



OPTIMAX BENEFITS

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WHAT YOU SHOULD KNOW ABOUT HEALTH and DENTAL BENEFITS

To prepare for your group benefits decision, certain items including terms and choices are important for you to know. You will find valuable information in this document.

Discover What Optimax Can Do For You

Hello,

At Optimax Benefits, we know that every good Employee Benefits package is custom designed to suit your needs. And as with any custom service, there are a variety of options and considerations that will affect your decision.

You don't have to be an expert to choose what is best for your business and your employees. Our professionals, experts in the benefits marketplace, will guide you through the process of choosing the best package.

To get you started, we have put together an overview of 'What You Should Know', which is best explored before we review your options. This document will provide some direction so that you know what some of your primary concerns are, what questions to answer before we next meet, and the questions you may have for our next discussion. We advise that you read each section in chronological order to fully grasp terms and options.

Once you are ready to begin planning your new employee benefits direction, give us a call and we will be happy address your concerns and present some comprehensive, affordable options.

Thank you for your interest and consideration.



Earl Shindruk
Founder and President

PRELIMINARY CONSIDERATIONS

What You Need To Know

Tax Status

The employee must pay 100% of the life insurance, accidental death and dismemberment, dependent life, critical illness and disability (both short and long term) premiums to maintain the plan as non-taxable to the employee.

If the plan is cost shared by the employer and employees, the employee contribution should first be allocated to pay for the Short and Long Term Disability as well as the above-mentioned benefits.

Cost Sharing

Most carriers require employers to contribute a certain percentage of the total premium. Allocating employee dollars properly in the following situations, will minimize the tax impact.

- The employee should pay 100% of his/her Short and Long Term Disability
- The employer should not contribute toward the cost of the Employee Life Insurance benefit

Cost of Living Adjustment (COLA)

In the event of a claim, the monthly benefit can increase annually at the lesser of the defined COLA percentage, or the current Consumer Price Index. In general, the cost for each 1% of COLA is an additional 5% on the unit rate per \$100.

What You Need To Decide

Eligibility: *Who of your employees will qualify for group benefits?*

It is important to determine whether you will provide the same benefits to all employees, or provide different benefit levels based on employee classifications. Common classifications affecting this would include job status, or full time vs. part time.

Note: Internal accounting methods may require certain categorization

Waiting Period: *How long must one be employed with your company before joining the plan?*

Options for when the coverage will begin, and the variations that can apply to different benefit classifications include:

- Implementing the normal waiting period (3 months)
- Providing executives with a 0-day waiting period
- Adding Dental Care coverage after 6 months or 1 year
- Waving waiting periods in certain situations

Plan & Claim Administration: *Should I choose online administration?*

The online administration option greatly simplifies paperwork, minimizes paper waste, and saves considerable amounts of time for the plan administrator. Ask us about implementing this option.

Benefits:

- Employees submit claims online directly to the carrier
- The claim amount is deposited directly to the employee's bank account within 48 hours of submission

COVERAGE LEVELS

Overall Maximum

For Life Insurance, Short Term Disability, and Long Term Disability coverage, the overall maximum is the maximum amount of insurance an insurer will provide under the terms of the contract in a specific policy year.

The maximum benefit ensures that all employees have access to the same level of insurance; though, in some plans it is possible to offer different maximums for different employee classifications. Differentiating these plans, is the requirement of 'Proof of Insurability' by the insurance company (see below).

Non-Evidence Maximum (NEM)

The insurance company determines the amount of Life, Short Term, and Long Term Disability coverage they will offer without Proof of Insurability, which may include health questionnaires or examinations. Coverage at this level is considered to have a "Non-Evidence Maximum".

Excess Coverage

For employees who are eligible for coverage in excess of the non-evidence maximum (as determined by employee classification), medical evidence must be provided.

Note: *The availability of some options may be limited based on the size of your organization, and will be noted in the Quotation Analysis.*

DISABILITY INCOME

Terms

Any Occupation takes place if the employee cannot perform "any" job for which he or she is qualified due to education, training or experience.

Two-Year Own Occupation occurs if the employee cannot perform his or her own job for the first 24 months of disability. The definition reverts to "any" occupation after 24 months.

