

Health

Dental

Disability

Life

Preferred Care

enVia

BENEFITS OVERVIEW

Real-world, needs-related Health, Dental and other Benefits for Contract Staff



Design Group
Staffing Inc



Presented by:



MACLAGAN INC.

&

Selected Insurers/Service Providers

March 2011



enVia
BENEFITS PROGRAM

A Comprehensive Benefits Program to Improve the Bottom Line!

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Introduction:

Maclagan Inc. is pleased to make available the comprehensive “enVia Benefits Program”, designed to provide greater flexibility for all participants than a traditional group benefits program. It is an “individual” Program that has been designed to meet personal needs for income protection in the event of a disability or serious illness, health and dental benefits, and survivor protection.

The enVia Benefits Program encompasses:

- **The enVia Health Spending Account (eHSA)** – a cost controlled “defined contribution” approach to the provision of health and dental benefits including \$25,000 of “Catastrophic” Insurance protection per year in the event of a serious illness or disease. This program works best for an incorporated contractors, but can be used by others as well. It opens up a whole new world of claimable expenses with no deductible, 100% reimbursement and significant tax advantages.
- **Two fully-insured traditional individual Health & Dental Programs** for contractors to choose from. Offering 80% reimbursement with or without Dental coverage, the two plans provide the coverage people need and want, including Drugs, Paramedicals, Hospital, Vision and much more. Guaranteed Issue - these Programs do not require any health evidence. Instead, there is a 24 month waiting period before prescription drugs for pre-existing chronic conditions are covered. Applicants complete a Chronic Conditions Form at time of enrolment so that the insurer knows when these drugs will become eligible for reimbursement.
- **Optional Insurance Protection** - available to all participants on an individual basis to complete their financial security protection, including:
 - **Limited Pay Life Insurance:** Units of \$25,000 or \$50,000
 - **Accidental Death & Dismemberment Insurance:** Units of \$50,000 to \$500,000.
 - **Disability Income Protection:** Benefit of 66.67% of weekly earnings up to a maximum of \$1,500 per week (\$6,500 per month) after a 30 day waiting period for a maximum of 104 weeks. Benefits are **not reduced** by any benefits from E.I. or C/QPP, but are fully offset by WCB/WSIB. If permanently disabled after 25 months a tax-free lump sum of up to \$500,000 is paid.
 - **XN Global® Preferred Care Insurance Program:** A critical condition recovery program that provides a second diagnosis and pays up to \$2M USD for treatment at a top US Hospital for Cancer and Heart related conditions.
 - **Travel Insurance:** \$5M of protection for trips of up to 30 days duration may be added to the eHSA Program.

Additional programs and services will be developed and introduced over time in response to stated needs. Our objective is to provide needs-related products and services utilizing online processes to the maximum extent possible via the Program web site at: www.envia.ca/dgstaffing

In the following pages each of the components of the overall Program are described in brief detail. Additional information is available upon request to:



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Three Health & Dental Programs to choose from:

Contractors now have access to three alternative individual health & dental insurance benefits under the enVia Benefits Program.

1. enVia Health Spending Account Program:

The enVIA Health Spending Account (eHSA) is a “private health services plan” available to individuals as defined under the Income Tax Act’s Interpretation Bulletin IT-339R2. It is not “insurance”, rather a tax effective method of covering health and dental expenses on an affordable basis. It enables contractors including incorporated self-employed individuals to secure medical and dental benefits in a more cost controlled manner than is possible under a traditional group insurance program.

It is a “defined contribution approach” under which the “employer”, (including the self-employed) decides how much can be afforded initially and on an ongoing basis. There is no annual increase in contribution or cost as there is under a traditional program where insurers utilize arbitrary “inflation and trend” factors to justify their compounding premium rate increases at each renewal.

