

Today's Objectives

- To discuss government plans for medical needs

Module 3 – Poor Health – Medical Needs

→ Government Plans (Ch 17 of *Social Ins. & Economic Security*)

Recall that:

- Our federal government created the national health care system
 - Hospital Insurance Act in 1958
 - Medical Care Act in 1968
 - **1984 Canada Health Act (CHA)** replaced both of the above
- **CHA sets criteria and conditions that a provincial health program must meet to be eligible for “unreduced federal funding”:**
 - i. Public Administration
 - ii. Comprehensiveness
 - iii. Universality
 - iv. Portability
 - v. Accessibility

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4. Provincial Health Plans

- Scope of Coverage includes:
 - i. Hospital Services
 - ii. Medical Services
 - iii. Supplementary Benefits
 - iv. Out-of-Province Benefits

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4. Provincial Health Plans

- Scope of Coverage:
 - i. Hospital Services
 - Provincial plans **cover all necessary costs of hospitalization accommodations up to the ward level rates**
 - Plans **also covers medically necessary expenses related to a hospital stay** such as:
 - Nursing care
 - Drugs/antibiotics administered in hospital
 - Operating room/anesthetic facilities
 - Lab/diagnostic services
 - Radio/physiotherapy facilities
 - Out-patient services for emergencies
 - Medically necessary doctor services

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4. Provincial Health Plans

- Scope of Coverage:
 - i. Hospital Services
 - **No limit on length of hospital stay** (other than it must be medically necessary for active treatment)
 - **Elective services are not covered** such as the following:
 - Private duty nursing
 - Semi-private or private room
 - Emergency ambulance service (some plans do, some have a charge)
 - Expenses incurred in nursing homes
 - Routine dental care
 - Eye-glasses
 - Outpatient prescription drugs

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4. Provincial Health Plans

- Scope of Coverage:
 - i. Hospital Services
 - Note: Provincial plans used to be able to charge “user fees” for ward accommodation, but CHA abolished that
 - However, hospitals can charge a user fee for chronic care hospitalization (about ½ of hospitals do this)

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4. Provincial Health Plans

- Scope of Coverage:
 - ii. Medical Services
 - **All provincial plans cover:**
 - Fees for medically required physician services
 - Medically required surgical services
 - Administering of anesthetics
 - X-rays
 - Diagnostic services
 - Lab tests
 - Certain oral (dental) surgical procedures are covered when performed in a hospital

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4. Provincial Health Plans

- Scope of Coverage:
 - ii. Medical Services
 - Note: **The government and physicians negotiate the fees that physicians can charge for various services** and physicians cannot charge the patient anything above these rates
 - In some provinces, a physician can choose not to participate in the provincial plan
 - If a patient receives services from a physician who is not part of the provincial health plan:
 - » Patient pays the physician
 - » Patient gets reimbursed up to standard rates by provincial plan, but no more than that
 - » Note that **Quebec will not reimburse any services by a physician that has opted out of the provincial plan**

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4. Provincial Health Plans

- Scope of Coverage:
 - iii. Supplementary Benefits
 - Many provinces expanded health plan coverage beyond required hospital care, physician services and medical services
 - Examples of supplementary benefits include:
 - Basic dental care for children-covered in a few provinces
 - Eye exams (no longer covered in Ontario)
 - Prescription drugs for the elderly (65+) and the poor
 - » Still covered in most provinces for these groups
 - » But list of covered drugs has shrunk

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4. Provincial Health Plans

- Scope of Coverage:

- iii. Supplementary Benefits

- Supplementary benefits also include other health care practitioners but there tends to be only limited coverage for other health care practitioners such as:
 - Optometrists
 - Physiotherapists
 - Chiropractors
 - Osteopaths
 - Podiatrists
 - Naturopaths
 - Massage therapists

