

## Changes to Medical Services Plan Premiums & Premium Assistance in 2017

In the February 2016 budget, the Government of British Columbia announced changes to the calculation of Medical Services Plan (MSP) premiums and Regular Premium Assistance, to take effect Jan. 1, 2017.

### **Dec. 8, 2016 Update:**

#### **How is Adjusted Net Income calculated?**

Adjusted net income is a person's net income (or a couple's combined net income) as determined by the Canada Revenue Agency minus any of the following deductions allowed by MSP:

- \$3,000 for a spouse;
- \$3,000 if a beneficiary is 65 years of age or older in application year;
- \$3,000 for a beneficiary's spouse if 65 years of age or older in application year;
- \$3,000 for each child minus one half of the child care expenses claimed by a beneficiary and/or spouse on line 217 of their income tax returns;
- \$3,000 for each family member who claims disability, attendant or nursing home expenses;
- The amount received by a beneficiary and/or spouse for Universal Child Care on line 117 of their income tax returns; and/or
- The amount reported for the Registered Disability Savings Plan by a beneficiary and/or spouse on line 125 of their income tax returns.

#### **Does everyone need to apply for MSP premium assistance to get the new subsidy rates?**

If you have already completed an application and are currently receiving Regular Premium Assistance, you do not need to apply again for January 2017

Applications for Regular Premium Assistance include a declaration of consent for Health Insurance BC to verify annual income with the Canada Revenue Agency. If you submitted a signed and completed application form and are currently receiving Regular Premium Assistance, you do not need to re-apply. Health Insurance BC will assess your eligibility and adjust your premium rate accordingly as of Jan. 1, 2017.

If you do not currently receive Regular Premium Assistance and are now eligible based on residency and adjusted net income, the Premium Assistance Application can be found here:

[www2.gov.bc.ca/assets/gov/health/forms/119fil.pdf](http://www2.gov.bc.ca/assets/gov/health/forms/119fil.pdf)

#### **What tax year will be applied for people who currently receive MSP premium assistance or are newly eligible?**

- As of Nov. 24, 2016: HIBC will convert all recipients and applicants for premium assistance to new premium rates and process new premium assistance applications for Jan. 1, 2017 based on the 2015 tax year
- Starting on Jan. 2, 2017: HIBC will process new applications based on 2015 and/or 2016 tax years as current year premium assistance until March 31, 2017
- Starting on April 1, 2017: HIBC will process new applications based on the 2016 tax year as current year premium assistance.

#### **Do seniors pay a reduced premium rate for MSP coverage?**

Eligibility for MSP Regular Premium Assistance is based on residency and adjusted net income. If you already receive premium assistance and your adjusted net income is below the uppermost limit (\$42,000 as of Jan. 1, 2017), the appropriate level of Regular Premium Assistance will be applied. For more information about Regular Premium Assistance and adjusted net income, visit [gov.bc.ca/premium-assistance](http://gov.bc.ca/premium-assistance).

Although age does not directly contribute to reduced premium rates for adults, individuals 65 years of age and older this year may claim a \$3,000 income deduction for themselves and an additional \$3,000 deduction for a spouse who is 65 years of age or older this year on their Regular Premium Assistance application form to reduce adjusted net income.

#### **Nov. 18, 2016 Update:**

#### **Will my children be charged MSP premiums in 2017?**

Two types of people will no longer be charged premiums, effective Jan. 1, 2017. These are:

- Minors (any individual under the age of 19); and
- Dependent post-secondary students. A dependent post-secondary student is a B.C. resident who is older than 18 and younger than 25 years of age, in full time attendance at a recognized post-secondary institution, and supported by a parent or person who stands in place of the person's parent. A dependent post-secondary student may include a student enrolled in full-time studies at an accredited trade school, technical school or high school.

If your child(ren) are minors or dependent post-secondary students as defined above, no premiums will be charged.