The enVia Health Spending Account (eHSA) provides participants with greater flexibility than is available under any traditional individual or group health and dental program. Under this approach the contractor determines the amount of contributions to be made per year (via monthly contributions). The net funds contributed (after the administration fee and Mandatory Catastrophic Insurance premium) are then used to pay for any eligible medical or dental expense as per Section 118.2 (2) of the Income Tax Act and Interpretation Bulletin IT-519R2. The eHSA normally operates on a “Policy Year” basis (i.e. 12 months from the effective date). It can also operate on a calendar year basis if desired. Prior to the start of each policy year the contractor determines how much to contribute for the following policy year.

Unused contributions from the first plan year are not lost – they carry forward to the second plan year, and any portion of the carry forward amount not used by the end of that plan year are forfeited back to the contributing contractor’s incorporated company. The forfeited contributions cannot be returned directly to “sole proprietors” per Revenue Canada’s rules.

Contributions allocated to the eHSA are not treated as a taxable benefit by CRA as they are considered employer contributions to a PHSP (a “private health services plan” as defined in IT-339R2). Benefits received from the eHSA are not considered taxable income in the hands of employees, (except in the Province of Quebec). As the contractor’s contribution is fixed on an annual basis there is the “risk” that some claims will not be paid due to the claims exceeding the amount available in the eHSA. This is the element of “risk” or insurance CCRA requires per IT-339R2. Sample monthly costs are illustrated in the chart below.

Net Annual Amount Contributed to Contractor’s eHSA	Administration Fee (including Taxes, GST on Fees)	Monthly Catastrophic Insurance Premium (Mandatory)	Total Monthly Cost
\$1,000 (\$83.33/month)	\$16.67/month (20%)	\$12.00 Single \$24.00 Couple \$30.00 Family	\$112.00 Single \$124.00 Couple \$130.00 Family
\$1,500 (\$125.00/month)	\$25.00/month (20%)	As above	\$162.00 Single \$174.00 Couple \$180.00 Family
\$2,000 (\$166.67/month)	\$33.33/month (20%)	As above	\$212.00 Single \$224.00 Couple \$230.00 Family
\$3,000 (\$250.00/month)	\$50.00/month (20%)	As above	\$312.00 Single \$324.00 Couple \$330.00 Family
\$5,000 (\$416.67/month)	\$83.33/month (20%)	As above	\$512.00 Single \$524.00 Couple \$530.00 Family
\$6,000 (\$500.00/month)	\$100.00/month (20%)	As above	\$612.00 Single \$624.00 Couple \$630.00 Family
\$7,200 (\$600.00/month)	\$72.00/month (12%)	As above	\$684.00 Single \$696.00 Couple \$702.00 Family
\$10,000 (\$833.33/month)	\$100.00/month (12%)	As above	\$945.33 Single \$957.33 Couple \$963.33 Family

Catastrophic Insurance Protection – Automatically Included with eHSA:

To provide true insurance protection above the amount contributed to the enVia Health Spending Account, special **“Catastrophic Insurance”** is automatically included. The “Catastrophic Insurance” is intended to provide an **“umbrella of protection”** in the event of unexpected medical expenses incurred as the result of a sudden serious illness or disease. The Lloyd’s of London Policy contains a 24 month waiting period for coverage of any pre-existing chronic conditions that the individual was receiving treatment for or taking prescribed medications in the 90 day period immediately preceding the individual’s effective date of coverage.



No health statement is required in order to be covered by the Catastrophic Insurance.

The Catastrophic protection (\$25,000 annually / \$1 million lifetime) will cover claims for eligible Drugs requiring a written prescription, Hospital or Private Duty Nursing (out of hospital) expenses in excess of a deductible of \$2,500 per person per policy year. The Catastrophic coverage will reimburse eligible expenses at 100% after the deductible has been satisfied through eligible claims against the eHSA or out-of-pocket in the event that the eHSA has been fully utilized.

There is a 24 month waiting period for coverage of pre-existing chronic conditions. The Catastrophic coverage will not cover any dental expenses or elective medical expenses even though they are an eligible claim against a Health Spending Account.

A graphic illustration of the “Key Concepts” of the ehSA and the Catastrophic Insurance is attached to this OVERVIEW to assist in your understanding of how the Program works.