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4. Provincial Health Plans

- Scope of Coverage:
 - iii. Supplementary Benefits
 - When **cutbacks** are done, **usually supplemental benefits are the first to go**
 - For example in Ontario:
 - Optometrists: no longer a covered service (as of Nov 2004)
 - Chiropractors: no longer covered (as of Nov 2004)
 - Physiotherapists: no longer covered (as of April 2005)

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4. Provincial Health Plans

- Scope of Coverage:
 - iv. Out-of-Province Benefits
 - **All provinces except Quebec have reciprocal agreements** which means if an Ontario resident needs emergency health care services in Alberta, Alberta will provide the services (free to the patient) and bill OHIP
 - But if for example an Ontario resident needs health care services in Quebec, the patient will be billed by Quebec and pay the doctor/hospital directly
 - Patient will then submit their medical bills to OHIP for reimbursement

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Government Plans

4. Provincial Health Plans

- Scope of Coverage:
 - iv. Out-of-Province Benefits
 - Most provincial plans cover emergency hospital and medical costs arising outside of Canada
 - But only up to the amount that would have been paid if service had been performed in the home province
 - Some non-emergency services are covered if service is:
 - Medically necessary and
 - An acceptable equivalent is not available within the province
 - It is pre-approved by the province

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5. Health Care Financing Comments (Canada)

- While the federal government used to cover 50% of costs, **the federal portion of health care costs covered now are well < 50% of total**
 - The federal government backed out of direct funding decades ago (1977)
 - Instead, they transfer some tax revenue to the provinces to help provinces pay for health care costs
 - This was to encourage provinces to contain health care costs, but rising costs have more than outpaced tax revenues
 - **Proportion of health care costs funded by provincial versus federal government continues to be a contentious issue**

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5. Health Care Financing Comments (Canada)

- It is worth noting that the **federal government fully finances health care programs for groups that fall outside of provincial plans**, e.g. RCMP, some First Nations programs, federal inmates, etc.
- **Each province has established method for financing balance of costs not covered by federal government** through transfer payments
 - Some provinces raise funds through general revenues
 - Some provinces use a payroll tax on employers
 - Some provinces charge their residents a premium (i.e., residents share the cost)

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6. Provincial Plan Eligibility Example - Ontario (OHIP)

- To be eligible for OHIP, a person must:
 - i. Be a Canadian citizen or have immigration status
 - ii. Make their permanent / principal home in Ontario
 - iii. Be physically present in Ontario at least 153 days in any 12-month period

- Also, OHIP is available only after you have been a resident in Ontario for 3 months

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7. Concluding Comments on Canada's Health Care System

- **Philosophy of Canadian health care system** is universal access and one level of care but the system is not perfect
- **Rising costs** has let to governments:
 - Cutting benefits
 - Controlling the number of doctors
 - Controlling doctor's fees
 - Controlling hospital budgets

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7. Concluding Comments on Canada's Health Care System

- **Criticisms of Canada's Health Care Systems:**
 - Administrative inefficiencies
 - Supply shortage/waiting lists
 - Conflicts with provider (doctors and nurses)
 - Sacrificed technology for cost savings

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Why do other countries like the US envy Canada's system?

- Lower health care cost per capita than USA
- Universal, comprehensive coverage
- Patient can choose any doctor or hospital (in USA, for those that are covered by a health plan, the employee is often restricted to an approved list of doctors)
- Access to care, uncompensated care and cost-shifting are not factors as they are in the USA

Today's Objectives

- To discuss employer plans for extended health and dental care

Module 3 – Poor Health – Medical Needs
→ Poor Health Financial Security (Overview)

Recall:

- The **Three**-Legged Stool of Poor Health – Medical Needs



I – Government – Provincial Plans

II – Employer - Group Benefit Plans

III – Individual – Individual Health Insurance

** Not everyone has access to these

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Employer – Extended Health and Dental Care Plans

