

**RIGHT TO
HEALTHCARE
COALITION**

**INVESTING IN HEALTH, ECONOMIC,
SETTLEMENT AND INTEGRATION OUTCOMES: A
BUSINESS CASE FOR ELIMINATING THE THREE-
MONTH WAIT FOR OHIP FOR NEW ONTARIO
RESIDENTS**

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The Issue

Ontario is one of three provinces that routinely applies a three-month waiting period for public health insurance coverage to all newly landed permanent residents (the terms “permanent resident” and “immigrant” are used interchangeably herein) upon arrival.¹ The others are British Columbia and Quebec. Applying the practice of a three-month wait period for newcomers both undermines Ontario’s competitive advantage in the attraction and retention of immigrants, as well as causing our health care system to endure downstream costs due to delays in seeking care until provincial insurance is obtained.

Background

History and Context

In Ontario, public health insurance was first introduced in 1959 with the Ontario Hospital Services Commission providing coverage for hospital benefits for Ontarians. In 1966, the Ontario Medical Services Insurance Plan (OMSIP) was implemented to provide medical coverage for those segments of society that did not have access to private (usually employer-sponsored) medical insurance for reasons of age, health status, employment status or inability to pay. In 1969, the Ontario Health Services Insurance Plan replaced OMSIP and included private insurance providers (35 at the time) under a single public umbrella of standard regulations and benefits in a move designed to meet the public administration and universality principles. Private insurance companies were given notice that their involvement in health insurance was time-limited. In 1972, The Ontario Health Insurance Plan (OHIP) was implemented. It combined hospital and medical insurance under a single plan that met the federal cost-sharing requirement for a publicly administered provincial plan. The Health Insurance Act specifically prohibited private insurance for benefits covered by OHIP.

Prior to public health insurance in Canada, a three-month waiting period was a feature of most premium-based private sector health insurance. As public health

¹ Beyond new immigrants to Ontario, the practice applies to all citizens or permanent residents who return to Ontario after being away for more than 7 consecutive months of a year. The wait period no longer applies to “protected persons” or government assisted refugees (GARs), military personnel and their families, Ambassadors, Foreign Service workers, or babies born to non-status/undocumented people. It can take up to three years from the time that an immigrant first submits their immigration paperwork to being approved for permanent residency status. Once approved an immigrant has a specific period of time to arrive in Canada.

Case Study: Having waited three years for her application to be approved, a young woman arrived as a permanent resident in Ontario in her second trimester of pregnancy. She delivered a baby girl 11 days before her OHIP coverage became effective. During her labour and delivery, complications arose and she needed an emergency caesarian section. Because she was concerned about the financial costs her family would bear due to hospital stay costs, she discharged herself one day after the birth against medical advice. The family is very concerned about the costs incurred through the labour and delivery process and the lack of support available to them during the pregnancy. They are now considering returning to India.

insurance evolved from the private insurance sector, the three-month waiting period was adopted as a feature of most early provincial health insurance plans since 1959.

According to the Canada Health Act, the three-month waiting period is to be the maximum wait time, allowing provinces to apply lower (or no) wait times. Currently, Ontario is one of only three provinces (the others are British Columbia and Quebec) and two territories (Yukon and Nunavut) that still apply a full three-month waiting period for new landed immigrants. Quebec has a variable effective date for coverage depending on special circumstances as well as exceptions for: immigrants from certain countries; and those experiencing pregnancy, serious infectious disease and domestic abuse. New Brunswick eliminated the three-month wait in February 2010. In Ontario, health care and broader public sector stakeholders oppose the practice and would appreciate its elimination.

The reason why this practice is still in place in Ontario has not been articulated by the government. In the absence of a formal policy rationale, probable reasons for the practice may include:

1. *A presumption that the waiting period saves money*

The government of Ontario has not articulated publicly what savings may be obtained by such a waiting period.² Further, there is no published research available that identifies these savings. There is some dispute as to whether there would truly be savings accrued from this policy. First, studies have documented that on average newcomers to Canada are healthier than the Canadian-born population³, and therefore require fewer health services than the average Canadian (Canadian Medical Association, 2008). Second, there is evidence to suggest that those who do require health care may delay seeking it due to the inability to pay, leading to potentially serious medical complications and progression of disease increasing the cost to the system once they receive OHIP.

