

# Intelligence MEMOS



From: Farah Omran  
To: Canada's healthcare officials and policymakers  
Date: October 25, 2017  
Re: **LIFE AFTER OHIP+**

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Ontario's 2017 budget announced a universal drug program for youth under the age of 25 starting in 2018. Dubbed OHIP+, it will allow Ontarians under 25 free access to prescription drugs. Although OHIP+ is a step forward in addressing gaps in Canada's public healthcare system, my concern is that there will be a number of challenges as people approach age 25. As they fear they might come off public coverage, a significant frontloading of healthcare costs could result.

For instance, international students and low-income domestic students often have extended health drug coverage through University Health Insurance Plans (UHIP) and lose coverage once they graduate. Similarly, Canadian students with parents who have workplace benefits are mostly insured under parental plans until graduation from postsecondary schools.

A lack of coverage persists until they find a job that provides them with benefits. As a result, students will attempt to get most of their health services and prescriptions filled before graduation.

Naturally, we should expect the same for those approaching the age of 25 who will want to take advantage of their insurance before it runs out. They might use OHIP+ to cover the costs of months and months' worth of prescription drugs regardless of whether they will end up ever needing the medications.

A 1970 RAND study is a good example of how this might be true. The experiment extended health insurance in the form of plans that last between three to five years. A preliminary analysis of that data shows an increase in the medical costs and visits in the last year of the insurance contract. (A forthcoming paper, with Mona Balesh Abadi, will explore this in more depth.) The participants were doing general routine checkups and visiting dentists and optometrists more frequently in the last year of their coverage.

After the age of 25, many low and mid-income Ontarians will no longer be covered under their parents or university plans. This creates a coverage gap in the time they need to transition from OHIP+ to a private plan and we should expect a spike in Ontario's healthcare costs.

In the light of this side-effect of OHIP+, Ontario must be aware of the possible spillover it will have on the labour market. On the positive side, OHIP+ might indeed act as a bridge into the workforce for those graduating before age 25. On the other side, however, employers might respond negatively to hiring younger workers knowing that they have to take on those medical expenses after the age of 25, and/or might limit or alter the drug plans they offer. As a result, we recommend that Ontario provides further coordination and better guidelines on the transition from public healthcare coverage to private coverage.

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