

DENTAL COSTS AND TRENDS

Provincial dental associations' annual fee guides act as a billing reference for dentists, who set the fees, as well as for insurance companies who assess dental claims. In determining price increases, factors such as cost of living, inflation, changes in technology and the frequency dentists perform certain procedures, as well as costs of operating dental practices within the province are taken into account.

In 2019, all provinces except Alberta implemented increased fees in their provincial dental fee guides. The Ontario Dental Association increased fees by 4.19%, a noticeable change from previous years (ie., 1.86% in 2018). The Nova Scotia Dental Association reported an average increase of 1.97%, the British Columbia Dental Association an increase of 2.51% and Manitoba Dental Association a 3.02% increase. The Alberta Dental Association and College implemented its first fee guide in 20 years in 2018.

Dental Cost Drivers

Dental benefit costs increased to \$7.9 billion in 2016, rising from \$4.1 billion in 2006. According to the Canadian Life and Health Insurance Association (CLHIA), this information tends to get lost, as headlines focus on rising prescription drug and disability costs.

New technologies and treatments, new infection prevention and control standards (implemented in 2017), the growing utilization of dental services (people are taking better care of their oral health), are all factors in increasing dental costs. In addition, CLHIA reports between 2% and 10% of all health dollars are lost to fraud, impacted by increased online claim submissions, very common for dental services. While a proportion of these cases are purposely fraudulent acts, much of the loss is due to coding errors.

According to Robert Crowder, founder and president of the Benefits Trust, plan sponsors feeling the burden of increased dental costs are looking into solutions which put the onus on the employees to spend their allotted money wisely, shopping around for better rates or using the prior years' dental fees. "The problem that arises is the consumer of the services is quite distanced from the payer of the services, so they don't care."

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Some clients are looking at Health Spending Accounts (HSAs) – providing a defined contribution for dental services to employees to put the onus of dental services with the patient. Other solutions for employers concerned about their organization's dental costs may include plan design changes, such as increasing co-payments, implementing caps and cleaning visit limits, and developing communications so employees can be prudent shoppers for dental services.

We are here to help you determine the best solution for your organization and employees.

Employment Insurance (EI) Premium Reduction Program

If you are an employer who provides your employees with a short-term disability plan and your plan meets specific requirements, you may be entitled to pay your EI premiums at a rate that is lower than the standard employer rate of 1.4 times the employees' EI premiums.

Effective January 1, 2017, the EI waiting period was reduced from 2 weeks to 1 week. Short-term disability plans that are registered with the Premium Reduction Program must have an elimination period before the payment of benefits, similar to the EI waiting period. To align with the EI 1-week waiting period, a regulatory amendment was made to reduce the elimination period standard for short-term disability plans to a maximum of 7 consecutive days (from 14 days), effective January 1, 2017.

Some employers had existing qualifying plans that were in place prior to January 1, 2017 which do not meet the new standard. To mitigate the impact on these employers and their employees, the Government put in place a 4-year transitional period (from January 1, 2017 to January 2, 2021) to provide affected employers time to adjust their short-term disability plan to meet the new standard. During the transitional period, they can

continue to qualify to participate in the program and receive a premium reduction.

Insurers will be amending their group insurance contracts during the 2020 calendar year as the end of the transitional period approaches, most likely at the time of the annual renewal or when the plan is modified. If the group insurance contract cannot be amended during 2020, employers may receive a notice from Service Canada to advise the requirement to update the qualifying short-term disability plan.

Employment Insurance Premiums

The 2020 EI premium rate will be \$1.58 per \$100 of insurable earnings, a decrease of four cents for employees compared to the 2019 rate. For Employers – who pay 1.4 times the employee rate – the new rate will be \$2.21, or six cents lower.

The maximum insurable earnings (MIE) for 2020 will increase to \$54,200 from \$53,100. The MIE represents the ceiling up to which EI premiums are collected and the maximum amount considered in applications for EI benefits. The maximum annual EI contribution for employees in 2020 is \$856.36 (down \$3.86 from 2019). Employers' contribution in 2020 will be \$1,198.90 per employee (down \$5.41 from 2019).

EI Benefits Maximum

The basic rate for calculating EI benefits is 55% of your average insurable weekly earnings, up to a maximum amount. As of January 1, 2020, the MIE increases to \$54,200, creating a maximum EI benefit of \$573 per week, up from \$562 in 2019.

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