Today's Objectives

- To discuss government plans for medical needs

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

Government Plans

4. Provincial Health Plans

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

Government Plans

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

Government Plans

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

Government Plans

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)

Government Plans

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

Government Plans

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**

Government Plans

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

Government Plans

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
    - Chiropractors
    - Podiatrists
    - Massage therapists
    - Physiotherapists
    - Osteopaths
    - Naturopaths

Government Plans

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)

Government Plans

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

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

Government Plans

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**

Government Plans

5. Health Care Financing Comments (Canada)

- It is worth nothing 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)

Government Plans

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

Government Plans

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

Government Plans

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

Government Plans

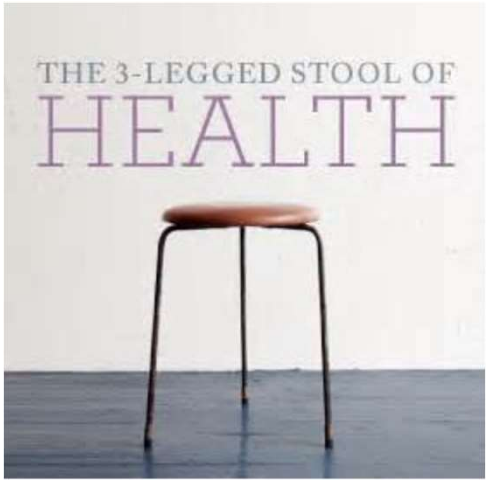
Why do other countries like the US envy Canada's system?

- 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

Recall:

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

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I – Government – Provincial Plans

II – Employer - Group Benefit Plans

III – Individual – Individual Health Insurance

** Not everyone has access to these

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**

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 results in large medical bills
  - Routine medical & dental expenses were not covered
  - Over time EHC plan emphasis changed

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

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)

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)

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

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

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

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

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

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

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)

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

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

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

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”

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

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

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

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)

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

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

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

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

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)

Employer – Extended Health and Dental Care Plans

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)

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

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

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)

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)

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

Employer – Extended Health and Dental Care Plans

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

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

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

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)

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

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

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)

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

Employer – Extended Health and Dental Care Plans

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

Employer – Extended Health and Dental Care Plans

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

Employer – Extended Health and Dental Care Plans

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`

Employer – Extended Health and Dental Care Plans

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)

Employer – Extended Health and Dental Care Plans

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

Employer – Extended Health and Dental Care Plans

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)