

So You Are About to Reach Age 75

The supplementary health benefits for those retirees at the University of Manitoba, who retired before July 1, 2004 and are eligible for supplementary health and dental benefits, terminate once they reach the age of 75. (The dental benefits do **not** terminate as they are for the life of the retiree.) Given this circumstance, retirees are faced with a number of decisions that should be made prior to the termination of their health benefits at age 75.

Do I want supplementary health benefits after age 75?

To most of us the answer is obviously YES. However, this is a complex question that requires more than an obvious response. Up to the time of your 75th birthday, you did not have to pay the premiums for your supplementary health and dental benefits. The University of Manitoba paid them. Now, you will have to pay for the health benefits (services) you receive over and above what is covered under the publicly funded provincial health program in the province where you are or will be residing.

Your Provincial Health Plan - Insured Benefits

This is where you begin. To find out what services your provincial health plan does and does not cover you should look up the phone number and address of your provincial health plan in your local telephone directory. Or you could go to the provincial government website and follow the links.

For those residing in Manitoba, you can obtain a brochure by phoning Manitoba Health at 204-786-7101 for those in Winnipeg and district and toll free at 1-800-392-1207, or write to Manitoba Health at 300 Carlton Street, Winnipeg, MB R3B 3M9. The website is www.gov.mb.ca/health Here you will find the list of medical and hospital services that are covered under Manitoba Health and more importantly the services that are not covered. In particular, you should note that ambulance services are not covered. You should be prepared to pay for this service or have it covered by a private insurance health plan.

What services will you require in your retirement?

Next think about the services you received while under the University of Manitoba benefits program and the importance of those services to you. It would help if you have a record of the benefits that you received in order to determine their significance to you. For example, if you have only seen a physiotherapist once during the last five years, this was not a major benefit to you during that period of time. On the other hand, if you have seen a physiotherapist several times a year over the last five years, then this is an important service. Also it would be useful if you have a record of the costs of those benefits. Your past income tax submissions to Revenue Canada might give you this information.

Next consider what services (benefits) you think you might require in the future as you grow older. If possible, try to obtain the cost of such services. What you are trying to do is to estimate what might be the future costs of the health services you will need or desire.

After having done this investigation, in most instances you will have decided that you would like more services than what is covered under Manitoba Health and you are willing to pay for those additional services.

How to pay for additional health services?

If you desire to have health services above those provided by Manitoba Health, you will have to include a provision in your household budget for funds (a) to be used to pay the cost of additional health services, or (b) to set up an investment program which enables you to pay for the benefits (services) when required, or (c) to purchase health insurance from a health insurance provider, or (d) a combination of the above. In other words, you have to decide how you will pay for services you wish to receive in the future.

a. Setting aside funds from your household budget

This is the least expensive way to go but it has the highest risk in terms of having funds available when required. Often our good intentions are offset by more immediate needs as we find ourselves "Robbing Peter to pay Paul." This can result in not having funds for unexpected health services costs when they are critically needed.

b. Setting up an investment program

This is a less risky approach. In this case you would invest a certain proportion of your retirement income on a regular basis for the purpose of paying for whatever health services you will require. Here you will need the advice of a financial advisor. You will want to know how such an investment program can quickly provide funds particularly when you are faced with a medical emergency. There will be service fees for such a program but the risk of not having funds available is reduced.

c. Purchase health insurance from a health insurance provider

This is the least risky but most expensive approach to acquiring health services. There are several such providers in Canada. They include insurance companies that offer health insurance programs as part of their overall line of products, specialized health insurance providers and organizations that offer health insurance to their members. It should be noted that the premiums you pay for health insurance are considered to be a medical expense and can be used to calculate your medical expense tax credit when completing your Revenue Canada Income Tax Return.

Health Insurance Providers:

Health insurance providers offer a variety of programs covering a range of services. The programs start with basic services, such as ambulance and semi-private hospital room. Each successive program provides an additional range of services, such as nutritional counselling, private duty nursing and hearing aids, culminating in a very comprehensive

program that includes almost everything you can think of in terms of health services. Out of the variety of programs available you probably can find a program that comes closest to what you want. Having found that out, then it is relatively easy to determine the premium you will have to pay for the particular program that you have chosen. It should be noted that premiums for the various programs provided by insurance companies vary from province to province as the companies take into account what services are available under the provincial health care programs.

As was the case with the supplementary health program provided by the University, you will find that there are limits as to how much a provider will pay for each of the various services in each particular program. A good example is the limit set on the payment for prescription drugs. You should not expect to receive repayments for services received that will exceed the premiums you pay for the program. More realistically, the repayments will be less than the premiums paid, as the insurance companies have to make a profit. Because of this circumstance, you will find that you have to pay for some medical services from your retirement income.

In the case of prescription drugs, you will find that the insurance provider will pay your prescription costs until you reach the limit in the plan you have chosen. Then, as is the case for those living in Manitoba, under the Manitoba Pharmacare Program you will have to pay for the costs of your eligible prescription drugs, known as the Pharmacare deductible, until your total expenditures reaches the level where the Manitoba Pharmacare Program kicks in to pay for your drugs. The expenditure level is related to your income.

Insurance companies - continuation of group health benefits

The Great-West Life Assurance Company, Manulife Financial and Sun Life Financial Assurance Company of Canada are among those Canadian insurance companies that offer programs for those employees or retirees who are coming off an existing group benefit program. This includes retirees from the University of Manitoba who have reached the age of 75. In order to participate in these programs, you must apply to join such a program within 60 days of the time your health benefit program with the University terminates.

