

## Health Care Coverage and Costs in Retirement

Health care coverage and costs should be an important consideration in your retirement planning. You need to have an idea of what coverage you will need and the associated costs, and then plan accordingly.

When we are younger, most of us don't think much about health care. We don't tend to have the health issues that come with age. Many of us are fortunate enough to have employer-sponsored health benefits to minimize the cost of our drug, dental and other health care benefits while we are working.

As you get older, the cost to maintain your health increases. Canadians spend about \$15 billion a year on prescription drugs, about half of which are purchased by seniors as they are more likely to have chronic health problems which require regular medication.

Because of high costs, more and more companies are discontinuing the practice of extending health benefits coverage for their former employees as they retire. Even if you currently work for a company that has health benefits in place for retirees, you should consider that they may not continue to offer them in the future.

What follows are summaries of provincial health care coverage. In addition, there is some information on supplemental health insurance plans for those interested in additional health care coverage for services not covered by provincial plans.

### PROVINCIAL HEALTH COVERAGE FOR SENIORS

Each province has a health plan that covers a wide range of services for their residents, with special coverage for seniors.

The provinces have restrictions on how long you must reside in that province in order to maintain your health benefits coverage. You must be physically present in that province for a specific amount of days in any 12-month period and make your permanent and principal home there. If you meet these terms, you will have coverage for most medically necessary health services at home or when you are travelling outside that province, in or outside Canada.

Most of the provinces have similar coverage for many benefits. Income, in most cases, determines whether you are eligible for coverage of a certain benefit and determines the cost, if any.

Here are the more common benefits for seniors across the provinces:

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<b>Eye Care</b>	<b>Covered</b> <ul style="list-style-type: none"><li>• One eye exam by a medical doctor or optometrist every year; some provinces also provide one colour vision test every year</li><li>• Other medically necessary care such as cataract surgery</li><li>• In some provinces, seniors may borrow visual devices if they have low vision, if they are eligible</li></ul> <b>Not covered</b> <ul style="list-style-type: none"><li>• Eyeglasses and contact lenses</li></ul> <b>Note:</b> <p>In Alberta and Manitoba, seniors are provided with some financial assistance toward the purchase of prescription eyeglasses every three years (based on income).</p>
<b>Hearing</b>	<b>Covered</b> <ul style="list-style-type: none"><li>• Hearing tests, if ordered by a doctor</li><li>• Part of the cost of a hearing aid, if they are eligible</li></ul> <b>Not covered</b> <ul style="list-style-type: none"><li>• Services provided by audiologists for fitting and evaluation of hearing aids</li></ul>
<b>Physiotherapy</b>	<b>Covered</b> <ul style="list-style-type: none"><li>• Therapy received in a hospital or in a licensed physiotherapy clinic</li></ul> <b>Not covered</b> <ul style="list-style-type: none"><li>• Services provided in private clinics</li></ul>
<b>Dental Services</b>	<b>Covered</b> <ul style="list-style-type: none"><li>• Some dental surgery that must, by medical necessity, be provided in hospital</li></ul> <b>Not covered</b> <ul style="list-style-type: none"><li>• Dental services provided in a dentist's office</li></ul> <b>Note:</b> <p>In Alberta, residents are provided with basic dental coverage to a maximum of \$5,000 every five years (based on income).</p>

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<b>Equipment</b>	<b>Covered</b> <ul style="list-style-type: none"> <li>• Partial coverage of supplies including mobility aids, supplies for insulin dependent diabetics, respiratory equipment, oxygen and oxygen delivery equipment, wheelchairs, orthopaedic braces and breathing aids (based on income)</li> </ul> <p><b>Note:</b> In Manitoba, there is a program that provides long-term loans of wheelchairs to individuals living in the community, if eligible.</p>
<b>Chronic Care</b>	<b>Covered</b> <ul style="list-style-type: none"> <li>• Room, board and other basic necessities in addition to medical care (rate is determined by the patient's monthly income and the number of dependents that the patient has; the maximum co-payment in Ontario, for example, is \$1,614 a month)</li> </ul>
<b>In-Home Services</b>	<b>Covered</b> <ul style="list-style-type: none"> <li>• Partial coverage for services including nursing care, physiotherapy, palliative care, personal support services such as bathing and dressing, and meal preparation (determined through needs assessment)</li> </ul>

## PROVINCIAL PRESCRIPTION DRUG PLANS

More than three-quarters of households with at least one senior report prescription drug spending, at an average of more than \$500 annually. Prescription drugs make up the largest portion of out-of-pocket health care spending for senior households (27.3% of their health care budget was allocated to this item).

Senior households with prescription drug expenses also tend to be on a fixed income. Almost 60% relied on government benefits as their major source of income.<sup>1</sup>

Canada doesn't have a uniform drug plan. The provinces have different plans for coverage of prescription drugs bought in that province. In some provinces, the senior must pay a co-payment, which is the portion of the prescription that is paid each time a prescription is filled. In other provinces, the senior must pay an annual premium. Some provinces have a combination of both co-payments and premiums.

Some of the plans automatically enrol you so you are entitled to receive benefits for the cost of drug products from the first day of the month after you turn 65. In other provinces, you are notified that you have to enrol in them to have coverage.