Own Occupation to Age 65 is typically made available only to executive staff level. It extends the "own" occupation definition through to age 65. *May not be available from all carriers.*

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Short Term Disability (Weekly Indemnity)

Employment Insurance (EI) provides some coverage for Short Term Disability. Therefore, offering Short Term Disability can be considered a duplication of coverage; however, your company can enhance its employee benefits by:

- Shortening the waiting period and/or
- Increasing the benefit available or
- Choosing a Supplemental Unemployment Benefits plan

Supplemental Unemployment Benefits (SUB)

An SUB plan provides supplemental payments to Employment Insurance (EI) benefits during a period of unemployment due to:

- Temporary stoppage of work;
- Training;
- Illness, injury, or quarantine

Ask us for more information to learn about the advantages and logistics of this plan.

***Note:** If your insured or self-insured plan provides the same or improved design criteria as the EI disability plan, the employee will have a better benefit with the plan from the employer. You may apply for plan registration, and have your company receive an EI premium reduction from the federal government.*

HEALTH & DENTAL BENEFITS

Extended Health Care Benefits

Extended Health Care benefits are designed to cover expenses over and above the provincial health care plan. Below, you will note common expenses and some options that are typically offered by insurance companies.

Hospital Stay

Many plans provide private or semi-private room accommodation in a licensed hospital for an unlimited number of days. Recognizing that the government sponsored plans provide for ward care, some employers will:

- Exclude semi-private and private coverage
- Implement a waiting period for semi-private or private coverage (ranging from 3-5 days)

***Note:** This option is not available for all carriers.*

Medical Supplies

Each carrier will specify equipment and any maximum benefit levels for their particular program. The following list represents a sample of the most common coverage provided by the majority of Extended Health Plans:

- Diabetic supplies including insulin injection devices and test strips
- Blood glucose monitoring machines
- Blood pressure monitors
- Hearing aids, including batteries, tubing and ear molds provided at time of purchase
- Speech aids
- Custom made orthotics and custom fitted orthopedic shoes usually subject to a maximum amount
- Rental or purchase of wheelchairs, hospital beds, lung and oxygen equipment
- Respirator equipment for treatment of respiratory paralysis or equipment for the administration of oxygen (e.g. oxygen concentrators, apnea monitors) and the oxygen required for their use

Ambulance

Most plans will provide professional ground or air ambulance transportation to or from a hospital or the nearest location where treatment is available from a licensed specialist.

Out of Country Coverage

Many plans include medical coverage for emergency medical expenses incurred out of Canada, within a specified number of days while traveling. Coverage periods vary from 30 to 90 days. Maximum dollar amounts can be between \$1,000,000 and \$5,000,000.

Dispensing Fees

Every pharmaceutical company receives a dispensing fee from the insurance provider which covers the cost of pharmaceutical services.

The following memo provides an update of average dispensing fees in Alberta submitted by pharmacy chains for the period January 1, 2016 to December 31, 2016. Since many employers have implemented dispensing fee maximums, dispensing fees actually paid by benefit providers may be less than dispensing fees submitted.

Pharmacy Name	Average Prescription Fee
Calgary Co-op	\$12.30
Canada Safeway	\$12.09
Clinique Sante	\$15.81
Costco	\$4.39
Guardian	\$12.37
IDA Pharmacies	\$12.36
Lawton	\$11.91
Loblaws (Real Canadian Superstore)	\$10.10
London Drugs	\$12.27
Medicine Centre	\$14.74
Pharmasave	\$12.37
Rexall	\$12.39
Save-On-Foods	\$12.30
Shoppers Drug Mart	\$10.28
Sobeys	\$11.91
Walmart	\$11.70

Other Considerations

While important, dispensing fees are only one consideration in selecting a pharmacy. Other considerations include the active involvement and support by the pharmacist in counseling, generic substitution, therapeutic substitution, Drug Utilization Reviews, disease state management protocols, etc.

Note: *dispensing fees represent only about 25% of the total prescription drug cost. Ingredient cost controls (generics, formularies, DUR, DIN price adjudication) and annual drug maximums are also cost containment issues worth reviewing.*

CONCLUSION

In today's competitive workplace, a comprehensive benefits plan will help attract and retain the best employees.

Should there be other terms and conditions that you would like to address, we would be pleased to do so either in person or by email or phone. A good understanding of your benefit program will allow you to make your plan more effective and feel valued by your staff.

When you're ready to move forward, we will work closely with you to understand your business objectives and your employee needs. We'll then conduct market research and coordinate with national providers to find and implement the most comprehensive and cost effective employee benefits plan available for you.

CONTACT

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