



Canadian Health Insurance: Prognoses and Perspectives

INTRODUCTION

Canada is well known as a leading first-world nation with nationalized healthcare. Known as "Medicare," to Canadians, it is lauded for providing access to a broad range of health services. However, when it comes to prompt access to services, advanced technology, and key coverage segments, there are some serious limitations. Private health insurers have been filling the gaps by providing important supplemental programs like dental insurance, enhanced drug plans, other standard insurance benefits, and additional in-demand offerings like wellness and mental health services. As a result, there is much more awareness and perceived value to these products among Canadians and private carriers are adding to the value proposition with personalized user experience, tailored customer care, and novel complementary services through partnerships with technology-based firms. In this Insight, we will examine how private carriers continue to play a significant role in the Canadian health care system that continues to evolve along with the needs and demographics of Canadian society.

CANADIAN HEALTH INSURANCE: AN OVERVIEW

Canada's national health care system is best described as an interlocking set of 10 provincial and three territorial health systems, which share certain common features and basic standards of coverage.¹ Most provincial and territorial governments offer and fund supplementary benefits for certain groups (mainly low-income residents and seniors), such as drugs prescribed outside hospitals, ambulance costs, and hearing, vision, and dental care.² Other constituents who do not qualify for publicly funded coverage may pay these costs directly, be covered under an employment-based group insurance plan, or purchase private insurance.³

Today, larger demographic forces in Canadian society are affecting the national health care system. With Canada's aging citizenry – the 85+ segment is one of the fastest-growing age groups and currently 2.3% of the population⁴ – a recent study revealed that the average wait time between referral and treatment was a median 25.6 weeks.⁵ Another factor is the redistribution of workforce demographics, with younger full-time and contract workers who are demanding additional supplemental perks such as wellness and mental health counseling. As a result of these elements, plus the comparative expense, restricted offerings, and limited physician and technology access through the national system, citizens are turning to private carriers more than ever before.

PRIVATE INSURERS' OPPORTUNITY

Private insurers' key supplemental offerings include dental coverage, drug plans, vision care, and other major insurance offerings including life, short- and long-term disability, critical illness, accident, and hospital indemnity. Enhancements such as user self-service, omnichannel access, and in particular, complementary service partnerships that offer innovative, technology-based products continue to make private insurance a popular and growing option among Canadians. Some examples of these complementary service partnerships include:

- **Biogeniq.** A team of health professionals that provides health recommendations based on individuals' genetic information. Biogeniq prepares a complete genetic profile clients can use to optimize their treatment and well-being.
- **Dialogue.** A virtual health care and wellness platform that offers affordable, on-demand access to quality care. Dialogue serves employers and other organizations who have an interest in the comprehensive health and well-being of their employees, members, and their families.
- **Pillpack.** A full-service online pharmacy geared toward consumers who take daily prescriptions. It sorts medication by dose and offers door-to-door delivery and was acquired by Amazon in June of 2018.

Private insurers are also influencing the greater ecosystem through diversifying distribution channels to accommodate different consumer needs; proactively controlling costs; adding operational efficiencies; and diversifying revenue sources to boost profitability. Although the growth of private insurers in Canada further exemplifies the divide between the rich and poor, especially between rural and urban residents, Canadian lawmakers can design policies that can guarantee quality access for all and minimize how the growth of private insurance detracts from this objective.

CONCLUSION

It is well known among policy experts that low rankings in quality care access are frequently linked to poor health outcomes. Private insurers in Canada's health care ecosystem offer insurance products that protect against existing and emerging risks and add further value through enhanced, personalized services and innovative offerings that appeal to younger and contract worker constituents. As Canada's private carriers continue to push the boundaries of the health care system to meet the needs of its consumers, they will be a significant influence in the system's future and potential reform in the years ahead.

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1 "Canada's Health Care System," The Government of Canada, www.canada.ca

2 Ibid.

3 Ibid.

4 "A Portrait of Canada's Growing Population Aged 85 and Older from the 2021 Census," Statistics Canada, www.statcan.gc.ca

5 "Waiting Your Turn: Wait Times for Health Care in Canada, 2021 Report," Mackenzie Moir and Bacchus Barua, The Fraser Institute, 2021