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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 access 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...

We are amending client benefit plans to "mandatory generic" in order to stem the changing prescribing patterns that are reducing generic substitution and increasing employer costs.

If you are prescribed a brand name drug where a generic is available, and wish to receive the brand (often at 3 times the price), there are a variety of "Patient Choice Cards" that allows you to receive your brand-name medications at an equal, or similar price to the generic alternative(s).

Two firms that provide these discount cards are:

http://www.rxhelp.ca

http://www.innovicares.ca

Do You Have Full Time Students Back At School?

Each year we run the following article as a reminder to parents.

If you have a child who has entered post secondary education or has just returned, it is your responsibility to ensure that their personal information is kept up to date with the insurer in order to maintain their benefit coverage.

Most group benefit plans define a dependant child as "an employee's natural or adopted child, or stepchild, who is

- Unmarried;
- Not employed on a full-time basis;
- Not eligible for insurance under another group policy; AND
- Either under 21 years of age or, if a full-time student at an accredited school, college or university, under 25 years of age

Depending on the insurer, you may be asked to complete a form providing details such as the name of the school, the length of the program etc. Some may ask for proof of full time enrolment and others may simply ask for confirmation via a phone call to verify that your child is enrolled full time and that will be recorded.

In most cases you will be required to update information with the insurer each year that your child is returning to school and remains eligible for coverage. Most carriers require the information by the end of August.

Keeping this information updated is EXTREMELY important. By ensuring coverage is up to date, it ensures quick and easy claims payment should your child need prescription drugs or a dental visit while at school. It also ensures that the appropriate out of country coverage is in force. This is very important if your child were to leave the country and require emergency medical treatment. School or spring break trips are good examples of when services might be needed. An emergency is NOT the time to find out that your child has been removed from the plan because you forgot to update their information.

If your child is enrolled in a post secondary school that is outside of Canada, there are a number of other issues that also need to be considered.

The student will require an extension from OHIP (or your provincial health insurance plan). This extension does two things: it ensures your child's ongoing OHIP coverage upon their return from school and MAY allow group benefit plans to be extended to maintain coverage. This coverage is NOT automatic and in most cases the insurer will need to be notified that your child will be attending school out of the country, that the OHIP coverage extension has been approved, and that they are enrolled in school fulltime (the same requirement for an in province student). Due to changes in US legislation (Obamacare), US schools will no longer accept extensions of group coverage for students studying there. This is due to the fact that it is emergency only coverage and below their minimum requirements. Coverage made specifically for US students may provide the best option in these cases.

If your child is no longer a full-time post secondary student, is married or is working full-time, they are no longer eligible to be on your plan. They must enroll in the plan provided by their own employer or obtain personal individual coverage of their own.

Speak to your plan administrator or call the insurer directly if you have any questions or concerns, or to verify your child's coverage.

Insurer contact information can be obtained from your employee booklet or through our company website at:

www.mainstayinsurance.ca

Mainstay Insurance Brokerage Inc.

10 Linton Court
Thornhill, Ontario
L3T 5M9

PHONE:
(905) 886-9203

TOLL FREE:
1-877-624-6789
1-877-MAINSTY

FAX:
(905) 707-0216

E-MAIL:
inquiries@mainstayinsurance.ca

WEBSITE:
Mainstayinsurance.ca

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…

The Trillium Drug Program (TDP) is available to Ontario Residents holding a valid Ontario Health Card, that is under age 65 and not in a nursing home or the Ontario Works program.

The TDP helps people who have high prescription drug costs relative to their household income. For info…

http://www.health.gov.on.ca/en/public/programs/drugs/programs/odb/opdp_trillium.aspx

Coordination with the Ontario Trillium Drug Program?

In recent years many of our clients have experienced much higher drug claims than normal. We have written about many of the high cost regular treatments that while providing great quality of life, can cost $20,000 to $60,000 a year. We have also talked about the new Hepatitis cure that can have a one-time cost as high as $127,000 with the potential for more high cost treatments in the future.

Clients of ours whose staff have health issues that require them to take such high cost drugs have seen their monthly premiums climb much higher than average and in many cases have continued to experience such high plan costs for many years following. Some have been forced put drug maximums in place to avoid losing plan coverage completely.
For those who continue to experience expensive drug plans, we are continuing our work with the Ministry of Health and the insurers in an effort to coordinate the payment of these high costs claims between private plans and the province's Trillium Drug program.

We are happy to report that after almost 4 years, we are starting to make significant progress. In August most of the large insurers had a conference call with the Ministry of Health to discuss how to shift high cost eligible drug claims from employers to the province as is done in most other provinces. They continue to discuss the scope of the overall issue, the technical and regulatory changes that need to be made, and the best process that would enable coordination to occur. While this is just the beginning of a lengthy process, initial feedback looks like an August 2016 or 2017 implementation date to coincide with the Trillium benefit year, may be possible.

What does this mean to you the employer? Below is an example to illustrate.

Under the current model with an 80% drug plan: a single employee earning $50,000 a year with $20,000 per year of drug costs would pay $4,000 a year or the cost of the 20% deductible. The employee would then apply to Trillium and if the drug was covered, Trillium would reimburse them for any costs over the Trillium deductible amount of $1,600 (approximately 4% of net income) so the employee would experience some financial relief.

The employer portion of the drug cost in this example is $16,000 a year. In most cases we implement drug plans with a $10,000 stop – loss coverage designed to protect employers from high cost claims like in this example. The first $10,000 of the claim would affect the plan rates at renewal and the $6,000 remaining would be pooled across all members of the pool. The effect of this is two fold: First, the $10,000 amount will be counted against the claims experience and impact the next rate increase. Second, the $6,000 portion included in the stop-loss pool will cause those rates to increase. In this scenario the employer would face a significant increase in costs at renewal. If there were additional staff with high claims, increases to stop-loss attachment points, or insurer changes to the credibility of experience, the effect could be worse.

The New Coordination Model under Trillium would result in the same initial cost to the employee and the employer. The difference would be in how the employer costs are ultimately handled.

If the employee's claim is approved and coordinated with Trillium, the $16,000 portion that the employer was responsible for is capped at $6,400 (an amount that is calculated to be proportional to the employee's Trillium deductible). This decrease in the employer amount will reduce the amount of claims experience applied at renewal by more than a third. There would also be no impact to the stop-loss claim as the employer portion is less than $10,000.

So why not introduce a $5,000 drug cap as an alternative way to control plan costs? The answer is simple. In the event that one of your staff has a high drug claim that is not eligible for the Trillium benefit, the impact on your employee would be significant: In this example they would be out of pocket $15,000. By coordinating employer plans with the Trillium plan, your employees will get the coverage they need and the ultimate negative financial impact to your benefit plan will be reduced.