



3rd Quarter 2004



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## Benefits

# Learn about Critical Illness Insurance

Most people have an excellent chance to survive a critical illness thanks to medical advancements that have dramatically improved life expectancy. However, few people have set aside money to cover unexpected expenses that are associated with such illnesses.

Statistics reveal that a growing number of Canadians will be afflicted with a critical illness at an increasingly early age. Provincial health insurance plans cover only a portion of the total expenses that may be incurred in connection with a critical illness.

### Some statistics to consider:

- 1 out of 4 Canadians will develop heart disease during their lifetime;
- 1 out of 2 heart attack victims is under the age of 65 years and 95% of victims survive the first attack;
- 1 out of 20 people suffer a stroke prior to age 70, and 75% of victims survive a first stroke;
- 1 out of 3 people will develop some form of cancer during their lifetime, and 65% will survive at least 5 years;
- 50,000 Canadians suffer from multiple sclerosis – one of the highest incidence rates in the world;
- More than 750,000 people in Canada could suffer from Alzheimer's disease between now and the year 2031.

For all these reasons, Critical illness (CI) insurance products have been introduced as an

effective way to provide insureds and their family members with the financial peace of mind that they need to deal with their condition and focus on recovery.

### What is Critical Illness Insurance

CI insurance is basically a lump sum cash benefit paid directly to an insured following the diagnosis of a covered illness. It helps manage the potentially significant financial expenses that often arise as a result of illness. CI insurance is a supplement to group disability and health insurance benefits. Unlike disability benefits, the payment of CI insurance benefits is not dependent on the insured's ability or inability to work, and full recovery will not affect payment. Unlike health insurance, all or a part of the lump sum payment may be used to cover any ongoing or unexpected expenses (daily cost of living, uncovered medical expenses, child care, vacations, modifications to home or car, etc.).

Group CI insurance has the same advantages usually associated with Group Insurance: a portion of coverage may be available without medical evidence, there is potential group cost savings and convenient group enrolment, billing and claims administration processes.

### Plans offered

The plans offered vary somewhat. Some provide coverage for the most common illnesses. Others still cover almost 18 medical conditions.

The most commonly covered medical conditions are heart attack, stroke, life-threatening cancer, kidney failure and coronary artery bypass surgery. The list can also include paralysis, multiple sclerosis, blindness, deafness,

major organ transplant, coma, Alzheimer's disease, Parkinson's disease, motor neuron disease (including Lou Gehrig's disease), major burns, loss of speech, benign brain tumour and occupational injury HIV. Group policies always include a detailed definition of the covered illnesses.

Plans may be offered on a mandatory or an optional basis for plan members, and for their spouses and children. Benefit amounts may vary from \$5,000 to \$1,000,000.

Some insurers also offer a children's plan that is especially tailored to children, as the covered medical conditions are specific to children. They can include Down's syndrome, cerebral palsy, cystic fibrosis, autism and congenital cardiac defects. In this case, the benefit is payable to a plan member whose child has been diagnosed with a covered illness. This type of plan was introduced in order to alleviate the distress surrounding a child's critical illness. The lump sum benefit can allow the plan member to take time off in order to care for a seriously ill child or to cover expenses related to a child's illness. Certain rules may apply to the children's plan, so you should ensure that you have them thoroughly explained to you.

Even though CI insurance may not yet be a well-known product, it is a very worthwhile product that will grow in popularity as people become more aware of its benefits and features.

For further information regarding Critical Illness insurance or to find out more about Industrial Alliance's Group Critical Illness product, please contact your benefits advisor or your Industrial Alliance group Account Executive.

# Prescription Drug Insurance in Quebec

Contribution requirements, determined by the Board of Directors of the Régie de l'assurance maladie du Québec (RAMQ), are adjusted on July 1 of each year, in accordance with the Quebec Act respecting prescription drug insurance.

Contribution requirements as of July 1, 2004 are as follows:

	Before July 1, 2004	As of July 1, 2004
Monthly deductible	\$9.60	\$10.25
Coinsurance	28.0%	28.5%
Maximum annual contribution	\$839.00	\$857.00
Annual premium	\$460.00	\$494.00

The changes generally do not directly impact private group benefit plans, although they do affect the maximum annual contributions for Quebec employees. They may also affect certain plans that are similar in terms of contribution requirements to the public prescription drug insurance plan.

## Rights and Obligations Under the Act Respecting Prescription Drug Insurance for Quebec Residents

You may not be aware of this, but a lot of people who are covered under the RAMQ's public prescription drug insurance plan should in fact be covered under a private group insurance plan. What's more, many people have no prescription drug insurance at all. These unlawful situations often occur following a job change or as a result of separating, divorcing or forming a couple.

You are in direct contact with individuals covered under a group plan and with those who should be. As such, both the RAMQ and the Canadian Life and Health Insurance Association (CLHIA) are soliciting your cooperation in informing these individuals of their rights and obligations under the Quebec Act respecting prescription drug insurance.

