



1 February 2017

Matt DeCoursey, MP
494 Queen Street (Main Office), Suite 300
Fredericton, New Brunswick E3B 1B6

Dear Mr DeCoursey:

Re: Potential Tax on Health and Dental Benefits

We are writing to you in support of maintaining the tax-free status on employer-provided health care benefits, which helps keep Canadians in good physical and mental health.

As reported by *National Post* columnist John Ivison (Link:

<http://news.nationalpost.com/news/canada/canadian-politics/federal-liberals-eye-tax-on-private-health-and-dental-plans-to-take-in-about-2-9b>) on December 2nd, 2016, the government has identified health and dental benefit packages as a possible source for additional revenue.

Taxing health care benefits would cost employees hundreds or thousands of dollars each year, and result in fewer employers willing to offer these benefits. This decision would mean many lower income and middle class Canadians not being able to afford access to necessary and preventative care such as vision care, prescription drug, mental health services, dental care, occupational therapy and musculoskeletal care (physio, chiro, massage therapy).

As often seen in the United States, employee will self-select, making employer-sponsored plans unaffordable and ultimately unavailable. Those individuals with greater health-related needs will continue to opt into plans - those with serious/persistent health issues, large families, etc. - while younger, healthy individuals will likely more frequently opt-out. This will destabilize the foundation of group insurance plans - those healthier individuals take less out of the system and make it work - without them, small employers (and their employees) may find it more and more difficult to find coverage at all.

In exchange for the foregone tax revenue, the tax-free status of these employee health plans increases access to preventative care and helps to save publicly-funded healthcare systems by addressing and preventing health care issues early. Finance Canada, estimates that exempting employer-provided health benefits results in \$2.9 B in forgone tax revenue. However, that generates \$32.2 B in additional health care benefits for Canadians.



These are services that keep Canadians and their families healthy and productive; taxing these benefits would seem counterintuitive to your government's stated goal of supporting the country's middle class. Lower and middle class families will be disproportionately hurt as a greater portion of their income will be affected.

As you prepare for the 2017 Federal Budget, we ask you not to create a new tax on employee-sponsored health care plans which would put the health care of 24 million Canadians at risk.

Taxing these benefit plans will not simplify the tax code, bring more fairness to Canadians or help grow the middle class. It will download complexity onto Canadian employers, provide muted (if any) financial benefits to government in the longer term, and leave many Canadians and their families and dependents without the care they need.

Thank you,

Paul Simmonds, Owner
Robert Simmonds Clothing
President, Fredericton Chamber of Commerce

Krista Ross, CEO
Fredericton Chamber of Commerce

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Stewart McKelvey
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cc: Hon. Bill Morneau, Minister of Finance