2. Traditional Individual Health & Dental Insurance coverage:

You have the option of two alternative Health and Dental Programs as briefly described below. Descriptive flyers and application forms which contain the monthly premium rates are available online at: www.envia.ca/dgstaffing

The enVia Individual Insured Plan: It is a fully insured individual program underwritten by Lloyd’s of London providing 80% reimbursement up to the benefit maximums. Guaranteed Issue - it does not require any health evidence to be submitted for approval prior to the commencement of coverage. Instead, applicants complete a “Confidential Pre-existing Chronic Conditions Form” for the underwriter listing any medications being taken. These would be covered after 24 months participation in the Program. Under many competing individual health plans pre-existing health conditions are excluded forever, or heavily surcharged. The Program includes an Esource Pay-Direct Card for drug and dental claims.

The enVia VALUE Plan: The Value Program provides 80% reimbursement up to plan maximums that are slightly lower than the Insured Program. It also does not require health evidence and utilizes the same 24 month waiting period for the coverage of drugs for pre-existing chronic conditions. It was designed as a cost effective program for lower paid workers, and includes an Esource Pay-Direct Card for drug & dental claims.

Premium rates for both of the above Plans are valid until May 1, 2011, and will be adjusted by the Lloyd’s underwriter based on the claims experience of the overall enVia participants and inflation and trend factors reflecting the increase in the cost of healthcare services. Premium rates for all participants will change on the common policy anniversary date of May 1st each year.

For those contractors seeking a cost-controlled approach to the provision of health and dental benefits, they may wish to consider the enVia Health Spending Account Program (eHSA) described above.

Optional Insurance Programs

The enVia Program also offers a number of Optional Insurance Benefits designed to provide comprehensive financial security protection for Program participants and their eligible dependents. Certain coverage may require completion of a Personal Health Declaration or Health Statement for approval by the insurer before coverage can become effective.

The following Benefits are available to all participants:

1. Disability / Income Protection Program (Lloyd's of London)

The **enVia Income Protection Program** is designed to provide a unique combination of monthly income benefits and tax-free lump sum payments **in the event of a serious injury or critical illness and the applicant is unable to work - temporarily or permanently!** The benefits may be purchased separately, but for total, comprehensive income protection we recommend the complete package of protection be purchased together. The Benefits include:

- A **Weekly Disability Income Benefit** of 66.67% of weekly earnings, subject to a maximum of \$1,500 per week for 104 weeks following a 30 day elimination period. Benefits payable are not reduced by any benefits payable by E.I. or C/QPP, but are not payable in the event of a WCB claim; **PLUS**
- A **Permanent & Total Disability lump sum benefit** of up to **5 times gross annual earnings**, subject to a maximum of \$500,000 tax-free after a 25 month waiting period;

A Personal Health Declaration must be approved by the insurer before coverage commences. Premium rates are based on the applicant's Occupational Class as shown in the application form.

2. Optional Accidental Death & Dismemberment Insurance (AD&D): (Lloyd's of London)

Participants can purchase Optional AD&D coverage in units of \$50,000 to a maximum of \$500,000 without any health evidence. It provides coverage 24 hours a day, 365 days per year. Premium rates are based on the Occupational Class that the applicant belongs to.

3. Optional Limited Pay Life Insurance: (Desjardins Financial Security)

Applicants may purchase Optional Limited Pay Life Insurance (20 years) for themselves and/or their spouse in units of \$25,000 or \$50,000, subject to approval of an application by the Insurer. Coverage continues for life and provides post-retirement protection with Cash Values.

