

Opinion

Census results call for reviewing Old Age Security eligibility

With more seniors becoming eligible for OAS, and being paid for longer periods, Canada should re-visit boosting eligibility from age 65 to 67.



Ghazy Mujahid

OAS

MISSISSAUGA, ONT.—The Liberals reversed the Conservatives' decision announced in 2012 to gradually boost the eligibility age for Old Age Security (OAS) payments from 65 to 67 years between 2023 and 2029. This was in keeping with an election pledge.

When questioned about the reversal, announced in the Liberals'

first budget in March 2016, Finance Minister Bill Morneau had replied to the House of Commons Finance Committee that "The approach taken to changing the Old Age Security by the previous government, in my estimation, was arbitrary." He added that the announcement was made without consultation and "we moved that back to 65 because we don't want to do something in that way."

It is noteworthy that the Liberals viewed the process used to make the decision to change the eligibility age as unsatisfactory, thus leaving the door open for re-visiting the issue and taking a decision based on broader consultations. The release of 2016 census results last week shows it's time to consider that consultation.

The results show that the population of seniors (aged 65-plus) has reached 5.9 million, an increase of 990,000 since 2011. This represents a jump from the addition of 610,000 during the preceding five-year period (2006-2011). The proportion of seniors in the population is now 16.9 per cent, up from 14.8 per cent in 2011, and 13.7 per cent in 2006.

Seniors continue to be the fastest growing cohort and are also projected to live longer. Increasing longevity is reflected in the growing number of Canadians reaching the age of 100. The 2016 census has enumerated

8,230 people aged 100 years and older, compared to 5,825 in 2011 and 4,635 in 2006.

Not only are there going to be more and more seniors becoming eligible for OAS, but on average they will have to be paid for longer periods of time. The impact of the mounting pension bill on the taxpayer is evident from the trend in the "potential support ratio."

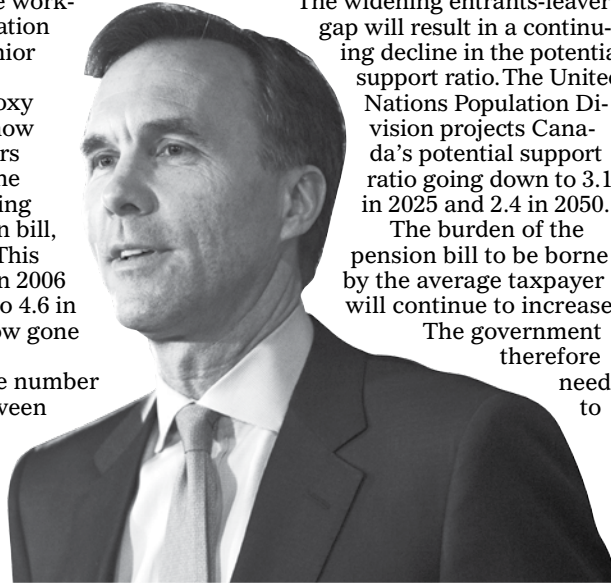
This single statistic is the ratio of the working-age population (15-64) per senior (65-plus), and serves as a proxy indicator for how many taxpayers have to bear the burden of paying for the pension bill, per recipient. This ratio was 5.0 in 2006 and declined to 4.6 in 2011. It has now gone down to 3.9.

In 2006, the number of people between the ages when people typically enter the labour force (15-24) exceeded those who typically leave the

labour (55-64) by about 10 per cent. In 2011, census data showed for the first time that there were slightly more people between the ages when people typically leave the labour force (55-64) than between the ages when people typically enter it (15-24). According to the 2016 census, the number of would-be leavers at 4.9 million exceeds the 4.2 million would-be entrants by 15 per cent.

The widening entrants-leavers gap will result in a continuing decline in the potential support ratio. The United Nations Population Division projects Canada's potential support ratio going down to 3.1 in 2025 and 2.4 in 2050. The burden of the pension bill to be borne by the average taxpayer will continue to increase.

The government therefore needs to



Finance Minister Bill Morneau, pictured this year, left the door open to OAS changes in speaking to the House Finance Committee last year. *The Hill Times* photograph by Jake Wright

move fast on reviewing the minimum age of eligibility for OAS.