**You, more than anyone else, are in a position to help those who should be covered under a group plan to gain access to the coverage to which they are entitled. Here is how you can help:**

- Inform all plan members, in particular new ones, that they must enrol in the private group insurance plan you are offering;
- Advise plan members who are leaving their jobs to register for the RAMQ's public prescription drug insurance plan if they do not have access to a private group plan through their new employer or through their spouse;
- Remind insureds that, if their children and their spouse are not covered under another private group insurance plan, they must obtain coverage for them.

By providing these individuals with adequate information, you will help them and their families receive the prescription drugs they need. More importantly, you will help them avoid the nasty surprise of being asked to reimburse the RAMQ for coverage under the public plan to which they were not entitled.

Besides, providing information to those eligible for the plan you are offering will enable you to increase the number of plan members. In addition, providing general information to all plan members limits the number of specific questions you may have to answer. In the end, this is a great way to save time.

## Supporting Material

To assist you in your information endeavours, the RAMQ has prepared a **pamphlet** that reminds individuals that they must join a private group prescription drug plan. This pamphlet, available in both official languages, concerns all persons insured in Quebec. You may want to provide a copy to new plan members or include one with employees' pay slips.

Copies of the pamphlet may be ordered through the RAMQ's website. Simply go to the English section of [www.ramq.gouv.qc.ca](http://www.ramq.gouv.qc.ca), click on the Prescription Drug Insurance box (on the right side of the screen), then on Information for Group Plan Sponsors (on the left side). This will allow you to fill out an on-line order form. The pamphlets are provided free of charge. We also invite you to browse this new section of the RAMQ's website that is dedicated to prescription drug insurance.

To obtain further information concerning your rights and obligations with respect to prescription drug insurance or information on the private and public plans in Quebec, please feel free to contact your benefits advisor or your Industrial Alliance group Account Executive.



## 2004 Ontario Budget and its impact on Group Plans

In the May 18th budget, the Ontario government announced a number of budget changes that will impact both group plans and individual residents of the province.

### Introduction of a health premium

As of July 1, 2004, an income based premium will be applied to all Ontario residents, except for low-income residents whose annual taxable income is less than \$20,000. The premium that will apply will

range from \$300 to \$900 per year based on the resident's taxable income.

The premium will be included as a component of the individual's income tax withheld to avoid employers having to make changes to their payroll systems.

The health premium is not a replacement of the Employer Health Tax which will continue to apply in accordance with the current rates and schedules.

### De-listing of covered services under OHIP

#### ■ Chiropractic services will no longer be covered.

Currently OHIP provides \$11.75 towards the initial visit and \$9.65 towards each subsequent visit, up to an annual maximum of \$150.

Representatives of the Ministry of Health and Long Term Care have indicated that chiropractic services will be de-listed as of November 1, 2004.

#### *Impact on group plans:*

For a group plan which only covers chiropractic services after the OHIP annual maximum has been reached, which is typically after 15 visits, we expect the cost impact of adding coverage from the first visit under the group plan will be significant.

For a group plan which provides a top-up to the amount paid by OHIP from the first visit until the annual maximum had been satisfied and then the entire cost of each visit thereafter, we expect the impact will be less significant since the group plan will only be adding the cost of the OHIP per visit payment.

#### ■ Physiotherapy services will no longer be covered.

Currently OHIP only provides coverage of physiotherapy services when rendered in an authorized facility.

Representatives of the Ministry of Health and Long Term Care have indicated that physiotherapy services will no longer be covered as of April 1, 2005, except for seniors who will continue to be covered for physiotherapy services when rendered through home care or in a long-term care facility.

#### *Impact on group plans:*

For a group plan which covers physiotherapy services we expect the cost impact of this change to be minimal since the majority of physiotherapy claims are covered by the group plan already due to the fact that there are currently very few facilities authorized by OHIP to provide covered services.

#### ■ Routine eye exams for residents age 20 to 65 will no longer be covered

Currently OHIP provides one eye exam every 24 months for residents over age 20 but under age 65,

Representatives of the Ministry of Health and Long Term Care have indicated that the routine eye exams will be de-listed as of November 1, 2004.

#### *Impact on group plans:*

For a group plan which includes the cost of eye examinations as part of its vision care maximum, we expect the cost impact of this change will be minimal.

For a group plan which includes coverage for routine eye exams as a standalone coverage, the change will have an impact. However we do not expect the cost impact to be significant.

### Addition of coverage for 3 new vaccines

OHIP will be adding coverage to the children's immunization program of 3 new vaccines – chickenpox, meningitis and pneumonia.

Representatives of the Ministry of Health and Long Term Care have indicated that the coverage of the 3 new vaccines will be phased in over the period of July 1, 2004 and January 1, 2005.

For group plans which cover immunizations, the addition of these 3 vaccines to the children's immunization program will result in some claims savings. We do not expect the cost impact to be significant.

