

Income Tax Act

differential under Blue Cross according to a medical doctor in a letter to the Kingston *Whig-Standard*. I was not a subscriber to Blue Cross. He indicates that the cost was \$4.20 monthly for family service before the governments entered the picture. He says that the present expense is just the equivalent of that.

As a result of what the minister now proposes to do if the taxpayer sustains an emergency health problem—hospitalization and all the antecedents—the hospital cost cannot be used as a base in order to calculate his entitlement for income tax deduction.

Mr. McMillan: Mr. Chairman, page 5 of Bill No. C-48 in line 38 indicates that a taxpayer or his representative shall be entitled to be reimbursed hereunder. Suppose that a person had hospital insurance and allowed his premium to lapse through forgetting to pay his premium. If he received a hospital bill for treatment in that period would it be deductible?

Mr. Fleming (Eglinton): If the bill were not paid under the provision of the Hospital Insurance and Diagnostic Services Act to which the federal government contributes.

Mr. Robichaud: Mr. Chairman, since the province of Quebec does not come under the scheme may I ask the minister would the hospital costs paid on the eve of an election by a member of the Union National be deductible for income tax purposes?

Mr. Martin (Timmins): Mr. Chairman, I was interested in the points raised by the hon. members for Welland and Kenora-Rainy River. It is fine to say that you have a choice but many people in the province of Ontario do not have a choice. If they employ over 15 they must belong to the plan. They cannot claim hospital bills as they could under Blue Cross or any private plan. Certainly this seems to weigh heavily against the plan brought into being by this government and very much in favour of private insurance plans. Why was not some compensation given under the plan to subscribers to replace what they lost?

Mr. Fleming (Eglinton): Mr. Chairman, I thought the hon. member supported the idea of providing these hospital services. If you accept the fact that we support the idea of providing these hospital services then surely it is not to be contended that some hardship has been inflicted on someone who is brought under this plan of hospital insurance. The hon. member speaks as though some hardship had been inflicted upon those in the group of which he spoke who were brought within the provisions of this act. I do not take that

[Mr. Benidickson.]

view at all. I think that those who have been brought under the provisions of this Hospital Insurance and Diagnostic Services Act and under the Ontario scheme to which he referred have every reason to congratulate themselves, because it is a good scheme.

Mr. Martin (Timmins): I agree wholeheartedly with the minister in that respect, Mr. Chairman, but the fact remains that it costs the same now as it did before and subscribers are losing the privileges they had previously and those enjoyed by their neighbours who belong to a private insurance plan and probably pay the same rate.

Mr. Fleming (Eglinton): Mr. Chairman, if the neighbour is carrying insurance with a private insurance company then he is carrying it because he is not under the public plan or he is carrying private insurance in addition to the plan in order to give himself some better hospital accommodation. It is only in that case to the extent to which the hospital bill is paid by some means outside this government scheme that any right to a deduction is retained in respect of the hospital bill so paid.

The provision is quite clear. The hospital bill which can no longer be included in the definition of medical expenses in that case is the hospital bill that is paid under the provisions of the Hospital Insurance and Diagnostic Services Act.

Mr. Hellyer: Mr. Chairman, in the days before the minister's generosity we used to get exactly the same thing; but in those days the hospital bills were deductible from income if the bills were part of the medical expenses exceeding 3 per cent of the person's taxable income. Now, since the days of the minister's generosity, we pay the same amount but it is not deductible and that is the difference. What kind of giving is this?

Mr. Benidickson: We pay a higher tax.

Mr. Fleming (Eglinton): The hon. gentleman is not paying the same amount. He is putting forth the extraordinary proposition that he was paying just as much before for hospital insurance as he is paying under the Ontario plan approved under the Hospital Insurance and Diagnostic Services Act, if he is under it.

Mr. Hellyer: Does the minister deny that?

Mr. Fleming (Eglinton): I say that for the vast majority of people it is not true.

Mr. Hellyer: Would you say for the vast majority of people in the province of Ontario?

Mr. Fleming (Eglinton): Yes; I would say that this plan has brought more substantial benefits to the great majority of the people in this province.