The annual sanofi-aventis Health Care Survey takes the pulse of more than 2,000 randomly selected Canadian plan members. It captures their attitudes and preferences about their employer-sponsored health benefits plans, as well as their thoughts on the Canadian health care system in general. The perceptions of plan members provide valuable information to plan sponsors when assessing their current health benefits plans, and when making future decisions about those plans. And they’re particularly valuable during difficult economic times when some plan sponsors might be looking for ways to cut costs.

**Areas of concern for plan members**

Plan member feedback pinpoints issues plan sponsors may want to focus on when they review the health benefits plans they offer employees. Areas that were highlighted by plan members in the 2009 survey include the following:

- the impact that stress has on employees and their productivity;
- the importance of access to health care and to employee health promotion programs;
- the overall high value plan members place on their health benefits plans.
Finding the right wellness mix

Survey respondents indicated they would increase their wellness program participation if their plans offered the following:

- Subsidized gym memberships (62%)
- Small financial incentives/gifts (61%)
- Healthy food choices at work (56%)
- More flexible work hours (55%)
- More time for fitness breaks (51%)
- Health/wellness information and education at work (48%)

Accessing health care

In addition to feeling the effects of stress, accessing health care was also identified as a priority for plan members. Those in good health (27 per cent), very good health (19 per cent) and excellent health (16 per cent) are more likely to find health care accessible. The results of the survey reiterate that, especially now, plan sponsors need to maintain their commitment to health promotion and health benefits plans, and ensure their employees have the tools to educate themselves on health risks.

Linking stress with productivity

Almost half (47%) of plan members surveyed indicated that they consider their health to be excellent or very good. Many admitted, however, that stress levels, particularly during a time of economic uncertainty, are of particular concern with 28 per cent of respondents admitting that their productivity is compromised when under stress. Almost 31 per cent of plan members indicated that stress in their personal lives made them physically ill, and nearly 38 per cent indicated the same with regards to stress in the workplace.

Economic stress was identified as a key concern for many employees, with employees in Alberta and Ontario most likely to feel its effects (33 per cent and 32 per cent respectively). The stress and anxiety of job insecurity is also higher in Ontario than the rest of the country (20 per cent in Ontario versus 15 per cent in the rest of the country).

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The price tag placed on group benefits plans

As in previous years, plan members confirmed the importance they place on their health benefits plans when the majority chose their plans (52 per cent) over a $15,000 pay out. Almost half (45 per cent) of plan members would maintain their plan even if the amount of money was increased to the not insignificant sum of $20,000. The majority of plan members (64 per cent) also confirmed that what they value most in their plan is the day-to-day coverage available to themselves and their families, with almost 60 per cent of plan members acknowledging that they have a role to play in helping their employer control plan costs.

Return on the wellness investment

This year’s survey confirmed that plan sponsors who offer health promotion and wellness programs have more satisfied employees (82 per cent versus 77 per cent). They also have their health benefits plans rated as excellent or very good (65 per cent), and a much greater percentage of employees (66 per cent versus 57 per cent) who feel a sense of responsibility to help their employer control plan costs.

It is interesting to note that only 35 per cent of plan members with access to wellness programs at their workplace actually use them. Plan sponsors would benefit by focusing on ways to engage their employees, perhaps by expanding the options they offer and seeking direct input from plan members on the types of wellness services offered by the program.
Staying the course

“People are at the heart of an organization’s success,” says survey advisory board member Chris Bonnett. “A weak economy doesn’t change this. Even if some companies must cut staff to survive, they must also look after those who remain. Employees need peace of mind and the survey demonstrates health benefits plans provide an important level of security.”