At Industrial Alliance, we are currently conducting a detailed assessment of the impact of the changes on our group plans. In the near future we will be in contact with you to provide you with more details regarding the cost implications of the changes on your group plan as well as possible design options for your consideration.

## Benefits

# The Top Therapeutic Classes in 2003

Increases in drug costs continue to make headlines. It is not surprising, when we consider that drug costs in Canada represent the second highest health care expense, hospital expenses being the highest.

Several agencies are trying to come up with an explanation for the increases in drug costs by examining the evolution of ingredient costs, the consumption habits of Canadians, the behaviour of prescribing physicians, the cost control mechanisms and the impact of the arrival of new drugs on the market.

In this article, we will focus on one of the interesting aspects of this research: the top therapeutic classes in 2003. But before we begin, to illustrate the scope of the prescription drug market in Canada, we will provide you with a few statistics on the cost and the number of prescriptions in Canada.

### Cost and Number of Prescriptions

According to IMS Health Canada, 361 million prescriptions were dispensed by retail pharmacies in Canada in 2003; that represents a growth rate of 7.9% between 2002 and 2003. Interestingly, the annual variation has kept increasing in the past five years, and this number represented about 11 prescriptions per Canadian in 2003. As for the cost of these prescriptions, it increased by 12.9%, growing to \$15.9 billion during the same period, which averages out to \$44 per prescription in 2003. It should be noted that these statistics include the entire population of Canada, and not only the population insured under private plans.

### Prescriptions Dispensed by Retail Pharmacies in Canada, 1999 - 2003

Year	Prescriptions Dispensed (000s)	% Change
2003	361,442	7.9%
2002	334,966	7.2%
2001	312,572	7.3%
2000	290,659	7.0%
1999	271,613	6.9%

Source: IMS Health

### Cost of Prescriptions Dispensed by Retail Pharmacies in Canada, 1999 - 2003

Year	Cost of Prescriptions (\$ billion)	% Change
2003	15.9	12.9%
2002	14.1	13.0%
2001	12.5	13.6%
2000	11.0	14.0%
1999	8.4	14.8%

Source: IMS Health

### Therapeutic Classes

A therapeutic class is a group of drugs that have the same therapeutic targets. Thus, rather than ranking consumption according to specific medications, it is interesting to group the statistics by therapeutic classes in order to understand the conditions that occur the most frequently or that require the most costly medications.

The top therapeutic classes can be ranked according to either the number or the cost of prescriptions. The ranking may thus vary, depending on the mode of presentation. For example, a drug that is very costly but is used infrequently may have a high ranking according to the cost of prescriptions, but it may have a lower ranking according to the number of prescriptions. This is the case for multiple sclerosis drugs that rank in the top 15 in terms of costs, but are however infrequently used.

### Ranking According to Cost

Ranking According to the Dollar Value of Purchases Made by Canadian Pharmacies

Therapeutic Class	2002 Ranking	2003 Ranking	% Change from 2002 to 2003
Cardiovascular agents	1	1	11.6%
Psychotherapeutic agents	2	2	15.9%
Cholesterol-lowering agents	3	3	12.5%
Antispasmodic agents	4	4	15.0%
Antiarthritic agents	6	5	16.3%

Source: IMS Health

### 2003 Ranking According to Private Plan Costs\*

Outside Quebec	In Quebec	Therapeutic Class
1	2	High cholesterol
2	5	Ulcers and reflux disease
3	3	Depression
4	1	High blood pressure and heart failure
5	4	Arthritis and pain

Source: ESI Canada

\*Outside Quebec, the costs are the ingredient costs, while in Quebec, they are the net costs reimbursed to members, since pharmacies in Quebec do not separate dispensing fees and ingredient costs.

### Ranking According to Number

2003 ranking according to the number of prescriptions dispensed in Canadian pharmacies

2003 Ranking	Therapeutic Class	% Change from 2002 to 2003
1	Cardiovascular agents	10.4%
2	Psychotherapeutic agents	10.1%
3	Hormone replacements	-6.7%
4	Systemic anti-infective agents	1.7%
5	Analgesics	5.2%
6	Antispasmodic/antisecretory agents	11.1%
7	Cholesterol-lowering agents	17.7%
8	Antiarthritic agents	2.8%
9	Bronchial therapy	2.7%
10	Diuretics	11.8%

Source: IMS Health

It is interesting to note that several of the therapeutic classes are in two rankings at the same time. For example, the drugs used to lower cholesterol are indicated on both lists, and they have been subject to significant increases, in terms of number and cost. Lipitor, the top drug sold in Canada, is included in that class.

The arrival of new drugs on the market, the use of combination products and the increase in consumption all continue to affect costs of private prescription drug insurance plans. To find out more about the tools that can help you manage the increase in costs, please feel free to contact your benefits advisor or your Industrial Alliance group 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 1.7 million Canadians and has over \$24.7 billion in assets under management and under administration, making it the 5<sup>th</sup> largest life and health insurance provider in Canada.