

I N F O Bulletin

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INDUSTRIAL ALLIANCE
INSURANCE AND FINANCIAL SERVICES INC.

Information Bulletin for Group Insurance Plan Administrators and Benefit Advisors



Extending Group Benefits to Laid-off Employees

In today's challenging economic environment, many employers are forced to consider staff cutbacks. There are several important issues to be considered, one of which is the issue of extending group benefits to laid-off employees.

Before making any commitments about extension of group benefits to laid-off employees, an employer should ensure that the insurer is willing to provide such extended coverage. Failure to do so could result in the employer becoming liable for any claims incurred during the coverage extension.

At Industrial Alliance, our standard contract provision allows for the extension of all benefits for up to three months, subject to the payment of premiums, for employees who are "temporarily" laid off.

For employees who are "permanently" laid off, our standard contract provision allows for all benefits to be extended for the statutory notice period required under the provincial Employment Standards Act, subject to the payment of premiums. This period is based on the employee's number of years of service.

You must contact Industrial Alliance before making any commitments to affected employees if you want to extend benefits beyond three months for

an employee who is temporarily laid off, or if you want to extend benefits beyond the statutory notice period for an employee who is permanently laid off. This will help clarify our position before any commitments are made, and will prevent you from making any commitments for which you may become responsible.

For permanent lay-offs, form **F54-833A** must be completed for each employee whose benefits are being extended. This form must be completed and submitted to us before any agreement is made with the employee, if you are considering extending the benefits beyond the statutory notice period.

The above describes our standard contract provisions for temporary and permanent lay-offs. Your group contract may include different provisions, so it is important that you review the specific provisions of your contract pertaining to coverage extensions for laid-off employees.

Please contact your Industrial Alliance account executive if you have any questions about this information.

Go Green Contest – First Winner

We wish to congratulate our first contest winner, Ms. Véronique Méthot of the province of Quebec. On January 30, Ms. Méthot won a green DELL Inspiron™ 15 laptop computer, with an Intel®Pentium® Dual-Core T3200 processor.

Be part of the green movement and encourage your plan members to sign up for direct deposit and e-notification! Registration for both services will qualify them for three other draws, to be held on April 30, August 31 and November 30, 2009. Members who previously registered for direct deposit and e-notification are already entered in the contest.

For help in promoting this initiative, please contact our Client Service Department at 1 877 422-6487. We'll send you a poster that you can display in a place where your plan members will be sure to see it. We'll also provide you with a promotional email that you can send to your members.

The important thing is that you keep talking about it!

For additional details, go to www.inalco.com/gogreencontest.



Véronique Méthot (first winner) with Daniel Belley
(Senior Sales Director, province of Quebec, Group Insurance)



Industrial Alliance Audit Services

Insurance companies rely more and more on audit services as a way of controlling costs. While Industrial Alliance recognizes its obligation to provide efficient claims service to its customers, it is aware of its obligation to protect plan sponsors from increased costs due to fraudulent or unwarranted claims.

At Industrial Alliance, we work in partnership with the other corporate members of the Canadian Health Care Anti-fraud Association (CHCAA) to combat health care fraud. The broad participation of all stakeholders, which we hope to see in the coming months, will enable us to gain a greater understanding of the emerging challenges and the roles that we can play.

Taking Our Role Seriously

At Industrial Alliance, we share the best practices of our industry partners at the CHCAA with regard to effective handling of problematic claims. By addressing fraud collectively, we enhance the quality of care for our members.

As part of our adjudication process, we take the appropriate measures to identify and flag providers involved with problematic claims. By initiating better business practice inspections of various service providers, we bring about changes with regard to questionable practices.

We seek input from clinical experts as health care becomes more complex and as the administration review process becomes more clinical. By doing so, we obtain the involvement of clinical experts in the fraud prevention program at Industrial Alliance. Contentious claims are handled with the advice of these medical professionals.

Our goal is to embrace a balance of administration efficiencies, contractual obligations, compliance requirements and customer and provider relationships. By making adjustments to our fraud programs, we reduce the negative economic impact. We also mitigate the risk of inappropriate care, which is currently a side effect of health care fraud and abuse.

Our audit team compiles the data obtained from a sampling of claims and uses this information to detect atypical situations on a larger scale. The retrospective tools used in this integrated approach aid in identifying emerging fraudulent trends.

