

# 2018 MSP PREMIUM CHANGES

On September 11, 2017, Carole James, BC's Minister of Finance, announced the government's decision to move forward with a 50% reduction to the Medical Service Plan ("MSP") premiums for all residents. Once passed, this change is to be effective January 1, 2018. Additionally, the threshold for the elimination of premiums has been increased from a net income of \$24,000 or below to \$26,000 or below for one adult and \$29,000 or below for two adults. The BC government has announced that its intent is to move towards the elimination of MSP premiums over the next four years.

The proposed changes to the MSP rates can be found on page 64 of the September [2017 Budget Update](#). The government is being clear in its communication that the reduction to the rates is not a form of premium assistance. Individuals eligible

for premium assistance must still apply as this is not done automatically based on the income you report on your tax return. For individuals enrolled in a group plan as an employee, applications for premium assistance must be completed through the group plan administrator following the existing process. More information regarding the income levels required for premium assistance can be found in the September [2017 Budget Update](#). In cases where the employer pays the premiums, it is still important to remind employees to apply for the reduction to reduce your costs and your employee's taxable benefit. We have included table summaries of the monthly premium rates for one adult and two adult individuals. Please note that the threshold for these rates would increase if the employee has two or more children. These rates can be found in the September [2017 Budget Update](#).

## BC MEDICAL SERVICES PLAN MONTHLY PREMIUMS

BC MEDICAL SERVICES PLAN MONTHLY PREMIUMS			
EFFECTIVE JANUARY 1, 2018			
ADJUSTED FAMILY NET INCOME	ONE ADULT	ADJUSTED FAMILY NET INCOME	TWO ADULT
first \$26,000	no premium	first \$29,000	no premium
over \$26,000 up to \$28,000	\$11.50	over \$29,000 up to \$31,000	\$23.00
over \$28,000 up to \$30,000	\$17.50	over \$31,000 up to \$33,000	\$35.00
over \$30,000 up to \$34,000	\$23.00	over \$33,000 up to \$37,000	\$46.00
over \$34,000 up to \$38,000	\$28.00	over \$37,000 up to \$41,000	\$56.00
over \$38,000 up to \$42,000	\$32.50	over \$41,000 up to \$45,000	\$65.00
over \$42,000	\$37.50	over \$45,000	\$75.00

## WHAT DOES THIS MEAN TO EMPLOYERS?

Organizations that administer the MSP premium on behalf of employees will be unaffected and the transition to the new rates should be seamless. While acting as the MSP Group Administrator, the employer submits the MSP application forms on behalf of their employees and inputs the information into MSP's system.

Looking forward, as the government moves to eliminate MSP premiums in total, employers who pay the MSP premium on behalf of their employees will start to see savings as premium reduces and eventually is no longer required. This will represent a small reduction in the benefits employees receive as part of their total compensation package.

Employers are encouraged to review the terms of their current employee plans, booklets and collective agreements to consider how the announced changes will affect their obligations. In cases where the collective agreement requires the employer to pay MSP premiums, employers should consider how the union will react to the change, including potential demands for future concessions as employer costs decrease.

Mercer will continue to proactively follow the BC government's decisions regarding MSP and advise clients of any new information that may be of relevance.

If you have further questions regarding MSP premiums or premium assistance, please contact your Mercer Health consultant.

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