While difficult economic times are challenging for both employers and their employees, survey results indicate it’s not a time when plan sponsors should compromise health benefit plans at the expense of their plan members. The 2009 sanofi-aventis survey has reaffirmed the importance plan members place on their plans, and has also identified the implications of stress, and the importance plan members place on health care access and health and wellness programs in the workplace. As the report says, “The more employees understand and control their health risks, the more likely it is that employers will have lower long-term costs and create greater employee loyalty.” This underlines the value plan members place on their plans, and the plan’s ability to build greater employee engagement, loyalty, and ultimately productivity in the workplace.

For more information on this year’s findings, you can read the sanofi-aventis Health Care Survey 2009 at http://www.sanofi-aventis.ca

Source: sanofi-aventis Health Care Survey 2009

H1N1 flu virus

The next wave?

While swine influenza viruses normally don’t infect people, occasionally the virus jumps species and human infections occur. This was the case this past spring when H1N1 flu virus was detected. The spread of H1N1 between countries eventually resulted in the World Health Organization raising its pandemic alert to Phase Six (the highest level). Now, we’re waiting to see how the virus will affect North Americans this fall and winter.

Symptoms

The symptoms of H1N1 are similar to a typical seasonal flu affecting humans. The respiratory illness causes fever, cough, runny nose, sore throat, body aches, fatigue, and loss of appetite.

Although the H1N1 flu virus generally causes moderate illness, with most people recovering without the need of medical treatment, the illness did cause the deaths of 21 Canadians and infected close to 8,000 people across the country (confirmed cases) as of June 26, 2009. Some remote First Nations communities have experienced severe outbreaks of the illness. It’s also noteworthy that H1N1 flu virus affects younger people, with the average age of the Canadians suffering from the illness being 22.

In Canada, we normally consider the flu to be an illness that occurs during the fall and winter months. Therefore, health care experts are monitoring the progress of H1N1 flu virus carefully, preparing for a potentially devastating flu season.

Recognizing the social and economic effects that a pandemic such as H1N1 could potentially cause, insurance companies are committed to ensuring that group benefits providers have appropriate planning in place to support staff and clients, and the possible influx of health claims due to the illness of plan members.

Manulife Financial Group Benefits will continue to share information with customers concerning its preparations and business continuity plans through a dedicated section on our Group Benefits public website (www.manulife.ca/groupbenefits). This site also acts as a portal, with links to sites like the World Health Organization and the Public Health Agency of Canada.

Plan sponsors are encouraged to continue measures to protect their plan members and try to minimize the impact of any potential flu to their workplaces. Communication efforts that promote prevention can begin with obvious but effective initiatives like encouraging proper hand washing, and educating workers on how influenzas and other infectious diseases can spread from person to person.

Information on H1N1 flu virus in Canada is available from the Public Health Agency of Canada website (http://www.phac-aspc.gc.ca/alert-alerte/swine_200904-eng.php).

Source: Public Health Agency of Canada
Generic drug competition: Canadians pay more

The Competition Bureau of Canada published the Canadian Generic Drug Sector Study in October 2007. The study was necessary because of concerns that the prices paid for generic drugs in Canada were higher than the prices paid in other countries. The report confirmed those concerns, finding that while there is healthy competition for many generic drugs, the benefit of that competition has not resulted in lower prices for drug plans or individual consumers.

A year later, the Bureau released Benefiting from Generic Drug Competition in Canada: The Way Forward. The latest report contains the Bureau’s recommended action plan for private payers and provincial health plans that are seeking greater savings from generic drug competition in Canada.

What is a generic drug?

‘Generic’ is the term used to describe a drug product that is the equivalent (has the same active ingredients) to a ‘name brand’ drug but which is sold at a lower price. Laws prevent generic drugs from being manufactured until the name brand drug’s patent protection has expired. Generics had often entered the market at about 63 per cent of the name brand’s cost, although that percentage has increased recently due to changes in the Canadian marketplace.

Why should I care?

Plan sponsors should be concerned about the price of generic drugs because private payers (benefits plans, individuals) pay for 35 per cent of all prescription drugs and 52 per cent of all the generics used by Canadians. Total sales of generic drugs increased by 20 percent between 2006 and 2007 surpassing $4 billion per year. By missing out on potential savings, public and private drug plans are both losing an opportunity to protect or extend their current coverage or reduce plan costs.