At Industrial Alliance, we are working to develop and enhance the appropriate characteristics of an effective fraud program. Our goal is to develop a program that will enable us to:

1. Automate adjudication processes for efficiency, while identifying more potentially fraudulent claims in the prepayment process.
2. Initiate control strategies to ensure that providers are applying the best business practices that are in line with their standards of practice.
3. Validate the medical and contractual prerequisites by increasing the review of complex claims in consultation with clinical experts prior to acceptance of the claims.
4. Collaborate and build relationships with the various professional provider associations to validate credibility and to report concerns with regard to professional conduct.

Orthotics and Orthopaedic Shoes: Susceptible to Fraud or Misuse

Given the current economic climate, Industrial Alliance expects the number of fraudulent or abusive claims to increase. Based on our compiled data, there is a high incidence of fraud in connection with claims for orthotics and orthopaedic footwear. Abusive claims are frequently submitted in connection with such items.

Industrial Alliance shares the insurance industry's concerns with regard to the increasing use of foot care benefits. The increased use results in higher costs for plan members, as well as inconsistency in the quality of foot care.

Industrial Alliance's Audit Services team, following consultation with a foot care professional, is currently proposing effective methods intended to help reduce both claims experience and costs incurred by plan members.



Be cautious and ensure that plan members are not being pressured to buy items they do not need. Question a service provider who recommends items that can benefit the whole family, as well as the patient. It is especially important that a proper assessment be performed by a recognized foot care specialist. Be aware that, although many suppliers offer orthotics and orthopaedic shoes, not all of them are licensed and governed by a provincial or national regulatory body, and not all of them are subject to standards of practice.



Fraud Prevention Month

In recognition of Fraud Prevention Month¹, we want to remind group plan administrators and members that they can rely on several sources for help in preventing insurance fraud and protecting their group benefits.

Plan sponsors can play a role by engaging their members to be active participants in the management of health care fraud and abuse. Communication is the easiest way to increase employee awareness.

Responsibilities of Plan Members:

The tips provided below are designed to remind plan members of their responsibilities with regard to group benefits. Members can help us minimize problematic claims practices that have an adverse impact on premium costs for plan sponsors. Fraudulent and unwarranted claims lead to the reduction or elimination of coverage for plan members. Members can do their part to help ensure that adequate coverage is available when they and their family need it.

1. **Never leave a blank claim form** or Assignment of Benefits/Authorization form, bearing only your signature, for a health care provider. Complete your own claim forms and mail them directly to the insurer. If you do this, the health care provider cannot use the forms to submit a fraudulent claim in your name or include additional services that you did not receive.
2. **Do not give anyone your policy and certificate numbers** or any other information about your benefit plan, especially if you are offered cash or some other incentives to do so. Be wary of any aggressive marketing programs.
3. **Review your Explanation of Benefits statement** to ensure that it is correct, especially if you have agreed to the assignment of benefits and if you

have subscribed to our direct deposit feature and/or e-notification options. If you have received an e-notification informing you that your group claim has been processed, please go to Industrial Alliance's website at www.inalco.com to verify that the information is correct.

4. **Check your Claims History Profile** periodically using your secure member access code and password, especially for prescription drug claim transactions, to ensure that these costs were incurred by you and your family.
5. **Ensure that the treatments you receive are medically necessary** and have been recommended for you and your family. Be wary of offers to refer you to another health care provider for a prescription, and don't accept receipts for services or supplies that you have not received. In order for you to receive reimbursement of expenses incurred in connection with services and supplies received, a medical diagnosis must have been issued. A doctor's letter describing the diagnosis is required for reimbursement of appliance rental or purchase expenses. As well, supporting clinical information may be required for verification of services or supplies received.
6. **Never submit a claim before you have received the medical or dental treatment, service or product.**
7. **Ensure that the medical or dental practitioner providing the service has the appropriate qualifications** to provide the service and meets the requirements of your plan.

¹ The Fraud Prevention Forum has designated March as "Fraud Prevention Month" in Canada



Reporting Fraudulent Activity

Plan sponsors and members insured with Industrial Alliance, who suspect that fraudulent activities may be going on within their plan, should call **Audit Services at 1 866 789-3938** or send an email to ia_audit_services@inalco.com. The service is confidential and callers may choose to remain anonymous. It is also possible to report misuse on our website at www.inalco.com. In the Group Insurance section, click on the Fraud Prevention and Audit Services heading. You will be directed to the Report a Fraud feature and will have access to our online form. For more information on how to prevent insurance fraud and protect your group, go to our website. It's there for you.