#### **How will the change to the way premiums are calculated affect my family of two adults, or my family of two adults with children?**

The full premium rate for a single adult beneficiary has not changed. One person, who is not eligible for Regular Premium Assistance, still pays \$75.

However, there is a change to the way premiums are calculated. Now, all adults who are not eligible for Regular Premium Assistance will pay the same rate. Two adults on one account will simply pay the single person rate – doubled.

The restructured premium rates are a way to be more equal in charging MSP premiums. Previously, a reduction in premiums was available to couples who were covered under the same account. Single people were charged the full rate. This change will remove the inconsistency to make the system more equal for all beneficiaries not on Regular Premium Assistance.

Just as there are no premiums for all children, now all adults who don't receive Regular Premium Assistance will pay the same rate.

As a result:

- Families of two adults, who are not eligible for Regular Premium Assistance, will see a \$14 increase from 2016.
- Families of two adults with children, who are not eligible for Regular Premium Assistance, will see their premiums remain the same from 2016.

#### **Can my spouse and I apply for Regular Premium Assistance separately, to split our incomes and qualify for Premium Assistance?**

No, couples living in a marriage or marriage-like relationship must include their spouse on their Regular Premium Assistance application.

#### **When will I find out my premium rate?**

January 2017 invoices will be distributed to beneficiaries on pay direct accounts (individuals who are invoiced directly) in mid-December.

January 2017 invoices will be distributed to group administrators (for beneficiaries covered under group accounts) in early December.

You can also refer to the table below to determine your premium rate, based on your adjusted net income.

**Sept. 15, 2016 Update:**

On Sept. 15, 2016, the government of British Columbia announced updates to the previously published 2017 MSP premium and Regular Premium Assistance rates. The planned 4% increase has been cancelled. As a result, the full premium rate for one adult will not increase and will remain at the 2016 rate of \$75.

In addition, rates for those receiving Regular Premium Assistance will be reduced by about 4% beyond what was announced with Budget 2016.

The new 2017 MSP premiums and Regular Premium Assistance levels are as follows:

<b>Adjusted Net Income</b>	<b>One Adult</b>	<b>Two Adults in a Family</b>
\$0 - \$24,000	\$0.00	\$0.00
\$24,001 - \$26,000	\$11.00	\$22.00
\$26,001 - \$28,000	\$23.00	\$46.00
\$28,001 - \$30,000	\$35.00	\$70.00
\$30,001 - \$34,000	\$46.00	\$92.00
\$34,001 - \$38,000	\$56.00	\$112.00
\$38,001 - \$42,000	\$65.00	\$130.00
Over \$42,000 (No assistance)	\$75.00	\$150.00

**At what level will I qualify for full Regular Premium Assistance and pay no premiums at all?**

As of Jan. 1, 2017, full Regular Premium Assistance will be available for a beneficiary (and spouse, if applicable) with a combined adjusted net income of \$24,000 or less. Currently, full Regular Premium Assistance is available to a beneficiary (and spouse, if applicable) with a combined adjusted net income of \$22,000 or less – so more people will qualify for full assistance in 2017.

**What is the highest income level to qualify for Regular Premium Assistance?**

As of Jan. 1, 2017, Regular Premium Assistance will be available for a beneficiary (and spouse, if applicable) with a combined adjusted net income of up to \$42,000. Currently, this upper limit is \$30,000 – so more people will qualify for assistance in 2017.

**I already receive Regular Premium Assistance and will qualify for a new rate. When will the new rate be applied to my account?**

The new rates are effective as of Jan. 1, 2017, and will be automatically adjusted for you. Existing rates will apply until that date. There is no need to re-apply.

**I already receive Regular Premium Assistance. Will I need to apply again for the new rates?**

If you have already completed an application and are currently receiving Regular Premium Assistance, you do not need to re-apply. Premiums will automatically be adjusted to the new rates in 2017.

If you are receiving Regular Premium Assistance but have not completed an application (e.g., if you were automatically placed on one year of assistance after turning 19 years old), you must submit an [Application for Regular Premium Assistance](#) to Health Insurance BC to have your premiums adjusted in 2017.