4. XN Global® Preferred Care Program: (Lloyd's of London)

The XN Global® Preferred Care Program is designed to maximize the chance of a full and fast recovery in the event of a critical illness and to remove obstacles to best practice that plague the typical Canadian Medicare process. It does not just provide funds and then leave the individual to his own devices, but rather takes charge of the case and manages the process to ensure prompt and correct treatment and then pays the costs! The Program includes:

- Diagnosis verification
- Logistical services
- Identification of Treatment Options for shared decision making
- Referral to the best medical team
- Personal Care Manager – coordination; guidance; advocacy
- Quality control of entire process
- Best Practice policy

The Program covers the critical illness treatments that are most likely to be needed:

- Cancer
- Heart surgery for coronary by-pass, valve replacement or repair
- Intervention to open narrowed coronary arteries
- Neurosurgery for tumours or vascular repair
- Major vascular surgery, major organ transplants

The Program is about active management and planning to assist recovery through “The Proactive Recovery Process™” and provides 100% reimbursement in treatment in the best US hospitals up to a maximum of \$2 million USD annual limit. It is underwritten by Lloyd’s of London and is designed to complement rather than overlap with your provincial healthcare and private medical insurance; any treatment undertaken or costs incurred in the patient’s home country are not supported by the Program.

Coverage is available from 1 year of age to age 75 and renewal can be granted to age 99. No medical exam is required. Coverage is worldwide except residents of USA, US Virgin Islands and Puerto Rico. Treatment of pre-existing conditions is excluded. Application is made online via www.maclagan.ca and premiums are paid in USD via credit card.

5. Optional Travel Insurance Coverage (Optional with eHSA Program)

The **ETFSViator Travel Insurance** coverage (which can be implemented in conjunction with the eHSA or the Deductible Program) provides \$5M of protection for trips of up to 30 days duration. There is a pre-existing condition limitation outlined in the booklets detailing the coverage.

Program Administration

E **orsor Corporation** based in Toronto, Ontario administers the Individual enVia Benefits Program in terms of record keeping, preparation of monthly invoices and premium collection. A separate Invoice will be sent electronically on the 23rd of the month for the following month’s coverage. Applications received after the cutoff date of the 20th of each month will be reflected in the following month’s invoice with the applicable back charges to the individual’s effective date.

For those applying for the Optional Disability or Life Benefits which require approval of a **Personal Health Declaration** by the insurer, their coverage will commence on the 1st of the month coincident with, or next following date of approval. Premiums will only be invoiced for full months of coverage.

Eorsor Corporation also administers the Health Spending Account Program, and pays claims under the eHSA Program. A pay-direct card is issued to be utilized at the pharmacy or dentist to draw funds from the individual’s account. If there are insufficient funds in the account the individual will pay the difference in cash or via credit card and will be reimbursed by Eorsor as future contributions are received.

Eorsor also provides a pay-direct card for the enVia Individual Insured Program and enVia Value Plan, but all other medical or dental claims are paid by **Norfolk Mobility Benefits, Calgary**.

Program Implementation

Participating Contractors will be invoiced separately by Eorsor to ensure that they remain at “arm’s length” from the employer and retain their “independent” status in the eyes of Canada Revenue Agency.

Application forms and Personal Health Declarations (where required for Optional coverage) are distributed to eligible contractors electronically for completion or they may complete them online, print, sign and mail, scan or fax them to Maclagan Inc. for processing and transmittal to the Administrator.

Booklets and Claim Forms for the Program and coverage selected will be distributed electronically to the participant’s personal email indicated on the completed application form.

Conclusion

The foregoing is intended to provide a brief overview of the enVia Benefits Program and all of its components now available to Design Group Staffing Contractors. It is competitive with all individual programs in the marketplace. Each benefit is governed by the Policy documents issued by the respective insurers, or by the Income Act of Canada and related Regulations.

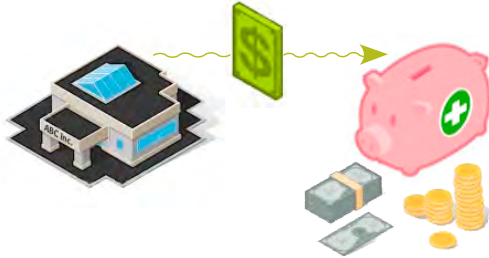
For additional information visit: www.envia.ca/dgstaffing or contact: info@maclagan.ca

For most people, the enVia Benefits Program represents a new way of covering your Health & Dental Expenses. Please review the following key points to learn how this program is different from a traditional group insurance plan. We're happy to answer any additional questions you may have - please contact us as indicated below if you need more information!