2. *A presumption that the waiting period deters newcomers who wish to use health care without intending to stay in Ontario*

From an administrative perspective, the Ontario government may be seeking to avoid processing claims for immigrants who do not intend to reside in Ontario by enforcing a three-month wait (or residency requirement). What is not clear is whether the net loss of very recent immigrants through secondary migration can be attributed to the application of such practices. It also suggests that potential immigrants are choosing to come to Canada for immediate care, yet usually the immigration process takes at least 3-5 years, which would be a deterrent in and of itself.

² The Government of Quebec estimates that the three-month wait saves Quebec between \$1 million and \$2 million per year. (The Canadian Women's Health Network Magazine, Winter 2006/2007 vol. 9 number 1/2: www.cwhn.ca/network-reseau/9-12/9-12pg5.html).

³ This pattern is commonly referenced as the "Healthy Immigrant Effect".

The Preferred Option

In order to improve its competitive advantage in attracting and retaining immigrants and to prevent delayed and increased health care costs, the government of Ontario should eliminate the three-month wait for OHIP for all newly arrived permanent residents to Ontario.

Rationale

Ontario's Competitive Advantage

Ontario is losing its competitive advantage when compared to other Canadian jurisdictions in the attraction and retention of immigrants. In 2009 more than 252,000 permanent residents arrived in Canada and approximately 42% of these, a majority of whom are in their prime working years (25 years – 65 years), selected to settle in Ontario.⁴ With the introduction of the Point System, whereby immigrants are selected based on a combination of skills and education, more than 70% of immigrants who are of working age are highly skilled, with postsecondary education or training (Ministry of Education, January 2005). While policy and business drivers in Ontario recognize that immigration supports economic growth and that it is essential to attract and retain newcomers to contribute their skills, training and expertise to Ontario's economic growth, the economic outcomes of immigrants have declined since the 1990s. (Statistic Canada, 2006)

Further, Ontario's share of immigration to Canada is declining: 59% in 2001 to 47% in 2007, and between 2001 and 2005, Ontario experienced a net loss of very recent immigrants through secondary migration (9,765 net losses)⁵. Other provinces have been aggressive in creating environments that attract and retain new immigrants; for example, New Brunswick recently eliminated the three-month wait for health benefits. The three-month wait, along with other provincial practices, contributed to the loss of competitive advantage which Ontario once had.

Health Care Costs

In Ontario, the Ministry of Health and Long Term Care is focused on creating a more effective and efficient health care system. This involves a multi-pronged approach with a focus on the prevention and management of illness and disease to reduce the burden on high cost acute and specialty services. Immigrants who delay seeking health care for chronic and acute care issues drive up the cost of health care delivery. Illnesses that could have been prevented or managed are

⁴ Citizenship and Immigration Canada 2009 Statistics.

⁵ Ontario Ministry of Citizenship and Immigration, 2010.

Case Study: A 63-year-old woman from the Philippines landed in Canada having noted a breast lump two weeks before landing in Toronto. After a complete assessment at a clinic for people without OHIP, a diagnosis of breast cancer was confirmed. No oncology clinic in the City of Toronto or Durham Region would provide treatment before this woman's OHIP was effective. Unfortunately, chemotherapy or radiation were too costly and she instead delayed definitive care for breast cancer for three months. Immediate treatment may have prevented the speed with which the cancer spread as well as the need for more invasive and costlier treatment. In the end, she ended up having a radical mastectomy one day after her OHIP coverage became effective due to the progression of the cancer.

pushed into the acute care category, which puts a further strain on hospital emergency rooms and the health care system in general. Consequently, any upfront savings acquired during the three-month wait may be compromised and the return on savings low.

Social Equity and Natural Justice:

Within this fiscal environment and with a provincial election scheduled for October 2011, the Ontario government has prioritized and invested significantly in job creation and skill development. The Ontario Ministry of Training, Colleges and Universities and the Ontario Ministry of Citizenship and Immigration administer numerous programs to support immigrants arriving in Ontario to become contributing members of society. Further, people arriving in Canada start contributing to their society and the provincial coffers upon arrival in the province in the form of provincial sales taxes (HST) as well as provincial income taxes as soon as they acquire employment. Therefore it is a matter of basic social equity and natural justice⁶ that people should be able to access the services into which they pay.

