determined by Cabinet and SCOPP. The final decision will be made by Cabinet.

5. Policy should be changed as necessary to implement the recommendations of the SHBJWG.

Next Steps:

This Report with its recommendations will be forwarded to Cabinet and SCOPP for review and adoption of recommendations.

Approval of the SHBJWG recommendations will require changes to the current and the proposed SHB program. The final program model will be first shared with the appropriate committees of the Legislative Assembly, and then with the public.

Cabinet will review its Supplementary Health Benefits Policy, amend it as needed to accommodate program improvements, and seek feedback from the Standing Committee on Social Programs, as is standard practice.

A timeline will be developed that identifies program changes and when they will occur.

Acknowledgement:

The SHBJWG co-chairs, Minister Sandy Lee and MLA Jane Groenewegen would like to thank their colleagues for their open and constructive work toward a new SHB Program, and MLAs Abernethy, Bromley, Krutko and Hawkins for their helpful input.

DHSS and the Legislative Assembly Research staff especially deserve recognition for the extensive extra work done, on short notice, to support the SHBJWG's effort.

Appendix A – Other Jurisdiction Programs

Alberta is the only jurisdiction that also caps the benefit it pays, at $25,000 per client, per year. Alberta's system requires a monthly premium of $63.50 per person, or $118 per family. In addition, each client pays the first $50 of eligible expenses (a deductible), plus 30% of each prescription (a co-payment of up to $25 per prescription).

Other provinces and territories take a range of approaches to requirements for third party insurance and/or enrolment in the public program. Many require people with third party insurance to use that first, before any claims are made to the publicly-subsidized program.

For example, Quebec requires that every resident enrol in a private, third party drug insurance plan if they are eligible as part of an employer or union group. If not, they must, by law, enrol in the public plan, for which there is an annual premium, ranging from $0 to $585 per adult, based on net family income. Members of Quebec's public plan also pay a percentage of their prescriptions (a co-payment), with their personal costs capped at $954 per year.

Manitoba's Pharmacare plan is available only to people who are ineligible for other public programs(such as NIHB). There are no premiums, or co-payments for prescriptions. However, clients pay a deductible ranging from a minimum of $100 per year up to 6.12% of their "adjusted total family income" (income tax line 150) for those in the highest income bracket. Once the deductible is paid, the province covers all remaining costs. In this system, the deductible also serves as a cap on individual expenses.

Manitoba Model:

Income Level	Deductible (percentage of income/amount)
under 30k	2.71% / $407.00
30 to 49k	4.25% / $1,700.00
50 to 69k	4.89% / $2,934.00
70 to 89k	6.12% / $4,896.00
90 to 109k	6.12% / $6,120.00
110 to 129k	6.12% / $7,344.00
130 to 149k	6.12% / $8,568.00
150 to 169k	6.12% / 9,792.00
170 to 189	6.12% / $11,016.00
190+	6.12% / $12,240.00

Appendix B – Health and Social Services Co-Payment Model

The SHBJWG considered in detail the most recent proposal advanced in the Legislative Assembly by DHSS. It is a system that would cover those not insured by NIHB or third party insurance, such as that provided by major employers in the NWT. Benefits include dental care, eyeglasses, medical and surgical supplies, and certain medical equipment.

The program would fully cover low-income families, but those making above $50,000 per year (income tax line 263) would pay a rising percentage of the cost of their benefits (starting at 20%, up to 55% for a single person making $190,000 or more per year). Annual family spending would be capped at the higher of $25,000 or 20% of family income. The same system, but with an income threshold of $30,000, was also reviewed. The lower income threshold has the advantage of giving incentive to individuals and employers to obtain third-party insurance.

SHBJWG members considered the cap too high, in both scenarios - and unaffordable to NWT residents, especially families at the lower income levels.

Appendix C – Listing of Additional Topics and Considerations

- Adjusting the age category for seniors from 60 to 65
- Maintaining current programs but expanding coverage to those without insurance
- Top up to third party insurance
- Program Eligibility

Ndèh ... K'àowo Gha Nakwee Wheda Weɲhtł'èkò Nan Nįįk'oo Isrits'àt Gwichit Gwitr'it Deek'it Ní Ts'ën K'aldhër Xa Tthe Theda Ts'į ʔerihtł'ís Ghálada K'é

THE PREMIER OF THE NORTHWEST TERRITORIES

MS. JANE GROENEWEGEN
CHAIR
STANDING COMMITTEE ON
PRIORITIES AND PLANNING

MAY 18 2010

Working Together – Supplementary Health Benefits Policy

Following our discussion yesterday with Standing Committee, I am pleased we have agreed on a way forward for the above policy.

We are prepared to assign a working group of 3 Ministers and 3 Members, to review and consider the elements of the policy outlined in my letter to you dated May 17, 2010:

- personal 3rd party coverage responsibility
- approaches to limit employer and/or individuals from dropping 3rd party insurance
- the issue of accumulated high costs and a capped threshold

If necessary the group can also consider the possibility of parity between the Supplementary Health Benefits program and NIHB. We would like the group to complete its work in June for an implementation date of November 1, 2010.

Attached is the statement Minister Lee will deliver this afternoon. I look forward to your continued involvement in this process.

Floyd K. Roland

c. Committee Members
Cabinet Ministers
Principal Secretary
Secretary to Cabinet
Deputy Minister, Health and Social Services
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HONOURABLE SANDY LEE
MINISTER OF HEALTH AND SOCIAL SERVICES

NO. ___________
DATE ___________

Joint Working Group on Supplementary Health Benefits Program

Mr. Speaker, on May 12, 2010, I presented the latest proposal on the Supplementary Health Benefits Program to the Standing Committee on Social Programs.

From the beginning this program has been designed to ensure that all residents in the NWT can access supplementary health benefits. Our first priority has been to develop a range of supports not covered by the Canada Health Act, third party insurance or other federal/territorial programs.

Since then, the Members of the Standing Committee on Priorities and Planning have presented specific items they would like the Government to consider before this program is implemented. I am interested in reviewing those items and improving on the program we have presented.

As such, I would like to announce today the creation of a working group of Ministers and Members of the Legislative Assembly to assist in this effort.

This working group will use our government's consensus approach to finalize the planning for and ensure a smooth transition to a new program. The group will consider, in part:

- personal 3rd party coverage responsibility,
- approaches to limit employer and/or individuals from dropping 3rd party insurance, and
- the issue of accumulated high costs and a capped threshold.

The working group will report to Cabinet and the Priorities and Planning Committee in June of this year to ensure an implementation date on or before November 1, 2010.

Thank you, Mr. Speaker.