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Taxing mental health care: A step backward on the road to better mental health for Canadians

(Ottawa, Ontario) March 3, 2015. The Canadian Psychological Association (CPA) opposes the Federal Government and Canada Revenue Agency's (CRA) plan which will effectively tax mental health services. One in five Canadians will have a mental health problem or disorder in a given year and only about one-third of them reportedly seeks and receives care. Budget 2013 included a measure that imposes sales tax on certain psychological services that had previously been exempt. It was unclear at the time what would be taxed and what would be exempt. A recent CRA consultation process confirmed our fears that this new tax will make it harder for Canadians to access care.

CRA's recent interpretation of the term "qualifying health care supply" is extremely troubling and ignores the fact that much of health care in this Country is not covered through provincial health plans but is funded through private insurance.

"Unfortunately, CRA will now be taxing assessments done for the very purpose of helping an insurer determine the type or amount of benefits that the individual is entitled to receive," says Dr. Karen Cohen, Chief Executive Officer of the CPA. "This is extremely problematic because these assessments may be necessary for patients to get the financial assistance they need in order to get *psychological* care so that they can recover from injury, illness, disorder and disability."

"An assessment is undertaken because a patient presents with symptoms and complaints which, when competently assessed, lead to treatment recommendations and ultimately to treatment. Whether undertaken through a public or private insurer, an assessment of a health condition always has a dual purpose; to diagnose a condition and determine if the patient is a candidate for available treatment," continued Dr. Cohen.

"CPA has been in dialogue with the federal government on this issue for some time and is disappointed with their definition of a health care supply because it will have a negative effect on those Canadians who need psychological care. All psychological assessments have a health purpose and must continue to be exempt from sales tax. We hope that the government can reconsider its recent stance on this issue" added Dr. Cohen.



Background:

Budget 2013 (Pg. 375) included an unclear statement about changes to the GST/HST and what is and what is not considered a health service <http://www.budget.gc.ca/2013/doc/plan/budget2013-eng.pdf>. The new tax came into effect immediately on March 21, 2013.

Finally, in October 2014, Canada Revenue Agency posted a draft policy statement for consultation that sets out to clarify the new tax rules. This draft policy statement defines what is and isn't a health care service. The consultation period for this draft policy closed February 28, 2015.

Some examples of the types of services that CRA will now be taxing:

- Medical examination and completion of a disability certificate required by an insurance company.
- Medical assessment and report to determine whether an individual meets the “catastrophic impairment” criteria conducted on the request of an insurer.
- Assessments and reports about fitness to stand trial.
- Mental health capacity assessment and report to determine an individual’s capacity to consent to treatment or for the power of attorney/legal guardian.
- Mediation services rendered by a psychologist as part of a divorce proceeding.

For more information visit <http://www.cra-arc.gc.ca/E/pub/gi/notice286/notice286-e.pdf>

To see CPA’s official response visit <http://www.cpa.ca>

About:

The Canadian Psychological Association is the national association for the science, practice and education of psychology in Canada. With almost 7,000 members and affiliates, CPA is Canada's largest professional association for psychology.

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