

2020 Employee Benefit Forecast – What’s Ahead

Clients often ask us about trends that will affect their benefit plan in coming years. This information is often used to help determine the budget increases required to maintain benefits. In cases where costs are rising faster than normal, it can also be used to help decide where to reduce benefit coverage, or where to remove benefits altogether.

Below are some trends that we have identified for 2020.

1. OHIP+ coverage withdrawal will drive up health rates

In January 2018, the Ontario government became the first payer for many of the common drugs prescribed for youth under age 25. This helped to keep drug cost increases down for many benefit plans. The change in provincial government resulted in the OHIP+ coverage being removed in April 2018. As a result, all of those drug costs were returned to employers benefit plans. This alone will drive health costs up over 5% (on average) and with trend and utilization added, we may see employer cost increases of 7-8% in 2020. **Employers may elect to reduce their co-insurance levels by 10% in order to offset this increase in an effort to maintain current cost levels.**

2. Ontario Dental Association fee guide adjustments will increase rates

Each year the provincial dental association adjusts rates to reflect the additional costs that dentists require to cover their expenses. These increases have averaged 2.2% over the past 10 years and have never exceeded 2.5%. This year the increase is 4.19% and it is expected to continue at this rate for several years, due in part to the new Infection Prevention and Control regulations. **Employers may elect to reduce their co-insurance levels by 10% just to offset this increase in an effort to maintain current costs.**

3. Incidents of benefits fraud drives up rates resulting in reduced benefits

Paramedical services (chiropractic, massage, physio, acupuncture etc.) and medical devices (braces, orthotics, surgical stockings etc.) have been a huge area of fraud in recent years. In many cases practitioners are involving “naïve” employees without their knowledge. Employees who are submitting claims for services or equipment they have not received or utilized, or from people who have not performed the service is fraud and can lead to an employee being fired and criminally charged with fraud. This has been in the news recently with two very public :

- **TTC gets rid of 223 cheating workers caught in fraud probe – [Toronto Sun](#)**
- **150 workers at Baycrest fired or quit over alleged benefits fraud – [Toronto Star](#)**

Many dentists may forgive the co-insurance by requiring the patient pay the 20%. This is also [committing fraud](#). Patients may see it as a great financial deal, but it is one of the few ways that a dentist can actually lose their license to practice. **This activity can drive costs up for the employer and may require plan reductions in an effort to maintain costs.**

Fraud performed against your company, may be dealt with by laying criminal charges, and by terminating the staff involved. Benefit costs can be held by removing or reducing certain benefit coverage in an effort to maintain current benefit costs.

Benefit misuse, abuse or fraud is stealing from (and hurts), your employer & your plan, not the insurer. Please help your employer to maintain your benefit plan. Be responsible with your claims and report those that put your plan at risk.