



Submission to Employment and Social Development Canada

on the *Disability Inclusion Action Plan*

Canadian Life and Health Insurance Association
September 2021



Canadian Life & Health
Insurance Association
Association canadienne des
compagnies d'assurances
de personnes

OVERVIEW

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide its comments to Employment and Social Development (ESDC) Canada on the *Disability Inclusion Action Plan*.

The life and health insurance industry plays an important role in providing financial security to Canadians, protecting millions of Canadians through a wide variety of life, health and retirement income products. In 2019, Canadian life and health insurers provided 12 million Canadians with disability income protection.



Protecting 29 million Canadians

26 million with drug, dental and other health benefits

22 million with life insurance averaging \$222,000 per insured

12 million with disability income protection



\$103 billion in payments to Canadians

\$53 billion in annuities

\$38 billion in health and disability claims

\$12 billion in life insurance policies



\$8.3 billion in tax contributions

\$1.5 billion in corporate income tax

\$1.3 billion in payroll and other taxes

\$1.6 billion in premium tax

\$3.9 billion in retail sales and payroll taxes collected



Investing in Canada

\$950 billion in total invested assets

92% held in long-term investments

The industry is also a major contributor to the Canadian economy, by employing 157,000 Canadians and providing an important source of stable capital for the federal government through investments and tax contributions.

We appreciate the opportunity to provide some comments on three of the four pillars of the *Disability Inclusion Action Plan* from the perspective of employment and the provision of benefits through the insurance industry to persons with disabilities.

PRIVATE SECTOR ROLE IN DISABILITY INCOME SUPPORTS AND CASE MANAGEMENT

Canadian life and health insurers provide 12 million working Canadians with access to income supports and rehabilitation when they become disabled and unable to carry out the requirements of their employment. In total, the industry paid over \$8 billion in benefits in 2019.

Canadians highly value their current coverage. Through these plans, insurers offer unique tools and supports for plan members to help their health improve to the point where they can consider a return to work. In addition, the industry has invested in significant infrastructure and expertise to process

disability applications and obtain medical information. These disability plans have been especially important throughout the COVID-19 pandemic and the private payer system has proved its resilience throughout. Workplace plans have shown remarkable resilience, with industry-wide data collected by the CLHIA showing that 98.5 per cent of the 12 million Canadians who had disability plans at the beginning of March 2020 continued to have coverage.

Additionally, private insurers coordinate access to disability income supports with multiple levels of government disability programs, including provincial income support programs, workers' compensation boards and auto insurance plans. Insurers play a significant role in assisting Canadians to access programs that they are eligible for.

SUMMARY OF SUBMISSION

As ESDC considers the implementation of measures in four specific pillars (Financial Security, Employment, Disability-Inclusive Spaces, Modernization) this submission provides key strategic considerations that we suggest be considered in advance of finalizing the program.

In addition, this is an opportunity for the Government of Canada to consider mandating that new programs be developed through a lens of mental health.

Lastly, we provide key considerations.

STRATEGIC CONSIDERATIONS

- **Need for a clear definition of 'disability'**. Some considerations to keep in mind as this definition is developed is that work has evolved significantly over the past decade. There are other income replacement programs, both public and private, that have definitions of disability. Consider the range of disability, from moderate to total disability and how that might impact on access to these new programs.
- **Mental health lens**. The definition of disability that is developed should include reference to mental health. According to the Mental Health Commission of Canada (MHCC), mental health is a resource that develops the capacity to deal with challenges. It is both a health and social policy issue. The MHCC has resources to help build a definition of disability that includes mental health.
- **Income Replacement Landscape in Canada**. The income replacement landscape in Canada can be complicated. The Disability Inclusion Plan should take into account that any individual may have multiple sources of income replacement at their disposal including Workers Compensation Boards, auto insurance programs, federal/provincial disability programs, provincial social development programs.

