

Welcome to The Guardian. This newsletter is designed to inform you of current topics and trends relevant to your employee benefit plan. Please share this newsletter with others in your company (owner, benefits administrator, human resources managers, etc.). For additional copies, please contact the MDM Administration Department at 1-800-838-1531.

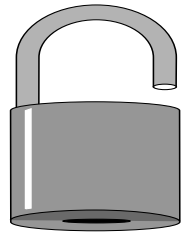
Preparing for Privacy Legislation

As reported previously in *The Guardian*, federal privacy legislation known as the *Personal Information Protection and Electronic Documents Act* (PIPEDA) comes into effect for insurance companies on January 1, 2004. To ensure compliance with the legislation, MDM Insurance Services Inc. (MDM) is reviewing business practices.

Under PIPEDA, organizations must obtain a person's consent when they collect, use or disclose that individual's personal information. As we review our processes to ensure compliance with PIPEDA, you can expect to see:

- A Privacy Statement added to employee booklets
- Forms updated to include a more detailed consent from the individual providing personal information

Plan members are required to sign the consent, giving us permission to gather and use their personal information *for the purpose it is intended*, and to share it with other authorized parties when required.



Employee benefit booklets will include the MDM Privacy Statement which gives plan members information about our Privacy Policy.

We will be revising forms throughout the year. Revised forms may be obtained through the following means:

- Phone a request to 1-800-838-1531
- Fax a request to 1-519-836-4909

Understanding Coordination of Benefits

Rising costs associated with health and dental benefits concern everyone. But a simple process - Coordination of Benefits (COB) - can help your members recoup up to 100% of their eligible expenses while saving your plan money.

A member with coverage under your plan may be a covered dependent with a spouse's plan. If your member is not aware of COB, he/she might just submit claims to the 'better' of the two plans hoping to have more of his/her expenses reimbursed.

Industry-wide guidelines developed by the Canadian Life and Health Insurance Association (CLHIA) establish a consistent handling process for all insurance companies to follow when processing health and dental claims.

Plan members need to understand these guidelines so they know how to submit personal and spousal claims to all carriers.

The CLHIA guidelines outline which insurance company pays first when both parents have coverage for their eligible dependent children. The parent whose date of birth falls earlier in the calendar year submits claims to his or her insurance company first.

In all cases where benefits are being coordinated, plans will apply any deductibles, maximums or coverage limitations in accordance with the policy before any payments are issued for claims.

If the claim is approved, payment will be issued from that parent's plan. If the 'birthday rule' results in a stalemate, then an 'alphabetical rule' (the parent whose first name begins with a letter occurring earlier in the alphabet) is applied.

A sample information sheet detailing different COB scenarios is attached to this edition of *The Guardian*.

Regardless of which method is used to share information, when members take advantage of COB, they are undertaking a cost savings strategy for your plan as well as ensuring expenses are shared between all insurance companies involved.

Thinking of a Pay Direct Card?

Have you considered implementing a pay direct card system? Over the past few years there has been a significant shift away from manual claims submission to a full electronic solution. The benefits to the employer and employee are considerable.

- **Improved Health Care** - use of D.U.R. (Drug Utilization Review) advances quality of care by identifying potential harmful drug to drug interactions, pharmacy hopping, double doctoring and non-compliance of prescribed medications.
- **Customization of Formularies** - allows employers to design plans that meet their specific needs
- **Convenience** - enables employees to know up front what portion they are required to pay. Eliminates mailing time associated with reimbursement claims.
- **Cost Effective** - unique cost containment features help reduce the cost of your drug benefit plan.
- **Coordination of Benefits** - If both your employee and their spouse have pay direct cards, often the pharmacist can coordinate payment for claims right at the pharmacy.

For more details on the Pay Direct card, please contact your group benefits advisor.



Currently using a Pay Direct Card?

Even with a Pay Direct Card, some plan members submit paper claim forms instead of using electronic claims submission. Sometimes the advantages to using the Pay Direct Card are not clear.

