Johnstone's Benefits

THE JOURNAL

solid group plans made simple

BENEFITS ADMINISTRATION

Knowing the rules and responsibilities

We find it a good idea to periodically remind our clients of good benefits administrative practices. Administrators at organizations, third-party providers and insurance companies all have the responsibility to ensure contractual provisions are understood and adhered to, so employees are properly covered, removing the risk that coverage is assumed but not actually in place.

Group insurance plans include contractual participation and eligibility provisions that are established by the insurer in agreement with the employer when the plan is initially set up. These provisions are typically in the contract section "General Information", and include:

Eligibility and Waiting Period

This provision includes a number of definitions for employee eligibility

- eligible employees – ie. permanent, full-time
- residence requirements – ie. reside in Canada
- minimum hours of work – ie. working 30 hours per week or more

Effective Dates

This provision defines the effective date of coverage, which includes

- employee must be actively at work
- enrolment forms have been completed

There may also be a Waiting Period defining the effective first date of coverage following a defined period of employment – ie. 1st of the month following three months of employment.

Definition of Earnings

Most group insurance plans are based on regular earnings, however, "earnings" can also include commission or other forms of income, as determined by the employer as part of the insurance policy contract. Typically bonuses, dividends, and overtime are not included in the definition of earnings. For disability plans, benefits are based on the established percentage of reported pre-disability earnings.

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**.

Late Applicants

This provision identifies when coverage will be effective for late applicants and any limitations to benefits if forms are not submitted within 31 days of eligibility. Once forms are received, coverage is effective when the insurer approves. Typically, they will limit coverage for a period of time – ie. dental benefits limited to a maximum of $250 per person during the first 12 months of coverage.

Medical Evidence

This provision defines the requirement for evidence of good health for life insurance and disability insurance in excess of no-evidence amounts as shown in the Summary of Benefits section of the plan document.

Opting In or Out of Duplicate Coverage

Depending on benefit provisions (levels of coverage) and cost share arrangements, employees can decide whether they want to "opt in" or "opt out" of their employer-sponsored extended health (EHC) and/or dental coverage – whether to take coverage under one plan or to coordinate their benefit plan with their spouse's plan for optimal coverage.

To "opt out" of their group EHC and/or dental plan, employees are required to complete the "waiver" section of the Application for Coverage form. If the employee and/or dependents lose coverage under the spouse's plan in future, the employee can pick up the waived coverage, without a waiting period, by applying within 31 days of the loss, by completing an Application for Change form.

If an employee wants to "opt in" for coverage after 31 days of their effective date of eligibility, but NOT due to a loss of coverage, they will be subject to the Late Applicant provision.

Coordination with Provincial Health

All group insurers require employees and their dependents to have provincial health insurance to be eligible for EHC benefits, as EHC provides coverage over and above government health benefits.

Claim Deadlines

This provision defines the deadline(s) for submitting claims that the insurers strictly enforce:

- EHC and dental claims deadline is typically 12 months from the date of service. This means receipts dated March 15, 2023 must be received by March 15, 2024.
- Health Spending Account (HSA) claim deadlines are either 30 or 60 days following the end of the HSA policy year. If the policy year is January to December, clams must be received for reimbursement by the next January 31st or February 28th.

Reminder

ALL eligible employees should be enrolled for the mandatory benefits, which include life insurance, AD&D and disability insurances. To "opt out", the employee should sign a comprehensive release form.

Group insurers have specific policy provisions that they apply for employees on temporary layoff, specifically for duration of coverage.

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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.