1. Background

- Many employers offer **Extended Health Care (EHC) plans and Dental Care plans** to their employees
 - They are an important part of total employee benefits package
 - In the U.S. they are even more important as employer health care plans in the U.S. provide primary health care coverage (no universal health care)
 - Studies have shown that health care plans are the most valued of all employer provided benefits
- **Our focus will be on Extended Health Care (EHC) Plans and Dental Care Plans in Canada**

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Employer – Extended Health and Dental Care Plans

1. Background

- In Canada the EHC were **established to “wrap around” coverage provided by provincial health care insurance**
 - EHC plans operate as “2nd payor” to provincial medical programs
 - EHC plan payments are “limited to medically necessary expenses not paid by provincial insurance and within the eligibility requirements of the group contract or plan document”
- **Early generation EHC**
 - Emphasized protection in the event of accidents and/or catastrophic illness as these could result in large medical bills
 - Routine medical & dental expenses were not covered
 - Over time EHC plan emphasis changed

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Employer – Extended Health and Dental Care Plans

1. Background

- **Current generation EHC and dental plans**
 - EHC & dental plans now a key part of e'ee's overall compensation
 - These plans now cover many routine expenses (dental and other) that used to be covered out of pocket by employees
 - EHC & dental plan improvements driven by large e'ee unions

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Employer – Extended Health and Dental Care Plans

2. EHC and Dental Plans ‘Attributes’

a) Who is covered under these employer plan(s)?

– Employees and their eligible dependents

i. Employees

- All active full-time e’ees covered and
- Many plans also cover part-time e’ees
- Retirees may also be covered (i.e., as a post-retirement benefit)

ii. Eligible dependents

- Legally married or common law-spouses
- Dependent children under age of 18 (or children who are less than 25 and in school in many cases PLUS age limit often waived for children that have severe handicap)

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Employer – Extended Health and Dental Care Plans

2. EHC and Dental Plans ‘Attributes’

b) Terminology related to employee (e’ee) Cost Sharing **

i. Deductible

- **E’ee is required to pay the first fixed \$\$ amount of eligible incurred expenses** before any reimbursement is considered
- Deductibles **can be expressed as a flat dollar amount per claim** (e.g. \$3 per drug prescription), **or a flat dollar amount per calendar year** (e.g. \$100 calendar year deductible means e’ee pays first \$100 of eligible expenses in a given year)
- **Deductibles can vary** depending on whether e’ee has single, couple, or family coverage (lowest for single)

** There are other cost sharing methods (e.g. monthly premiums that e’ee pays)

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Employer – Extended Health and Dental Care Plans

2. EHC and Dental Plans ‘Attributes’

b) Terminology related to employee (e’ee) Cost Sharing **

ii. Co-Insurance

- Used when the expense is shared between the e’er (plan) and e’ee on a pro-rata basis
- % stated is e’er’s share of cost (e.g. “80% coinsured” → the plan (e’er) pays for 80% of eligible expenses and the e’ee (claimant) pays the rest

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- EHC plans are also commonly referred to as:
 - Extended Health Plans, or
 - Supplementary Health Plans, or
 - Major Medical Plans
- Within an EHC there can be a separate plan for subcategories of coverage (e.g. separate plan for prescription drugs, a separate plan for hospital care, separate plan for vision care and so on) OR one big plan that has all elements included
 - Dental plans however continue to be separate

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- While EHCs vary in structure, categories of benefits include:
 - i. Prescription Drugs
 - ii. Hospital
 - iii. Medical Services and Supplies
 - iv. Out-of-Country Coverage
 - v. Vision Care

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- Categories of benefits:
 - i. Prescription Drugs
 - **About 80% of EHC plans** costs are attributed to drug plan
 - **Coverage of drugs varies considerably amongst plans** due to definition of eligible drugs, reimbursement levels, and methods used to pay claims
 - There are **two types of drug plans**:
 - Prescription Drug Plan**
 - Covers only those drugs that legally require a prescription
 - Non-prescription life sustaining drugs are usually also covered (such as insulin for diabetes)
 - Covers about 5000 to 6000 separate medications

