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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 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….?

Iressa is the first of a new class of drugs called tyrosine kinase inhibitors used to treat lung cancer. It was approved on December 17, 2003 by Health Canada.

Lung cancer is the most preventable of all human cancers and was the leading cause of cancer death for both sexes in 2003.

In 2003, an estimated 21,100 Canadians (12,100 men; 9,000 women) were diagnosed with lung cancer and 18,800 (10,900 men; 7,900 women) died of it.

The estimated annual cost for this drug treatment is approximately $17,000 per patient

Update your Plan Administrator NOW!!!

You as an employee, have a responsibility to keep your plan administrator up to date on status changes. Most benefit plans require that such changes be updated within 30 days of the change taking effect.

Status changes can include: birth or adoption of a child, marriage, same sex or common law cohabitation, separation or divorce. If you have a child attending school full time out of the country or if they are over 21, there is also a number that must be completed in order to maintain or obtain benefits.

In addition, changes in spousal benefit coverage must be reported if it affects the way claims are submitted. It is important that all such information is kept current so that your dependents are eligible for coverage appropriately. Failure to make a status change within the 30-day period can result in the insurer invoking late enrolment rules. Such action can require you and/or your dependants to complete health questionnaires and may place you at risk of having benefit coverage declined.

Most carriers also utilize a late enrolment benefit limit on dental care. This typically limits an employee and/or their dependants to a maximum of $125 for dental care during the first year of coverage. This could be a serious limitation if a family had even minimal dental expenses during that timeframe.

Another area to be aware of is the impact that a lack of response to an insurance company's request for additional information can have. Often an insurer will ask for health questionnaires, information on paramedical visits or additional data in order to fully assess an individual's situation. It is your responsibility to ensure that such requests are complied with as soon as possible in order to obtain the level of benefit coverage that you are eligible for.

It is your responsibility to ensure that your employer and insurer have all the current and relevant information regarding yourself and your family.

If your information is not shown correctly on your benefit wallet card, or if you are anticipating a change in status please contact your manager or plan administrator immediately.

Missing a Claim Cheque?

If you are like most clients today, you probably take advantage of Electronic Data Interchange (EDI) to submit your dental claims. This is the process where your dentist submits your claim directly to the insurer electronically.

Depending on your plan design, it can mean faster claim turnaround time with cheques typically being mailed within days of service and direct deposits sometimes appearing as soon as the next day.

There can however be a problem with this system. It can be **too** efficient. The information that is sent by the dentist contains not just the billing information (codes and costs) but also the patient's mailing address. This is to ensure that the claim cheque is mailed to the most current address.

A problem can occur, that is often wrongly attributed to the insurer, if you have moved and have not updated your dentists' records. It can also cause a problem when a dependant is at a different address than that of the employee (e.g. away at school).

When the claim is submitted, it takes the information that is transmitted and overwrites what was there and then mails the claim to that "old" or "wrong" address.
This can cause delays as the claim cheque must then be forwarded to the new address or it can be returned to the insurer.

What starts out as a simple problem and area of frustration can quickly cause problems in cases such as marital separations where you or your partners claim cheque is sent to your former spouses address.

To avoid these problems, ensure that your dentist has your most up to date information when you next visit.

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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…

Canadians Tend to be Underinsured

Most adults have minimal if any life insurance according to a Life Insurance Research and Management Association study.

• 41% of adult Americans and 47% of adult Canadians own individual life insurance.

• The average life insurance need is nearly $460,000 and the average amount of life insurance owned today is $126,000

Americans spending more on healthcare

As we discuss the rising cost of benefit plans a few common questions keep arising. "Can the cost of plans keep rising?" and "Is there not a breaking point for what employers will pay?"

Each employer is faced with their own unique situation and might answer differently but we contend that as long as there is a tax advantage to providing benefits and employees make them a required part of compensation, employers will continue to offer them.

What of the costs then? A recent American study (Millman Inc.) shows the average medical spending for a "typical American family of four" has now reached $12,214 (US$).
This index is used to show the changes in costs from year to year for those enrolled in a Preferred Provider Organization (PPO). The cost has increased by 9.1% since 2004 with an annual average increase of 9.8% per year since 2001.

Of this cost the "typical American family" would pay $2,035 (US$) out of their own pocket through plan member cost sharing.

True, the American system is much different than our own, but these costs provide an indication of how far an "average" employer is willing to go to maintain benefits. An average health plan here (for family coverage in a small firm) might cost about $3,500-$4,000/year (CDN$). What are the odds of the government changing the non-taxable status of health care plans and if so would it reduce the demand put on employers by employees?

Who knows. In the case of Quebec, benefits ARE taxable and plans are just as important as ever. As the provinces continue to cut medical benefits and face rapidly rising costs in areas such as drugs (see article below), the prospect of the government changing the tax status in other provinces (to match that of Quebec) seems remote.

Employers spending less rather than more on health care would not be good for any government. Such a change could in fact put more pressure on the government to increase health care funding in order to offset some of the costs that the employers shed. In light of the recent court ruling on the shortfalls of the Quebec healthcare system, governments are already going to be scrambling to keep up with the fallout.

Overall there is no doubt that we are going to see a lot more changes to health care and their costs in the years to come.

Rising Drug Costs in Canada

We discuss rising benefit costs and more specifically rising drug costs during every renewal meeting. Drug costs are also mentioned regularly in this newsletter to make staff aware of the increasing costs employers are facing. As these increases continue it is important to review options to help prevent runaway costs.

One of the ways to help control costs is to utilize an insurer that has stop-loss protection on health and/or drug claims. This limit is the point at which catastrophic claims are no longer "charged" to your experience but to that of the "pool" that you pay a portion of your premium in to.

Some carriers make this separate stop-loss benefit mandatory for their small case clients. Others do not utilize the defined stop loss approach and instead choose to utilize a pool of all small clients to share large claims.

Many carriers are also offering the option of drug limits. A limit of three, five, ten thousand dollars or more can be an effective way to maintain a plan when a large claim in the tens of thousands of dollars comes along. Staff that face a large dollar claim and are affected by this limit can make application to the Ontario Trillium Drug plan for assistance in costs not covered by the employers drug plan.

How prevalent are these catastrophic clams? According to data collected in 2001 and provided by one insurance carrier, the likelihood of a client from a small firm being hit by a claim of $10,000 or more was calculated as;

# of staff	Probability
5	*<2%*
10	*3%*
20	*6%*
50	*15%*
100	*30%*

Since 2001 there have been at least a dozen new drugs introduced with annual costs of over $10,000/year and with some ranging as high as $250,000 annually.

There are currently over 300 biologic drugs in the pipeline due to the hit market in the coming years. We can only guess at how high the costs will run on these very specialized new drugs.

These high cost drugs are only going to further force employers into making tough decisions about their benefit plans.