The generic experience in the United States

In the United States, generic drugs provide competition for name brand drugs and have proven to be an effective way to control costs. American private plans have been able to obtain generic drug rebates or discounts from drug manufacturers and pharmacies, resulting in savings that reach benefits plans and consumers. But generics haven’t had the same effect in Canada. Instead, the Competition Bureau says the savings opportunities have been focused at the pharmacy level, taking the form of off-list price rebates and professional allowances. These are paid to pharmacies by generic drug manufacturers in return for the pharmacy stocking their products, but the rebates and allowances don’t always trickle down to individual consumers and drug plans. Although rebates are banned in Ontario and Quebec, subsequent to Bill 102 (The Transparent Drug System for Patients Act), pharmacies in Ontario are permitted to accept professional allowances from the generic manufacturers which are expected to be used for services such as education days and patient counselling.

Ontario: changing the generic landscape for public plans

In 2006, Ontario brought in the Transparent Drug System for Patients Act. This legislation changed the amount that the province’s public drug program would pay for generic drugs. Under the Act, the prices the Ontario public plan pays for generics were reduced from 70 per cent (for the first entrant) and 63 per cent (for subsequent entrants) of the equivalent brand name drug’s price to only 50 per cent. Disappointingly, the

You can find the full report on generic drug competition by going to the Competition Bureau’s website:

http://www.competitionbureau.gc.ca
legislation did not apply to prices paid by private payers. In fact, prices charged to private payers for new generics have gone up.

There is currently a shift taking place within the Canadian public system as it actively pursues lower costs for drugs that are listed on provincial formularies:

- In Quebec, provincial legislation requires generic manufacturers to provide the province with the lowest price available elsewhere in the country.
- In Newfoundland and Labrador, manufacturers must provide a guaranteed price that is no higher than the best prices available elsewhere in Canada if they want to have that drug product listed on the provincial formulary.
- Most recently, BC PharmaCare implemented an interim multi-source generic pricing policy. Effective January 1, 2009, new multi-source generics that are added to the provincial formulary will be funded at 50 per cent of the brand price.

The Competition Bureau looked at the top 10 selling generic drugs in Canada and found that prices paid outside of Ontario and Quebec remained at the previous level of about 63 per cent of the original brand name drug's price. But when new generic drugs were looked at, (those that have entered the market since the Ontario legislation came into effect) prices ranged from 70 to 75 per cent of the brand name prices, meaning that generic prices have risen since the Transparent Drug System for Patients Act came into being.

Public plans may provide coverage for the drugs used by senior citizens, low income earners and their families, and people requiring very high cost medicines.

**The challenge for private payers**

Private plans are in an unenviable position because they don’t benefit from legislation such as Ontario’s, but they are affected by it. For instance, when a government plan specifies that one drug will be covered and another will not, pharmacies often make a business decision to begin stocking and dispensing the government’s preferred drug, regardless of which one a private plan might cover. And of course, a single private plan can’t offer the volume of trade that public plans do, so private drug plans have neither the political power nor the economic influence of a provincial drug plan.

Another challenge faced by private drug plans is the fact that many groups are comprised of plan members living right across the country, so there are a variety of provincial health plans and legislation affecting how the benefits plan works for employees in different parts of the country. Perhaps

**Tendering: one example**

A competitive tendering process for brand name and generic drugs is part of Ontario’s strategy to obtain the lowest possible price for the drugs it pays for. As an example, in July 2008 the province issued a Call for Application for four drug products including Enalapril Maleate, a drug used in the treatment of high blood pressure.

In December, Vasotec (a brand name drug manufactured by Merck Frosst Canada Ltd.) was announced as the successful applicant for Enalapril Maleate. Vasotec is now the only Enalapril Maleate drug product listed on the Ontario Drug Benefit (ODB) formulary for ODB recipients.

