



THE JOURNAL

solid group plans made simple

COST CONTAINMENT STRATEGIES

From the employee perspective

An effective strategy to contain costs for group insurance benefits take a number of forms, including plan design, insurer initiatives, employee communications and training. Many employees think all cost containment strategies only benefit the employer, who often pays much of the premium costs. However, benefit plans that are well designed and well communicated can benefit employees as well.

Plan design – employer options

Employer-sponsored plans allow organizations to set up plan designs that can help to maintain, slow down or even reduce overall premium costs which, if shared by employees, impact the employee's out-of-pocket costs. If employee needs are still covered, everyone wins. Common plan design options include:

- Specific benefit maximums, such as annual maximums for basic and major dental, paramedical practitioners, prescription drugs, etc.
- Frequency limits for basic dental services while maintaining good dental health for you and your family (e.g. 9 months recall instead of 6 months)
- Prescription drug formularies – paying for generic drugs only instead of name-brand drugs
- Co-Insurance, deductibles and dispensing fee limits, on their own or in combination
- Physician referrals and practitioner qualifications, ensuring the benefit is paying only for medically necessary services
- Pooling limits which protect plans against high cost claims, including high cost prescription drugs

Plan design – reasonable and customary (R&C) limits

To keep group benefits affordable, insurers design plans to reimburse eligible medical and dental expenses at the usual and reasonable cost, and apply safeguards against excessive, inappropriate and fraudulent claims by applying dollar and frequency limits for specific products and services. Insurers determine R&C limits based on information they receive from industry specific professional associations (i.e. physiotherapy, chiropractic, massage) as well as average fees and typical mark-ups based on the geographical area.

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.**



Plan limits, including R&C limits, incent providers to keep their costs competitive and the consumer to shop around for the best deal. Employees should be encouraged to understand their plan's limits, to know what they may be paying out-of-pocket before they make the purchase.

Dental fee guides

Each provincial dental association sets a fee guide for dental procedures, which some dentists follow and others exceed. Consumers are able to select their preferred dentist based on understanding what their dentist will charge and what will be covered by their dental plan.

Pre-authorizations

Insurers have built in the requirement for pre-authorizations in both extended health and dental plans. Medical equipment and supplies is a complex area, as the cost and eligibility of some equipment may be specific to the patient's medical condition. As well, some dental procedures can be very expensive, and there may be alternate procedures that are covered more fully by the dental plan. By submitting the plan to the insurer for pre-authorization first, the service provider as well as the consumer can find out exactly what is covered.

Employee communications

Sometimes an employee will purchase private coverage that duplicates their existing employer's benefits plan. . A common example of this is travel insurance. An effective employee communications strategy, including employee booklets and personalized benefit statements, is part of Johnstone's Benefits services for all of our clients, building knowledgeable consumers of group benefits.

Insurer websites and tools

Many insurers have a free mobile app allowing employees to check eligibility for coverage and manage claims on their smart phone – greatly increasing accessibility to plan information.

Some insurers, including Pacific Blue Cross, have created an online tool with geo-mapping technology that plan members can use to compare pharmacy drug prices and dispensing fees, as well as locations of Preferred Pharmacy Network (PPN) providers and pharmacies offering real-time Special Authority approval confirmations. Employees in BC can control benefit costs by accessing PharmaCare's Special Authority Program for certain limited coverage prescription drugs – allowing for quicker access to medication and eliminating unnecessary out-of-pocket costs or delays in reimbursement. Already, nearly half of BC pharmacies are equipped with the new technology.

Check your insurer's website for information of their online tools ... it can save you money!

CONTACT US

Johnstone's Benefits

3095 Woodbine Drive
North Vancouver, BC
V7R 2S3

Phone: 604 980 6227

Toll Free: 1 800 432 9707

Fax: 604 983 2935

Website: www.jbenefits.com

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 share with your employees.

