

TOWN HALL ON PROPOSED FEDERAL TAX CHANGES

Sept. 23, 2017



Doctors Nova Scotia (DNS) hosted a town hall event on Sept. 23, 2017, to give physicians an opportunity to talk about the Trudeau government's proposed federal tax changes and their likely impact on Nova Scotia's health-care system.

Close to 400 Nova Scotia physicians, from students to residents to practising physicians, some with spouses and young kids in tow, came from across the province to share their stories and their concern about the future of health-care in Nova Scotia.

400 Nova Scotia physicians attended the rally

A Doctors Nova Scotia Survey found that if the proposed tax measures are implemented:



451

physicians would consider moving from Nova Scotia



375

physicians would consider reducing the number of hours they work



359

physicians would consider offering different services

Physicians spoke with a strong, united voice. Their audience included Progressive Conservative, NDP and Liberal MLAs, as well as the Deputy Leader of the federal Conservative Party. Physicians advocated for themselves and, even more passionately, for their patients.

Survey confirms Nova Scotia will see an exodus of physicians in response to tax changes

Dr. Manoj Vohra, President of DNS and a family physician in Truro, shared results of a survey recently conducted by the association. A total of 864 doctors responded. Of those:

- 451 physicians indicated they will consider leaving the province if the proposed tax changes go through.
- 375 physicians said they will consider reducing the number of hours they dedicate to their practice or professional activities.
- 359 said they will consider changing their practice profile (that is, cease offering less remunerative services).

Approximately 75 percent of Nova Scotia's physicians are incorporated. If the tax changes are implemented, they will affect most physicians in the province. This is arguably the most significant initiative to impact Nova Scotia's doctors in two decades.

Physicians spoke with passion and conviction

Physician after physician stepped to the microphones. Their stories emphasized that the proposed tax changes come at a time when Nova Scotia's physicians are already burnt out, overburdened and feeling undervalued by government and the Nova Scotia Health Authority.

Dr. Tim Wallace is an ENT surgeon in Amherst, N.S., site chief for Cumberland Regional Hospital and Head of Surgery for Northern Zone. Dr. Wallace has been in practice for 13 years and is a father of two. He described the financial sacrifices and risks associated with pursuing medical studies.

“My real concern is the current climate can’t handle this crisis. Is government prepared for this? It’s going to be more dramatic than people actually think in Nova Scotia.”

*Dr. Tim Wallace
ENT surgeon, Amherst, N.S.*



“I want to stay in Nova Scotia, but for the first time, I feel like I’ve made a mistake... many of my mentors are burnt out.”

*Dr. Leo Fares
Second year medical resident*

“When I first started practice 13 years ago, I came out of residency with \$180,000 in debt. Between my wife and I, it was closer to \$300,000,” he said. “When we looked at some of our colleagues who finished university or high school and went on to work, we figured we were \$500,000 behind.”

Dr. Wallace said these financial realities force physicians to work well into their seventies, noting that Dr. Paul van Boxel, also in the audience, is still doing surgical assists at age 78. He noted that one in five physicians in Canada are over the age of 60, with 12 percent over the age of 65. What will happen when those doctors – some of whom have up to 3,000 patients in their practice – retire, he asked.

“My real concern is the current climate can’t handle this crisis. Is government prepared for this?” he asked. “It’s going to be more dramatic than people actually think in Nova Scotia.”

The tax changes will drive physicians away

There was a strong consensus in the room that the tax changes will only exacerbate the challenge of Nova Scotia losing physicians to other jurisdictions, and being unable to convince physicians to practice here. Nova Scotia can’t afford to lose physician talent in the name of false tax fairness.

Dr. Leo Fares is in his second year of residency, training in the Department of Anesthesia, Pain Management and Perioperative Medicine in Halifax. This is his fifteenth year of post-secondary education. Dr. Fares is from Spryfield, N.S., but he finds himself having to consider leaving.

“Clearly, my roots are here. It’s where my family is, my friends are, my community is and I would love to stay here. I guess the trouble is, coming out of medical school, many of us accumulate \$250,000 in debt and these changes will really impact our ability to work in Nova Scotia, where we’re paid among the least in the country and taxed almost the most, so it makes it really challenging to stay here,” he said.

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Dr. Lisa Bonang is a rural family physician and leader at the Musquodoboit Harbour Medical Clinic. Dr. Bonang spoke with raw emotion, predicting that the tax changes will be “the straw that will break the back of health care.”

