



enVia Health Spending Account

Traditional Insurance

1. Employer controls costs. Employer determines contribution amount for each employee and only adjusts when affordable.	1. Insurer controls costs. Premium rates set by insurer based on plan design, group size and group demographics.
2. eHSA is offered under an "individual" rather than group contract basis. 8% PST applicable to a group program is avoided.	2. Group contract attracts 8% PST.
3. There is no minimum participation requirement ; the eHSA can be implemented as part of an individual employee's overall compensation package.	3. Groups of less than 10 require 100% participation and that employer pays 50% of cost. Groups of 10+ require 85% participation. Groups of 25+ require 75% generally.
4. Future employer eHSA costs not impacted by health and dental claims experience.	4. Rates adjusted annually to reflect group's claims experience as well as "inflation & trend" – often 15% + per annum. Thus, costs double in 5 years!
5. Internal equity - all employees are usually treated equally in terms of employer contributions regardless of marital status.	5. Employer pays higher premium rates for employees with dependents. Single employees perceive that they subsidize those with families.
6. Employees are required to become directly involved in the management of their health and dental expenses and the timing of expenditures.	6. Employees not concerned about managing claims - they're not aware of true cost to employer and use plan to maximums available.
7. Unused eHSA balances are carried forward to next Plan Year. At the end of the second year any unused balances from first year forfeited to contributing employer.	7. No return of unused premiums to small employer groups regardless of claims experience – premium rates may be adjusted downwards, but inflation and trend factors normally offset any possibility of reduction.
8. Catastrophic Insurance automatically included to cover non-elective drug, hospital or nursing expenses over those covered by the eHSA, after a deductible of \$2,500 / person / Policy Year.	8. No catastrophic protection – plan maximums often based on group size. One year's adverse drug claims experience can impact on future premium rates for several years.
9. No health evidence required in order to be covered; no pre-existing condition limitations	9. Groups of 5 or less must submit health evidence for approval before coverage granted and there are often pre-existing condition limitations.
10. No deductibles, no co-insurance – 100% reimbursement - benefits are limited only by employer contribution amount.	10. Small group plans often have deductibles and co-insurance factors applied to each claim.
11. Employee and employer can enter into a " compensation adjustment agreement " to increase employer contribution to eHSA to cover high medical costs for "special needs child" or dental costs for Orthodontia at 100% reimbursement.	11. Traditional plans do not have this flexibility except perhaps for executives where "cost plus" may be utilized.
12. Administration expenses much lower than traditional small group or individual plans. After all Administration expenses, 82% to 94% of employer contribution available to pay claims , dependent on amount of annual eHSA contribution.	12. After Administration expenses typically only 55% to 65% of premium available to pay claims , plus 8% PST (Ontario) applies on top.

MACLAGAN INC.

19 Peony Street, Markham, Ontario L6B 1K9
 905-554-0875 phone | 905-294-2235 fax | 416-453-9430 cell
 esmaclagan@rogers.com | www.maclagan.ca

