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From the Masthead



Mainstay Insurance Brokerage Inc. Phone: (905)886-9203

In order to serve you better

To assist you with your employee benefit plan, we have our website, located at:

www.mainstayinsurance.ca

The site provides easy access to many insurance company's websites to access the health and dental claim forms you utilize on a regular basis.

Did you know that...

... most provinces offer public drug plans that can help subsidize prescription costs for seniors, low-income people, social-assistance recipients, and those with high-cost or rare-disease medications. In many cases these programs can reduce the out-of-pocket spending dramatically once enrolled. In addition, there are also "choice cards" that allow patients to obtain brand drugs at generic prices.

If you, or someone in your family is experiencing higher drug costs, speak to your pharmacist, or give us a call and we can direct you to programs like the [Ontario Drug Benefit](#) (ODB) for seniors or the [Trillium](#) program for those under the age of 65.

Need help finding a form, phone number, or just help in general, please do not hesitate to call us at: 905-886-9203 or send us an e-mail at:

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Watch out for fraud – It could mean losing your job!

Every year or so I find myself writing an article on benefits fraud for our newsletter or an industry publication. This is because fraud continues to occur despite efforts by the insurers and others in the industry to stop it.

In the past few years, we have seen headlines about employees who have been terminated from a variety of large and high-profile organizations for committing benefits fraud.

Examples include: the Toronto Transit Commission that investigated over 600 employees and terminated 223; Baycrest Hospital that terminated 150; and Air Canada that had 6 employees arrested and charged with benefits fraud.

You would think that those in law enforcement would be smart enough to steer away from this type of risky behavior, but it appears not after York Region, Peel Region and Hamilton Police officers were fired after submitting fraudulent benefit claims that were in some cases less than a thousand dollars.

In the Greater Toronto Area (GTA) fraud occurs in all areas of the city and within all types and sizes of employers. The Canadian Health Care Anti-Fraud Association estimates that as much as 10% of every dollar spent on healthcare in Canada is wasted on fraud.

This could add up to well over \$10 billion annually.

We are now seeing the repercussions of this type of behavior. Many employers are having to reduce coverage in areas such as paramedical coverage or move to Health Spending Accounts (HSA's) to reduce the financial loss resulting from this type of abuse. Another effect that employees are seeing is an increase in the number of audits being performed on employee claim submissions.

As the claims payers (insurers etc.) encounter more fraudulent claims, they tighten audit procedures to protect your employer's costs. They do this by requesting receipts for e-claim submissions and checking the credentials of practitioners who they have not encountered before. These audits delay the payment of claims, increase costs and waste your time.

An excellent show was produced back in 2010 for CBC's "The National" that provides excellent insight into real life benefit fraud.

It is entitled "Massaging Receipts" and goes undercover to show how fraud happens at clinics in

the GTA. You can Google the shows name or follow the link below.

<http://www.cbc.ca/news/thenational/massaging-receipts-1.1792355>

The important lesson here is that benefits fraud is actually theft from **your employer** who is the actual payer of your benefit claims. This theft can result in dismissal with cause and potential criminal charges.

Examples of fraud include: submitting receipts for treatments not received, or for treatment performed by someone other than whose name and credentials are on the receipt, or for services that do not match the receipt. All of these activities can result in criminal charges and termination of employment.

If you think that there are others submitting fraudulent claims, or utilizing providers that have deals that are too good to be true, remember this is hurting both your employer and your benefit plan. Contact the Confidential fraud hotline of your insurer to make them aware and so that these situations can be investigated.



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This information is provided as a reference to clients of Mainstay Insurance Brokerage Inc. It is not intended as advice. Your situation and the contract provided by your insurer plus any relevant legislation shall always take precedence. Always obtain appropriate legal, human resource or accounting advice.

Note: This side of the newsletter is intended for you the plan administrator. The information on the 'front' is targeted more to your staff and can be copied and distributed for their reference.

Just in case you were wondering...

...we are benefit specialists first and foremost, but also have clients, friends and associates in almost every type of business.

Need help with business, home, auto or even sailboat insurance? No problem, we'll connect you.

How about non-insurance needs? We had a client that who moved to our neighborhood and was looking for help to connect with local trades for shingling and water softener repairs and service.

We connected them. How can we help you?

What are others paying for their benefits?

Each year we meet to discuss the renewal of your benefit plan. During the meeting we review the differences in rates which are based on changes in your staff demographics, claim costs, and the claims of all small businesses in the insurance company pool.

This year we are anticipating a flattening of rate increases over the coming year. We have seen drug claim costs continue to increase at about 6% again this year, but many generics are entering the market that will help reduce costs in the coming years. The Ontario dental fee guide is increasing again this year, but only by 3.32% after being much higher for several years.

The cost of aging is also a factor in driving plan costs. Benefits such as life and disability insurance are based on the age, gender, occupations and industry of your employees. If your firm keeps all the same staff and they get one year older each year, that drives your rates up 7-8% a year. You will also see this occur with individual life insurance (it gets more expensive to buy as you get older).

What areas of benefit costs are decreasing? We've seen paramedical usage reduce in many groups. We're not sure what this is attributed to, or if it will bounce back up as we continue through the year, but it is a pleasant change from past usage increases.

Some groups are also seeing their drug costs lower as employees or their spouses

move to age 65+ where the province becomes first payor of many drug claims. This can remove a good portion of drug claim costs with little or no effect on the employee.

The average annual increase in rates for our block of business has been 5.5% over the past 5 years; 4.3% over the past 10 years; 4.5% over the past 15 years and 4.0% over the past almost 20 years.

In the end, some of you will see higher increases and others will experience lower increases or even decreases based on your own firms claiming patterns and plan design.

We have included our average rate changes, as well as the highest increases and decreases from our current clients in the chart below to illustrate the range of plan cost changes that our clients encounter. The changes are un-weighted.

Annual Premium Changes

Year	Best	Avg.	Worst
2016	-10%	1.6%	+16%
2017	-13%	6.5%	+44%
2018	-21%	3.3%	+31%
2019	-17%	0.9%	+31%
2020	-18%	3.2%	+46%
2021	-19%	-0.2%	+32%
2022	-26%	5.0%	+30%
2023	-18%	11.4%	+67%
2024	-16%	7.1%	+55%
2025	-17%	4.1%	+20%
2026	-39%	2.1%	+28%
YTD			

The initial response we often get when releasing this information is "we

want that 39% rate decrease".

Who wouldn't, one would think, but in reality, you likely would **not** want it.

The firm that had that rate decrease grew their staff population, while at the same time REDUCING their overall claim costs. They were really overpaying until the pricing was adjusted at renewal to reflect the new staff additions and the declining number and cost of claims submitted.

What this summary tells us is that the average client paid a benefit cost higher than inflation, but generally not as high as one might expect.

Many ask about the actual average dollar cost of a benefit plan for budget reasons. We can share that the average spend in 2025 was about \$4,400 per employee per year. This is an average as we have clients that provide benefit plans that range from very basic health spending account (HSA) only plans to more extensive traditional plans with 100% coverage and HSA's to enhance them.

Are rate increases likely to get better or worse in the coming years? We never know for sure, but we do expect costs to continue to increase at a rate faster than inflation.

We'll continue sharing information like this to keep you up to date.