The electronic submission feature of the MDM Guard Card drug benefit program offers advantages to the plan member. Some plan members might not realize the conveniences and services offered by use of the Guard Card including improved health care through use of DUR (drug utilization review).

Some members have reported problems when using their card at the pharmacy. If the pharmacy is encountering difficulties submitting claims electronically, plan members can ask their pharmacist to call MDM Insurance Services Inc. directly, toll-free Monday to Friday 8:00 a.m. to 4:30 p.m. EST. Our pharmacy technicians can usually resolve problems on the spot, while the plan member is still at the pharmacy.

If a plan member and their spouse both have Pay Direct cards, the pharmacist can coordinate payment for their claims right at the pharmacy. Educating members about the Guard Card and encouraging the use of the Pay Direct card is key to card use.

Coordination of Benefits (COB) - How Does it Work?

As a group benefits plan member, you may have health and dental coverage with MDM Insurance Services Inc. However, you may also be covered for health and dental benefits as a dependent with your spouse's insurance plan. The two plans may have slightly different levels of coverage, and provide different service options.

If you don't know about Coordination of Benefits (COB), you and your spouse might choose to submit a claim to the plan that appears to provide the best coverage, or use the plan with a convenient service such as a drug card.

Informing MDM about your spouse's coverage and coordinating your family benefits can help you recover up to 100% of your expenses. Your spouse should share the details of your coverage with his or her plan too - preferably before a claim is submitted. With this information available, the insurers can share the expense by coordinating the coverage available from each benefit plan.

In all cases where benefits are being coordinated, plans will apply any deductibles, maximums or coverage limitations in accordance with the policy before any claim payments are issued.

Industry-wide guidelines established by the Canadian Life and Health Insurance Association (CLHIA) allow for consistent handling of health and dental care claims for all insurance companies, plans and plan members.

It is becoming more and more common to have to disclose information about other coverage upon completion of enrolment forms, or when you first apply for benefits. When you take advantage of COB, you make the most of coverage available through your benefit plan.

Some Guidelines for Claims Submission

Claims for you and your spouse

For COB to work properly, you need to understand to which insurance company you should first submit claims for you and your spouse.

If the claim is for....	And...	Then claims should be submitted....	
		First to....	Then sent the first plan's claim statements and photocopies of receipts to....
You	You are covered as a dependent with your spouse's plan	Your plan with MDM	Your spouse's plan with the other insurance company
Your spouse	Your spouse is covered as an eligible dependent under your MDM plan	Your spouse's plan with the other insurance company	Your plan with MDM

Claims for eligible dependent children

COB guidelines also determine which insurance company should pay first when parents have coverage under their respective plans for their eligible children. The 'birthday rule' uses....

If the claim is for....	And...	Then claims should be submitted....	
		First to....	Then sent the first plan's claim statements and photocopies of receipts to....
A dependent child	Your month and day of birth falls earlier in the year	Your plan with MDM	Your spouse's plan with the other Insurance company
A dependent child	Your spouse's month and day of birth falls earlier in the year	Your spouse's plan with the other Insurance company	Your plan with MDM

Plans with Pay Direct Cards

If you and your spouse both have pay direct cards, your pharmacist can coordinate payment for your claims right at the pharmacy.

If the claim is for....	And....	Then your pharmacist may electronically submit claims....	
		First to....	And then submit any unpaid balance to....
You	You are covered as a dependent with your spouse's plan	Your plan with MDM	Your spouse's plan with the other Insurance company
Your Spouse	Your spouse is covered as an eligible dependent under you plan with MDM	Your spouse's plan with the other Insurance company	Your plan with MDM
A dependent child	Your month and day of birth falls earlier in the year	Your plan with MDM	Your spouse's plan with the other Insurance company
A dependent child	Your spouse's month and day of birth falls earlier in the year	Your spouse's plan with the other Insurance company	Your plan with MDM

The above scenarios do not cover all possible arrangements. For further information regarding COB, contact your Plan Administrator.