

# Today's Objectives

- To discuss individual health insurance
- To discuss the economic problem of disability
- To discuss government plans for disability

Module 3 – Poor Health – Medical Needs  
→ Poor Health Financial Security (Overview)

Recall:

- The **Three**-Legged Stool of Poor Health – Medical Needs



I – Government – Provincial Plans

II – Employer - Group Benefit Plans

**III – Individual – Individual Health Insurance**

**\*\*** Not everyone has access to these

## Module 3 – Poor Health – Medical Needs

### → Individual Plans

#### Individual Health Insurance Plans

- An individual can purchase an individual health insurance policy (also Individual family health insurance)
- These policies cover various things such as \*\*:
  - hospital stays
  - surgeries/operations
  - doctor's visits
  - emergency medical services in other countries
  - drugs
  - visits to other medical and non-medical practitioners,
  - medical supplies and devices

\*\* In Canada, policies don't cover what is covered under prov'l plans

## Module 3 – Poor Health – Medical Needs

### → Individual Plans

#### Individual Health Insurance Plans

- We will not be going into the details of these types of policies (other briefly than reviewing two online examples) but it is important to note that:
  - There are differences in these plans – U.S. versus Canada
  - In Canada, have to qualify for provincial health care coverage to get to qualify for Individual Health Insurance
- Who Buys Individual Health Insurance in Canada?:
  - Self-employed (no e'er benefits) or underemployed
  - E'ees when company health benefits end (retirement or job change)
  - Those in poorer health

*Individual  
provincial*

## Module 3 – Poor Health – Medical Needs

→ Individual Plans

### Individual Health Insurance Plans

- A few Canadian Individual Health Insurance plan examples

*personal* [https://www.sunlife.ca/ca/Explore+products/Insurance/Health+insurance/Personal+health+insurance?vgnLocale=en\\_CA](https://www.sunlife.ca/ca/Explore+products/Insurance/Health+insurance/Personal+health+insurance?vgnLocale=en_CA)

*flex  
care* <https://www.manulife.ca/personal/insurance/health-insurance/health-and-dental/flexcare.html>

## Module 4 – Poor Health – Disability

### → Poor Health Financial Security (Overview)

#### Economic Problem of Poor Health – Disability

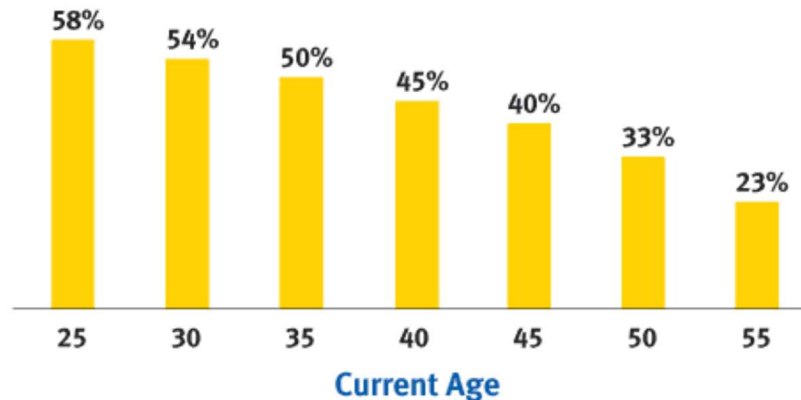
- **Extended period(s) of disability can lead to economic insecurity since:**
  - Person is unable to work (loss of income)
  - Person may continue to incur medical and other expenses
- Unless the person has some form of disability insurance coverage (or substantial savings), economic insecurity can soon result:
  - The top two **causes of bankruptcy in Canada** are overextension of credit (29%), and **2nd is injury or illness leads to disability (15%)**
- Those less than aged 65 are **60% more likely to become disabled then they are to die**

## Module 4 – Poor Health – Disability

→ Poor Health Financial Security (Overview)

### Economic Problem of Poor Health – Disability

**Probability of Incurring a 90-Day or Longer Total Disability**



- Most disabilities are short term (less than 1 year)
- When a disability lasts 90 or more days, the length of disability average between 2.1 and 3.2 years for those  $\leq 55$ 
  - Source: 1985 commissioners study, currently posted on RBC website
- When a disability last 2 or more years, chances of person returning to work falls sharply

## Module 4 – Poor Health – Disability

→ Poor Health Financial Security (Overview)

