



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

Coordination of benefits – How's it work again?

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.

Did you know that...

...if you are not signed up to your benefits plan member website, you may be missing out on some tax savings?

When logged in you can submit claims, check your coverage, and see what was, or was not paid by the plan.

Medical expenses that you paid for; yourself, your spouse and/or dependent children, may all be eligible.

Be sure to also provide this information to your tax preparer to claim the Medical Expense Tax Credit (line 33099).

Need help finding a form, phone number, or just help in general, please do not hesitate to call us at: 1-905-886-9203

or send us an e-mail at:
Dave@mainstayinsurance.ca

We've had a lot of questions on how to coordinate benefit coverage when there is more than one plan or when a Health Spending Account (HSA) is utilized. With changes in plan design happening for many organizations, we thought it was timely to review this scenario.

If you or your dependants are insured for benefits under more than one plan, your provider takes this into account when determining how you will be reimbursed. This process is known as Co-ordination of Benefits (COB).

COB allows for the reimbursement of insured medical and dental expenses from all benefit plans they may be covered under, up to 100% of the benefit cost.

Order of Benefit Payment

A variety of circumstances will affect which plan is considered the "Primary Carrier" (i.e., responsible for making the initial payment), and which Plan is considered the "Secondary Carrier" (i.e., responsible for making the payment to cover the remaining expense).

For Claims incurred by you or your Dependant Spouse:

The plan insuring you or your dependant spouse as an employee/member pays the benefit cost before the plan that is insuring you or your spouse as a dependent. In situations where you or your dependent spouse have

coverage as an employee/member under more than one Plan, the order of benefit payment will be determined as follows:

- ° the plan where the person is covered as an active full-time employee, then
- ° the plan where the person is covered as an active part-time employee, then
- ° the plan where the person is covered as a retiree.

For Claims incurred by your Dependent Child:

The plan covering the parent whose birthday (month/day) is earlier in the calendar year pays benefit costs first. If both parents have the same birth date, the plan covering the parent whose first name begins with the earlier letter in the alphabet pays first.

However, if you and your spouse are separated or divorced, the following order applies:

- ° the plan of the parent with custody of the child, then
- ° the plan of the spouse of the parent with custody of the child (i.e., if the parent with custody of the child remarries or has a common-law spouse, the new spouse's plan will pay benefits for the dependent child), then
- ° the plan of the parent not having custody of the child, then

° the plan of the spouse of the parent not having custody of the child (i.e., if the parent without custody of the child remarries or has a common-law spouse, the new spouse's plan will pay benefits for the dependent child).

Where you and your spouse share joint custody of the child, the plan covering the parent whose birth day (month/day) is earlier in the calendar year pays benefit costs first. If both parents have the same birth date, the plan covering the parent whose first name begins with the earlier letter in the alphabet pays first.

Health Spending

Accounts (HSA) should always be treated as a last payer, and claims should be submitted to your and your spouses insurance plans before using the HSA to pay any additional costs not previously covered.
<https://www.mainstayinsurance.ca/mainlinkimages/cob.pdf>

Hint: If you are single, or do NOT have benefits from a spouse, go to your insurer website and choose "auto-coordinate" to make payments of claims easier.



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

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 plus any relevant legislation shall always take precedence. Always obtain appropriate legal, human resource or accounting advice.

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 sky is not falling.

When COVID started we anticipated as much as a 25% decline in business due to client staff reductions or shut downs. We've connected with you during renewal and check-in calls and found that many of you have actually flourished, many are doing as well or better than before COVID, and just a handful have been negatively affected.

I hope 2022 improves further.

Protecting employers with superior plan design

Mainstay was built on protecting our clients and their staff. We do that in several ways.

The most obvious area where we protect is with the benefit plans we help put in place. These assist employees and their families with catastrophic events such as death, disability and major health events, and also with the day to day expenses for dental, paramedical, vision and other services.

Less obvious ways we help to protect employers may be hidden in the background but are just as important. Utilizing plan designs that incorporate limits on paramedical and dental benefits help to limit fraud, misuse and abuse by practitioners. The insurers also help in this area, by having Reasonable and Customary (R&C) limitations on equipment and services. These limits prevent charging higher amounts than the others providing similar services in your province.

In some plans we are reducing (or not increasing) benefits including vision, paramedical and dental

coverage and adding Health Spending Accounts (HSA's) to provide more flexibility for employees. This also makes employees more educated spenders as the HSA credits are limited which results in employees treating HSA dollars like it is "their" own money rather than the insurers (which is actually their employers).

Behind the scenes we utilize "Mandatory" only plan designs to protect both employees and employers. By making it mandatory for all eligible full-time staff to be enrolled in benefit plans (you can still "waive" health and dental if you have a spousal plan), we are protecting both the employees and the employer. Mandatory contract wording of plans also reduces the most common problem of "late applicants" being declined coverage. In effect, a mandatory plan structure shifts risk off the employer and back to the insurer who is better equipped to handle it.

The last layer of protection is provided by your work at ensuring superior administration of the plan. This is where your attention to detail helps to protect your firm from areas of potential liability that could cost millions if not managed properly. This means the timely enrolment of new employees upon hire, termination of staff upon departure, ensuring employees receive the correct amount of life and disability coverage they are entitled to and keeping people off the plan who should not be there. These include part-timers, seasonal, and contract workers as well as independent contractors.

Lastly, we encourage all clients to obtain Plan Administration Liability Coverage (a rider to your CGL policy) to provide protection in the event an error is made that results in a lawsuit against the employer. This coverage is generally free of charge and available with your business insurance.

Healthcare costs anticipated to increase

In our April 2022 newsletter we will share what clients have seen in the way of benefit cost increases, including the highs and lows.

2021 showed a small overall rate decrease of 0.3%, but we anticipate 2022 may see increases closer to 5%+.

The 2021 decrease was in part due to reduced claims, resulting from practitioners seeing fewer patients due to office closures and reduced

patient load restrictions. Paramedical rates tend to increase slowly with chiropractors seeing their reasonable and customary (R&C) rates stay very stable over the past 10 years. R&C is the dollar amount insurers will pay for a claim.

Registered massage therapists' rates have been increasing at 1%+ a year over the past 10

years and more quickly since COVID.

The Ontario Dental Association increased their fee guide by 4.6% for 2021, and an even larger increase may be seen in 2022, due to increased expenses and inflationary cost drivers.

We will keep an eye on (and share) these types of changes as we identify them.