

## SUSTAINABILITY OF BENEFIT COSTS

### Benefits Canada Healthcare Survey

Benefits Canada has recently released its 27th annual Healthcare Survey. The magazine's Editor, Jennifer Paterson, had interesting opening comments about the results of this year's survey, citing that while there have been some "inklings that plan sustainability was on sponsors' minds" the past few years, the story of this year results was "if those were the gathering clouds, then this year's results indicate the storm is upon us".

The survey is very comprehensive, and we do not want to simplify the extent of the results. And of course, there are many factors driving this year's plan sponsors' responses, including post-pandemic issues (employee disconnection), stress on public health plans, etc. So we will review it in more detail to provide some specific topics of interest in future Johnstone's Journals for our clients.

However, we did note that one of the ten key takeaways from the results of the survey was that "plan sponsors are clearly attempting to balance competitive plans that support employees' health and wellness against cost concerns. Three in four consider the plan highly important, but four in five are experiencing challenges in the current economic climate", noting that "sustainability concerns account for four of the top five challenges" for health benefit plans.

### Effective Strategies

An effective strategy to contain or maintain sustainability of 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

Benefit plan components that are often reviewed include:

- Cost sharing arrangements
- 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

### 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.**



## Effective employee communications

Effective employee communications will encourage employees to understand their plan's benefits as well as limits, and to know ahead of purchasing goods or services what they will be paying for out-of-pocket. It's also beneficial for employees to have broad group insurance information so they understand the whole picture of how their organization's benefits plan fits within government and other private programs.

Johnstone's Benefits assists plan sponsors in developing the communication strategy, and directly provides employee communications, including plan booklets, benefit statements and online tools to build knowledgeable consumers of group benefits.

## 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 help 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.

## Other Effective Plan Design Features

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

One of the built-in cost management principles used by group insurers is to reimburse health expenses at the usual, what they deem "reasonable", costs to keep group benefits affordable, applying 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 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.

### Dental fee guides

Each provincial dental association sets a fee guide for dental procedures, which some dentists follow, and others exceed. Consumers can select their preferred dentist based on their understanding of 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. Also, 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.

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