

# I N F O Bulletin

Information Bulletin for Group Insurance Plan Administrators and Benefit Advisors



## Fast Facts

### Bill 33 and Group Insurance Plans

On December 12, 2006 the Quebec government passed Bill 33, which seeks to define and regulate access to private healthcare for certain types of procedures. Bill 33 comes in the wake of the Supreme Court ruling in what is now known as the Chaoulli case. The Supreme Court ruling struck down certain provisions of Quebec's *Act respecting health services and social services and other legislative provisions*, which prohibited private healthcare facilities from performing certain procedures.

Bill 33 opens the door for private sector healthcare providers to perform hip and knee replacements, as well as cataract and intraocular lens implant surgery.

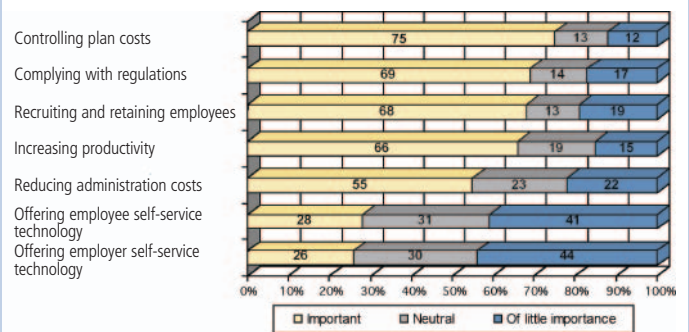
Industrial Alliance is currently evaluating the possible repercussions of this bill. A communiqué providing additional information in this regard will be sent to you shortly.

### The Most Important Challenges According to Employers

In its Benefits in the New Millennium (2004) study, LIMRA International polled 1,000 Canadian employers regarding their main concerns in terms of human resources management. The employers were asked to indicate whether they considered each point to be important, neutral or of little importance. The findings are displayed in the chart opposite.

As we can see, controlling plan costs, complying with regulations, recruiting and retaining employees, and increasing productivity are considered key challenges by the majority of employers.

Human Resource Management Challenges



### What Employees Think About Health and Wellness Programs

In the sanofi-aventis Healthcare Survey 2006, the respondent employees, who were group insurance plan members, were asked to answer a series of questions concerning their group plan. Here are some of the highlights:

- 63% of respondents felt that their group plan met their needs either "extremely well" or "very well."
- 61% of respondents indicated that they actively sought out health and wellness information from a variety of sources.

When asked, "What could your employer do to make it easier for you to adopt healthier behaviours?", the respondents offered the following suggestions:

- Sport and fitness promotion: 40%
- Health promotion: 35%
- Possibility of flexible work hours: 7%
- Creation of a less stressful environment: 6%
- Healthier behaviours being each employee's responsibility: 5%
- Nothing different: 11%

## The Administrator's Corner



### INVESTING IN PREVENTION

"An ounce of prevention is worth a pound of cure," as the old saying goes. These days, as group policyholders and benefits consultants are looking for effective ways of controlling costs, preventive approaches are more and more becoming a topic of discussion.

#### Why focus on prevention?

Group insurance costs have been under significant upward pressure in recent years. While each plan has its own distinct features, it is generally agreed that certain socio-economic factors add to this pressure and will continue to do so in the years to come:

- **An aging population** – This economic trend in North America and Europe results in an older workforce with greater health care needs.
- **The high cost of prescription drugs** – Considering the increased use of prescription drugs, which has been observed in recent years, the prescription of new expensive drugs puts significant upward pressure on group insurance costs.
- **An increased prevalence of disability** – This is particularly the case for disability claims associated with mental health issues. Anxiety, high levels of stress, burnout and depression now account for the greatest percentage of disability claims.

In response to this situation, insurers, in partnership with employers and benefits consultants, have tried to provide greater structure to the process of managing claims, and disability claims in particular. Disability claims management has now become a comprehensive process – one that focuses on both early intervention and rehabilitation.

