



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](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 on our website and would like it added, please send us an e-mail at:

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

## Complete claim forms fully & completely

Often the loudest complaint heard from employees occurs when claims are returned unpaid. In most cases the claim is valid, but relevant information has been left out.

In an effort to obtain your reimbursement as quickly as possible, follow the directions provided by your insurer and remember the following points.

1. Include original receipts or explanation of benefits (but keep a copy for yourself).
2. Ensure receipts have all the data that is required.
3. FULLY complete the claim form and ensure that it is signed.
4. Respond promptly to insurers requests for more information.

## Catastrophic Drug Claims ARE rising

As the cost of health plans rise, there is increasing pressure on all participants to help reduce or hold costs. We are faced with such requests from employees who feel they pay too much and from employers who feel that their costs are spiraling out of control.

Often we are asked the question "Why are the costs rising for our small firm when our staff is young and not experiencing high claims?" The answer is insurance. We are all sharing the premium and are affected by the associated claims that form the claim "pool". As the number and cost of claims rise, so do the premiums to fund them. Health Canada is about to approve three new drugs in the early new year, each with an expected cost of more than \$20,000 per year per recipient. This is in addition to the many costly drugs already on the market.

The following example is designed to explain how these claims affect pricing. Imagine a pool with 10,000 people each paying \$10/month towards drug coverage. A pool such as this would bring in \$100,000 per month. Imagine that the expectation is to pay \$70,000 a month in claims (70%). In one year an unexpected and catastrophic claim is submitted for \$30,000. This in addition to the regular expected annual claims of \$960,000 (12 x \$70,000

/month). The insurer knows that while there will be additional revenues coming in the next year, there is also an increased likelihood of the continuation of the new higher cost claims and potentially more like them. Before the new claim was incurred, the revenue for the year would have been \$1,200,000 and the expenses would have totaled \$998,000. To obtain the proper balance for the next year (70%), the insurer will have to raise premium costs to collect \$1,425,000. This will result in a new individual cost of \$14.25/month. While this is a very simplistic example it illustrates pooling costs and how we share them.

Our firm has recently seen a number of clients experience much higher than average claims. One client had an employee with an annual drug expense of \$15,000. Another firm experienced one claim in excess of \$22,000 for a drug therapy for the spouse of an employee. These firms are both smaller businesses with less than twenty staff.

The effect of these claims on rates is obvious. They impact not just their firms rates but all of our rates. Insurers are attempting to assist in controlling these costs by providing stop-loss protection on drug and health benefits. This is a type of reinsurance where the

employer pays a premium and any claims over a defined amount have little affect on the rates. The insurance is then assessed a premium costs which all employees share. As the claims to this pool increase, so does the premium.

Many employers are also being approached and offered plans with apparently great savings. Many of these in fact apply a drug cost maximum or require other health care cost sharing. These offers seem to provide a simple solution that can reduce the insurers and employer's risk of high claims, which it does. However it also transfers that cost to the employee or the provincial drug plan (Trillium). We believe that it is when catastrophic events such as these occur that insurance has its true value.

Ontario has a program called the Trillium drug plan that helps to reimburse some of these costs to families that do not have coverage or whose plans have exclusions or limits. However issues can arise as many of the newer drugs are not covered by this plan and hence a good majority of the cost is borne by the employee.

For more information on the Trillium program, visit the Mainstay website, "click" on the "Additional Information" button and look under "Provincial Health Care Information".



## Mainstay Insurance Brokerage Inc.

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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...*

We are often approached by clients that say serious illness and disability is not something that happens to their young workforce. It can happen to anyone, and more often than most think.

Liberty Health has presented information supplied by Statistics Canada that shows the rates of incidence of some serious illnesses. It is available for viewing on our website in the "Health and Wellness" section under "Additional Information".

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.

## More Information at [www.mainstayinsurance.ca](http://www.mainstayinsurance.ca)

Many employers and employees are using the links on our Mainstay website. In particular, the "Insurance Companies & Forms" page offers a quick way to print claim and change forms.

We are constantly adding new information to the page as questions arise from our clients. In order to help you find answers to the issues that affect your plan, we have set up the "Additional Information" page. It is an excellent reference tool that links to the following:

### **Provincial Health Care Information**

Information on ministry web sites and services offered including the Trillium plan, out of country travel coverage and claim information. Health notes are also included that provide a brief synopsis of the benefits that each province provides.

### **Provincial Workers Compensation**

Access to each province's compensation web sites.

### **Government Resources**

Canada Pension Plan (CPP), Statistics Canada, the Employment Standards Act 2000 (ESA 200), and a variety of tax bulletins that affect benefit plans.

### **Benefit and Human Resources Publications**

Articles and information on issues such as sub-contract staff, dealing with disabled staff, the Personal Information Protection and Electronic Documents Act (PIPEDA), termination and severance pay and a number of Benefits and HR related publications.

### **Health & Wellness**

Information on medical conditions, drugs, medical tests and the incidence of disease.

### **Insurance Industry**

Industry information such as the top 20 group insurers in Canada, a list of those that are no longer in existence, and a listing of reasonable and customary paramedical fees.

### **Mainstay Sponsored Events & Teams**

Information on youth hockey and soccer teams sponsored and supported by Mainstay as well as the Evergreen program to help "Youth in Crisis".

If you are looking for information that is not available here, please let us know. We will do our best to find it and add it to the site for you and others to access.

You can call the office at (905) 886-9203 or e-mail us at ...

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

## Thank You to our Evergreen Supporters !!

Mainstay Insurance Brokerage is an ongoing supporter of the Evergreen Centre for Youth located in downtown Toronto.

Evergreen provides access to services for "at risk street involved youth". The services range from meal programs to employment resource counselling to health and dental treatment.

Together with the generous volunteer efforts of our friends and associates at the

insurance companies, we have supplied, prepared and served a number of dinners in the past year, feeding hundreds of youth.

We would like to take this opportunity to thank all those friends that have helped us at Evergreen. Without you we could not have done it. You have made a big difference in the lives you have touched.

With your ongoing support, Mainstay is continuing this tradition

and will sponsor six meals in the 2003-2004 program year.

If you would like more information on the centre or if you or your staff might be interested in helping out at a Mainstay dinner, information is available on our website at

[www.mainstayinsurance.ca/evergreen.html](http://www.mainstayinsurance.ca/evergreen.html)

or contact Dave at 905-886-9203 or 1-877-624-6789.