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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 are continuing to update our website. Located at:

www.mainstayinsurance.ca

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

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

feedback@mainstayinsurance.ca

Traveling out of country?

If so, don't forget to take your out of country card and/or brochure with you.

Ensure that you and your traveling companions know each others toll-free phone, policy and certificate numbers. Writing them down for each other before you leave can save time if an accident or illness should occur.

Most insurers require you (or your companion) to contact the travel provider as soon as possible after an incident in order to have a claim opened. Doing so can assist with the process and potentially avoid claim delays or denials at a later date.

If you are in an unstable health situation, are changing medications or surgery is suggested, you may not be eligible for coverage at all. Call your insurer for information or clarification before you leave.

What is Coordination of Benefits (COB) ?

One of the more complex and confusing parts of benefit plans is determining how benefits are paid. If you have single coverage, this is straightforward, as all claims are sent to the insurer that provides benefits to you through your employer. If you are in a marriage, same sex or common-law relationship you may have more options available.

One option is to "waive" health and dental coverage due to coverage under a spousal plan. This saves your employer money and your claims will be processed through your spouses plan. You will also save if you are sharing the premium.

Another scenario happens when couples both obtain "family" coverage through their plans. By choosing this option the couple can maximize the eligible amount payable between the two plans.

Coordination of Benefits (COB) is the name of the system that insurers use to handle the payment of claims when there is more than one insurer eligible to pay benefits.

In general COB says that your claims MUST go through your employer's plan first. Any remaining amount not paid by your insurer can be submitted to your spouse's plan. Any claims that your spouse has MUST go through their plan first and anything remaining can then be submitted to your plan for payment. If you have dependent children, their claims should be submitted through the parent whose birthday is the first in the year. The actual system gets more complicated in the case of non-custodial parents, retirees etc. but the situation above is the most common method you will encounter. Your employee booklet or your insurers customer service line can provide you with more information.

Why would someone go through the trouble of double paperwork? A good example is if you were to have $950 of physiotherapy treatment as a result of an injury. Your plan may have $350/year of coverage and your spouse's plan may have $500/year available. In a case without COB, the claim would be limited to the $350 your plan would pay. By submitting a second claim form to your spouses insurer, with an attached explanation of benefits (which would accompany the $350 cheque from your insurer) the remaining $500 could be submitted to that plan, thereby reimbursing you for $850 of the $950 cost of the treatments.

If your plan utilizes a Health Care Spending Account (HCSA), you can then direct the remainder of the cost to be paid by that benefit. Following the example above, you could then submit a HCSA claim to your insurer and ask for your HCSA to pay the remaining $100 resulting in full payment of the treatments.

It is important to note that COB is not for everyone. If you have coverage with your spouse's plan that is adequate, using your option to "waive" health and/or dental coverage may be an option for you. This reduces the cost to you and your employer. You will still be covered for mandatory benefits such as employee and/or dependent life insurance, Long Term Disability (LTD) coverage and Health Care Spending Accounts (HCSA) as determined by your plan.

If both you and your partner have access to benefits, it is best to speak to your plan administrator or contact your insurance provider for more details on how to best utilize your benefit plan.

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Note: This side of the newsletter is intended more 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…

•At December 31, 2000, health benefit plans[1] provided protection against financial loss for millions of Canadians:

Disability income	8.3 million
Health care[2]	23.5 million
Dental care	15.7 million

[1] excluding provincial Blue Cross organizations and other non-profit insurers
[2] Data may include some double counting when families are covered under separate plans for each spouse or when insured benefits are provided in conjunction with supplementary protection under an uninsured contract.

From CLHIA Facts 2001

Reminders when preparing your employees T-4's

Each year at renewal time we review some of the taxation issues that affect your benefit plan. In some cases your accountant or bookkeeper will also raise these issues.

To ensure that the issues are dealt with at the appropriate time of the year, I will begin an annual reminder through this newsletter. This is not intended to offer advice but simply to remind you of some of the important issues so that you can meet with your accountant to ensure that your situation is handled in the most appropriate manner.

Employee life and dependent life insurance that is paid for by the employer is a taxable benefit in all provinces and ALL amounts must be shown as such on your employee's T-4. If your employee pays the premium for this benefit then this is not an issue.

Accidental Death & Disability (AD&D) premiums paid for by employers in QUEBEC are considered taxable and are treated like life insurance premiums.

Long term disability premiums paid by the employer are NOT a taxable benefit but WILL be taxed at the time of claim. Therefore it may be better to have employees contribute 100% of this premium throughout the year to maintain a tax free benefit for them at the time of a claim.

Health and dental premiums (including Heath Care Spending Accounts) are a taxable benefit to Quebec employees. Health plans must also comply with the Quebec legislation RAMQ. Information is available from RAMQ or under "additional information" at our website located at; mainstayinsurance.ca

There are a number of pieces of legislation that interact with each other and contradict each other. An example of this affects plans with Quebec employees. The provincial rules dictate that any benefit paid to an employee (such as HCSA amounts or "cost plus" benefits) must be included as a taxable benefit for that individual (in addition to regular premiums). However, privacy legislation indicates that such information should no longer be provided to the employer to ensure the employees right to privacy. This makes the first piece of legislation difficult to comply with. For this reason it is best to discuss this issue with your accountant to find the method best suited to your particular situation.

If you have taxation or legal questions, please contact your accountant, lawyer or human resource professional.

Because you asked…

When starting plans, at annual renewals, and in this newsletter, we continually promote the idea of cost sharing with your staff. We do so for tax reasons and to assist in deferring rising healthcare costs while at the same time helping to educate staff regarding the dollar value of their benefits.

As a result of this, we are often asked by clients what other businesses are doing in this regard. Unfortunately, there are no right answers. In any industry there can be a huge variation in benefit levels and cost sharing. One firm may have a 100% plan with all the bells and whistles that they share 50/50 with staff, while the next has a very basic 80% plan that is fully employer paid.

In considering these issues, it should also be noted that benefits are just one part of the total compensation picture. Your firm may choose to pay higher salary levels than your competitors and offer lower benefits, while another firm may pay in the middle but provide a more generous benefit package.

The issue to remember is that benefits are designed to assist in attracting and retaining staff by providing a non-taxable benefit. Base your plan design in part on the feedback you receive when hiring or terminating staff, on what benefits your competitors are providing and of course on what your budget can afford.