

# Kirby Commission Report: The Impact to Plan Sponsors

Senator Michael Kirby's Standing Senate Committee on Social Affairs, Science and Technology tabled its much anticipated final report on health care in October 2002. This report comes in advance of the Romanow Commission Report on the Future of Health Care in Canada due on November 27th.

The Kirby report contains numerous recommendations that, if fully implemented, would dramatically change the manner in which health care is delivered in Canada. They would also result in an annual \$5 billion increase in health care spending. The objective of this brief summary is not to list all recommendations for change but rather to highlight the issues we view as most significant from the group plan sponsor's perspective.

Following are specific recommendations from the Kirby report that might have a great impact on private health plan costs:

- The recommendations relative to "Expanding Coverage to Include Protection Against Catastrophic Prescription Drug Costs" will ensure that no Canadian will be financially burdened by high catastrophic medication expenses. This fund will provide relief to individuals and plan sponsors where out-of-pocket drug claims exceed \$5,000 in any given year. The catastrophic coverage will pay 90% of all expenses exceeding this level with provincial/territorial and/or private plans paying the remaining 10%. Plan sponsors will be required to ensure that no one has exposure to out-of-pocket drug costs in excess of \$1,500 or 3% of family income, whichever is less. In return, the coverage will shift the burden for claims exceeding \$5,000 away from the plan sponsors. To achieve this, the report states that the establishment of a National Drug Formulary will be necessary.

***Impact** – Sponsors of group plans will decrease their risk of catastrophic drug claims, as this burden is shifted to the safety net fund.*

- The financing of post-acute home care will ensure that a full range of services are provided at home by appropriate health professionals for up to 3 months following hospital discharge. This program will cover all services, including prescription drugs, that would have normally been delivered in a hospital environment.

***Impact** – Group plan sponsors can expect a decrease in hospital expenses and drug claims if this recommendation is implemented. In addition, faster patient recovery times could result, leading to improvements in employees' attendance and productivity.*

- Notes and recommendations in the "Timely Access to Health Care" and "The Health Care Guarantee" chapters focus on reducing waiting times for surgery and services. If implemented, the suggested guarantee would ensure that individuals have access to services outside of their province or country if waiting times are excessive, with the associated costs paid fully by the province.

***Impact** – Plan sponsors could face lower disability plan costs as employees have access to services more quickly and are able to return to work sooner.*

- A recommendation was made to ensure that palliative home care is available when needed. Furthermore, this program could include some type of income replacement – such as short-term Employee Insurance benefits – when employees are staying at home

to care for terminally ill family members. New tax measures or Labour Code changes may also be considered to accommodate this change.

**Impact** – *Group plan sponsors and employers might face additional expenses if temporary or contractual staff are needed to replace the informal caregivers.*

- The report calls for a "Healthy Public Policy", a targeted investment in wellness initiatives and health promotion to address the issue of lifestyle-related chronic diseases.

**Impact** – *Success in this area could lead to improvements in all areas of the plan sponsors' employee benefits cost equation.*

In summary, the Kirby report contains positive news regarding the reversal of cost shifting or off-loading to plan sponsors by all levels of government. The potential exists in this report to create an environment where annual health plan cost increases can be significantly reduced from the 15%-20% level that we are witnessing today.

The main question that remains is, "Will all recommendations be adopted?" This may depend largely on the recommendations contained in the Romanow Commission Report to be tabled in late November. Only then will all governments and stakeholders put their cards on the table and begin shaping the future of health care in Canada.

Please click here to access the [highlights](#) of this report and its recommendations.

*November 13, 2002*