

FSNA KEY ISSUES

- 1. Marriage date-related restriction under federal superannuation plans**
- 2. National Pharmaceuticals Strategy**
- 3. Comprehensive Home Care Program**
- 4. Poverty among Canadian seniors**

1 Marriage date-related restriction under federal superannuation plans

Restrictions must be removed that deny a survivor pension to widows or widowers of the Canadian Forces (CF), RCMP, Public Service (PS), Members of Parliament and judge pensioners if the marriage or spousal union began after the pensioner retired (PS, MP and Judges) or reached age 60 (CF and RCMP).

Under all of the five federal statutory superannuation plans, the surviving spouse is entitled to a lifetime indexed allowance equal to 50% of the deceased pensioner's pension. However, entitlement to such allowance is disallowed if the pensioner married after retirement under the Public Service, the Judges and the MP plans, or after age 60 under the CF and the RCMP plans.

This date-related restriction makes a number of spouses of deceased federal pensioners second-class surviving spouses. On the death of their pensioned spouse, these survivors are impoverished not only by the loss of a pension income, which was often the principal source of income of the couple prior to the demise of the pensioner, but also by the immediate discontinuation of coverage under, and eligibility to, the Public Service Health Care Plan and the Pensioners' Dental Services Plan.

The Canada and the Quebec Pension Plans do not include any such restriction.

These restrictive provisions are antiquated and contrary to the spirit of the Modernization of Benefits and Obligations Act enacted in year 2000. This Act is intended to ensure that spouses in legal marriages and in common-law relationships are treated equally under the laws of Canada.

2 National Pharmaceuticals Strategy

Canada needs strong national leadership to bring together the provincial and territorial governments to develop and implement a national pharmaceuticals program that would include strategies to negotiate lower prices for pharmaceuticals for all Canadians.

Spending on pharmaceuticals is now the second largest health care expenditure in Canada (second to hospital care).¹

In 2007, total drug spending in Canada is estimated to have reached \$26.9 billion – an annual growth rate of 7.2%². The Canadian pharmaceutical market is expected to continue to grow at this pace and this rapid escalation in drug costs threatens the sustainability of public drug programs.

Coming out of the 2004 10-year Plan to Strengthen Health Care in Canada was a commitment to “pursue purchasing strategies to obtain best prices for Canadians for drugs and vaccines.”

While the Ministerial Task Force has been focusing on the development of strategic options for a comprehensive national pricing and purchasing framework, there is no evidence of success in this area. And the costs of the drugs Canadians need continue to rise.

¹ National Pharmaceuticals Strategy Progress Report June 2006

² Canadian Institute for Health Information

3 Comprehensive Home Care Program

Home care must be expanded past the commitments of the 2004 Accord and the home care “basket of services”. Canadians need federal leadership to develop and implement a comprehensive national home care program integrated within the continuum of care.

According to the Canadian Home Care Association, between 2005-2006 the number of home care recipients has increased by almost 100% to reach an estimated one million Canadians.

In the 2004 10-year Plan to Strengthen Health Care, home care is described as an “essential part of modern, integrated and patient-centered health care...All governments have recognized the value of home care as a cost-effective means of delivering services...”

All provinces and territories have taken steps toward fulfilling their commitments as outlined in the 2004 Health Accord with respect to home care. This includes which home care services are to be publicly funded based on assessed needs. This work should be used as a starting point toward a comprehensive National Home Care Program. As these efforts include only short-term acute home care and mental health home care as well as end-of-life care, the national program would need to be more comprehensive and include chronic care and a number of support services that allow individuals to remain independent in their own surroundings.

The overall goals of a national home care program would be:

- improved access to comprehensive care
- increased emphasis on health promotion, disease prevention and chronic disease management
- expanded 24/7 access to essential services
- expanded multi-disciplinary teams so most appropriate care is provided by the most appropriate provider
- facilitated coordination with other health services / specialists
- reduced costs to the health care system

There is an urgency to implement a national home care program and integrate it into the continuum of care as the population of seniors ages and its demand on the health care system increases. A national home care program would provide access to a wide range of social and health supports and multi-disciplinary teams that would allow seniors the independence they seek and the care they need when and where they need it.

4 Poverty among Canadian seniors

A vertical expansion of the Canada Pension Plan/Quebec Pension Plan (CPP/QPP) should be implemented to address the poverty issue among seniors. This has so far been proposed (independently) by FSNA and the Canadian Labour Congress to pension commissions in four provinces and to the Special Senate Committee on Aging.

Some 37% of Canadian seniors currently receive a Guaranteed Income Supplement (GIS) benefit. The GIS program ensures a minimum annual income of only \$13,683, i.e. the sum of the GIS and Old Age Security maximum benefit rates as of September 2008. This is lower than the deemed poverty level measured by the Low Income Cut-Off now at \$15,336.

The current CPP/QPP employer/employee total 9.9% contribution rate provides a retirement benefit rate of 25% of average adjusted salary up to the five-year average Yearly Maximum Pensionable Earnings (YMPE).

The vertical expansion of the CPP/QPP would:

- provide an additional 45% retirement pension benefit rate, bringing it up to 70%
- be financed by an additional employer/employee contribution rate of 9.9% that would apply to contributory earnings up to the salary limit applying to Registered Pension Plans (RPPs), which is \$111,111 for 2008, rather than to the YMPE, which is \$44,900 for 2008.

Ultimately, CPP/QPP would provide a 70% benefit rate through a 19.8% employer/employee total contribution rate and essentially replace existing RPPs.

This solution would temporarily postpone government revenues due to income tax deferrals applying to contributions made to RPPs and CPP/QPP. The initial negative impact on government revenues could be reduced by phasing in the vertical expansion of the CPP/QPP.

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