However, the implementation of these necessary measures has not been enough to reverse the trend. In a recently published study<sup>1</sup>, the organizations consulted reported that long-term disability benefit costs had increased by 27%, compared to data compiled at the time of a similar study published in 2003.

<sup>1</sup> Watson Wyatt, Staying@WorkTM, 2005.

In view of the situation, policyholders, benefits consultants and insurers alike are now trying to return to the source of the problem and determine how absenteeism can be prevented. We already know that an employee who is motivated and in good health is more productive and less likely to have an extended period of absence from work. A workforce in better health may have a significant impact, on an organizational level. Hence the increased interest in prevention.

#### How can absenteeism be prevented?

A number of prevention resources are available. These can contribute in a positive way to the health and well-being of employees and, as a result, to the health and well-being of the organization in general.

##### • Awareness and Information

Insurers can provide plan members with health and wellness information and questionnaires. Special sections on websites have been developed. Plan members can use online access to their file to find out more about various health issues and about health-oriented behaviours. Questionnaires enable plan members to assess their situation and set specific health goals. Industrial Alliance will soon make these resources available to members with Web@Admin access.

Insurers can also provide employers and benefits consultants with various experience reports profiling the use of health care services by employees. Analysis of these reports often makes it possible for stakeholders to become aware of certain issues or concerns in advance and take action before they result in absenteeism.

##### • Prevention Programs

Many organizations have an Employee Assistance Program (EAP) through which they provide their employees with confidential access to specialized resources, if the need arises. Supported by a good communication strategy, the resources offered may make the difference between having an employee in better health and an employee on extended sick leave. The EAP is generally included in the insurer's product offering.

Management assistance programs are another resource that plan administrators may find useful. The goal of these programs is to give managers the tools they need in order to intervene effectively with employees experiencing difficulties. Management assistance programs provide support in terms of training, coaching services, referrals and post-traumatic counselling (for employees).

##### • Other Preventive Measures

Preventive measures taken by employers mainly focus on encouraging employees to adopt better health habits or on helping them strike a better work-life balance. Such measures include full or partial health club membership reimbursement, smoking cessation programs and the offer of more healthy meal choices in the cafeteria.

Flextime, overtime banking, and time off from work to attend to personal or family emergencies may all be helpful to employees in balancing their work and home life.

## The Administrator's Corner



### Conclusion

Determining the costs associated with absenteeism is not simply a matter of taking into account the direct costs, such as disability insurance benefits, employer disbursements and increased benefit plan costs. Indirect costs, such as overtime, employee replacement, decreased productivity and increased employee stress levels, must also be considered.

Our analysis of the problem of absenteeism has enabled us to become aware of another problem known as "presenteeism." Presenteeism occurs when an employee is physically at work but is unable to perform

100% because of difficulty coping with stress, personal problems or workload issues, or because of difficulty in balancing all his or her responsibilities.

Under the circumstances, it is not surprising to see employers, benefits consultants and insurers alike focusing their efforts on prevention. It is becoming increasingly clear that what initially seems to represent an additional cost is in fact an investment in the health and growth of the organization.

### IMPLEMENTATION OF A WORKPLACE HEALTH AND WELLNESS PROGRAM: SUCCESS FACTORS<sup>2</sup>

Several factors are key to ensuring the success of a workplace health and wellness program. The most important ones are as follows:

- Obtaining the support and commitment of senior management
- Integrating the promotion of good health habits with the strategic vision of the organization
- Obtaining the commitment of union representatives
- Demonstrating to staff members the organization's willingness to offer them a healthy work environment
- Presenting the program to entire groups of employees
- Developing a program that focuses on a comprehensive health approach
- Establishing a program that is based on best health practices
- Promoting voluntary participation in the program
- Preferring a personalized approach
- Adopting an approach that is sustained over time, in order to make it easier for participants to adopt better habits
- Ensuring that information received from participants will remain confidential
- Having access to aggregate data, which make it possible to sketch a collective profile
- Putting group interventions in place to enhance feelings of belonging
- Providing mechanisms that measure employee satisfaction with regard to the program and the effectiveness of the interventions

<sup>2</sup> Translation of an excerpt from Emmanuelle Gaudette's article on the success factors of a workplace wellness program, published in the October 2005 edition of *Avantages* magazine

**Open File**

## Plan costs management

Several studies show that a majority of employers consider rising group insurance plan costs to be their most pressing human resource challenge.