International, Federal and Provincial Policy:

Numerous policies support the elimination of the three-month wait for immigrants to Ontario. These include:

The Canada Health Act: “It is hereby declared that the primary objective of Canadian health care policy is to protect, promote and restore the physical and mental well-being of residents of Canada and to facilitate reasonable access to health services without financial or other barriers.” (Section 3)

The Ontario Human Rights Code: “Every person has a right to equal treatment with respect to services, goods and facilities, without discrimination because of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, age, marital status, family status or disability.” (Section 1)

The Canadian Charter of Rights and Freedoms: “Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.” (Section 15) “This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.”(Section 27)

The United Nations International Covenant on Economic, Social and Cultural Rights, to which Canada is a signatory, defines Social Rights as including “an adequate standard of living, food, shelter, health and education.” (ICESCR Articles 11-14)

⁶ Natural justice operates on the principles that man is basically good, that a person of good intent should not be harmed, and one should treat others as one would like to be treated. It is a concept derived from ancient Roman law which holds that some principles are natural or self evident or obvious.

The Investment Cost of Eliminating the Three-Month Wait for OHIP

The government of Ontario would be required to invest up to \$60 million per annum in order to eliminate the three-month wait for OHIP⁷. This amounts to approximately 0.1% of total provincial health care expenditures and 0.05% of the total provincial budget.⁸ However, this figure likely overestimates the true investment cost according to the 'healthy immigrant effect'⁹. Further, the benefits to eliminating the three-month wait for OHIP would be seen in decreasing downstream costs in health care as well as in areas beyond health, ultimately resulting in numerous cost savings for the province.

Benefits to Eliminating the Three-Month Wait for OHIP

This policy decision would be in alignment with most other provinces in Canada and will improve Ontario's competitive advantage in attracting and retaining immigrants. We also strongly believe that this is a matter of equity and justice, allowing new immigrants to obtain the right to health immediately upon arrival. In addition, it will contribute to the achievement of other provincial priorities, including:

1. **Health outcomes:** Immigrants who are able to access health care can better manage chronic conditions and thereby avoid complications which result in emergency room visits or hospital stays. With a policy change, individual outcomes for immigrants would improve and the health care system would be utilized more appropriately.
2. **Economic outcomes:** Studies have shown that immigrants are not performing as well as their Canadian-born counterparts, and in particular this is the case with new immigrants. Immigrants who arrive in Ontario require significant financial resources to meet their basic needs, including food, shelter and clothing. Lack of access to health coverage is an additional potential financial and emotional burden for an immigrant family. With a policy change, the economic performance of immigrants would not be adversely affected by avoidable health care costs.
3. **Education outcomes:** At this time, it is mandatory for immigrant children to obtain examination to ensure vaccinations are up to date in order to be registered in school. Many parents, as a result of the three-month wait, delay registering their children, which is in contravention of the

⁷ The formula used to calculate the savings drew upon data from the Canadian Institute for Health Information (CIHI) National Health Expenditure Trends 1975 – 2010 Report as well as 2006 Statistics Canada Census data. The formula is as follows:

105,000 immigrants settle in Ontario each year. Health care costs for the province of Ontario equal \$2,285.64/capita/year. One quarter of this cost (e.g., three months) equals \$571.41/capita/year. Therefore the cost of the three-month wait amounts to \$ 65,746,434 per year (e.g., \$571.41 X 115,060 immigrants). This figure reflects combined health care expenditures, including high cost institutions such as long term care facilities, which typically immigrants are not utilizing.

⁸ Based on figures released by the Ministry of Finance in the Public Accounts of Ontario 2009-2010.

⁹ As stated, it has been well documented that most immigrants arrive to Canada healthier than the average Canadian, and therefore, may not consume health services at the same rate as the average Canadian. Further, it is unknown how many of the people who are experiencing the three-month wait for OHIP coverage delay seeking medical assistance. Delaying treatment or care for a preventative health concern or chronic health condition may result in higher costs after the three-month wait period ends than if the treatment was sought sooner.

Education Act in Ontario which requires all children under 16, regardless of immigration or residency status, to be registered in school. With a policy change, all immigrant children could readily be tested and registered in school immediately.

4. **Labour Market outcomes:** The elimination of the three-month wait for OHIP coverage will allow landed immigrants who are working right away to benefit from the taxes they are paying as part of their income tax deductions. Further, the change may deter immigrants from leaving Ontario for other, more welcoming provinces as Ontario will be seen to value the contribution of newcomers to the provincial economy.

Conclusion

The province of Ontario needs to invest up to \$60 million per annum in order to be competitive nationally, to be in alignment with its current policy priorities and to better contribute to successful settlement and integration outcomes for immigrants arriving in Ontario. It is believed that this initial investment cost will be more than made up from the avoidance of unnecessary downstream costs to the health care system from complications incurred during the waiting period for those who delay seeking care due to inability to pay. The elimination of this three-month waiting period would be the most appropriate measure from an economic, health and equity perspective.