

● Ontario Blue Cross

The ownership situation at OBC has changed – again. You may recall that, several years ago, Liberty International bought the old Ontario Blue Cross, from the OHA. They changed the name to Liberty Health and have been operating and growing it ever since. Then, the other Canadian Blue Cross organizations created a new Ontario Blue Cross, owned equally by all of them. This company essentially started with nothing but a well-known name, and has been building ever since. Now, it has been announced that Croix Bleu of Quebec has become the sole owner of Ontario Blue Cross.

● Allianz

It seems like about a year ago that this major European insurer started quoting long-term disability insurance plans in Canada. They were offering some very low rates compared to in-force contracts. The Ontario Teachers' Insurance Plan [OTIP] was a very large program that signed with them. It has recently emerged that Allianz is apparently withdrawing and not renewing contracts. No public announcements have been seen, but we are aware of some contract terminations.

● Seaboard

Seaboard Life, whose main offices were in Vancouver has been acquired by Industrial Alliance. Seaboard was well known for its special risk insurance products. They will apparently continue to be available, under Industrial Alliance poli4es.



4.2 Timely Reminders

Expenses and Taxes

You might want to remind your staff that they may be entitled to claim an income tax deduction for medical and/or dental expenses. The general rule is that they are entitled to claim for expenses which exceed 3% of their net income or \$1,614, whichever is the less. Eligible expenses include contributions to medical and dental premium, as well as payment for items not covered by the benefits plan. Orthodontic expenses could be an example, where the plan might pay 50%.

Have You Forgotten Anything?

Many employers conduct their annual salary review process for their staff at this time of year. This is a reminder that:

- All salary related benefits should be updated to reflect these changes, eg. Life, AD&D, Short or Long Term Disability and any Pension Plan or Group RRSP.
- All records at your Insurance Company or Plan Administrator should be amended as soon as possible to ensure that claims are paid correctly.
- Payroll deductions for contributory plans, including government benefits, should also be amended to reflect any salary related changes.

If your Group Insurance Plans are subject to any Non-Evidence limits (over which satisfactory evidence of insurability must be submitted) special attention should be paid to these requirements.

Also, if you have people on commissions, what compensation do you insure – base only, or base plus commission? If base plus, do you use

last year's commissions, or an average of 2 or 3 years? Do you normally recalculate based on T4's? Does your policy specifically provide for this? You may want to review your practices with your consultant, to ensure your policy is appropriate.

Dental Fee Guide Adjustments

The various provincial Dental Associations publish annual fee guides. These contribute to the rating of your dental plan, in conjunction with the utilization by your staff. Sometimes, the fee guide adjustments are not evenly distributed across all codes, so the overall adjustments may vary from the averages that the Association quote.

Here are the published adjustments:

Province	Average Increase over 1998	Effective Dates
British Columbia	2.48%	January
Alberta	No Fee Guide	Insurers pay according to the 1997 Guide, which was the last published
Saskatchewan	2.70%	January 1
Manitoba	3.67%	January 1
Ontario	3.30%	January 1
Quebec	2.49%	January 1
New Brunswick	4.00% for Diagnostic and Preventive Services 2.8% for Other Services	January 1
Nova Scotia	2.92%	January 1
Pr Edward Is.	2.00%	January 1
Newfoundland	3.00%	January 1
Northwest T.	Not Announced	April 1
Yukon	Not Announced	April 1

In This Issue

- 4.1 The Insurer Files
- 4.2 Timely Reminders
- 4.3 Product Developments
- 4.4 Legislative Update
- 4.5 Income Tax Treatment of Employee Benefits
- 4.6 Web World

4.3 Product Developments

Viagra Update

It ain't here yet! Expected since September, the latest word is that it will not be available until March at the earliest. This is due to the testing procedures at Health Canada.

In the meantime, we have started a box-score to record the positions of the insurers.

