



JOHNSTONE'S JOURNAL is published monthly, and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies, and use as a payroll stuffer.

Phone: 604 980-6227 or 1-800-432-9707

www.jbenefits.com

August 2013

Waiving Duplicate Coverage

Benefits: a Condition of Employment

Employee benefit contracts in Canada generally require all employees and their families to enrol in the benefit plan that's offered by the employer, as a condition of employment. Eligible employees (as defined in the contract) must join the plan within 31 days after satisfying the waiting period.

The reason for this, in the simplest terms, is that if employees were given the choice to join a plan whenever it suited them, many would only join when the need arose or they had claims. This selection against the carrier is a disadvantage, not only to the insurance company, but to the employer as well. The end result is the potential to have only high claimers on the plan, which would eventually lead to higher premiums and risking the plan's sustainability for everyone.

Waiving Health and Dental Coverage

Having said that, employees who have extended health (EHC) or dental coverage through their spouse's plan do have a choice. The employee may choose to **waive** (decline) their EHC or dental coverage as it duplicates what they already have through a spouses' plan. This choice does not apply to other benefits such as life, AD&D, or disability coverage.

Keep in mind that once waived, employees can only enrol in their employer's EHC or dental coverage, without questions, if the spouse's plan terminates (or changes materially) and if done within 31 days of the loss of spousal coverage.

Those employees who have chosen to waive their EHC or dental coverage must still complete an application form to ensure the employee is covered for all other mandatory benefits offered by the employer.

Do Not Opt Out of the Entire Plan

Sometimes employees will mistakenly feel they do not need to complete an application form and therefore, by omission, opt out of their entire group plan, leaving themselves without life and disability coverage. In cases where someone has not completed an application when the plan became available because they have EHC and dental benefits through their spouse, coverage may not be accepted or may be limited if the spouse's plan terminates and try and enrol at a later date.

In these situations when the employee then applies for coverage, the insurer considers them a late applicant. As a late applicant, they must provide proof of good physical and dental health, which may include an examination and x-rays. These tests are at the employee's expense, and could lead to the insurer restricting, or even declining, coverage. Further, it often takes a few weeks for the insurer to review the application, during which time these employees and their dependents could be without any coverage at all.

Properly Document Opting Out

To prevent problems in the future, ensure **all employees** who are eligible for coverage, complete an application form within 31 days of satisfying the waiting period. Those that have duplicate EHC or dental coverage and choose to waive that coverage, must complete the section titled Waiver of Benefits on the application or change forms available from the Administrator area of our website:

www.jbenefits.com/administrator-forms.html.

With this on file, an employee who had previously waived coverage and subsequently lost his or her spousal coverage will have little problem as long as the application is completed within 31 days after the spousal coverage cancelled.