April 2011
Volume 11, Issue 2

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 are continually updating our website. Located at:

www.mainstayinsurance.ca

The site provides easy access to many insurance company's websites and to the health and dental claim forms you utilize on a regular basis. We have also added links to the log on pages for members (employees) in order to provide quick entry to other websites.

If you use a form that is not on our website and would like it added, please send us an e-mail at:

feedback@mainstayinsurance.ca

Did you know that..?

… some out of country hospitals and are now requiring patients to provide up-front payment or deposits for medical services ? In the past cash may have only been required for minimal cost services whereas a credit card swipe is not now unheard of.

Individuals who travel should be aware that the differing payment requirements are at the discretion of the treatment facility. In some situations they may be required to pay costs up-front and seek reimbursement for out-of-pocket expenses once they return home.

Regardless of the outcome, in ALL cases the insurer must be contacted to open the claim and allow them to attempt to pay it directly.

But My Old Plan Paid for it….

As a broker, we are often asked about the differences between benefit plans. Questions typically arise after a change in insurer or when a new employee compares your plan with a past employer or their spouse's, or friend's plan. Providers may provoke questions when they tell a patient that "Manulife covers this or Great West Life always covers that".

We would like to share some facts in an effort to set the record straight on benefit plans, their design, and how claims are paid,

Fact #1. EVERY insurance company (or Third Party Administrator / TPA) **CAN** cover practically every claim for just about every service. There is no one company that is better or more inclusive than another.

Fact #2. WE (benefit brokers and employers) direct the insurers to pay a list of eligible claims for the right person at the right time. We ask for plan designs that are affordable (if you consider a cost of $2,500/employee per year affordable) and that avoid paying for medically unnecessary and fraudulent claims.

Fact #3. Insurers often pay claims that they should not. Sometimes the wrong claim is paid because of plan changes or human or system error. The next time that the claim is submitted and appropriately denied, staff become upset because they do not recognize that an error occurred the first time.

Fact #4. NO clinic, practitioner, hospital or service provider can tell you what your plan will cover. Each contract is unique. One plan with Sun Life (as an example) may provide for private hospitalization, the next for semi-private and the third may provide for no hospital coverage at all. Only your insurer can tell you with any certainty what **your** plan covers. Your broker, your plan administrator or HR person may be able to tell you what coverage is available to you, but because each plan has annual plan maximums and other limits, only your insurer has access to what you and your dependants are eligible for at any given time.

Fact #5. People only share how much "**better**" their old plan was, NOT the "**shortfalls**". As a result of this, we see a one sided, biased view in any feedback received.

Fact #6. A plan for a smaller firm (typically under 100 staff) has less flexibility than a plan with a larger firm. Small businesses typically have simplified, pre-packaged plans to save costs and to keep plans reasonably consistent. Different insurers can also have different basic offerings.

Fact #7. Since the introduction of Health Spending Accounts (HSA's), claims for items and services are now paid that were never considered to be eligible before. Items such as dental implants, laser eye surgery, orthodontia for adults and even some non-prescription herbal or vitamin supplements are now considered for payment under an HAS. This means an insurer, whose "standard" plan design would not cover certain claims, may now do so under an HSA.

Fact #8. Plan designs have become more restrictive in the past decade as new, more costly treatments have become available. Insurers and employers must try to control cost increases (NOT reduce costs) when new drugs, treatments and services are available that employees want covered but that may be cost prohibitive to add to the plan.

Continued over. . .

Mainstay Insurance Brokerage Inc.

10 Linton Court
Thornhill, Ontario
L3T 5M9

PHONE:
(905) 886-9203

TOLL FREE:
1-877-624-6789
1-877-MAINSTY

FAX:
(905) 707-0216

E-MAIL:
inquiries@mainstayinsurance.ca

WEBSITE:
mainstayinsurance.ca

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 love to hear from you, our clients and friends. When people comment on articles that they feel are particularly good or that they feel they just MUST share with staff, it makes us feel that the effort is well worth it.

Drop us a note or give us a call with your comments or suggestions for future articles you'd like to see.

We listen….

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 as well as any relevant legislation shall always take precedence. Always obtain appropriate legal, human resource or accounting advice.

But My Old Plan Covered it…. cont.

Fact #9. Costs are rising and not just because of inflation. We utilize more services each year than we have in the past: think of your dental claims compared to those of your parents or grandparents. We see many new drugs that cost between $15,000 and $60,000 annually that never even existed in the past. Is it any wonder that insurers ask you to try the $500 or even the $5,000 solution before the brand new drug at $35,000?

Fact #10. Employees do not want plans that cover less. In fact, they usually want their plan to cover everything they already have AND everything that their friend's plan does; at 100% reimbursement AND with NO cost sharing. These options are simply not sustainable in the long run.

With all the variables that are involved in managing the design, management and adjudication of a benefit plan, it is actually amazing that we do have the level of consistency that we do. It is the role of benefit brokers, insurers and employers to communicate changes effectively and to educate employees about their benefit plan.

Remember the number one role of a benefit plan is to attract and retain employees. This is typically done in a tax-free manner and is something that most employees could never afford on their own. Employers must balance this with the economics of rising costs and employee demands.

Employees should count themselves lucky if they have a benefit plan. Many firms do not offer access to any plan. Others have had to cut benefit levels, have implemented or increased cost sharing with staff, or have dropped benefits altogether during financially difficult times.

To ensure that your employees understand the full value of their benefit plan, provide clear communication, and an explanation of the facts so that all stakeholders participate in an affordable and sustainable benefit plan going forward.

Wondering what others employers pay?

Each year we meet to discuss your renewal, the change in rates based on your staff changes and your claims and those in the greater pool of all business. Some of you see higher increases and others lower with average increases last year of about 6.6%

The average increase in rates over the past 5 years has been about 5.1% overall. We have also included our year to date increases and they are lower than last year.

We have included the highest increases and decreases to illustrate the range our clients have encountered. These numbers are compiled from our existingπ Mainstay clients only and are un-weighted.

Average Annual Premium Changes

Year	Best	Avg.	Worst
2006	-11%	4.8%	+30%
2007	-13%	7.2%	+39%
2008	-29%	3.1%	+37%
2009	-27%	3.9%	+38%
2010	-17%	6.6%	+91%
2011 YTD	-25%	4.1%	+30%

When initially seeing these numbers the first response is "we want that 29% rate decrease".

The firm that had that rate reduction grew their staff population considerably while at the same time REDUCED their overall claim costs. They were really overpaying at their old rates, until their pricing was adjusted to reflect the new population and claims of the firm.

What this summary tells us is that the average client that paid a benefit cost of $2400/person/year in 2005 will be paying $3078 in 2011. Higher than inflation but not as high as we have been led to believe it could be.

Is it likely to get better or worse? We never know for sure but, we can expect costs to continue to increase as we see claim costs to rise, services to be utilized more and provincial downloading to increase.