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The Honourable Bardish Chagger, MP
Member of Parliament for Waterloo, Ontario
100 Regina Street South
Suite 360
Waterloo, Ontario
N2J 4P9

Dear Ms. Chagger,

Re: Federal Proposal to Tax Employer-paid Private Health Care Premiums

Our company, Union Benefits, has operated in Waterloo, Ontario for over 33 years providing with health and dental benefits as part of their multi-employer Union Local benefit programs.

I am writing on behalf of over 10,000 union members and their families which our company serves to strongly object to the proposed tax change to make employer-paid health and dental premiums a taxable benefit to individuals.

Union Benefits is owned by 17 union locals across Ontario and Nova Scotia representing members of the United Association of Plumbers, Welders and Steamfitters; International Brotherhood of Electrical Workers; Sheet Metal Workers and Roofers; and International Alliance of Theatrical Stage Employees. As their benefit plan administrator, we work directly with the Union's and their Members providing cost effective health care benefit programs for their members. It is important to remember that the Union Locals sponsor the health-care benefit plans – these are NOT employer sponsored plans.

Funding for the Member's benefit plans is derived from the Member's wage package which is negotiated with the multi-employers/contractors. In both the construction and theatrical industries, recent contract negotiations have been hard fought and resulted in slim or no increases to the Member's wage packages (directly to the wage or to the benefit contributions) because of the poor economic state of the Canadian economy (particularly Ontario) in these sectors. The Member's benefit plans are paid for by a \$ per hour allocation taken from their wage package which is sent to Union Benefits to pay for their benefits each month. In recent memory, the Members we represent have had little or no contractual wage increases AND have faced significantly lower work levels due to poor economic conditions. With poor work levels, more and more Members are unable to accumulate enough contributions each month to pay the cost of the benefit plan for their families. Many other Members are "on the edge" each month – just barely working enough to keep their family in benefits. Imposing a new tax

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on the health care premiums that are paid – which was negotiated as part of the Members wage package – will result in more Members being unable to afford to pay the monthly premiums thus losing losing their health care benefits for themselves and their family.

Further, as the government is well aware, the cost of health care benefits – particularly the drug benefits – has been under tremendous pressure since the introduction of high-cost specialty drugs. Because of Union Benefit's "co-operative style" business model, we provide benefits and administration services on a "no-profit" basis given we are owned by our clients. Despite the administrative cost savings and volume negotiating power we bring to our clients, our union clients endured average benefit plan cost increases of 16% in 2016 and 25% in 2017! Faced with these steep cost increases year to year, most of our clients have had to pass on the increased cost of benefits to the Members who are being forced to pay 25% to 30% more each month for the same benefit plan they had 2 years ago! The federal government's proposed new tax on benefit premiums would result in a further 30% to 50% cost increase to the Member – a devastating blow at a time when costs are spiraling out of control with drug makers. Again, more Members' will have NO benefit plan to protect themselves.

The federal government has repeatedly stated that any tax changes you will contemplate will be geared towards protecting the working, middle-class worker. The proposed tax on health care benefits will have exactly the opposite effect when it comes to our 10,000 Members and their families. This tax will result in a significant increase in their cost of being in their union sponsored benefit plan, a large number of Members (and their families) losing their health care benefits, and a reduction in the level of coverage being offered to the remaining Members in the benefit plan. At the same time, their health care needs will not disappear so the costs will either be borne by the Provincial health care plans, out of the pockets of the middle-class workers or worse, go uncared for.

Once again, on behalf of over 10,000 union members and their families, we strongly object to the proposed tax change to make employer-paid health and dental premiums a taxable benefit to individuals. This will have a devastating effect to our Members and we urge the federal government not to implement this new tax.

Respectfully yours,

Paul Gillis
President & CEO

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