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From the Masthead



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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:

Dave@mainstayinsurance.ca

Did you know that...

You can lose your job or be charged with fraud if you submit fraudulent claims? Troubles start when claims are submitted through websites or apps and employees fail to have the supporting receipts, and then neglect to respond to audit requests. Many insurers will cut off web claiming in the event you do not comply with the request for documentation.

In some cases the employees are not aware that what they are doing is fraudulent. They think they are just "using" the plan, when the provider is using them to money launder or pad their own pockets.

REMEMBER, it's your employer you are stealing from, NOT an insurer.

But the old plan 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, their spouse's, or a friend's plan. Providers may further provoke questions when they tell patients 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 eligible 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 and that avoid paying for medically unnecessary and fraudulent claims.

Fact #3. 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 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 other internal limits, only your insurer truly

has access to what you and your dependants are eligible for at any time.

Fact #4. A plan for a smaller firm (typically under 100 staff) has less flexibility than a plan for a larger firm. Small businesses typically have simplified, pre-packaged plans to save costs and to keep plans reasonably consistent.

Fact #5. 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, and orthodontia for adults are eligible for payment under an HSA making plans MUCH different than in the past.

Fact #6. 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 saving money, just trying to hold costs) when new drugs, treatments and services are available that employees want covered but that may be cost prohibitive to add.

Fact #7. 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 existed in the past. You should not be surprised when employers and insurers ask you to try the \$500 or even the \$5,000 solution before the brand new drug for \$35,000

Fact #8. 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 provides support that most employees could never access or 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 type of benefit 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 can continue to participate in an affordable and sustainable benefit plan going forward.



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

Just in case you were wondering...

The definition of "earnings" varies from contract to contract. Take a moment to ensure that the definition in your policy matches how you are reporting changes. A plan without commissions included in the definition of earnings could result in hardship for sales people at the time of claim. A plan that includes commissions in the definition but that is not reported to the insurer, could leave the employer liable for millions in event of a claim.

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.

Termination of employees and benefits

The questions that I am most often asked by clients refer to termination of an employee's benefits.

This is GENERAL INFO ONLY and should not be construed as legal or HR advice in any way.

In general benefits terminate the day an employee leaves their employment. If they quit, the last day worked is the last day of benefits coverage.

If **you** terminate an employee then you must continue to compensate them for the legislated notice period. This is generally a week per year of service to a maximum of 8 weeks. Full benefits must be provided during this period whether the employee is working during the notice period or not.

www.labour.gov.on.ca/english/es/pdf/es_guide.pdf

Things get a bit more complicated if you want to extend group benefits during a lengthy severance period. Insurers will not allow LTD coverage to be provided during the severance period as the employee is not actively at work nor will they be returning. The contradiction leaves a huge risk for employers.

There is ONE product available that will provide LTD coverage during the severance period should you find yourself in a situation where coverage must be provided. Ask us for details if you need them.

The best way to handle these situations is to get advice from an employment lawyer and there are

recommended names on our website.

What a lawyer will often suggest is provide a good severance package that is in excess of the minimum that the "pay in lieu of notice" legislation requires. In exchange for this package, the employee signs off on their right to these benefits (like LTD) that are not provided.

Although the price of providing severance packages such as this is slightly more, it is a low cost compared to a court case or having a disability occur during a contested severance period (for an example look at the Brito v. Canac case).

The take away? Legal advice can save you and be less expensive in the end.

What are other employers paying for benefits?

Each year we meet to discuss your plan's renewal. During the meeting we review the shift in rates based on changes in your staff demographics and claim costs as well as the claims of all small business in the pool. Some of you see higher increases and others experience lower increases or even the occasional decrease.

The average annual increase in rates over the past 5 years has been about 2.9% overall. Over 10 years it has been 3.9%: the lowest period since 1985.

We have included the highest increases and decreases in the chart following to illustrate the range our clients have encountered. These

numbers are compiled from our current Mainstay clients only and are un-weighted.

Annual Premium Changes

Year	Best	Avg.	Worst
2010	-17%	3.5%	+32%
2011	-25%	4.1 %	+30%
2012	-13%	4.4 %	+39%
2013	-28%	1.7 %	+31%
2014	-20%	0.6 %	+30%

The initial response we often get is, "we want that 28% rate decrease". In actuality, you likely would not.

The firm that had that rate reduction grew their staff population considerably over that year, while at the same time REDUCED their overall

claim costs. They were really overpaying at their old rates until the pricing was adjusted to reflect the new staff added and the declining claims of the firm.

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

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 the generic drug savings taper off; drug costs rise for products like the new Hep. C "cure"; increased utilization of some services and increased provincial downloading .

Stay tuned for updates.