



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 staffer.

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Understanding Your Health and Dental Benefits Reasonable and Customary (R&C) Limits

Health and Dental – Know your Plan

Extended health and dental plans reimburse eligible expenses based on limits set within each contract. Some of these can be customized to your specific needs, such as reimbursement levels and deductibles, while other limits are set by the insurer.

To guard against excessive, inappropriate, or fraudulent claims, all insurers implement dollar and frequency limits for specific products and services. **Additionally, they apply what is referred to as reasonable (or usual) and customary limits – R&C.**

R&C limits ultimately benefit all of us, as they act to keep the costs of claims low. First, they help contain out-of-pocket expenses for patients and second, by monitoring and managing claims reimbursements to a reasonable limit, premiums are kept lower than they would be otherwise. However, we need to understand these limits so there are no surprises when you submit a claim. **Claims in excess of these limits are the patient's responsibility.**

How R&C Limits are Determined

Insurers determine and set limits based on information they receive from a number of sources:

- Published fee schedules from provincial associations (e.g. dental fee guides).
- Where no fee schedule exists, insurers survey provincial associations and determine standard reasonable and customary fees.
- Average fees based on a specific geographic area.

What Expenses May Be Subject to Reasonable & Customary Fees?

In short, **all eligible claims must be reasonable**; therefore, all expenses covered under an insurance policy must be deemed reasonable to be eligible, whether or not specific limits are listed. A few examples:

Dental: Fee Guides established by the provincial associations. See *Johnstone's Journal* "Dental Fee Guides" March 2008.

Paramedical practitioners (physiotherapy, massage, chiropractic etc.): established by surveying professional associations as well as with specific contractual limits. See *Johnstone's Journal* "Paramedical Services" November 2007.

Prescription drugs: although too complex to address here, generally prescription costs are set either provincially or federally. However, some parts of the cost, such as the retail mark up, professional or dispensing fee, are not legislated. For these fees, insurers can set limits based on provincial standards. They may also limit the supply we can purchase at one time, such as 30 or 90 days. See *Johnstone's Journal* "The Changing Role of Pharmacist" February 2009.

Medical equipment and supplies: this is one of the most difficult areas to manage. Insurers apply both specific limits to some medical items, such as wheelchairs, but also apply R&C limits based on the needs of the patient.

As mentioned, all contracts apply these limits. Knowing what your plan will cover before you purchase may help you to make the best decision. **When in doubt, ask!**