



December 22, 2016

File no.: 20403-F01

The Honourable William Francis Morneau, P.C., M.P.
Minister of Finance
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Minister Morneau:

I am writing to express concern with reports the government is considering the taxation of private health and dental insurance plan benefits. The CLC, alongside dozens of national health organizations, strongly advises against such a move.

The CLC believes supporting the health and wellness of Canadians helps foster productive workplaces and vibrant local economies. The Government of Canada shares this belief, as reflected in the mandate letter to the Minister of Health, pointing out that “when Canadians are in good physical and mental health, they are able to work better, be more productive, and contribute more fully to our economy while living healthier, happier lives.” Accordingly, the mandate letter makes it a priority to “improve access to necessary prescription medications” and “make high quality mental health services more available to Canadians who need them.”

Rather than advancing these important priorities, however, the taxation of private health and dental plans would move Canada in the opposite direction. The reality is provincial and territorial public health care plans currently fall short of meeting the health and welfare needs of many workers, and do not cover a range of health services and treatments on which Canadians rely. This includes a number of important medications and the services of dentists, physiotherapists, chiropractors, and psychologists. Without extended health care benefits, Canadians must pay out of pocket for such services.

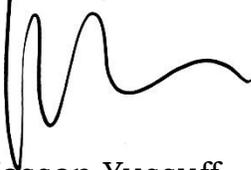
The impact of taxing employees’ health and dental benefits would be devastating. After Quebec began taxing employee health and dental benefits in 1993, almost 20 percent of employers stopped offering this coverage, and 50 percent of small employers stopped offering such benefits. Taxing health benefits will increase pressure on employers to reduce coverage and the level of services provided.

Private health and dental plans do not simply benefit a privileged few; they are essential to the well-being of a majority of Canadians. Currently, 24 million Canadians are covered by private health and dental insurance plans – 90 percent of which are group plans provided by employers, unions or professional associations. At risk, therefore, is the physical and mental health of a vast number of working Canadians.

Current incentives to employers to enact programs and policies which support the health and well-being of their workforces should not be undermined, and the availability of health and drug coverage through privately-funded benefits should not be placed at risk. Instead, governments should be supporting both private and public programs in meeting the health needs of Canadians. As such, the CLC strongly advises against the taxation of private health and dental plans. We encourage the government instead to explore options for tax reform that address the disproportionate share of wealth and income gains enjoyed by very high earners. This includes ending the preferential tax treatment of income earned from stock options, and reversing the corporate income tax cuts of the last decade that have so manifestly failed to revive business investment in Canada.

My office would be pleased to arrange a mutually convenient time to discuss this initiative in detail. My Executive Assistant, Susan Bellamy, can be reached directly at clcpresident@clc-ctc.ca or by phone at 613-521-3400, ext. 238. I thank you for your attention to this matter of taxation of private health and dental insurance plan benefits. I remain available to discuss this further.

Sincerely,

A handwritten signature in black ink, appearing to read 'Hassan Yussuff', with a stylized, flowing script.

Hassan Yussuff
President

cc: The Honourable Jane Philpott, Minister of Health
The Honourable MaryAnn Mihychuk, Minister of Employment, Workforce Development
and Labour
Members of Canadian Council