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- Categories of benefits:

- i. Prescription Drugs

- **Two types of drug plans:**

- Prescribed Plan** (more liberal plan)

- Covers any drugs dispensed by a pharmacist and prescribed by a physician (whether or not prescription is legally required)
 - Includes over-the-counter medicines
 - Covers 6000 to 7000 separate medications

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- Categories of benefits:
 - i. Prescription Drugs
 - **Growing prevalence of specialty drugs** (many of these are biologic drugs) for common conditions **is having significant impact on EHC drug plans**
 - These drugs are more expensive and more complex to administer (infusion or injection)
 - Recent examples – some drugs for Hepatitis C

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- Categories of benefits:

i. Prescription Drugs

- **Employee Reimbursement Under a Drug Plan**

Non-pay Direct

- E'ee pays the pharmacy for the drug
- E'ee files a claim with insurance co.
- Claim is adjudicated and e'ee is reimbursed amount that he/she is eligible for (explanation would indicate amount submitted, amount eligible & whether deductibles, co-insurance were applied)

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- Categories of benefits:

i. Prescription Drugs

- **Employee Reimbursement Under a Drug Plan**

Pay Direct

- E'ee presents a drug card at the time the prescription is filled
- Claim is adjudicated for price and eligibility electronically
- If eligible, payment is made directly to pharmacy
- E'ee pays only for any cost not covered

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- Categories of benefits:
 - ii. Hospital
 - **EHC plans cover up to semi-private or private rooms**
 - Recall that provincial plans cover ward level accommodation (unless semi-private or private is necessary for medical reasons)
 - The # of **EHC plans that cover unlimited private hospital accommodation is decreasing**
 - But **many plans still cover the full cost for a semi-private room** for an unlimited period

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- Categories of benefits:

ii. Hospital

- While **average length of hospital stays have decreased over time, average per diem charge by hospitals has increased dramatically** which has netted in an overall cost increase for EHC plans that provide hospital coverage
- Hospital costs may be subject to some form of employee cost-sharing (deductible per day or stay, co-ins. Etc.)
- Most EHC plans make payments directly to the hospital – patient seldom sees the bill
- Note that hospital benefits can be provided as a separate benefit or as part of the EHC

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- Categories of benefits:

iii. Medical Services and Supplies

- There is a wide range in medical services and supplies covered by EHC plans.
- EHC plans covered reasonable and customary charges for services/supplies when “medically necessary and when prescribed, ordered or referred by a physician”

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- Categories of benefits:

iii. Medical Services and Supplies

- **Medical Services and Supplies covered by EHC plans include:**

- Private Duty Nursing
- Ambulance Services
- Paramedical practitioners: Chiropractors, physiotherapists, massage therapists, physiotherapists, podiatrists
- Prosthetic appliances and ‘durable medical equipment’ (e.g. hearing aids, crutches, orthotics)
- Accidental dental needs

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- Categories of benefits:

iii. Medical Services and Supplies

- Usually are **maximums for these benefits** in the form of deductible, co-insurance, overall annual maximums, and/or max. dollar amount every x years (e.g. hearing aids-\$500 every 5 years)
- Costs of paramedical services have gone up dramatically, especially with EHC plans with no annual benefit limit

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- Categories of benefits:

iv. Emergency Out-of-Province Coverage

- Refers to both out-of-province and out-of-country coverage
- EHC plans cover additional medical costs (not covered by provincial plans) up to “reasonable and customary charges”
- There are usually limits on number of days covered for travel (e.g. 60 or 90 days) and a fixed dollar maximum
- Non-emergency medical expenses (say continuing care, testing, treatment for ongoing condition) are not typically eligible