“We feel disenfranchised. We feel disheartened. We feel disrespected. We feel, overall, dissed,” said Dr. Bonang. She emphasized that this is not about the money.

“It’s about what will happen to patient care, waitlists. That’s why we get up and go to work every day. We love what we do. We care about our patients. We only want what’s best for them. But our altruism can only go so far.” With tears in her eyes, Dr. Bonang confirmed her commitment to stay in Nova Scotia and to fight for her community and her patients. But she fears the exodus of others with fewer roots and ties in the province.

Dan Lomis, a financial services advisor, had a message for the elected officials in the room. “Know that this won’t only affect patient care. When a physician leaves this jurisdiction we don’t just lose the physician, we also lose the jobs their practices provide in their communities, like administration staff.”

He urged the elected officials to look around the room. “These are not the one-percenters. I’ve seen the debt they came out with. These are not wealthy people. Go back to your leadership. Stand up for Nova Scotians. This is important not just for physicians but for all Nova Scotians.”

Physician after physician spoke of getting calls from other jurisdictions looking to recruit them, and of having to provide references for their residents and fellows, who have begun to explore practising elsewhere.

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*Dan Lomis
Financial services advisor*



The tax changes will affect patient care

There are not enough doctors to meet the health-care needs of Nova Scotians. There are over 60 vacancies in primary care alone, while more than 30,000 Nova Scotians sit on a waiting list for a family doctor. Patients are already desperate. Dr. Leisha Hawker tweeted, “While on call during the town hall I had someone phone pleading for my clinic to take them as a patient.”

Without enough physicians to meet the needs of patients, practising physicians are bearing the burden: working long hours and taking on excessive patient loads.

Physicians feel that the federal government’s proposed tax changes will make this worse. If the tax changes go through, physicians will seek opportunities in places with a more competitive salary and where provincial governments implement remedies to offset the tax losses.

Current tax mechanisms essential for planning for maternity leave, illness or retirement

Physicians explained that the small business tax measures are their only way to plan for retirement and to protect themselves against costs associated with long-term illness, since physicians do not have more conventional pension plans or sick leave. Several physicians said being incorporated had allowed them to have some semblance of maternity leave – which they otherwise would not have been able to afford.

Dr. Maria Alexiadis, a family physician in Halifax, moderated the discussion and shared her own story. Dr. Alexiadis is a breast cancer survivor. After she was diagnosed, she had to take six months off work for treatment. As a family doctor, she is self-employed, which means she has no sick time. In order to take time off work, she had to live with no source of income, while still paying her office expenses, including four staff salaries. If she had not been able to draw on her corporation, she would have had to close her practice and fire her staff. Luckily, she was able to draw on the savings in her corporation, which allowed her to allow her to retain her practice, get well and then return to her patients.

Dr. Lori Connors, an allergist and immunologist, returned to practice when her baby was 16 weeks old and nursing. Her maternity leave, through the DNS program, provided just \$2,000 per month while her overhead costs were \$9,000 per month. Drawing on the passive investments in her corporation was the only way she could sustain her business while taking time for her family. Without that money, she would have had to either forgo having a family, or leave medical practice.

Dr. Paul Young, family physician in Bedford, described his reliance on passive investments in order to sustain his practice.

“I have Crohn’s disease and see 30 to 50 patients per day,” he said. “I have 2,000 patients in my practice. I take one day a month and spend it hooked up to an IV. Yes, I split income and use passive investments. I have no choice. I will get sick at times.”

Dr. Young explained that once he accounts for taxes, debt repayment and staff costs, he makes about \$8 for every patient he sees in his office. That leaves no room for additional tax burden. “My 2,000 patients will suffer if these changes go through.”

The government is out of touch with physicians

Many physicians talked about feeling unfairly portrayed, vilified and disrespected by the government’s suggestion that the taxes they pay aren’t fair.

A psychiatrist in Truro, for example, described himself as a physician

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*Dr. Paul Young
Family physician, Bedford, N.S.*

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*Dr. John Enright
General surgeon, Dartmouth, N.S.*



with an average income. But what the government doesn't understand is that it takes two people to bring that income into his household. In order for him to train to become a physician and now to sustain his practice, he needs full-time support at home. If his wife were not prepared to step into that role, he simply could not maintain his practice. He does not believe that government understands the reality that his physician income pays for the work of two people.

