

# Administrative Services Only (ASO) Benefit Plans

## ADMINISTRATIVE SERVICES ONLY (ASO) BENEFIT PLANS

Neil and Associates Inc. believes that every employee should have accessibility to the finest medical coverage at the lowest possible cost. Cost, coverage and claims process can make or break a plan. An alternative that may be right for you and your Company is an ASO benefit plan, commonly referred to as Self-Insured. Neil and Associates Inc. offers a cost-efficient alternative to fully insured plans with the same coverage available and a fast and easy claims process.

## TRADITIONAL GROUP BENEFIT PLANS

Traditionally, benefits in an employee group plan are fully insured. The insurer sets the required premium levels, and the employer pays the premium. At the end of the policy year the rates are renewed. Health and Dental rates are renewed based on the claims experience. Other factors such as Incurred But Not Reported (IBNR) reserve, trend, credibility, expenses, profit and risk charges are figured into the renewal rates.

**Because of the increasing cost of group benefits, employers are looking for a way to curb these rising costs.**

## THE NEW ASO APPROACH

One method that has grown in popularity is Administrative Services Only (ASO), also commonly referred to as Self-Insured. The purpose of ASO is to reduce the high administration costs charged by an insurance company. Under this arrangement Neil and Associates Inc. is the claims adjudicator for the self-insured benefits including; healthcare, dental, vision and drugs, while an insurance carrier fully insures the optional benefits for life insurance, accidental death & dismemberment, dependent life insurance, critical illness and disability.

Unlike traditional plans, the employer only pays for the actual claims incurred by the plan members, plus an administration fee and applicable taxes. If there are no claims there are no costs. This means the employer is no longer paying for the IBNR reserve, trend factor and profit charges required under a fully insured plan.

We can custom design a benefit plan that would best fit the needs of your company or can set it up to mirror your current plan design. All medical and dental expenses need to qualify under the Revenue Canada Agency Income Tax Act. Please visit [www.cra-arc.gc.ca/medical](http://www.cra-arc.gc.ca/medical) for a detailed list of allowable expenses.

This ASO arrangement is best suited for Extended Health and Dental expenses, since claims for these benefits are more predictable, short-term and generally not catastrophic.

However, there is a greater risk to the employer associated with self-insuring a health and dental plan. To address this risk, Neil & Associates Inc. also offers Stop Loss insurance through a third-party insurer to mitigate the impact of unexpectedly high claims.





### STOP LOSS INSURANCE

To limit employer liability, Stop-Loss Insurance can be utilized with a specified deductible. Once claims for an individual or family have reached that set deductible, the cost of any further claims during the policy transfers from the employer to the insurer. Subject to individual maximums /limitations, all eligible prescription expenses, including a set amount of Extended Health care benefits would then be sent to the third-party insurance carrier protecting the insured up to a maximum of \$50,000 per policy year.

### OUT OF COUNTRY EMERGENCY COVERAGE

This benefit should not be self-insured, which is why Neil & Associates Inc. provides a fully insured Out of Country benefit on a stand-alone basis for groups with ASO Health and Dental coverage. There is a minimum requirement of 5 lives to provide this insurance, with a 60-day limit on coverage.

### ADMINISTRATION

For Neil & Associates clients, there is virtually no difference between the administration of a fully insured plan and an ASO plan.

ASO claims are paid using the same system that is used for fully-insured clients, thus guaranteeing that our high service standards are met for all clients. Enrollment is easy, paperwork is minimal and participants can use the healthcare providers of their choice. We pay claims locally, which means quicker turnaround time, more control for the employer and happier employees. Our policy is; once a claim is received it will be processed within 3 business days.

ASO clients receive two monthly billings - one for fully insured premium and one for ASO.

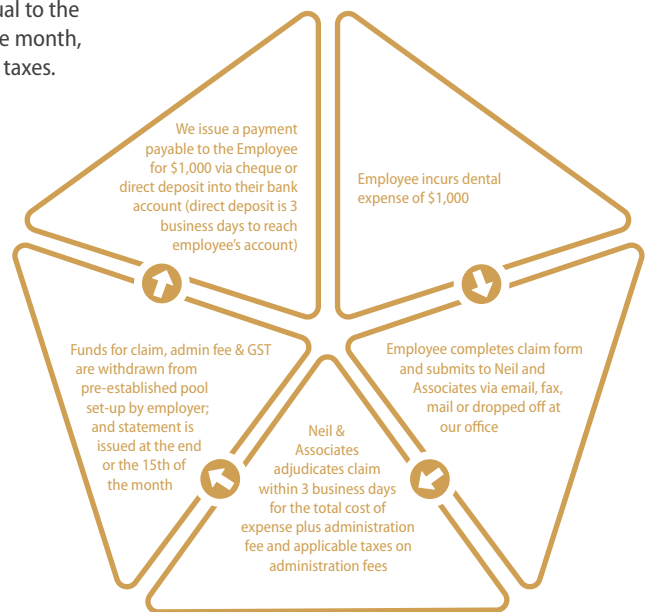
### ASO billings can be paid in either of two ways:

- The client pays a flat monthly charge throughout a period of 12 months. If the trust account gets low the client would be contacted and asked to "Top Up" their account. Any funds not used remains in their trust account. At renewal time, it is evaluated to see if the funding levels are still appropriate.
- The client can be invoiced in equal to the amount of claims paid during the month, including all applicable fees and taxes.

A retainer deposit must be set up before the ASO plan is put into place. This will ensure that claims are paid using the employer's funds, not Neil & Associates.

Administration fees are based on the plan design, method of administration and size of firm.

**Contact us for more information or to find out if an ASO plan is suitable for your company!**



**ASO FLOW OF FUNDS**