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- Categories of benefits:

v. Vision Care

- **EHC plans covers reimbursement for eye examinations not covered by provincial health plans**
- EHC plans cover **reimbursement for glasses and contact lens**
 - Maximum amounts per 12 or 24 month period, e.g. \$250 in any 24 month period
 - Contact lenses reimbursement also (higher maximums); intent is to cover costs for corrective eyewear (not fashion)

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- Categories of benefits:
 - v. Vision Care
 - Laser eye surgery is generally not covered by EHC plans
 - Some plans have started to participate in a preferred provider network of vision care retailers (who offer 10-20% discounts) in the attempts to reduced out-of-pocket costs to e'ees for glasses

Today's Objectives

- To discuss employer plans for extended health and dental care

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Employer – Extended Health and Dental Care Plans

3. Extended Health Care (EHC) Plans

- EHC Plan Example:
 - Visit the link below to see what EHC Benefits (plus other Benefits) are offered to Western Faculty

(Note: also will access this webpage for other benefits)

https://www.uwo.ca/hr/benefits/your_benefits/faculty.html

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Employer – Extended Health and Dental Care Plans

4. Management of (EHC) Rising Costs

- While rising costs of health services have stabilized, cost increases still average rate over rates of inflation
- **EHC cost drivers:**
 - i. Prescription Drug costs
 - ii. Changing demographics
 - iii. Government cost shifting
 - iv. Obesity

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Employer – Extended Health and Dental Care Plans

4. Management of (EHC) Rising Costs

- **EHC cost drivers:**

- i. Prescription Drug costs

- This is the **primary factor affecting EHC cost**
 - Increase in average pharmacy costs and drug costs
 - Drug cost increases are compounded by aging population (who require more frequent and more expensive prescription drugs)

- ii. Changing demographics

- Working population is aging and people are living longer
 - Combination of these factors result in higher plan utilization which impacts ongoing plan costs

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Employer – Extended Health and Dental Care Plans

4. Management of (EHC) Rising Costs

- **EHC cost drivers:**

- iii. Government cost shifting

- Provincial health plans are reducing or eliminating coverage
 - Transfer of health care responsibilities and health care costs to private (e'er) EHC plans
 - Shorter hospital stays result in e'er EHC plans covering drugs and services that would otherwise be covered by government under hospital stays

- iv. Obesity

- Over 50% of Canadian population is overweight
 - Increasing costs from related illnesses/conditions (affect plan utilization - more claims)

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4. Management of (EHC) Rising Costs

- **Cost Containment Measures** balance “comprehensive plan protection against the need of affordable benefits”:
 - i. Deductibles/Coinsurance
 - ii. Drug Program Modifications
 - iii. Change Management
 - iv. Integrated Approach to Managing Costs
 - v. Drug Utilization Review
 - vi. Health Care Spending Accounts (HCSA)
 - vii. Co-ordination of Benefits (COB)

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Employer – Extended Health and Dental Care Plans

4. Management of (EHC) Rising Costs

- **Cost Containment Measures:**

- i. Deductibles/Coinsurance

- Increased cost sharing through increasing deductibles and decreasing co-insurance factor (say from 85 to 80%)
 - Some protection against unexpected large expenses
 - E.g. 80% coinsurance to \$X of out of pocket expenses are incurred, then 100% coinsurance afterwards

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Employer – Extended Health and Dental Care Plans

4. Management of (EHC) Rising Costs

- **Cost Containment Measures:**

- ii. Drug Program Modifications

- Several measures can be used to control and manage prescription drug costs (esp. when pay direct cards are used)

- a) Generic substitution:

- Mandating generic substitution (unless physician prohibits) can save up to 60% in costs
 - Can uniformly apply (generic substitution) with pay direct EHC plans

- b) Lowest Cost Alternatives:

- Reimbursement is based on lowest-cost drug

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Employer – Extended Health and Dental Care Plans