Dr. John Enright, general surgeon in Dartmouth, N.S., noted that physicians fund a large portion of the infrastructure that supports our health-care system. Physicians pay for nursing staff, receptionists, building costs and office expenses, he said. “Twenty-five to thirty-five percent of my income goes to overhead. We run the system, and we support it on our own backs.”

Dr. Neil Smith, an ENT surgeon also located in Dartmouth, took time out of a continuing medical education session to share his views. Like many others in the room, Dr. Smith objects to both the tone and the inaccuracy of the federal government's messages.

The benefits of incorporations are not tax loopholes, said Dr. Smith; they were created by government as a means of allowing physicians to plan for retirement and sickness. To change the rules halfway through the game is profoundly unfair. And the suggestion that someone who makes \$250,000 is paying less in taxes than someone who makes \$50,000 is wholly inaccurate, he added.

Dr. Smith pointed to a fundamental disconnect between the two politicians pushing the proposed changes and the physician community. “Our government is out of touch with the commitment involved with being a doctor. Now is the time to say, this has not been thought through.”

Physicians implore the federal government to reconsider

Dr. Ken West is a nephrologist in Halifax. He is also the Head of the Division of Nephrology, and current President of the Central Zone Medical Staff Association. Dr. West spoke passionately about his work looking after some of the sickest and most at-risk patients from all over the province.

“I'm a doctor that sees the consequences of not having a family doctor to manage illnesses and access to specialists,” he said. He described dialysis units that are overflowing as the number of Nova Scotians without a family physician continues to grow in number. He described family physician colleagues who are increasingly overworked, stressed and burning out.

When you consider the hours invested in training and school, and the hours worked, family physicians are not making anything more per hour than nurses or teachers, said Dr. West. Family physicians are certainly not among wealthy Canadians. Dr. West implored decision-makers to examine more closely their assumptions and to realize that it's the lower earning physicians who will be most heavily impacted by the proposed changes. He encouraged government to lengthen the consultation and notice time period and to consider an alternative approach that would ensure the people affected by the changes are truly the wealthy, and not those barely sustaining their practices.

This is not just a federal issue

Physicians also noted that the fallout from the changes will affect Nova Scotia's provincial government. For the last two decades, incorporation has played a role in physicians' overall compensation package. In lieu of increases to physician payments, the provincial government encouraged



physicians to incorporate so that they could benefit from the tax strategies that were available through incorporation.

If the federal government changes the rules for private corporations, a huge problem will be downloaded on the province. As the single payer of physician services, physicians will have no choice but to look to their provincial government to help make up the financial loss or risk being unable to recruit and retain much needed doctors.

Elected officials responded

Though all Nova Scotian MPs were invited to the town hall, none of the Liberal MPs were in attendance. One federal politician – Conservative MP Lisa Raitt, Deputy Leader of the Official Opposition – spoke to the group. Ms. Raitt told physicians that the federal Conservatives have spent the majority of their time in the House focused on these issues with government, and that she will share many of the stories she heard today with her colleagues. She readily agreed that the proposed tax changes are not about creating fairness in the tax system; rather, they are about generating revenue for the government.

“I want to tell you that we stand with you,” Ms. Raitt said. “You are essential to our health-care system.” She emphasized that advocacy is essential, because the proposed tax changes can come into law without any debate or any kind of vote, because the government can introduce the changes by a Ways and Means Motion.

Neither the Premier nor the Minister of Health and Wellness attended the meeting, but MLAs from all three provincial political parties were there, including: Elizabeth Smith-McCrossin, MLA from Cumberland North and PC Health Critic; Barbara Adams, MLA for Cole Harbour-Eastern Passage (PC); Tim Houston, MLA for Pictou East (PC); Lisa Roberts, MLA for Halifax Needham (NDP); Lena Metlege Diab, MLA for Halifax Armdale and Minister of Immigration and Acadian Affairs and Francophonie (Liberal); and Labi Kousoulis, MLA for Halifax Citadel and Minister of Labour and Advanced Education (Liberal).

The PC MLAs in attendance were clear that their party stands vehemently opposed to the proposed tax changes, and that their party values physicians. Minister Kousoulis expressed his concern about the federal government’s proposed changes and added, “If this happens, we will work to ensure that you not only stay but you want to stay. We are working hard to recruit and to keep our doctors. I assure you that our provincial Liberal government stands with you.”

All of the MLAs implored doctors in the room not to leave the province. All of the elected officials pledged to convey what they heard at the meeting to the federal government in hopes of initiating change.