Faced with similar foreseeable demographic changes, more than two-thirds of OECD member countries have already increased or announced increases in the age of eligibility for public pensions. France, Germany, Greece, Spain, the United Kingdom, and U.S. are among countries where an increase has gone into effect within the last few years. Increases have usually been announced in advance, with a gap of four to over 20 years between announcement and enforcement.

Some countries like Japan, the U.K., and the U.S. have announced plans of a step-wise increase. The U.K. has announced step-wise increments attaching the caveat "subject to review" to future increases to allow for adjustments. This is a prudent provision in case actuality were to turn out different from projections.

The government can thus draw on the experience of a number of other countries in arriving at a well-considered revision of the age of eligibility for OAS, which will become increasingly necessary with the passage of time. The census results have raised the alarm for initiating action, and the earlier the government embarks on a broad-based consultation on the issue, the more prudent it would be.

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The Hill Times

Equal, affordable access to medicines in Canada is possible

We've started talking with governments about building the first pan-Canadian framework agreement that deals with the needs of patients, governments, and industry.



Pamela Fralick

Health

Across the country, there's a growing challenge facing federal and provincial governments alike: "this is a breakthrough treatment, but how will we pay for it?"

Medical advances have changed the lives of millions of Canadians, but they've also highlighted a public policy dilemma: ensuring equitable, timely, and affordable access to medicines.

This challenge is amplified by a number of factors such as the advent of new, often expensive, drugs for rare diseases and increased expectations for access to medicines, along with government desire for sustainable health-care budgets.

At the most recent Canadian Agency for Drugs and Technologies in Health (CADTH) symposium in Ottawa, I joined a range of Canadian and international experts to discuss value in health care in Canada, considering the pressure points noted above.

While we—patients, health-care providers, governments, and industry alike—all stand to benefit

from incredible medical progress, the delivery of health care, especially access to medicines in Canada, is at a critical juncture.

The innovative pharmaceutical industry has a significant role to play in achieving this shared objective of equitable and affordable access to medicines everywhere in Canada.

To that end, we've started talking with governments across the country about building together the first pan-Canadian framework agreement on medicines that addresses the needs of patients, governments, and industry. This kind of framework would ensure that Canadians have better access to new treatments, that governments can build sustainable budgets, that industry achieves market predictability, and that Canada benefits from job creation and growth in the health/bio-sciences sector.

Framework agreements are not unusual—in fact, they are increasingly the norm in many European countries. Following the 2008 financial crisis, several European

countries rethought approaches to medicines as part of their respective health-care systems, which led to the creation of different types of framework agreements between government and industry.

Belgium created an agreement with industry named the "Pact of the Future." It is built on three pillars: lowering cost through streamlined regulatory procedures and competition, supporting innovation through the collection and use of real-world evidence, and increasing transparency in clinical trials and conflict-of-interest reporting. These measures combined to form a multi-year agreement that provides predictability for both government and industry.

In Italy, industry and government adopted a pay-for-performance agreement. In this model, industry worked with government to establish detailed patient registers, and drug-makers promised a 100 per cent rebate to government in the event of treatment failure. This represents a shift toward a value-based health-care model.

While these are just two countries' examples, they illustrate the possibilities that could form the basis of a made-in-Canada solution that addresses the unique health needs of Canadians and our unique health-care system.

Canada has already experimented with some of these approaches, albeit outside a framework agreement. We're well suited to do it: Canada has some of the best scientists and science in the world and the capacity to

harness these strengths to build a stronger health-care system.

For example, the government of Prince Edward Island and AbbVie reached an agreement to implement a province-wide Hepatitis C treatment strategy, screening and treating patients with a therapy with a near-100 per cent cure rate and conducting post-treatment monitoring. This project will undoubtedly save lives and will garner significant cost savings.

In another partnership, Bayer and Versant Ventures are partnering to advance the work of researchers from Toronto's University Health Network to commercialize heart-muscle regeneration stem-cell research.

These examples only scratch the surface of how our industry's partnerships are driving Canada's vibrant health/bio-sciences industry. No other business sector has such a transformational impact on both Canada's economy and the well-being of Canadians.

Health Minister Jane Philpott has said that "improving the affordability and accessibility of prescription drugs is a shared priority" with provinces.

We agree. Let's have this serious dialogue, both federally and provincially, on how we can move together on a way forward that provides governments and industry with predictable, sustainable pricing, and Canadians with earlier access to innovative medicines.

Pamela Fralick is president of Innovative Medicines Canada.

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