

Canada Health and Medical Insurance Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Canadian health insurance market is expected to register an effective CAGR of more than 5% over the forecast period. Canada has a universal health care system funded through taxes. This means that any Canadian citizen or permanent resident can apply for public health insurance. While Medicare provides all the required health services free of charge to all residents, some employers offer private supplemental health insurance as a benefit to attract quality employees. Each province and territory has a different health plan that covers different services and products. Packaged insurance plans are gaining popularity in Canada and include one plan for medical, death, accident, disability, death, and dismemberment. Each province holds the responsibility to raise revenue, plan, regulate, and ensure the rightful delivery of healthcare services, although the federal government regulates certain aspects of prescription drugs and subsidizes the province's coverage of services to vulnerable populations. Coverage under the plan changes from province to province, but it generally includes all the coverage mentioned above. The demand for supplementary health insurance plans has also gained momentum, as these cover healthcare costs that are not covered by public health plans, such as prescription drugs, dental, vision, hospitalization, and other services.

The COVID-19 outbreak has impacted the lives and businesses of all individuals in Canada. The pandemic has increased the need for customers to purchase health insurance in order to perceive better medical facilities and healthcare treatments, and the COVID-19 outbreak has resulted in a rapid increase in hospitalizations. Health insurance claims have increased tremendously. The health insurance sector is also coming up with products to meet the requirements for COVID-19-specific policies. The pandemic augmented the market for digital health products, and hence, health insurance providers focused on the process of modernizing and digitizing.

Canada Health & Medical Insurance Market Trends

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Private Health Insurance in Canada and Its Implications on the Health Coverage

In 2022, total health expenditure is expected to rise to USD 8,563 per Canadian. Total health spending in Canada is expected to reach USD 331 billion in 2022, or USD 8,563 per Canadian. Canadian Medicare provides coverage for approximately 70 percent of Canadians' healthcare needs, and the remaining 30 percent is paid for through the private sector. The majority of Canadians hold some form of private health care insurance, most commonly obtained as an employment benefit. Private insurance accounts for around 13% of spending on health, and its financing role is essentially limited to complementary coverage for services not covered by public insurance programs. Private supplementary insurance for services covered by the public insurance system does not effectively exist in Canada. About two-thirds of Canadians have some form of private health insurance that covers services such as vision, dental, outpatient prescription drugs, physical and occupational rehabilitation, psychology and other counseling, and private hospital rooms. This limited role for private insurance in health care reflects the core policy vision for health care financing in Canada, which emphasises equal access to medically necessary health care, especially physician and hospital services.

Prior to 1940, healthcare was essentially financed privately. However, with the advent of the 1984 act on Medicare and its principles, the public had wide scope to receive a lot of health benefits. Canada's national public health insurance is characterised by local control, doctor autonomy, and consumer choice, i.e., patients can choose for themselves which physician and hospital to attend to receive services within their province. Healthcare providers are mostly privately funded by public money via provincial budgets. Hospitals are largely privately owned, not-for-profit organisations that receive annual global operating budgets from the provinces. Physicians practise privately, with their remunerations on a fee-for-service basis received through the provincial health plans.

Spotlight on the Popular Channels Used to Distribute Health Insurance in Canada

More than 130 health insurers serve the people of Canada's healthcare needs. Group sales through medium- and large-sized employers are the dominant channel of distribution in health insurance, which is best utilized by the Canadian population. Together with the traditional career agent or exclusive sales force, health insurers may as well use any combination of independent agents, managing general agencies (MGAs), and national accounts to distribute their products. Each of these channels is further divided into sub-categories. So independent agents may be either individuals working on their own or Personal Producing Groups of Agents (PPGAs); MGAs include Associate General Agencies; and national accounts include both IIROC dealers and MFDA dealers.

MGAs: Managing General Agencies This is allegedly the largest channel of distribution for both life insurance and health insurance in Canada, accounting for approximately 30% of all new premiums. The MGA channel utilizes a wide variety of business models, from large, national organizations to small, local operations. Though there is no clear and consistent description of how the channel operates, there is no evidence of any systemic problems with the channel.

The functions of an MGA include back office support between the advisor and insurer for sales transactions; sales and marketing support for the advisor; and market conduct compliance support for the insurer.

AGA's (Associate General Agencies): They too support independent financial advisors, though on a smaller scale compared to the MGAs. It is mostly a sub to one or more MGAs.

Canada Health & Medical Insurance Market Competitor Analysis

It is a fragmented market, with the leading players, such as SunLife, Manulife, and Canada Life Assurance Company, contributing more than one-fourth of the total health insurance market in 2021. However, competition is tightening as consumers become

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more aware of the benefits of having additional private health coverage. The consumers are resorting to additional health benefits offered by the private players, besides receiving Medicare benefits free of charge.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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