**I don't receive Regular Premium Assistance now, but I think I will be eligible in 2017. When should I apply?**

You can apply now for Regular Premium Assistance using your 2015 adjusted net income. Even if you don't qualify for 2016, your application will be kept on file and the new rates will be automatically adjusted on Jan. 1, 2017.

**I want to apply now for the 2017 rates. Can I use my estimated 2016 income?**

No. Legislation states that an Application for Regular Premium Assistance must be made using the adjusted net income of the previous year. So, any application made in 2016 must use the 2015 tax year income.

The Canada Revenue Agency will verify your 2016 income when your Notice of Assessment is processed in 2017, and any adjustment will be made at that time.

**I'm not sure if I'm eligible in 2016 or 2017. How can I find out?**

If you have not yet applied for Regular Premium Assistance, the [online eligibility calculator](#) will help determine if you might be eligible. This tool calculates net income and allowable deductions, and indicates if the user might be eligible for 2016 or 2017 rates.

**What if I'm not sure if I qualify for Regular Premium Assistance?**

If you think you might be eligible for Regular Premium Assistance, you can apply today using your 2015 income.

If you want to apply using your 2016 income, the earliest you can apply is January 2017.

**If I apply today, do I need to re-apply in 2017?**

No, you only need to apply once. As long as HIBC has a complete, signed Regular Premium Assistance application on file, you do not need to re-apply. However, to ensure that your income is verified by the Canada Revenue Agency, you must file your taxes each year.

**How do I apply for Regular Premium Assistance?**

You must complete, sign and submit an [Application for Regular Premium Assistance](#) to Health Insurance BC. The application is available online or can be mailed to you.

Make sure that your application is complete and signed before mailing it in, as processing of an incomplete application will be delayed.

**I recently applied for Regular Premium Assistance, but am still receiving MSP invoices. Why is that?**

If you applied in 2016 based on your 2015 income and qualify for the current rates, premium assistance begins July 1<sup>st</sup> of this year. New rates will be found in MSP invoices sent in June for the July payment.

If you will not qualify for Regular Premium Assistance until the new rates take effect Jan. 1, 2017 (\$30,000 - \$42,000 adjusted net income), you will continue to receive invoices for the remainder of 2016. Your new rate will appear on your January 2017 MSP invoice that will be mailed to you in December 2016.

**What is the impact of these changes for children on my account?**

As of Jan. 1, 2017, MSP premiums will no longer be charged for children under the age of 19 years.

**I have a child 19-24 years old who is attending university. They are covered on my account as a child.****Will the changes for children affect their coverage?**

Effective Jan. 1, 2017, there are no MSP premiums for children. If your child is 1) unmarried (and not in a marriage-like relationship), 2) financially supported by you, and 3) attending a recognized post-secondary school on a full-time basis, they can continue to be covered as a child on your account until they turn 25 years old.

**How are these premium rates calculated?**

MSP premium rates will be determined by the number of adults on an MSP account. This can be one or two people: the MSP account holder and a spouse, if applicable. As of Jan. 1, 2017, there will be no MSP premiums for children under the age of 19 years.

**What are the premium rates for two adults (i.e.: spouses) on one account? Is there a discount?**

As of Jan. 1, 2017, the MSP premium rate for two adults will be twice the amount of the single adult rate. The premium rate for a single adult will be \$75 and the premium rate for two adults will be \$150.

**I previously saw different rates for 2017. Did they change?**

Yes, different rates were published for 2017 earlier this year with the Budget announcement. On Sept. 15, 2016, the government of British Columbia updated the 2017 rates (see rate table above for details). With the new rates, there is no premium increase for one adult from the 2016 rate.

**Where can I find more information about changes to premium rates and Regular Premium Assistance?**

The most up to date information on MSP premiums and Regular Premium Assistance program changes for 2017 is on the Government of B.C. website: <http://gov.bc.ca/msppremiums>