



Municipal Pension Board of Trustees

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April 3, 2020

Jocelyn Johnston
Executive Director
British Columbia Dental Association
Jocelyn@bcdental.org

via email

Dear Jocelyn:

Subject: Dental fee schedule for seniors

I am writing on behalf of the Municipal Pension Board of Trustees (board) regarding an opportunity to reduce dental costs for seniors in BC. Please share this letter with the British Columbia Dental Association's (BCDA's) fee guide committee.

Background

The board administers the Municipal Pension Plan (plan), a multi-employer defined benefit pension plan. It is the largest pension plan in BC and the sixth largest pension plan in Canada, with more than 300,000 members and more than 900 employers. In fact, 1 in 12 people employed in BC is an active member of the plan.

The plan provides more than 100,000 retired plan members and their families with access to extended health care and dental benefits through a contract with Pacific Blue Cross (PBC). There are currently two optional dental plans for retired plan members: Essential Dental and Enhanced Dental. Our members pay 100% of the costs associated with their dental coverage. The monthly dental premiums as of February 1, 2020 are as follows:

Name of plan	Single	Couple	Family
Essential Dental	\$27.41	\$52.24	\$87.86
Enhanced Dental	\$49.66	\$94.09	\$133.15

The Essential Dental plan covers 70% of eligible basic expenses up to \$1,000 per person/calendar year. The Enhanced Dental plan covers the Essential Dental benefits with the addition of major restorative services at 70% up to a combined maximum of \$2,000 per person/calendar year. As at December 31, 2018, over 60% of the retired member population was enrolled in dental benefits; 28,256 members were enrolled in Essential Dental, and 33,369 members were enrolled in Enhanced Dental.

We understand that PBC has recently approached the BCDA to request consideration of a senior's fee schedule for the top utilized dental services by citizens who are 60 years of age or older. The board strongly supports and endorses this initiative for the reasons discussed below.

Modest Pensions

We know firsthand that seniors struggle with the costs of medical and dental expenses. Even with group benefit coverage, our retired members still face out-of-pocket costs. For instance, under the Enhanced Dental plan, a member that requires two crowns within the same calendar year would easily exceed their annual maximum, leading to significant out-of-pocket costs in addition to the monthly premium.

These out-of-pocket costs create a substantial financial burden for our retired members, who receive modest pensions; in fact, the majority of our members are not affluent. As at December 31, 2018, the average annual pension in pay was \$18,095, and the median annual pension in pay was \$12,837.

Income requirements in retirement are increasing and forecasted to continue to grow. For example, extended health care costs are rising significantly. There are a number of reasons for this, including an aging population, improved longevity, increased use of prescription drugs, more chronic conditions among the population, and increased prevalence of high cost specialty drugs, in addition to general inflation.

Increasing medical and dental costs, when paired with limited incomes, create difficult choices for seniors, such as whether to invest in medical supplies or proceed with a dental procedure. A senior's fee schedule for the most commonly used dental services would help to ease the financial burden, and minimize the need for seniors to choose between health and dental care.

Changing Demographics

Over the past decade, the plan's retired member population has increased considerably compared to the active member population. In fact, from 2009 to 2018, the plan's active membership grew by only 26%, while the plan's retired membership grew by 69% over the same period. This is due in part to an aging membership and increased lifespans.

The retired member population is expected to continue growing rapidly in the coming years. At the end of 2018, the number of active members over the age of 50 was almost equal to the total number of retirees overall.

With a growing retired member population, it is expected that enrolment in dental coverage will also increase. As previously mentioned, approximately two thirds of retired members are enrolled in dental coverage. It is anticipated that dental participation will increase by 5.5% per year over the next five years.

Notwithstanding the above, it is important to note that the plan's average retirement age is slowly increasing, due in part to the increasing income needs post-retirement. From 2014 to 2017, the average age at retirement was 61; however, during 2018, the average age at retirement increased to 62.

As illustrated above, a significant proportion of our total membership is, or will soon be, impacted by the costs associated with post-retirement dental coverage. Therefore, the board strongly supports the implementation of a reduced fee schedule for seniors who are 60 years of age or older.

Alignment with the BCDA's historical advocacy

Seniors may be more susceptible to dental disease, including root decay. We understand that implementing a customized fee schedule for citizens who are 60 years of age or older would align with the BCDA's historical advocacy for seniors' healthcare, and would serve as a real-world example of how the BCDA cares for seniors.

In closing, we strongly encourage the BCDA's fee guide committee to consider implementing a senior's fee schedule for the top utilized dental services by citizens who are 60 years of age or older. Our retired members receive modest pensions, and even with dental coverage, they still face out-of-pocket costs that often lead to difficult choices related to their health. Furthermore, the plan's growing retired member population means that a greater portion of our total membership is, or will soon be, impacted by dental costs. As the majority of seniors rely on fixed incomes, and are faced with increasing costs of living, keeping commonly used dental services reasonably priced would not only help to ease the financial burden on our retired members, but would benefit every senior in the province.

Thank you for your time and consideration.

Sincerely,



Hilary Brown
Board Chair

cc: Gary Yee, Board Vice-Chair
Judy Payne, Executive Director
Irene Schamhart, Board Secretary
John Crawford, President & CEO, Pacific Blue Cross