	Cover in Standard Plans	Cost to Cover	Notes
Canada Life	no	not stated	state product is not medically necessary
Great Western Life	no	4.0% to 5.5%	will cover at extra cost
Green Shield	no	5%	8 pills/mo \$1,200/yr
Liberty	no	not stated	
Manulife	yes	not stated	8 pills/mo \$1,000/yr
Maritime	yes	3.5% to 7.5%	24 pills/3 mos to \$500, \$1,000 or unlim./yr
Wawan-esa	no	4%	\$1,200/yr
GSMIP	no		federal civil servant's plan

Group RRSP Administration Fees are a Taxable Benefit

Revenue Canada has recently confirmed that fees paid by an employer under a Group RRSP are now considered a taxable benefit, under paragraph 6[1] [a] of the Income Tax Act. Your RRSP provider probably bills you annually for these fees. You should divide the fees by the number of participants, and add the amount to the new Box 40 on the participants' T4s. This is not written up in the Employer's guide. [For more information, contact the Tax Services office.](#)

4.4 Legislative Update



British Columbia

BC has announced the formation of a College of Occupational Therapists to regulate the practice. The board of the college will develop bylaws including standards of practice and a code of ethics. Once these are in place, practitioners will need to register with the college in order to use the title "Occupational Therapist". Registered Occupational Therapists are often covered in extended health care plans.

Depression as a Disability.

A recent BC Human Rights Tribunal ruling has set new standards for employers in that jurisdiction. An employee [Mager] went off work on a workers' compensation claim due to an injured back. She discussed alternative jobs with her employer, while off work, and at least once indicated that she wanted to quit. One month later, she was laid off due to a work shortage, and paid severance pay under the collective agreement. She asked if she could return to work, and the employer offered her call-in status, which she refused. She filed a human rights complaint. The Tribunal determined that she had a mental disability and that, even though it had never been discussed, the employer knew or should have known that she was in emotional distress and disabled from doing her job. She was awarded back pay and \$4,000 for the blow to her self-esteem and feelings.



Manitoba

A new regulation under the Health Services Insurance Act is intended to ensure equal access to insured surgical procedures performed at private clinics. The government no longer allows facility fees to be charged separately for surgeries insured by Manitoba Health. These had been allowed since 1985. Instead the government has increased funding via Manitoba Health.



Ontario

Liability for Disability Benefits.

As a result of a recent judicial review, an employee who disputes an insurer's decision must look to the courts, rather than the grievance process, for resolution. In 1996, in the Pilon case, the Ontario Court of Appeal stated that an employee should have grieved under the collective agreement an insurer's decision to deny benefits. In 1997, the same Court determined that an employer was liable under a collective agreement for the provision of benefits by an insurer, but not for the insurer's decisions. The Divisional Court has recently reviewed the situation, and have determined that an arbitrator has no jurisdiction beyond the parties to a collective agreement, ie insurers. Employees do not have recourse through the grievance process, to the decisions of insurers.

4.4 Legislative Update



Maritimes

Results of the 1998 high school Student Drug Use Survey in Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island have been released. Previous surveys were conducted in 1996 and 1991. Non-Medical use of drugs and alcohol by students aged 13 to 18 is shown in the table opposite.

Only 35% of students reported no use of any drugs.

Student Drug Use Survey Ages 13 to 18

	1998	1996
Alcohol	55.5%	52.1%
Tobacco	32.4%	32.9%
Cannabis	30.8%	29.0%
LSD	15.2%	11.2%
Stimulants	8.6%	9.3%
Cocaine	4.2%	4.8%
Heroin	1.8%	2.4%
Steroids	2.3%	2.8%

Virtually all Employee Assistance Plans [EAPs] provide addiction counselling, for both employees and dependents.

from damages for wrongful dismissal, the right to reasonable notice would be completely frustrated, because the employee could not have exercised it to search for employment while he was disabled.” The Supreme Court did clarify that its new ruling does not apply to employees who pay their own disability premiums.

The Supreme Court has also ruled that property-casualty insurers cannot set-off CPP disability benefits against awards for pain, suffering and loss of income. This could have significant impact on premiums for automobile, home and commercial insurances. The fundamental basis of the ruling is that statutory accident benefits are paid for loss of income, whereas CPP is paid in respect of disability irrespective of any loss of income. This principle could call into doubt the validity of insurers offsetting LTD payments by CPP awards, which would instantly translate to a 30% rise in LTD premium rates.



