

## COST SHARING

### The benefits of employees sharing in benefit costs

When viewed as a tool in attracting and retaining high quality employees, benefit programs are an important component of an employee's total compensation. Benefit costs typically average between 12% and 15% of payroll, not including government benefits, while providing additional tax advantage for employees. Employees place a high value on such benefits as they provide coverage that would not otherwise be affordable or available on an individual basis.

The annual rise in the costs of benefit plans over the last number of years has caused employers to look for creative ways to offset these increases while continuing to offer benefits to employees. Typically this includes solutions such as implementing plan design changes (lower coverage levels, higher deductibles, limits, maximums, etc.), or changing the cost sharing arrangements - to share the cost of the benefit plan premiums with the employees.

### What are the advantages to sharing the cost with employees?

There are several impacts to having employees pay a portion of their benefit plan's premiums:

- Greater employee appreciation for the value of the benefit program;
- Higher engagement in plan details, which creates better understanding of plan coverage, more effective plan usage and healthier employees. For example, Mary has physiotherapy coverage under her plan. And rather than suffering through the pain that she has in her back from a previous injury and calling in sick often, she can get the medical attention she needs to get her back feeling better and being more comfortable at her work.
- With many employees also having access to a spouse's benefit program, they give more consideration to the benefits and costs of having duplicate coverage. Does the amount of reimbursement they receive by having two extended health (EHC) and/or dental plans outweigh the cost of employee-paid premiums?

### 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.**



## Waiving Coverage

Employees who have alternative coverage through a spouse's plan can waive EHC and dental coverage. This will save money for both the employee and the employer. However, employees tend not to opt out of coverage in case the spouse's plan does not cover something that is currently covered under their employer's plan.

One option that employers could offer employees to encourage them to review the necessity of duplicate EHC or dental coverage is:

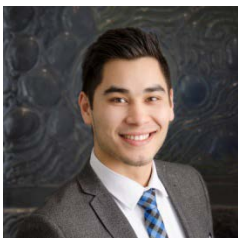
- ☛ Allocate funds to a health spending account (HSA) for those who opt out of EHC or dental coverage.

This helps define (fix) the cost of the employer contribution. As well, it can assist in covering a cost not be covered under the either plan.

Some employers offer only the HSA as coverage for employees. Although this does help manage employer costs, there is limited coverage (annual HSA allocation) for employees. And should an employee have a chronic condition (a high claimant) this coverage would not be sufficient.

## Some new faces of the Johnstone's Benefits team

**Marcus Acaster** joined us in April 2018 as a Client Account Manager, with a background as a group benefits advisor and financial planner, at Freedom 55.



Marcus is responsible for the overall management of his block of clients as well as business development. This can be a very broad spectrum, but one key item is that he annually negotiates the

benefit renewal rates with the insurers on behalf of his clients. Marcus is the one to speak to if you have any plan design changes that you have been thinking about.

Marcus can be reached directly at 604-982-1655 or by email at [marcus.acaster@jbenefits.com](mailto:marcus.acaster@jbenefits.com). Feel free to contact him to discuss more about cost sharing.

**Mandy O'Brien** is another new member of the team, joining us in March 2018 as a Benefits Specialist in the Administration department.



Mandy has several years of experience in the Human Resources (HR) and benefits field. She most recently came from the City of Burnaby where she honed her HR

system skills.

Focused on clients and administration services, Mandy assists clients and employees with enquiries about their coverage, facilitates difficult claims, including life insurance and disability claims. She also ensures the effectiveness of administration processes, and manages the production of employee communication material such as employee booklets and benefit summaries for many Johnstone's Benefits clients.

Mandy can be reached directly at 604 982 1670 or by email [mandy.obrien@jbenefits.com](mailto:mandy.obrien@jbenefits.com).

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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.

