

Canada Dental Benefit

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The proposed Canada Dental Benefit (CDB) would provide up-front tax-free payments to cover dental expenses for children under 12-years-old.

- \$650 would be provided for each eligible child if the family's adjusted net income is under \$70,000.
- \$390 would be provided for each eligible child if the family's adjusted net income is between \$70,000 and \$79,999.
- \$260 would be provided for each eligible child if the family's adjusted net income is between \$80,000 and \$89,999.

There are two benefit periods of CDB. The first period begins on October 1, 2022 and ends on June 30, 2023 and the second period begins on July 1, 2023 and ends on June 30, 2024.

A family is eligible for the benefit when:

- a) the qualified dependant has received or will receive dental care services in Canada during the first or second period.
- b) the qualified dependant is under 12 years of age on December 1, 2022 for the first period and on July 1, 2023 for the second period,
- c) the parent is in receipt of a Canada child benefit on that date.
- d) the qualified dependant has received or will receive dental care services the costs of which have not been and will not be fully paid or reimbursed under a program or plan established by the government of Canada or of a province.
- e) the qualified dependant is not insured under a dental services plan and does not have access to a dental care insurance plan obtained provided based on the employment of the applicant, their cohabiting spouse or common law partner or any other person.

An individual receiving the dental benefit will not be able to claim dental expenses covered by this benefit under the Medical Expense Tax Credit.¹

5-Year Cost

\$ millions	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Total cost	247	372	83	-	-	703

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).

¹ Only dental expenses in excess of the amount of the benefit may be claimed under the credit.

Estimation and Projection Method

The total cost of the dental benefit was calculated by summing the total base amount and the behavioral cost.

The total base amount was calculated by multiplying the number of estimated beneficiaries in each family income group by the CDB.

The number of beneficiaries was estimated by multiplying the number of eligible children by the participation rate. Eligible children under 12 years old who are uninsured or partially insured by the public sector and who belong to a family with a net income of less than \$90,000 were determined using a customized version of Statistics Canada's Social Policy Simulation Database/Health Model (SPSD/Health) and considering the fees/limits of coverage and type of dental services covered by provincial oral health care programs and the utilization rate of each service.²

The participation rate is approximated by the percent of children under 12 years of age who report having visited a dental professional during the year for any reason. Participation rates of 76% and 90% were used for uninsured and publicly insured children, respectively.³

With the introduction of the CDB, it is assumed access to dental care services will be less constrained by income, and more people will participate in the federal plan. The participation rate for children from higher income families was used to approximate the higher number of beneficiaries (behaviour impact).⁴

The dental expenses covered by this benefit will not be eligible for the Medical Expense Tax Credit (METC). The change in the federal income tax payable in response to the reduction in the METC was used to calculate the federal savings.⁵

The dental expenses are the sum of routine care costs and special treatment costs. Telus Health Analytics' Dental Data Metrics was used to compute the average costs of various dental procedures for children, adjusted for inflation.

Administration costs was calculated as a share of benefits paid. The percentage of 5% was used and is based on Non-Insured Health Benefits (NIHB) program currently offered by the federal government.⁶

Sources of Uncertainty

The 2007 Canadian Health Measures Survey (CHMS) data do not reflect 2022 Canadian tax filers or the current income distribution, which may over or underestimate the number of recipients.

² This analysis is based on Statistics Canada's Social Policy Simulation Database and Model (SPSD/M). The assumptions and calculations underlying the SPSP/M simulation results were prepared by the Office of the Parliamentary Budget Officer (PBO) and the responsibility for the use and interpretation of these data is entirely that of the PBO.

³ The participation rates are from Canadian Health Measures Survey (CHMS). Retrieved from https://publications.gc.ca/collections/collection_2010/sc-hc/H34-221-2010-eng.pdf

⁴ Ibid., note 3.

⁵ The glass box of the Social Policy Simulation Database and Model (SPSD/Health) was used to estimate the impact of the change in the METC on the Federal income tax.

⁶ Government of Canada. (2022). Non-Insured Health Benefits program: First Nations and Inuit Health Branch: Annual report 2020 to 2021. Retrieved from <https://www.sac-isc.gc.ca/eng/1645718409378/1645718500555#chp10>

The number of beneficiaries partially insured by federal and provincial dental plans is sensitive to the limit of each coverage and the nature of the dental services covered. The PBO assumption is subject to this data limitations.

The estimated total base benefit and behavioral costs are sensitive to the choice of participation rates.

Changes in the rate of fee increases, inflation, or the prevalence of diseases would also influence costs.

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Data Sources

Variable	Source
Eligible children	SPSD/M 29.0 and SPSPD/M Health
METC and federal income tax	SPSD/M Health (Glass box)
Participation and utilization rates	Canada Health Measures Survey
Procedure costs	Telus Health Analytics Dental Data Metrics
Inflation rates	PBO economic model
Administrative Costs	NIHB annual report 2020 to 2021
Provincial oral health care programs targeting children	Health Canada and provincial governments

Supplementary Data

Detailed 5-Year Cost

\$ millions	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Static cost	202	296	65	-	-	564
Behavior cost	43	69	16	-	-	128
Administration cost	12	18	4	-	-	35
Cost recovery	-11	-11	-2	-	-	-23
Total cost	247	372	83	-	-	703

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