PROPOSED 'PILLAR' CONSIDERATIONS:

PILLAR 1: FINANCIAL SECURITY

New disability benefit should be considered 'social income supplement'

It is our understanding that this new benefit is applicable to any disabled Canadian meeting your disability definition, who may be receiving income through employment or income replacement through disability benefits. In order to achieve the Federal Government's objective of reducing poverty amongst this group, it should be designed in such a manner that it will not be offset by other

income replacement benefits that the individual may be receiving, and not result in a financial advantage for the individual to remain off work.

In addition to a new disability benefit, consideration should be given to introducing access to free wellness initiatives that encourage recipients to focus and act on their health with an objective of moving through to recovery wherever possible.

PILLAR 2: EMPLOYMENT

Flexible employment should not come with loss of benefits

The changing nature of work allows for more flexible work arrangements that can benefit persons with disabilities gain employment and potentially provide more opportunities to showcase their abilities. Even with more flexible employment, evidence shows this does not lead to reduced access to benefits and supports as the percent of working Canadians covered today by disability plans has increased to 80%. It will be important to ensure alternative work arrangements for persons with disabilities continue to support the provision of benefit plans.

Rehabilitation focusing on job retention

At work supports and benefits for persons with disabilities should focus on enabling job participation and stay-at-work. This may mean re-thinking the benefits so that supports unique to each individual employee are provided.

Workplaces are essential in maintaining mental health

As noted at MHCC website on mental health and the workplace (<https://www.mentalhealthcommission.ca/English/what-we-do/workplace>), workplaces can play an essential part in maintaining positive mental health. Meaningful work is important to working-age Canadians and keeps employees connected to employment and to colleagues.

Consider incenting employers to provide benefits and initiatives that keep employees healthy

Employers are well-positioned to provide additional supports through benefits and other health initiatives that may occur at work or that can be accessed individually by employees. It is important for employers to be proactive in keeping an employee healthy, productive and actively at work.

Increased access to mental health support builds a healthier, more resilient workforce. However, employees face barriers to accessing mental health care including cost, stigma and a lack of resources or support. Prevention and early intervention measures that promote mental wellness help keep employees working because they are able to access the supports they need.

Empowering employers to take focused action on addressing workplace mental health supports the psychological health and safety of employees while boosting productivity and economic growth. Businesses will benefit from support that enables them to further invest in a comprehensive workplace mental health strategy.

Ensure short-term disabilities have a focus on return to work

Insurers assist employees on short-term disability in getting ready to return to work. This may include plans for a gradual return to full-time duties, assessment of accommodations needed in the workplace (such as more frequent breaks) and managing any therapies required to assist in return.

Access to medical care and treatment is crucial to a successful return to work. Frequently insurers may be able to find the appropriate care sooner than the employee's physician.

PILLAR 4: A MODERN APPROACH TO DISABILITY

Making it Easier for People with Disabilities to access Federal Programs and Services

Part of this initiative may be the modernization of submission and adjudication processes at Canada Pension Plan Disability (CPPD). As disabled persons may be eligible for income replacement through their private insurer as well as CPPD, where they meet the disability definitions of both programs, upon client request and consent, the insurer will share file information with CPPD. Currently, this is a very manual paper-based process. If processes at CPPD were made digital to enable the sharing of information electronically, this could result in faster claim adjudication, more complete files and a simplified process for disabled persons.

Improved communication processes between CPPD and Canada's disability insurers would also result in better coordination and faster claims adjudication for people with disabilities. As an example, a claim in process at CPPD may have one of three statuses: 1. Received, 2. In Progress, 3. Closed. Breaking the second category into multiple, more descriptive categories would provide better information.

While CPPD has established service standards, at times they've struggled to meet them and automation should be helpful in this area as well.

CONCLUSION

Thank you for the opportunity to provide the life and health insurance industry's thoughts. We strongly encourage the staff involved in developing the *Disability Inclusion Action Plan* to continue to consult with the insurance industry, making sure to include our sector in planned roundtables. Should you have any questions or wish to discuss further, please do not hesitate to contact Joan Weir, Director, Health and Disability Policy at jweir@clhia.ca or 416-294-9384.

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