4. Management of (EHC) Rising Costs

- **Cost Containment Measures:**

- ii. Drug Program Modifications

- Measures to control and manage prescription drug costs

- c) Therapeutic Substitutions:

- Substitution of a less expensive drug within the same therapeutic classification (but with different ingredients than prescribed drug)

- d) Lifestyle Drugs:

- Some plans will exclude some/all drugs related to lifestyle (that are not considered medically necessary)

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Employer – Extended Health and Dental Care Plans

4. Management of (EHC) Rising Costs

- **Cost Containment Measures:**

- ii. Drug Program Modifications

- Measures to control and manage prescription drug costs

- e) Formularies:

- A formulary covers a specific list of eligible drugs
 - Many plans have formularies that mirror the provincial drug formulary available to seniors
 - A formulary requires regular updates (quarterly or more frequent)

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Employer – Extended Health and Dental Care Plans

4. Management of (EHC) Rising Costs

- **Cost Containment Measures:**

- ii. Drug Program Modifications

- Measures to control and manage prescription drug costs

- f) Three-tier Co-Payments:

- Amount reimbursed is determined by e'ee choice

- » generic drugs -highest % of reimbursement

- » brand name drugs with no available generic - next highest

- » brand name where a generic is reimbursed

- New method in Canada, not as widely used as other noted methods

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4. Management of (EHC) Rising Costs

- **Cost Containment Measures:**

- iii. Change Management

- Strategy required when implement changes in drug/other benefit coverage

- iv. Integrated Approach to Managing Costs

- Data is analyzed in various areas; EHC costs, disability, absences, employee assistance to get a picture of trends and a comprehensive picture of health within the organization

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Employer – Extended Health and Dental Care Plans

4. Management of (EHC) Rising Costs

- **Cost Containment Measures:**

- v. Drug Utilization Review

- This is becoming more common
 - Pay direct providers include drug utilization reviews as part of overall drug program
 - Helps identify areas for cost control and wellness prevention initiatives

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Employer – Extended Health and Dental Care Plans

4. Management of (EHC) Rising Costs

- **Cost Containment Measures:**

- vi. Health Care Spending Accounts (HCSA)

- Increasing in popularity
 - HCSA is an individual employee account that involves the allocation of a fixed dollar amount by the employer
 - The employee can use the money in the account to pay for any health-related service
 - Unused money at the end of a year is not reimbursed, but can be rolled over to the next year (or employer can choose not to, in which money would be forfeited)
 - HCSA's are often offered to supplement an EHC and Dental plan

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Employer – Extended Health and Dental Care Plans

4. Management of (EHC) Rising Costs

- **Cost Containment Measures:**

- vii. Co-ordination of Benefits (COB)

- CLHIA developed COB guidelines to eliminate overpayments by plans sponsors and maximize reimbursement to employees
 - Rules for coordinating claims (partners that each are members of e'er EHC plans)

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Employer – Extended Health and Dental Care Plans

5. Dental Plans

- Dental Plans typically offered as a separate benefit (from EHC)
- Dental plans generally represent the largest component of an employer's total employee benefits costs
- **History:**
 - 1st plan offered in late 1960's, early dental plans were introduced as result of collective bargaining with unionized workers
 - Dental plans evolved in the absence of any coverage provided in gov't plans and available in the majority of e'ee benefit plans
- Canadian Dental plans have always provided explicit details for:
 - which procedures were covered and
 - how much was payable for each procedure

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Employer – Extended Health and Dental Care Plans

5. Dental Plans

- **Major areas of coverage include:**
 - i. Basic Services – diagnostic & preventative/minor restorative care
 - Includes: examinations, x-rays, fillings, cleaning, teeth extractions
 - ii. Supplementary Basic Services
 - root canals, gum surgery, denture rebasing or relining
 - iii. Major Services – major restorative care
 - crowns, dentures, inlays, bridges
 - iv. Orthodontics
 - braces to correct misaligned teeth

