

New Canada Child Benefit could serve as model for health-care reform: report

By Bill Curry

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The launch of new family benefits that take from the well-off in order to give more to lower and middle-income Canadians is stirring debate over whether the same approach should apply to health care.

Millions of Canadian parents will receive new monthly payments from Ottawa starting this month as the government officially launches the new Canada Child Benefit.

The fact that the benefits are based on family income means they are particularly generous for lower-income Canadians, who will receive thousands of dollars each year in tax-free benefits.

“A big part of how we’re paying for it is we’re not sending child-benefit cheques to families that don’t need it, to the wealthiest families, so that we can do more for the people who do need it,” said Prime Minister Justin Trudeau, who officially launched the program Wednesday. “It is going to have a massive impact, not just on families that are struggling, but on families in the middle class right across the country.”

The CCB eliminates several programs aimed at families with dependent children – including the Conservatives’ income-splitting plan and fitness and arts tax credits – and folds them into a single benefit that the Liberals say will be more generous for nine out of 10 families.

The maximum benefit is \$6,400 per year for each child under the age of six and \$5,400 per year for each child aged six to 17. These payments are tax-free.

A family earning the median Canadian income of \$78,870 with one child under six and one child over six would receive about \$6,284 a

year or \$523 a month, according to the government’s online calculator.

The benefit is completely eliminated when family income reaches about \$190,000.

A report this week by Sean Speer and Ian Lee for the Macdonald-Laurier Institute argued that income testing for family benefits could serve as a model for health-care reform.

The report notes that while Canadians are universally covered for doctor and hospital visits, Canadians without private coverage must pay out of pocket for a large number of other services like prescription drugs and vision care.

The authors argue that requiring high-income Canadians to pay fees for doctor and hospital visits would allow governments to provide more generous health benefits to low- and middle-income families.

“The system is going broke,” said Mr. Speer, who played a key role in writing federal budgets under Stephen Harper’s Conservative government. “Basically the only option, I think, available to governments that want to improve their health-care outcomes and expand coverage to folks who need it is to experiment with reforms like patient cost-sharing.”

Federal Finance Minister Bill Morneau suggested that same approach in a 2012 book he co-authored before entering politics. He noted that moving in that direction would not be an “easy transition.”

“While this will not be especially popular with the more affluent, who will be the hardest hit, at least everyone will retain access to services and benefits. This would seem to be the most

likely method of achieving social equality and fairness while reducing government costs,” Mr. Morneau wrote with Fred Vettese in relation to health-care costs.

To date, neither Mr. Morneau nor Health Minister Jane Philpott have outlined Ottawa’s plans for future health funding.

Health care is on the agenda this week in Whitehorse, where provincial and territorial premiers are meeting as the Council of the Federation and are calling for increased federal transfers.

Some critics view income testing as a threat to the universal nature of health-care funding in Canada. There is also debate over how income or means testing should be measured. For instance, nursing-home fees in New Brunswick are based on net annual income. The seniors advocacy group CARP campaigned strongly against a 2015 provincial budget change that added savings and investments into the calculations.

Natasha Mistry, CARP’s director of stakeholder relations, said internal polling of

members found a solid majority oppose income testing of health-care benefits.

“CARP members definitely believe in the universality of care,” she said.

The Liberal government in New Brunswick promoted the change as a “new and progressive policy” that directs support to those who need it the most.

Mr. Trudeau declined Wednesday to provide specifics on his government’s approach to those health-care negotiations.

“I’m looking forward to robust discussions with the provinces as our Health Minister talks about the kind of future for our health-care system that we need,” he said. “Canadians know that we need to have a solid system that responds to the very real preoccupations that Canadians have and that’s exactly what we’re committed to and that’s why we’re glad to be engaging positively and constructively with Canadians and with provinces on a broad range of issues.”