



Research Advisory

Hewitt

Canadian Research Group

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Highlights

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The Hewitt Research Advisory is a regular Hewitt newsletter designed to provide a detailed overview of specific legislative and regulatory developments in Canada relating to human resources.

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Alberta Promises to Eliminate Health Care Premiums

In the February 4, 2008 Speech from the Throne, the Alberta Government promised to eliminate health care premiums for Albertans over the next four years. According to the Minister of Finance, “as a result of being North America’s only debt free jurisdiction” and the fact that “health care premiums have served their purpose in Alberta over the years...the elimination of premiums is a reward whose time has come.” Health care premiums were eliminated for Albertans aged 65 and older on October 1, 2004.

If passed into law, this change will benefit any employer or plan sponsor who pays all or a part of provincial health care premiums in Alberta. Employers could save up to \$528 per individual and \$1,056 per family per year.

The details surrounding implementation of this proposed change will not be available until legislation is introduced after the provincial election on March 3, 2008. Given that both the opposition parties and the government have called for the elimination of health care premiums, it seems certain that this proposed change will become reality.

Hewitt Comment: According to *Hewitt SpecBook 2007/2008™* of 54 Alberta employers surveyed, 65% pay at least half the cost of family health care premiums, 2% pay the cost of single premiums only, and 33% do not pay any portion of the premium. The average employer contribution is 79% of family health care premiums.

In light of the proposed change, benefit plan sponsors in Alberta should review their policies in the context of their total compensation philosophy and consider the following:

- *For those plans providing benefit funding in lieu of provincial health care premium reimbursement, often in the form of flexible benefit plan or health expense account dollars, reviewing their funding to ensure it continues to be aligned with their objectives.*
- *For national benefit plans, examining their health care philosophy with respect to funding for provincial medical plans across the country. Particularly, if the plan sponsor has incorporated funding elements into benefit plans to compensate employees in provinces that do not charge health care premiums.*
- *For those plans providing retiree health care benefits, reviewing whether this change has an impact. Although health care premiums have already been eliminated for Albertans aged 65 and older, some plan sponsors continue payment of provincial health premiums for retirees who are under age 65. These plan sponsors could also experience cost savings, and a reduction in their post-employment benefit liability.*

About Hewitt Associates

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