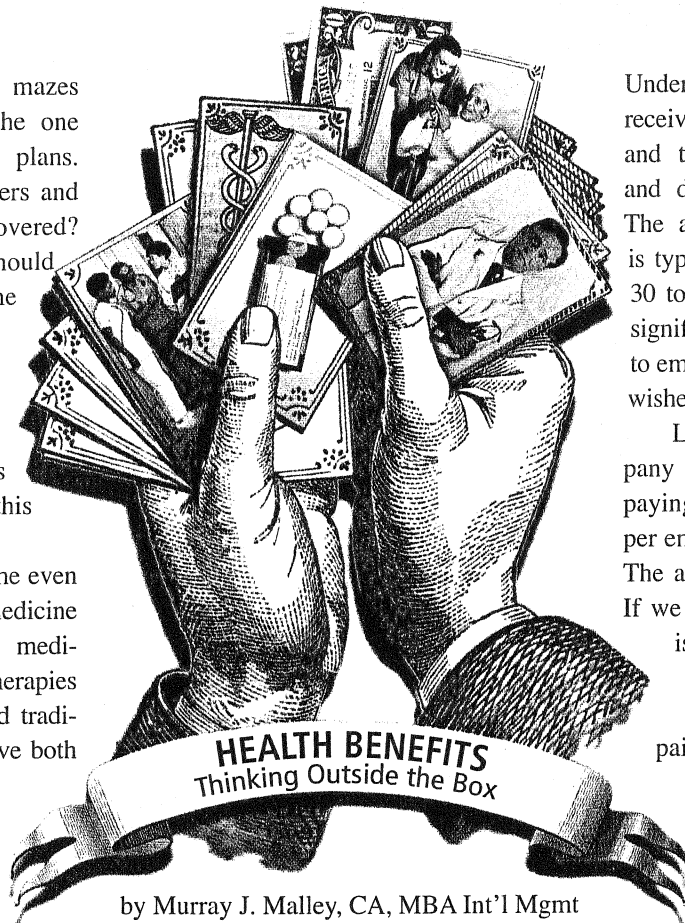


One of the most frustrating mazes to work through these days is the one concerning group health benefit plans. It is a nightmare for both employers and employees equally. What is covered? What should be covered? Who should decide? It has become one of the biggest hurdles to overcome during negotiations or when hiring. Small companies are having a more difficult time finding coverage and, with a work force that includes more and more part time workers, this hurdle is quickly becoming a wall.

The questions and issues become even more confusing with today's medicine including both traditional western medicine and the myriad of alternative therapies available. It is time to look beyond traditional medical coverage plans to give both employers and employees increased flexibility. Most employers now have a multi-cultural employee group, all with differing medical needs. Many of these cultures prefer eastern-based medical care and are frustrated with the North American "western" style of medicine. The traditional group, provincial medical and dental plans offer coverage that is designed for western medicine and has not evolved to cover many of the eastern medicines. Even some medical treatments and prescriptions that are known to provide benefits aside from the ones for which they were developed are not covered if not used for the original condition.

Most traditional health care benefit plans have high premiums which are paid by employees and employers for restricted coverage. For example, a premium is paid before any services are made available. Often the insurance covers only partial payment of goods and services, and applies conditions and limitations on others. This leaves the employees paying their medical bills with after-tax dollars if their needs fall outside the restrictive specified conditions of the plan. A prime example of this is orthodontic work. Many plans cover 50% with a lifetime cap of \$2,500. The employee is then left facing paying the balance with after-tax dollars.



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Furthermore, the premiums paid are significantly higher than that which the company's employees actually receive in health care reimbursements. This is because insurance providers tack on between 30 to 60 % in administration fees above the average payouts of medical and dental coverage. All in all, it is no wonder that one of the biggest frustrations between companies and their employees is the nature of their health benefit plans, with employers overwhelmed by the cost and employees frustrated by the actual coverage. Employers and/or insurance providers often deny part-time workers coverage, while small companies may have trouble even finding a group plan due to the small number of employees they have.

Now, let's consider an alternative, a Private Health Services Plan. This is a plan under which the business owner enters into a trust agreement with a private health services trust provider. The trust agreement sets out the parameters of the health plan that the employer wishes his employees to have. The employer is not bound by the parameters of traditional group plans.

Under these flexible plans, the employer receives a fully deductible business expense, and the employee receives the medical and dental coverage that he/she wishes. The administrative cost to the employer is typically 10% of claims rather than the 30 to 60% of traditional plans. This is a significant cost saving or an added benefit to employees depending how the employer wishes to allocate his resources.

Let us look at an example of a company with twenty employees which is paying approximately \$200 per month, per employee for group medical coverage. The annual premium is \$48,000 per year. If we assume that there is a 40% administration fee, then \$19,200 is being paid to administer the plan. This leaves only \$28,800 that is being paid back to the employees. This is not an efficient use of the employer's financial resources. In addition, employees are unhappy with the provided coverage. This creates a negative situation for both sides.

With the use of a private health trust, that same payout figure of \$28,800 would cost the employer \$31,680, giving the employer \$16,320 of additional resources to reallocate for use within the company.

The benefits of such a plan cannot be calculated simply in a monetary way, although these savings are significant in most cases. Imagine this plan being available to every business regardless of size. On top of that, it allows the company to offer a health plan tailor made for it, with the flexibility of catering to individual employees. This is an exciting concept as it allows for a culturally diverse workforce. Those wishing to use their plan for eastern-style medical services, such as acupuncture or other alternatives to traditional western medicine, can now do so.

A plan such as this also allows people to be proactive in their own health care, rather than simply reactive. For example, a therapeutic massage can be used to help control a person's stress level. Stress can have a direct, negative effect on health. This means less strain on an already strained

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medical system and less down time at work. Another excellent example is in the treatment of migraine headaches. Many people now have Botox injections to provide relief for their headaches. Unfortunately, although it is recognized by the medical field, traditional benefit plans consider it to be a cosmetic procedure and will not cover it even with a letter from a physician. The use of herbs and vitamins for various medical conditions is widely recognized by the medical community and yet is not covered, even if it is prescribed by a doctor. A private health trust will cover these examples and many more. What this does is give back to employees by giving them a sense of control and responsibility for their own health. People need to do what they feel is right for their own health without worrying about the cost to themselves should the procedure not be covered. A good sense of wellbeing is transferred into the work place, providing people with a positive atmosphere, which in turn leads to fewer sick days and staff turn over.

One drawback of this concept is that, while it offers excellent coverage within the parameters each company sets up, it does lack the ability to deal with catastrophic and long-term health problems of an employee. Each company must come up with a way to provide coverage for this eventuality. Once someone has used the annual allotment of medical coverage, what happens? What if someone has an accident requiring extra, long-term care? Here, companies must think outside the box and look at other available and appropriate plans to provide for this extra coverage. Instead of thinking in terms of one plan covering everything, it is often more cost-efficient and productive to combine several plans. There are alternatives; the concept just requires a different mind set.

The positive outcomes of such a strategy will filter throughout an organization making it stronger and ultimately more successful. A business is built on people, and without satisfied people, a business struggles. Better health care coverage is an issue that has a huge impact on the people within an organization. A small, innovative concept such as a private health trust can lead to bigger and better innovations. It is definitely something to think about. ■