To explore possible solutions to this problem, we have prepared a series of articles dealing with proactive management of group insurance costs. The last INFO Bulletin issue dealt with the topic of controlling prescription drug costs. In this article we focus on health and dental care.

### PART 2

#### HEALTH AND DENTAL CARE

Extended Health Care and Dental Care are benefits that group plan members generally consider to be very important. However, without careful monitoring, these benefits may result in significant and unforeseen costs for employers. Analysis of the information available, detection of atypical situations, auditing and design of the plan currently in place are all parts of the monitoring process.

#### Analysis of Information

Experience reports given to employers are valuable tools that may lead to the success of cost control strategies. They clearly show, among other things, the costs incurred with regard to each professional group (e.g. chiropractor, psychologist, etc.). Analyzing experience reports is an excellent way to pinpoint anomalies or potential sources of abuse. Employers may then, in partnership with their benefits consultant and insurance carrier, make changes to their plan in order to rectify or ease the situation.

#### Detection of Atypical Situations

Health and dental claims analysts constitute the first-line detection of atypical claims. A claims analyst checks first to determine whether the claim meets the conditions set out in the contract. These include:

- **For Extended Health Care:**  
validating the medical and contractual prerequisites prior to the administration of treatment (referring the claim to a medical consultant, if necessary) and verifying their professional status;
- **For Dental Care:**  
determining the relevance of each procedure performed (referring the claim to a dental consultant, if necessary), and obtaining a treatment plan along with an estimate of costs when an expensive treatment is to be carried out.

Claims analysts examine the particular circumstances of a claim, the receipts and the nature of the treatment being administered. In case of doubt, claims analysts may refer the claim to the Audit team for more in-depth analysis.

#### The Audit Process

Insurers are relying more and more on audit services as a way of controlling costs. The Audit team compiles the data obtained from a number of claims and uses this information to detect atypical situations on a larger scale. Audit also reviews the codes of professional conduct of various professional associations to validate credibility. The Audit team also examines cases of abuse or fraud and takes appropriate action.

#### Plan Design

Employers and their benefits consultants may adopt certain plan design features to encourage responsible use of covered services. Along with deductibles and coinsurance, the following measures may also be used in this regard:

- **Combined Maximums:**  
Several specialists provide treatments that are of a similar nature or that are oriented toward the same types of problems. Combining the annual maximums for these specialists is a way of preventing the abuses that may arise when the maximums are separate.
- **Health Spending Account (HSA):**  
By introducing an HSA employers can provide their employees with greater flexibility regarding eligible expenses and eligible dependents. Employers control their annual HSA contributions, which are often not entirely used by employees. This can be an effective component of a cost management strategy.

In conjunction with a strategy for enhancing employee awareness, these measures may make a significant difference in Extended Health Care and Dental Care costs.

Insurers are continuing to improve their monitoring processes, particularly as far as auditing is concerned to ensure fairness for both premium payers and claimants. Information is taking on strategic importance, and the resources developed in that regard are multiplying. In the context of an aging population, it is likely that these ongoing efforts will continue to intensify.

We will continue to explore this topic in the next INFO Bulletin issue, by taking a look at the big picture with regard to disability management. If you have any questions concerning the contents of this article, please contact your Industrial Alliance Account Executive.

### About Industrial Alliance

The INFO Bulletin is presented to you by Industrial Alliance.

Industrial Alliance is among the most solid financial institutions in the country and is a leader in insurance and financial services. With offices from coast to coast, Industrial Alliance insures more than 2 million Canadians and has over \$44 billion in assets under management and under administration, making it the 5<sup>th</sup> largest life and health insurance provider in Canada.