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BACKGROUND

MSP PREMIUMS REDUCED BY 50% FOR TWO MILLION BRITISH COLUMBIANS

Medical Services Plan premiums will be cut in half for British Columbians with annual family net income up to \$120,000, effective Jan. 1, 2018. This is the first step as the Province begins the process of eliminating MSP premiums.

The changes mean annual savings up to \$900 for families paying full premiums and up to \$450 for individuals paying full premiums. As a result, two million British Columbians will see their premiums reduced by half, in addition to the two million British Columbians who don't pay premiums at all. Changes to MSP premiums included in *Budget 2017* will leave \$953 million in the pockets of British Columbians.

The Province is also raising the income threshold below which households are fully exempt from MSP by \$2,000. For example, this means individuals with net income up to \$26,000 will pay no premiums, and couples with two children and family net income up to \$35,000 will pay no premiums.

Individuals and families will need to register to benefit from the 50% reduction. This will allow government to verify income information to determine eligibility. Those already receiving premium assistance will be automatically registered for the 50% premium reduction. Over the coming weeks and months, more information will be available to help guide British Columbians through the registration process.

Most British Columbians will see significant premium reductions:

- A single adult with net income between \$42,001 and \$120,000 will save \$450 per year, or \$37.50 per month.
- A couple with family net income between \$45,001 and \$120,000 will save \$900 per year, or \$75 per month.

- A senior couple with family net income between \$51,001 and \$120,000 will save \$900 per year, or \$75 per month.
- A single parent with two children with net income between \$48,001 and \$120,000 will save \$450 per year, or \$37.50 per month.
- A couple with two children with family net income between \$51,001 and \$120,000 will save \$900 per year, or \$75 per month.

As B.C. moves toward elimination of MSP premiums, the Province will consult with British Columbians to determine the timing and structure of the change. This work continues and details will be announced over the coming year.

First introduced in the 1960s, MSP premiums have historically been an important component of health care funding, raising about \$2.5 billion in recent years — or 13% of total health care spending. However, MSP has evolved into a complex program that requires significant resources from individuals, government and businesses.

Budget 2017 changes to MSP premiums build on actions the Province has already taken to improve affordability and fairness effective Jan. 1, 2017. This includes eliminating MSP premiums for children, enhancing premium assistance for more than 300,000 adults, and cancelling the planned 4% increase that would have taken effect this year. The Province also adjusted the way premiums are calculated for two-person households, so couples now pay exactly twice the rate as single individuals and single parents pay the single individual rate.

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