

## LEGISLATIVE CHANGES - UPDATE

### 2019 Health and Pension Plans

Provincial governments continue to struggle with providing health care services for their residents while managing their budgets.

The federal government continues to monitor the Canada Pension Plan (CPP) and other retirement plans available to Canadians.

This Johnstone's Journal focuses on some of the most recent legislative changes that will affect the provision of Canadian health care and retirement plans.

### Canada Pension Plan (CPP) enhancement

In January 2019, changes were made to the Canada Pension Plan (CPP) designed to provide better retirement security for Canadians.

From 2019 to 2023, the contribution rate will gradually increase to reach 5.95% in 2023. Starting in 2024, individuals earning more than the Year's Maximum Pensionable Earnings (YMPE) will be required to contribute an additional 4% of their earnings between the YMPE and the new upper earnings limit, the "Year's Additional Maximum Pensionable Earnings" ("YAMPE").

The goal is for the income replacement rate to reach up to 33.33% of an employee's pre-retirement employment earnings, up to a maximum amount.

### Ontario Provincial Health

What's being called Ontario's biggest health system reform in 50 years since Medicare was implemented with the Ontario government merging 20 health agencies into one, to be called "Ontario Health".

Changes could dramatically impact how patients receive care and workers deliver it, according to healthcare leaders. The crucial part of the reform will be the new Ontario Health Teams (OHT) – local hospital, long term care facilities, home care agencies, community health clinics and/or family doctors linked together as a team. Each team will form locally, covering a geographic population of less than 300,000 people. In addition, some teams will be formed to serve a grouping of patients with specific care needs ( e.g., mental health).

Currently, each health facility gets its own separate budget from the Ontario Health Ministry. With the changes, each OHT would receive a single pot of funding and a single mandate to provide the range of health services its population needs. The team would jointly agree how to divvy up the funding to

### THE JOHNSTONE'S ADVANTAGE

Our mission is simple:  
**Treat each client as if they were our only client.**

Our value is clear:  
**We are completely independent.** We work for you and offer total flexibility on insurers and plans.

We offer all your group insurance services including administration, brokerage, consulting, and communications.

We provide dedicated client support, customization and flexibility to meet all of your company's benefits needs. And we make **solid group plans simple.**



provide all the required services and align services “seamlessly” throughout the patient’s journey through the health system.

The Ontario government is also reviewing OHIP services; many of which have not been carefully examined in years, as doctors did not have a contract with the province. A new contract was agreed upon in February and a working group was established to find savings is part of the agreement. The deadline for the group to agree to reductions worth \$100 million was May 1st and the next deadline to save an additional \$360 million is September 2019.

## BC Provincial Health

A new payroll tax (“Employer Health Tax”) will be replacing BC Medical Services Plan (MSP) premiums effective January 1, 2020. This new payroll tax came into effective January 1, 2019 - employers who currently pay MSP premiums will pay both MSP premiums and the Employer Health Tax in 2019.

Employers with BC payroll of \$500,000 or less are exempt. The new payroll tax is scaled topping out at \$29,250 plus 1.95% payroll for those with BC payroll of over \$1,500,000.

For charitable and non-profit employers with BC payroll, the Employer Health Tax will be calculated for each location. The Employer Health Tax for these employers with BC payroll of \$1,500,000 or less will be zero.

## Manitoba Provincial Health

In March 2019, the Manitoba provincial government announced their plan to change the name of the Regional Health Authorities Act to the Health System Governance and Accountability Act and amend the legislation to give Shared Health legislative authority in the health-care system.

The province plans to no longer direct health care service delivery, and focus on planning, funding and oversight.

Shared Health was established in 2018 to coordinate health care service in the Manitoba, tasked with delivering provincial health services and developing a plan for clinical and preventative care.

## Manitoba Provincial Sales Tax

Effective July 1, 2019, the Manitoba government is decreasing the provincial sales tax (PST) rate from 8% to 7%.

For group insurance benefits, the rate decrease will affect the Retail Sales Tax (RST) for:

-  Group life insurance
-  Group dependent life insurance
-  Group optional life insurance
-  Group accidental death & disablement insurance
-  Group critical illness insurance
-  Group optional critical illness insurance
-  Group short term disability insurance
-  Group long term disability insurance
-  Non-healthcare pooling

## CONTACT US

### Johnstone's Benefits

3095 Woodbine Drive  
North Vancouver, BC V7R 2S3

Phone: 604 980 6227  
Toll Free: 1 800 432 9707  
Fax: 604 983 2935

Website: [www.jbenefits.com](http://www.jbenefits.com)

**JOHNSTONE'S JOURNAL** is published monthly and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies and share with your employees.

