

LEGISLATIVE BRIEFING

A Regional Employers Services Publication

Vol. 07, November 28, 2017

metrovancover
RES|360
REGIONAL EMPLOYERS SERVICES

MSP: ONE CHANGE ANNOUNCED, ANOTHER CHANGE AWAITED

Effective January 1, 2018, the Government of British Columbia is reducing Medical Service Plan (MSP) premium rates by 50 per cent for all British Columbians. Greater reductions are provided to families with an annual adjusted net income of \$26,000 or less, paying no MSP premiums at all.

THE FACTS

MSP premiums are the province's single largest source of non-tax, own-source revenue. Generating almost \$2.6 billion annuallyⁱ, MSP premiums fund a significant proportion of health care costs in British Columbia. Health care costs continue to rise and are projected to reach \$20 billion by 2019/2020ⁱⁱ.

The Government of British Columbia has noted that MSP premiums are complex to administer and have received frequent criticism for being "outdated, unfair and difficult to understand". For these reasons, "as a first step" the Government is cutting premiums by 50% (see page 69 of the [Budget and Fiscal Plan](#)).

British Columbia is the only jurisdiction in Canada that requires residences to pay health premiums.

The governments of Ontario and Alberta eliminated their respective healthcare premiums and replaced the revenue with other funding sources. When Ontario eliminated its health care premium in 1990, it introduced an employer payroll tax and later reintroduced individual health care premiums through the income tax system. Likewise, when Alberta eliminated premiums in 2009, a health care contribution levy was introduced in 2015.

The BC Government has not yet announced how it intends to recover the forfeited revenue, which might include an employee payroll tax.

Regional Employer Services will continue to follow developments with respect to MSP premiums and any replacement funding sources.

QUESTIONS?

If you have any comments or questions about this update please contact Karen Jewell, Division Manager of Information, Compensation and Advisory Services at 604-432-6228 or by email at karen.jewell@metrovancover.org.

¹ Fayerman, Pamela. *B.C. Budget: Health spending to rise despite cut to MSP premiums*. Vancouver Sun, September 10, 2017. <<http://www.theprovince.com/health/local-health/budget+health+spending+rise+despite+premiums/14644427/story.html>>

² *Budget and Fiscal Plan 2017/18 – 2019/20*. The Government of British Columbia. February 21, 2017. <http://bcbudget.gov.bc.ca/2017/bfp/2017_Budget_and_Fiscal_Plan.pdf>