All You Need to Know About Brand-name and Generic Drugs

Q: What's the difference between a brand-name and a generic drug?

A: When there is a generic drug equivalent to a brand-name drug, there is no difference as far as quality, purity, effectiveness and safety between generic drugs and higher-priced brand-name drugs. All drugs sold in Canada must be approved by the federal Health Protection Branch. Each product must also meet the strict regulations established by the Food and Drugs Act, and both generic and brand-name drugs are subject to the same rigorous approval standards. Generic drugs are copies of brand-name drugs, whose patents have expired (20 years from the patent application's filing date).

The big difference between brand-name and generic drugs is price. On average, generic drugs cost 40% to 50% less than brand-name drugs. Competition lowers the price compared to the original drug.

Q: What about their ingredients?

A: The active ingredients in generic and brand-name drugs must meet the same scientific norms and standards set by the Health Protection Branch. The excipients (or fillers) used in generic and branded medicines come from a limited range of available products and, in many cases, from the same supplier.

Q: Will the generic drug work as well as the brand-name drug?

A: The generic drug may have a different name and look, but it works the same as the brand-name drug. When applying to sell a generic equivalent of a brand-name drug, the manufacturer must prove to the federal Health Protection Branch that the product is as safe and effective as the branded version. The manufacturer must also prove to the provincial Ministries of Health that the active ingredients in the medicine have the same purity, dissolve at the same rate, and are absorbed in the same manner as the original product.

Q: Who do I ask about getting low cost generic drugs?

A: Ask your doctor or your pharmacist. You may already be receiving a generic drug. If not, it may be because a generic equivalent of the drug prescribed by your doctor is not yet available. These health professionals can answer questions about generic drugs.

Q: Who makes Canada's generic drugs?

A: Canada's generic drugs are produced by independent Canadian companies that research, develop, and manufacture drugs in Canada. Generic manufacturers have sophisticated laboratories and state-of-the-art manufacturing facilities. They employ advanced scientific and manufacturing technology to develop products, which include generic pharmaceuticals, fine chemicals, innovative medicines, non-prescription and private label medications.

Q: Where can we get generic drugs?

A: Generic drugs are carried in retail pharmacies across Canada. Canadian hospitals and all provincial drug plans use generics to help control ever-increasing drug costs. Approximately 40% of all prescriptions in Canada are filled with generic drugs, but a generic equivalent is not available for every brand-name drug.

If you have any questions please contact:

CGPA (Canadian Generic Pharmaceutical Association)
4120 Yonge Street, Suite 409
Toronto, Ontario, Canada M2P 2B8

Tel: 416 223-2333
Fax: 416 223-2425



Responsible Drug Use

Medicines work better when used wisely.

- Listen to what your doctor and pharmacist say about taking your prescription and non-prescription drugs.
- Do not expect to receive a prescription every time you visit your doctor. There are often simpler and less expensive ways of treating an illness.
- Use medicines carefully. Many drugs do not mix with alcohol and other drugs. Ask your pharmacist.
- Follow the directions on the label. Misuse of medication is harmful and can even be fatal.
- Keep medicines out of the reach of children.
- Do not share your prescription drugs with others. One person's cure may be another's poison!
- Store in a cool dry area. Your bathroom medicine cabinet is not always the best choice for drug storage.
- Be an informed consumer and get the facts.

Why should employees support a low-cost alternative drug plan?

- The money saved can go toward more extensive benefits.
- Generic drug costs help mitigate future premium increases.
- A generic drug benefit plan protects the future viability and sustainability of the employees' benefit package.
- The use of generic drugs adds value to the employees' health care dollar.
- It's a win-win situation for the employees and the employer. Employees maintain the desired level of coverage, and the company saves money.
- Generic drugs are as effective and of the same quality as more expensive brand-name products. Buying generic drugs is a smart shopping strategy.

About Industrial Alliance

Industrial Alliance is a life and health insurance company that offers a wide range of insurance and financial products. The fourth largest life and health insurance company in Canada, Industrial Alliance is at the head of a large financial group with operations across the country, as well as in the Western United States. Industrial Alliance contributes to the financial wellbeing of over three million Canadians and manages and administers over \$49 billion in assets.