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# From the Masthead



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

## To Serve You Better

In order to assist you with your employee benefit plan, we are continuing to update our website.

Located at:

[www.mainstayinsurance.ca](http://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 available at our website, or would like additional information included on the website, please send us an e-mail and we will be happy to add it to our site.

[feedback@mainstayinsurance.ca](mailto:feedback@mainstayinsurance.ca)

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Do you share a portion of the health and dental premium with your employer?

Does your spouse have benefits through their employer that cover you and any of your dependents?

If the answer to both these questions is yes, you may wish to speak to your plan administrator about "waiving" extended health and dental coverage. By doing so your eligible claims would be covered by your spouse's plan. This would result in a reduction in the cost of benefits for both you and your employer.

## Employee Questions & Answers...

Your plan administrator, our firm and the insurance companies are overwhelmed with questions about claims.

In our last issue we answered some of the most common questions. In this issue we deal with questions about dental coverage.

□Q. My dentist makes me pay for the cost of treatment and then I submit my claim for reimbursement. A co-worker never has to submit any form or pay a thing. Why?

A. There are a number of ways to make dental claim submissions to the insurer. There are also a number of ways to have those claims paid. Each of these depends on the system that your dentist uses in his/her practice.

The newest form of claim submission is electronic data interchange(EDI). With EDI, the dentist transmits your claim electronically at the time of your visit. The dentist can also tell you, while you are still in the office, what will or will not be covered based on your plan design and limits.

If your dentist does not utilize the EDI system, the second most common method of submission is to have the dentist print out a completed claim form for you. In most cases, the dentist can print

the claim on a Canadian Dental Assoc. (CDA) standard claim form. If you provide a current home address, plus your policy and certificate number, the dentist can prepare the claim form so that you only have to sign it and mail it to the insurer

The final method of claim submission is to complete the form manually and attach your dentists' bill. This is the method used if your dentist does not have the capability to use EDI or print claim forms. This system is also used for orthodontic work, as there are no codes utilized like there are with regular dental visits.

The payment of claims also has a number of alternatives.

Depending on the method utilized to submit your claim, your reimbursement cheque will follow in anywhere from two days (for EDI claims with auto deposit) to three weeks (with manually completed forms being mailed in and returned).

With the first payment option, you pay your dentist the full amount owing at the time of your visit. This is the most preferred payment method as it keeps you fully aware of the services being performed and the accompanying fees that you are being charged for.

Alternatively, your dentist

may allow you to assign payment of the benefits directly to them. With this process payment is made from the insurer directly to the dentist. You pay only the costs that are not covered by your plan.

If you are considering assigning benefits directly to your dentist due to a cash shortage, an alternative may be for you to provide payment by credit card or by post dated cheque. Doing so will result in you receiving the reimbursement cheque from the insurer before the credit card bill or post-dated cheque are due. Check with your dentist about options that they provide.

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Q. What is a dental pre-determination?

A. A pre-determination is a detailed estimate of the work that your dentist is planning. It includes both the codes and costs associated with each procedure. Insurers suggest that you obtain pre-determinations from your dentist prior to undergoing higher cost services. By submitting this information in advance of the procedure occurring, you will receive details about what is and is not covered so there will be no surprises as to what you will be responsible for when the dental work actually occurs.



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Note: This 'back' side of the newsletter is for you, the plan administrator. The information on the 'front' can be copied for your employees reference.

### *Just in case you were wondering....*

*A recent Decima poll found that 74 % of small business employers did not currently offer health and dental benefits to their employees.*

*The number one reason for not doing so was **NOT** cost, but the fact that they thought they did not have enough staff to be eligible for benefits!*

The information contained herein is provided as a general aid and guide to employers and benefit administrators. The policy or contract provided by your insurer as well as any relevant legislation shall always take precedence.

## Remember to update earnings information

Once a year when we meet with clients at renewal time we remind them of their responsibility to maintain current earnings information with their insurer. This is especially important for plans that have weekly income (WI or STD), long-term disability (LTD) or life insurance premiums that are tied to salary (e.g. 1x earnings).

Annual updates are NOT satisfactory (unless you utilize only one time annual adjustments and update them all at that time). It is the responsibility of the employer to update changes in earnings in the same manner as all other changes: within 31 days of the change taking effect.

If you have employees that are receiving pay increases throughout the year, please alert the insurer as these changes take place. By doing so, the employee will receive the benefit based on their most current earnings and employer liability will be reduced. Most carriers include a change form for this purpose with your monthly billing as a reminder to keep the data updated.

Remember that both the amount of benefit and premium will increase as the earnings do. As salary changes take effect, you will also be required to increase the employees' deduction amount if the premium is shared.

As you update the changes with the insurer it is also a good idea to check the policy for a definition of earnings. You may have changed the way earnings are calculated since the plan was set up. Examples include firms that originally paid hourly but now have salary + bonus or that now have overtime earnings on a regular basis. Does your plan consider these earnings when calculating benefits? The only way to be sure is to check your policy. If you have earnings that are NOT eligible, contact our office and we may be able to request a change to the policy to cover the new earnings situation.

## Cost Sharing Calculations

There are many ways that employers can share the cost of benefits with their employees. One that we often suggest is a 50/50 split of premium in order to contain costs and at the same time educate staff on the rising costs of benefits.

In actual fact the 50% employer share is determined as the minimum amount most insurers will allow employers to contribute to benefit costs. The other rules governing taxation of benefits still apply and must be considered when calculating an employee's contribution.

Two taxation areas that are of concern include plans that have long term disability (LTD) coverage which must be 100% employee paid in order to remain non-taxable when benefits are received. Employer paid life insurance premiums are also affected and would be shown as a taxable benefit on employee T-4's.

For these reasons, a more appropriate policy wording might be... *Employees will pay 50% of their total premium or the total of the life insurance and LTD premium (whichever is greater).*

With this wording the employee who "waives" coverage because of spousal coverage and who only has life and disability benefits will pay the majority of their costs. By doing so the LTD will retain the proper tax status and the life premium will not have to be added to T-4's as a taxable benefit.

Check your bills and make sure the amount you are deducting from your employees is correct. Contact your accountant if you have questions or require further details.

## New on the Web for your employees

We now list the telephone numbers for many of the insurers on our website. These can be used by you and your staff for questions on claims and administration issues.

Most customer service offices are open between 8:30 am to 4:30 pm from Monday to Friday. If you are in a rush, they tend to be less busy in the early morning and slower at lunch hour and the end of the day.

We have also included addresses for claims submissions in the event that staff do not have the insurance company form preprinted with return address.