THE JOURNAL

solid group plans made simple

BENEFITS ELIGIBILITY

Dependent Spouse and Children

Group benefit plans are designed to help with health and dental expenses for employees and their families. There are specific definitions as to who qualifies as an eligible dependent under these plans.

Definition of spouse

Group insurance contracts vary, but generally a spouse who is eligible for benefits is defined as:

- a person legally married to the employee, or
- a person who the employee has been residing with for at least one year and who is represented publicly as the spouse. The employee must complete a declaration form and file it with the insurer. The end of the co-habitation terminates the spouse's eligibility.

Separation or divorce

Often after a legal separation or divorce, employees have questions about their spouse's eligibility under their group plan, such as:

Can I keep my spouse on my plan even though we are separating?

Answer: Yes, if you continue to be legally married and this is part of a separation agreement.

We are getting divorced and the judge says I must keep my spouse on my plan. Is this okay?

Answer: Yes. Although the definition of spouse is no longer satisfied, if a court-ordered agreement exists, benefits can continue. Insurers are not legally bound by divorce agreements, so must approve continuation of the ex-spouse's coverage. You may only have one spouse on your plan at any given time.

Definition of dependent children

A dependent child is defined as an unmarried child, stepchild or legally adopted child, is the child of the employee or the legal spouse, and who lives with them and is fully dependent on them for support, and:

- is under age 19 or 21 (depending on the contract), or
- is attending an educational institution full-time and is under age 25 (age 26 in Quebec)

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**.

Guardianship: a court order is required to add any dependent child not defined above.

Disabled dependents: will be covered to any age if incapable of self-sustaining employment. Call us for details as insurer approval is required.

Life events

All insurers require dependents to be enrolled in the plan within 31 days of becoming eligible for coverage following a “life event”. If not enrolled within this time period, they become a “late applicant”. Life events include:

- Marriage, including common-law (addition of spouse, dependent children)
- Birth or adoption of a child
- Overage dependent child returns to school
- Spouse gains benefits coverage
- Spouse loses benefits coverage

Late applicants

An employee and/or their dependent will be considered a “late applicant” if they apply for coverage more than 31 days after the date they are eligible for coverage, or they voluntarily cancel their coverage and are re-applying.

Late applicants must provide evidence of insurability by completing an Evidence of Insurability form (which they submit to Johnstone’s Benefits (we submit to the insurer). Coverage is approved or declined by the insurer based on the medical evidence provided. The insurer advises Johnstone’s Benefits of approval/declination and effective date of coverage. We advise the plan administrator and make the changes to the monthly invoice. Coverage commences when formal written approval is received from the Insurer(s). Retroactive premiums to the effective date of coverage may be required.

Depending on the insurance contract (specific to each client), there may be limitations or restrictions for coverage during the first year (example – dental limited to $250 in first year).

CRA Warning re: Health Spending Accounts (HSAs)

HSAs are self-insured health plans arranged by employers for their employees residing in Canada. They provide a way for small businesses to provide tax free health and dental benefits for their employees and their dependents – making them attractive and cost effective.

However, HSAs MUST conform to private health service plan rules set out in the Income Tax Act.

CRA has recently reminded Canadians HSAs can be used by incorporated businesses, including shareholder employees as long they earn a T4 income from the corporation. For unincorporated businesses or sole proprietors, HSAs can be used for the owner and employees if the owner has at least one arm’s length employee. HSAs are not considered a private health services plan for sole proprietors without employees.

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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.