<sup>1</sup> Jacqueline Luffman. "Out-of-pocket spending on prescription drugs." *Perspectives on Labour and Income* (Statistics Canada, Catalogue no. 75-001-XIE) September 2005

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<b>British Columbia</b>	In British Columbia, families pay the full prescription costs until they reach their deductible. If a senior's net family income is less than \$33,000, the deductible is waived.  If you or your spouse was born in 1939 or earlier, 75% of your eligible costs are covered for the rest of the year (otherwise it is 70%).  Families are assigned a family maximum (% of your net family income). If you reach your family maximum, 100% of your eligible drug costs are covered for the rest of the year.
<b>Alberta</b>	Alberta has a co-payment and monthly premium system. As of July 2010, the co-payment will be 20% of each prescription's cost to a maximum of \$15 per prescription (currently 30% and \$25) and the monthly premium will be \$63.50 for an individual and \$118 for a family.  Eighty-five per cent of seniors will either not be required to pay a premium or will have their premium reduced by 25% or 50% based on their taxable income. Depending on their income, some seniors won't pay a co-payment or a premium. Seniors with a slightly higher income will pay a co-payment, but not a premium. Other seniors will pay a co-payment and a monthly premium.
<b>Saskatchewan</b>	Seniors pay a maximum of \$15 for their prescription drugs (if a drug costs less, they pay less).
<b>Manitoba</b>	Residents have 100% of drug costs covered once the income-based deductible is reached. The minimum annual deductible is \$100 and the maximum is 6.08% of your family income.

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<b>Ontario</b>	<p>Ontario has a co-payment system. If you are a single senior with an income of more than \$16,018 a year, or you are part of a senior couple and your combined income is more than \$24,175 a year, you pay a \$100 deductible every year for prescriptions filled per senior. Then you pay up to \$6.11 towards the dispensing fee for each prescription.</p> <p>If you are a single senior with an income of less than \$16,018 a year, or you are part of a senior couple and your combined income is less than \$24,175 a year, you may be asked to pay up to \$2 for each prescription filled.</p>
<b>Quebec</b>	<p>Residents must pay a premium, whether or not they purchase prescription drugs, which varies from \$0 to \$585 per adult, depending on net family income.</p> <p>Seniors receiving 94% to 100% of Guaranteed Income Supplement (GIS) don't pay the premium (the current maximum annual benefit for a single person, for example, is \$7,830).</p>
<b>New Brunswick</b>	<p>Seniors receiving the Guaranteed Income Supplement (GIS) are required to pay a co-payment of \$9.05 for each prescription, up to a maximum of \$250 in one calendar year.</p> <p>Seniors who qualify based on their annual income are required to pay a co-payment of \$15 per prescription.</p>
<b>Prince Edward Island</b>	<p>Seniors must pay the first \$11 of the medication cost plus the pharmacy professional fee for each prescription.</p>
<b>Nova Scotia</b>	<p>Seniors contribute to the program in two ways, through a premium and a co-payment.</p> <p>The premium is the fee that is paid each year to join the program and is currently \$424. It may be reduced or waived entirely depending on their income level or if they receive the Guaranteed Income Supplement (GIS).</p> <p>The co-payment is 30% for each prescription, with an annual cap of \$382.</p>
<b>Newfoundland</b>	<p>The cost for the drug ingredient is paid by the province of Newfoundland and the charge for dispensing fee is paid by the senior.</p>

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You should check with your provincial health plan provider to determine the details of your province's specific plan. Each has a website with detailed information and toll-free telephone numbers. Entering "[your province] seniors drug plan" into a search engine such as Google will provide you the results.

In addition, Veterans Affairs Canada provides a wide range of benefits and services, including prescription drugs, to qualified veterans, still-serving Canadian Forces members, RCMP members, and certain civilians as well as their dependants and survivors.

## SUPPLEMENTARY HEALTH INSURANCE PLANS

You can purchase supplemental health insurance plans such as Blue Cross. Premiums are charged and then these programs reimburse you for costs associated with an illness or accident which aren't covered by the provincial health plans, such as prescription drugs, registered specialists and therapists, dental care, vision care, etc.

Meet Harvey and Sylvia, a retired couple. Harvey is 70 years old, 5 feet, 9 inches, and 190 pounds. Sylvia is 66 years old, 5 feet, 5 inches, and 150 pounds. Both are non-smokers.

Depending on the level of benefits chosen, here are examples of the ranges of their Blue Cross monthly premiums if they lived in British Columbia, Ontario or Quebec:

	BC	ON	QC
<b>Harvey and Sylvia</b>	\$160 - \$284	\$170 - \$241	\$70 - \$130
<b>Sylvia</b>	\$81 - \$140	\$85 - \$128	\$32 - \$63
<b>Harvey</b>	\$81 - \$140	\$94 - \$128	\$38 - \$68

Their premiums will increase as they get older.

## SUMMARY

Most of us look forward to our senior years as a time of freedom, a chance to do all the things we didn't have time to do while in our working years.

Modern medical technology allows us to live longer fuller lives, but there is a cost.

It's important to be aware of what health care benefits will be provided to you and plan accordingly so you can ensure you have the coverage you need to enjoy the retirement you always dreamed of.