

WHO QUALIFIES FOR YOUR GROUP BENEFIT PLAN?

Employees and Contractors. Who is eligible?

There is a growing trend of employers hiring contractors rather than hiring them directly as employees. Benefit eligibility differs depending upon the status of the worker. Workers who are on the company's payroll are deemed employees. They have the advantage of qualifying for the company's group benefit plan if they work on a permanent, full-time basis. Contractors, on the other hand, invoice the company for their services and then take care of all their own expenses and taxes.

There may be cases when the line between independent contractor and employee status becomes blurred, and the contract worker appears more like an employee. In these situations, **be careful before promising coverage on your employee benefit program.**

Group benefits: the insurer's test

In general, group benefit coverage is provided to employees who are on payroll, work the required minimum number of hours a week, and do not have an end date to their employment contracts. Employees who are hired for a specific period (minimum one year) may be eligible for group coverage, but must be approved by the insurer. Independent contractors—those workers who invoice the employer for services rendered—are not viewed as employees, and unless specifically addressed in the contract or by exception, are not entitled to participate in the employer's group benefit plan.

If the insurer has not agreed to provide coverage for a contractor, there may be a serious problem **in the event of a claim.** Insurers may check payroll records to verify eligibility, particularly when there is a significant loss such as a life insurance, disability or an emergency travel claim. If an individual becomes disabled and is actually deemed a contractor (not listed in the company's payroll) **the insurer may deny the claim.**

Choices to make

Companies occasionally ask the insurer to make an exception and add a contractor to their benefit plan. Some insurers may consider allowing a contractor to enrol in a portion of the group benefit plan when a solid argument can be made that the contractor is really an employee by another name. It all depends on the extent to which the contractor actually looks like an employee.

THE JOHNSTONE'S ADVANTAGE

Our mission is simple:
Treat each client as if they were our only client.

Our value is clear:
We are completely independent. We work for you and offer total flexibility on insurers and plans.

We offer all your group insurance services including administration, brokerage, consulting, and communications.

We provide dedicated client support, customization and flexibility to meet all of your company's benefits needs. And we make **solid group plans simple.**



If you believe a worker meets the test of being an employee (income source, location of work, ownership of tools, direction and supervision by the employer), we can request an exception to allow the contractor to enrol in the group plan. This must be done **before you offer coverage**. If the insurer declines, you have two choices:

- Change the contractors' employment status and add them to payroll. Your company then becomes responsible for all the statutory benefits (CPP, EI, Workers' Compensation)
- Arrange to have contract employees purchase their own personal benefit coverage

Note that adding a contractor to your benefit plan may have implications with regard to their contractor status, and we recommend both parties perform due diligence to ensure everyone understands those implications.

Legislative updates

EI Parental Benefits changes

Effective January 1, 2018 there will be two options available for receiving parental benefits:

- **Standard parental benefits** can be paid for a maximum of **35** weeks and must be claimed within a 52 week period after the week the child was born or placed for the purpose of adoption. The EI benefit rate is 55% of the claimant's average weekly insurable earnings up to a maximum amount (currently \$547 per week). The two parents can share these 35 weeks of standard parental benefits.
- **Extended parental benefits** can be paid for a maximum of **61** weeks and must be claimed within a 78-week period after the week the child was born or placed for the purpose of adoption. The EI benefit rate is 33% of the claimant's average weekly insurable earnings up to a maximum amount (currently \$328 per week). The two parents can share these 61 weeks of extended parental benefits.

- You can choose to claim extended parental benefits **only** if your child was born or placed with you for the purpose of adoption on or after December 3, 2017.

NOTE: Currently only the federal government and province of Ontario have approved this change. The change is expected for all other provinces/territories except for Quebec.

EI Family Caregiver Benefit – for adults

Effective December 3, 2017, the new **Family Caregiver Benefit for adults** will be available to help families care for a critically ill adult. This benefit will allow eligible caregivers to take up to 15 weeks off work to care for or support an adult family member who is critically ill or injured. Eligible caregivers are family members or individuals that the critically ill or injured adult considers to be like family. Up to 35 weeks of benefits will continue to be available while providing care or support to a critically ill child, however eligibility for Family Caregiver benefit for children will now be extended to any eligible family member providing care to the child, rather than being limited to parents.

Ontario

Effective January 1, 2018 all babies, children and youth age 24 years and under who have OHIP coverage will be automatically covered by OHIP+: Children and Youth Pharmacare. OHIP+ will completely cover the cost of more than 4,400 drug products that are currently available through the Ontario Drug Benefit program.

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