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Employer – Extended Health and Dental Care Plans

5. Dental Plans

- **Most dental plans have::**
 - i. High coinsurance (80%-100%) of basic services
 - This encourages preventive dental work
 - This usually increases costs in the years immediately following introduction of a plan
 - But reduces the need for most costly major dental work later
 - Some plans cover only basic services (esp. new plans)

Module 3 – Poor Health – Medical Needs

→ Government Plans (Ch 17 of *Social Ins. & Economic Security*)

Employer – Extended Health and Dental Care Plans

5. Dental Plans

- **Most dental plans have::**
 - ii. Lower coinsurance (50%-80%) on major services or orthodontics
 - Reduces costs (share cost of expensive dental work with ee)
 - Usually maximum \$\$ amount per person per yr for major services
 - Usually a lifetime maximum dollar amount per person for orthodontic
 - Some (in fact many) plans have no orthodontics

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5. Dental Plans

- **Dental Work Costs:**

- The dental association of each province produces a suggested fee guide that lists the:
 - procedure codes (5-digit numbers)
 - fees that dentists should charge for the various dental procedures
- Most dental plans limit payments to the maximum suggested fee for general practitioners in the current dental fee guide of the e'ee's province of residence
- If e'ee obtains dental work that exceeds the suggested fee in the dental guide, the e'er plan will reimburse e'ee up to the suggested fee and e'ee will pay the rest

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5. Dental Plans

- **Dental Work Costs:**

- Most dental plans ask for “***pretreatment review***”
 - When a dental procedure is expected to result in significant expenses, e’ee must file a statement of the proposed services and fees with insurer
 - Insurer will state whether they approve the procedure and what portion of the total expenses will be covered
 - This way the e’ee knows up front how much of the cost will be paid by the plan and how much he/she has to pay
- Plan may pay only for the lowest cost treatment or “**Alternate Benefits Clause**”
 - E’ee may opt for a most costly procedure, but he/she would have to pay the difference

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5. Dental Plans

- Dental Plan/HCSA Example:
 - Visit the link below to see what Dental Benefits (plus other Benefits) are offered to Western Faculty
(Note: also will access this webpage for other benefits)
[https://www.uwo.ca/hr/benefits/your_benefits/faculty.html`](https://www.uwo.ca/hr/benefits/your_benefits/faculty.html)

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6. Management of Dental Claim Costs

- Dental plan costs have been increasing over past few decades and two areas of dramatic increase in dental claims were:
 - Regular exams and checkups
 - Periodontal services (gum surgery)
- **Cost Containment Strategies** taken include:
 - i. Reducing frequency of recall exam coverage(checkups) for adults from 6 months to 9 or 12 months
 - ii. Lowering coinsurance on periodontal services
 - iii. Placing limits on the units of periodontal service covered per person per year
 - iv. Increasing e'ee cost sharing
 - v. Health Care Spending Accounts (HCSA)

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6. Management of Dental Claim Costs

- **Dental Insurance is an expensive benefit:**
 - E'ees have a more direct bearing on the cost of a dental plan than on the costs of other health benefits
 - When an e'ee first joins a plan, he/she is likely to get a lot of work done on their teeth to correct past neglect
 - This is also true in situations where a dental plan is being offered to a group of e'ees for the first time

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7. Income Tax on Health Plans

- **Items of interest:**

- If e'ee pays for any part of the health or dental plan, the premiums are not tax deductible (unless medical expense tax credit applies)
- E'er contributions are tax deductible to the employer
- E'er contributions are not considered income to e'ee (except in Quebec)
- E'er contributions to a government health plan considered taxable benefit to e'ee
- Benefits paid under a private health or dental plan is not taxable income to e'ee
- Medical expenses paid out of pocket by the e'ee are tax deductible BUT only if they exceed 3% of the e'ee's net income (e'ee gets a medical tax credit and this could include premium paid for a plan)