

## COST CONTAINMENT

### Effective Strategies

An effective strategy to contain costs for group insurance benefits can take many forms, including a review of the plan's design, designing effective employee communications, and recognition of improvements to insurer initiatives and tools. Benefit plans that are well designed and well communicated can benefit employees as well as employers.

#### Plan design

One of the most common strategies implemented by employers who wish to contain the costs of their organization's benefit plan, whether their objective is to maintain, slow down or even reduce premium costs, is to review plan design. Consideration often includes if premium costs are shared by employees, and what impact any change(s) would have on their employees' out-of-pocket costs. If the employees' needs are still covered, everyone wins!

Benefit plan components that are often reviewed include:

- Co-insurance percentages and deductibles
- 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 the employee and their family (ie. 9 months recall exams rather than every 6 months)
- Prescription drug formularies – paying for generic and/or lowest cost alternative drugs rather than name-brand drugs; and dispensing fee limits
- 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

#### Reasonable and customary (R&C) limits

Insurers design plans to reimburse health expenses at the usual, what they deem "reasonable", costs to keep group benefits affordable. They apply safeguards against excessive, inappropriate, and fraudulent claims by applying dollar and frequency limits for specific products and services.

### 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.**



Insurers determine R&C limits based on information they receive from industry-specific professional organizations, such as physiotherapy, chiropractic, and massage therapy, as well as dental fee guides, and average fees and typical mark-ups based on the geographical area. R&C limits incent providers to keep their costs competitive and incent consumers to shop around for their best deal.

### Effective employee communications

While plan designs and insurer initiatives, such as R&C limitations, provide structure to coverage limits, a strong cost containment strategy will include effective employee communications. These will encourage employees to understand their plan's limits, to know ahead of purchasing goods or services what they will be paying for out-of-pocket.

As part of our core services, we provide employee communications, including plan booklets, benefit statements and online tools to build knowledgeable consumers of group benefits.

### 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 understand what their dentist will charge, and what will be covered by the dental plan.

### Pre-authorizations

Both extended health and dental plans require pre-authorizations for complex and/or high cost expenses. Some dental procedures can be quite expensive, and there may be alternate procedures that are covered more fully by the dental plan. As well, medical equipment and supplies can be complex, as often the cost and eligibility for such expenses may be specific to the patient's medical condition.

By submitting the proposed expenditure to the insurer first, the service provider can provide the consumer information on exactly what will be covered by the plan.

### Insurer websites and tools

Most insurers have mobile apps which allow employees to check eligibility for coverage and manage claims on their smart phone – greatly increasing accessibility to plan information. In addition, many insurers, 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 approval confirmations on certain limited coverage prescription drugs, allowing for quicker access to medication and eliminating unnecessary out-of-pocket costs or delays in reimbursement.

We encourage both employers and employees to check their insurer's website for information of their online tools. We also encourage employers interested in reviewing their plan designs and/or employee communication strategies to contact your Johnstone's Benefits Client Account Manager. It can save you money!!

## CONTACT US

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