The Great-West Life Assurance Company's continuation program is known as PlanDirect. There are five different options available. This program is administered out of Toronto. You can find out more about it by contacting the company for a brochure by phoning 1-800-565-4066, or writing to the head office at 60 Osborne Street N, Winnipeg, MB R3C 1V3, or visiting its website at www.greatwestlife.com. You can download the details of the five options available under PlanDirect, obtain quotes about the premiums of each option and even buy online. Because your supplementary health benefits were covered by Great-West Life Assurance Company while you were an employee, "you may qualify to be automatically accepted for coverage at guaranteed acceptance rates without providing medical evidence of insurability". By completing the Medical and Lifestyle Questionnaire in the application form, you may qualify for PlanDirect Preferred or

Preferred Plus rates. It is very important that you read carefully the information that is provided on the website or in the brochure.

Manulife Financial's continuation program is known as FollowMe. There are four options available. You can find out more about the program by contacting the company for a brochure by letter at Manulife Financial, 2 Queen Street East, P.O. Box 4606 Stn, A, Toronto, ON M5W 4Z2, or phone 1-800-268-3763, or visiting its website at www.manulife.ca. From the website you can download the details of each option, obtain information as to the premiums for each option and buy online. There is no medical examination required nor are you asked any medical questions when applying for any of the options.

Sun Life Financial Company Assurance Company of Canada's program is known as Health Coverage Choice. To qualify to apply for this program "You and all persons included in your application must be age 74 or under on the date you apply." As the supplementary benefits you are receiving from the University are to age 75, you will have to either terminate the benefits you are receiving from the University, carry coverage from two sources for a year, or forego considering the health insurance program provided by this company.

Sun Life Financial offers three plans under its Health Coverage Choice program. Information about these plans can be obtained by writing the company at 225 King Street West, Toronto, ON M5V 3C5, phoning 1-800-786-5433, or going to the company's website, www.sunlife.ca. There are no medical requirements for these plans. It should be noted that prescription drug coverage is not available after age 65 as this cost "is covered by government-sponsored drug plans in most provinces".

Insurance Companies - individual policies

The above-named companies and others in Canada provide a variety of health benefit programs to individuals and families. Some of these programs are similar to what is mentioned in the previous section. Generally speaking, the premiums are somewhat higher and there are medical requirements.

Other companies, such as RBC Insurance, offer quite specific programs, such as long-term health care. This program covers the cost of home care similar to what is available under the Manitoba Home Care program.

If you miss the deadline for the continuation of health benefits programs mentioned in the previous section, this is one alternative to consider.

Specialized health service providers

The Canadian Association of Blue Cross Plans is the governing body for the seven Blue Cross member organizations representing all regions in Canada. Each member association offers a variety of Blue Cross Plans including supplementary health and

dental plans to those residing in its particular geographical region. Manitoba Blue Cross is one such provider. For retirees, it offers five different health and dental plans for individuals or families. You can access information about these plans and the premiums for each plan by calling 204-775-0151 or writing Manitoba Blue Cross, P.O. Box 1046, Winnipeg, MB R3C 2X7, or from its website at www.mb.bluecross.ca. Retirees living outside of Manitoba can learn more about the Blue Cross programs where they live by going to www.bluecross.ca or looking up the telephone number and address of the Blue Cross Member for their region in their local telephone directory.

Organizations offering health benefit programs to its members

The Canadian Association of Retirees Persons (CARP), The Association of Mature Canadians and the Canadian Association of University Teachers (CAUT) are three organizations that offer health benefit programs to its members. You can contact these organizations as follows:

CARP
Suite 1304, 27 Queen Street E.
Toronto, ON M5C 2M6
Toll free 1-800-363-9736
www.carp.ca

The Association of Mature Canadians
2 Lombard Street, Suite 300
Toronto, ON M5C 1M1
Toll free 1-800-667-0429
www.maturecanadians.ca

CAUT
2675 Queensview Drive
Ottawa, ON K2B 8K2
(613) 820-2270
www.caut.ca

As a retiree of the University of Manitoba, you can become an associate member of CAUT. The health insurance program that CAUT and CARP offer to their members is Manulife Financial's FollowMe.

Getting advice

As you can well appreciate, making a decision about what to do regarding the variety of choices available to you is somewhat complex. Given this, once you have gathered as much information as possible about what best meets your particular needs, you should talk with your friends about the program they have and/or with a health insurance broker who is knowledgeable about what is available from the various service providers.

Conclusion

When your supplementary health program from the University of Manitoba terminates upon your reaching age 75, you will have to pay for the health benefits (services) that you desire over and above what is covered by your provincial health care plan. It is important that you decide what you want and how best to pay for those benefits and include those expenditures in your financial plan for your retirement.

Footnote:

While this document is designed primarily for those who retired from the University of Manitoba prior to July 1, 2004, employees who retire after that date may find the information contained therein of benefit when deciding what to do about health services upon retirement. The benefits you receive are the same as those who retired prior to July 1, 2004 except you have to pay a premium for both supplementary health and dental benefits upon your retirement. The premiums vary with the length of time you were a full-time participant in the group insurance program while an employee up to age 75. After age 75, everyone will pay 100% of the premiums for supplementary health and dental care benefits.