Quebec

Transsexualism & Discrimination. The Quebec Human Rights Tribunal has determined that discrimination based on sex includes discrimination based on transsexualism. A counsellor who began working with street kids as a man underwent sex change therapy, and the employer terminated him/her. The Tribunal ruled not only that the termination was discriminatory, but also that there was no merit to the claim that a “normal” sexual identity was a bona fide job requirement.



Federal

The Supreme Court of Canada has ruled that disability payments will be set-off against any notice income received from an employer, as a result of wrongful dismissal. In its ruling, the Court stated: “If disability benefits are paid in addition to damages for wrongful dismissal, the employee collecting disability receives more compensation than the employee who is working.” This is a major departure from well-established case law. In a 1986 decision, the Court stated: “If disability payments were deductible

Canada /Quebec
Pension Plans and
Employment
Insurance

QuickFacts Card

Enclosed with the
compliments of
Heath Benefits Consulting

Bene
Facts

4.5 Income Tax Treatment of Employee Benefits

	Costs Tax Deductible to Employer?	Employer Contributions Taxable to Employee?	Employee Contributions Eligible for Tax Deduction or Credit?	Benefits Taxable when Received?
Accidental Death and Dismemberment	Yes	No Yes - Quebec	No	No
Canada/Quebec Pension Plan	Yes	No	Yes	Yes
Deferred Profit-Sharing Plan	Yes	No	does not apply	Yes
Dental Plan	Yes	No Yes - Quebec	Yes	No
Employee Assistance Plans	Yes	No	No	No
Employment Insurance	Yes	No	Yes	Yes
Group Life Insurance	Yes	Yes	No	No
Long-term Disability Insurance	Yes	No	No	Yes [If Employer Contributes to Premium]
Private Health Services Plan	Yes	No Yes - Quebec	Yes	No
Provincial Health Plan	Yes	No Yes - Quebec	Yes	No
Registered Pension Plan	Yes	No	Yes	Yes
Registered Retirement Savings Plan	does not apply	does not apply	Yes	Yes
Retirement Compensation Arrangement	Yes	No	Yes	Yes
Workers' Compensation	Yes	No	does not apply	No

Heath
BENEFITS CONSULTING INC.
www.heath.ca

Vancouver Office
403-555 West 8th Avenue
Vancouver, British Columbia V5Z 1C6
Phone: (604) 877-0488
Fax: (604) 877-0325
Toll Free: 877-HEATH-BC
(877-432-8422)

Winnipeg Office
11 Wethersfield Road
Winnipeg, Manitoba R3P 2G8
Phone: (204) 487-1300
Fax: (204) 487-0055
Toll Free: 877-HEATH-WI
(877-432-8494)

Toronto Office
305-191 The West Mall
Toronto, Ontario M9C 5K8
Phone: (416) 620 - 0779
Fax: (416) 620 - 9416
Toll Free: 877-HEATH-TO
(877-432-8486)

Ottawa Office
1203-99 Metcalfe Street
Ottawa, Ontario K1P 6L7
Phone: (613) 238-4272
Fax: (613) 238-3714
Toll Free: 877-HEATH-OT
(877-432-8468)

For further information or reprints of any of the articles published in this issue, please call us at one of our offices listed above.

Benefacts is not an authoritative statement of law – it is issued for the general guidance of our clients.

4.6 Web World We apologize for errors in our last edition – our proof-reading eyes must have been glazed over with Christmas visions. We belatedly discovered that three of the email addresses were wrong. Here are the corrections:

Address #5 should be
<http://www2.retben.State.ak.us/Secure/MemberLogonSecure.asp>
Address#6 should be
<http://www-hr.ucsd.edu/~benefits/survey.html>
Address #7 for Ontario should be
<http://www.gov.on.ca/heath/>

This time, you might want to check out <http://www.assureville.com>. It is the very new web sight of Assure Health Inc., the country's largest electronic transaction card provider. The site contains a great deal of interesting information, including a good article on the impact of Y2K on pharmacists and dentists.