### Attacking the Problem of Poor Health – Disability

- The **Three**-Legged Stool of Poor Health – Disability



**I – Government – Employment Insurance (STD), CPP (LTD), WC**

**II – Employer - Short Term (STD) & Long Term (LTD) Disability**

**III – Individual – Individual Disability Insurance**



## Module 4 – Poor Health – Disability

→ Government Plans (Ch 18 of *Social Ins. & Economic Security*)

### Government Plans

#### 1. Government Disability Benefit Programs

- **C/QPP Disability Pension** - previously discussed in Module 2
- **Employment Insurance** - Sickness Benefits
  - Provides payments for up to 15 weeks for individuals who are unable to work because of sickness, injury, or quarantine (but who would otherwise be available for work)
  - There are work related requirements (must have worked 600 hours in last 52 weeks or since last claim)
- **Workmen's Compensation Program(s)**

## Module 4 – Poor Health – Disability

→ Government Plans (Ch 18 of *Social Ins. & Economic Security*)

### Government Plans

#### 1. Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**
  - i. Background/Overview
  - ii. Eligibility
  - iii. How WC programs are funded
  - iv. Employer Accountability(Refunds)
  - v. Benefits

## Module 4 – Poor Health – Disability

→ Government Plans (Ch 18 of *Social Ins. & Economic Security*)

### Government Plans

#### 1. Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- i. Background/Overview

- WC Canada's oldest government social security program with Ontario being the first province establish a program in 1915
    - **WC programs** are set up at the **provincial level**
      - All provinces and territories have WC plans and each has set up their own provincial legislation and regulatory boards
    - **WC is essentially a form of “no-fault” insurance**
      - An employee is guaranteed benefits for injury, disease or death “arising out of and in the course of employment”, and
      - E'ee forfeits right to sue e'er in exchange for these benefits (right to sue the responsible party goes to respective WCB)

## Module 4 – Poor Health – Disability

→ Government Plans (Ch 18 of *Social Ins. & Economic Security*)

### Government Plans

#### 1. Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- i. Background/Overview

- If an employee is injured at work they can choose to
      - Take legal action against the e'er for negligence, OR
      - Claim Worker Compensation (WC) benefits
    - *Employers* are required to take appropriate precautions to prevent accidents, provide safety appliances, and provide and maintain first aid services
    - *Employees* are entitled to reasonable compensation for any lost earnings that occur due to injury or sickness while on the job and also prompt medical treatment

## Module 4 – Poor Health – Disability

→ Government Plans (Ch 18 of *Social Ins. & Economic Security*)

### Government Plans

#### 1. Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- i. Background/Overview

- **Benefits provided by WC** include

- Health care

- STD and LTD

- Rehabilitation

- Survivor benefits

- **WC Benefits are not taxable** (e'er contribution is a tax deductible expense, but not a taxable benefit to the e'ee)

## Module 4 – Poor Health – Disability

→ Government Plans (Ch 18 of *Social Ins. & Economic Security*)

### Government Plans

#### 1. Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- ii. Eligibility

- WC is mandatory for certain occupations/jobs but not for others
      - **Generally mandatory for all e'ees in industrial occupations**
      - Some provinces exempt following groups from mandatory WC coverage:
        - » domestic (work at home) e'ees
        - » casual or contract e'ees
        - » e'ees in certain service industries
        - » e'ees in the “knowledge” industries such as finance and insurance

## Module 4 – Poor Health – Disability

→ Government Plans (Ch 18 of *Social Ins. & Economic Security*)

### Government Plans

#### 1. Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- ii. Eligibility

- WC is mandatory for certain occupations/jobs but not for others
      - Note however that employers who have employee groups that are exempt from mandatory cover may still, and often do, elect to be covered under WC (have to apply)
      - Business owners and executives are not subject to mandatory coverage but may elect to be covered as e'ees

- iii. Eligibility

- iv. How WC programs are funded

- v. Employer Accountability(Refunds)

- vi. Benefits

## Module 4 – Poor Health – Disability

→ Government Plans (Ch 18 of *Social Ins. & Economic Security*)

### Government Plans

#### 1. Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- iii. How WC programs are funded

- **WC system is funded solely by employers:**
      - Employee contributions are not permitted
      - Government doesn't contribute in any way
    - Employers whose e'ees are covered by WC are "assessed" by their respective provincial WC board to determine the premium that they (the e'er) will have to pay
    - Two assessment methods are used:
      - a) Individual Liability
      - b) Collective Liability