A How the enVia Health Spending Account (eHSA) works:

1 First, the Employer (or you, if self-employed or owner) determines an annual contribution amount per employee ranging from \$1,000 to \$50,000 or more.

2 Next, monthly employer contributions are deposited to individual employee accounts.



Date	Transaction Description	Amount		eHSA Balance
		Debit	Credit	
Jan 1	Initial Employer Contribution		\$125.00	\$125.00
Jan 6	Prescription Drug Claim	\$75.00		\$50.00
Feb 1	Monthly Employer Contribution		\$125.00	\$175.00
Feb 15	Massage Therapy Claim	\$60.00		\$115.00
Mar 1	Monthly Employer Contribution		\$125.00	\$240.00
Mar 12	Eyeglasses Claim	\$300.00		-\$60.00
Apr 1	Monthly Employer Contribution		\$125.00	\$65.00

3 Employee uses funds in eHSA to pay for health & dental expenses. Current balance can be checked online 24/7.



4 Pay-direct Card used to pay for expenses where possible, otherwise employee submits paper receipt for reimbursement.

5 Reimbursement is 100% with no deductible or co-pay. If current balance is less than submitted claim, reimbursement will be made once monthly contributions allow.

B What is Catastrophic Insurance & how does it work?

Your eHSA automatically includes \$25,000 per year (\$1 million lifetime) of Catastrophic Insurance to provide an additional "umbrella of protection" in the event of a sudden serious illness or disease.

When would I use it?

Think of the eHSA as covering your "everyday" or even elective health & dental expenses, and for most people it will be all you ever use. But, if through illness or injury, you suddenly had expenses for expensive prescription drugs or home nursing, for example, then you could use your Catastrophic Insurance to cover the cost.

What does it cover?

Catastrophic Insurance covers Drug, Hospital or Private Duty Nursing (out-of-Hospital) expenses **only**. It does not cover any dental expenses or elective medical expenses.

Are there any limitations?

Yes, there are two limitations or conditions you should be aware of:

First, Catastrophic Insurance only "kicks in" once your claims for Drug, Hospital or Private Duty Nursing have exceeded a deductible of \$2,500 per person per policy year.

Secondly, while no health evidence is required, **there is a 24 month waiting period for pre-existing medications or conditions.**

Note: these limitations apply **only** to the Catastrophic Insurance. **There is no deductible or waiting period for your eHSA claims.**



C What happens to unused eHSA contributions at year end?

Unused contributions from the first plan year are not lost – they carry forward to the second plan year, and if not used by the end of that plan year are forfeited back to the employer.

The one exception to this is for Sole Proprietors, who Revenue Canada rules are not eligible to receive the forfeiture of unused eHSA funds at the end of each second plan year. Instead, Sole Proprietors are limited by the Income Tax Act to deduct \$1,500 for themselves, \$1,500 for their spouse and \$750 / child from their business income as qualifying medical insurance premiums.



Accordingly, **Sole Proprietors with high medical or dental expenses should seriously consider the financial advantages of incorporation**, as there is no limit placed on contributions to a private health services plan. Fortunately, the **enVia Benefits Program offers access to discounted Incorporation Services** should you have need.

D What if I already have benefit coverage through my spouse?

This is quite common, and the eHSA actually works to your advantage when combined with any other group or individual coverage, because **you decide whether you wish claims to be claimed first against your eHSA, or any other insured benefits** that you are also covered by, such as a spouse's program.

This flexibility is very useful, since **you can claim from your eHSA any co-insurance amounts or deductibles** that you must pay out-of-pocket on the spouse's program.

You should also look closely at enVia's Optional Benefits, which may offer additional coverage that's not available in your spouse's program.

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