MERCER'S RESPONSE: SASKATCHEWAN PROVINCIAL BUDGET

The Saskatchewan Budget for 2017/18 was released on March 22, 2017. Though the new budget signals little impact regarding benefit plans, there was some surprising news in three areas; provincial sales tax on insurance premiums, coverage, and programs. Mercer was surprised to learn that as of 01 July, PST will be charged to insurance premiums. Employers in the province and with employees in the province will need to add the additional cost to their list of considerations when designing their benefits plans. There were also some changes in insurance coverage provided by the province. While low-income residents remain covered by the Government, others will need to rely on the private system to support their needs. The third area focused on program reductions. Those employees who had once relied on the government provided programs will now have to turn to the marketplace to fill the gap.

While employers continue to weigh value to their employees and cost to their organization, changes in government support add more complexity to an already complex area. What seems like incremental changes and increases can have major impacts on employers' health benefits strategies. With the right approach, employers can manage risk while protecting their employees and employment brand. Below you will find more detail on the items identified in the budget that will impact employer benefit programs as follows:

PROVINCIAL SALES TAX ON INSURANCE PREMIUMS

The Provincial Sales Tax (PST) will increase from 5% to 6% effective 23 March 2017. PST has also been expanded to include insurance premiums for premium payment due dates on or after 01 July 2017 regardless of when the policy was issued. This includes all life, accident and health insurance programs. PST will not apply on reinsurance, self-insurance, annuity contracts, contributions or premiums paid under the Canada Pension Plan, Employment Insurance Act (Canada) and The Workers Compensation Act, 2013. The Ministry of Finance is formulating an Information Bulletin to aid in applying and collecting the PST on insurance premiums and expects this to be completed by 30 April 2017.

COVERAGE CHANGES

The following programs are not insured services and will be phased out by Regional Health Authorities. Clients will access services through the private system; coverage for low-income residents will be provided by government.

- Hearing Aid Plan ($3 million savings)
- Podiatry Services ($1.2 million savings)
- Continuous positive airway pressure (CPAP) generators ($800,000 savings)
- Low-cost orthotics ($285,000 savings)

Currently, these services are delivered through a blend of the public and private system.

PROGRAM REDUCTIONS

- Parent mentoring and pastoral care services will no longer be offered in health regions ($1.4 million and $1.5 million savings respectively).
- Chiropractic services will no longer be covered for low-income safety net recipients starting July 1, 2017 ($1.25 million savings). Coverage was previously removed for other residents.
- In addition, travel vaccination clinics will transition from public health offices to private providers (e.g.pharmacies, physicians), which is expected to increase access across the province.

If you have any questions on how this will impact your business and how you can address these changes, contact a Mercer Consultant.

Contact your Mercer consultant today to discuss what this means for your organization.

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