In this case, when a drug plan has been designed to offer the same coverage as the ODB plan, the 32 generic equivalents that were previously eligible will no longer be considered for coverage. Plan members (under the age of 65) who submit claims for these generics will not be reimbursed and their costs will be out-of-pocket. When Vasotec is dispensed, the claim will be considered and paid according to the best available price.

In this example, the private plan does not benefit from the availability of the generic equivalents for Vasotec, nor does it benefit from the favorable price that the provincial plan has negotiated.

The Competition Bureau says, “Not only do these developments show an increasing use of competitive processes by plans to reduce generic drug prices, they also provide evidence of a change in the competitive dynamic between generic and brand drug manufacturers. In the past, brand manufacturers did not compete with generic manufacturers on the basis of price. But now they appear to be more willing to discount prices to maintain market share for their drugs after they have lost patent protection.”
the biggest hurdle for private plans is simply that many plan sponsors are not aware of the developments taking place in the world of brand name and generic drugs. And for those who are following developments, it isn’t clear what actions can be taken to obtain competitive prices.

Even though private plans pay for a significant number of the drugs used by Canadians, private payers have had limited influence on generic drug pricing. But there are options available that can begin to change this. Plan sponsors need to follow developments in this area closely, and work with their insurance companies to make sure their plans are designed to take full advantage of opportunities that arise, especially in regard to legislative changes.

Plan designs such as managed formularies, including Manulife Financial’s Dynamic Therapeutic Formulary (DTF), encourage plan members to select more cost-effective drugs by offering them higher reimbursement for the drugs listed on the formulary. Plan members can also influence competition between pharmacies by comparison shopping when choosing where to buy.

The Competition Bureau says that in the United States, preferred pharmacy networks and mail order pharmacies have been used to lower drug costs while also creating a more competitive market. Pharmacies compete to be part of the network offering discounted pricing with patient incentives, such as reduced co-payments to encourage plan members to use preferred pharmacies. In addition, mail order pharmacies compete to secure customers who are on long-term medications, offering another competitive alternative to customers and their plans.

In July 2009, the Ontario Ministry of Health and Long-Term Care began a review of the Ontario drug system. The goal of the review is to deliver world class value in the province’s drug system and it will include representation from the private sector. Manulife Financial and the Canadian Life and Health Insurance Association will participate in the review process, representing the interests of plan sponsors in an effort to achieve greater value from generic drugs.

Source: Competition Bureau of Canada, Benefiting from Generic Drug Competition in Canada: The Way Forward.

Tips and tools for employers

Absence and disability solutions

Managing workplace absences and disabilities is always a challenge. The task can become especially important during bouts of economic volatility. To help plan sponsors meet those challenges, Manulife Financial has created a special Benefits Bulletin for employers. The Bulletin discusses the subject of disability and absence management solutions and each article has been written by a member of Manulife’s network of experts across the country.

To read about all the tips and tools available to employers and managers who are dealing with absence or disability claims, visit www.manulife.ca/groupbenefits. Look for the “Newsletters” page, then go to “Group Benefits Bulletins” and look for the May 2009 posting titled “Being WellConnected®.”

WellConnected® is offered through Manulife Financial (The Manufacturers Life Insurance Company).
**Specialty drugs: the ones to watch**

Specialty drugs offer patients many therapeutic benefits, and in some cases introduce treatment where no treatment was previously available. As more specialty drugs come to market, plan sponsors will need to be aware of the benefits and costs of these effective but expensive treatments, particularly when making decisions about their drug plans.

**Better results. Bigger price tag.**

In May of this year, ESI Canada® released the *ESI Canada 2008 Drug Trend Report*. This annual report looks at drug utilization and the drivers of trend in the Canadian prescription drug market based on ESI's bank of data. The 2008 ESI Canada drug trend report is based on an historical analysis of 65 million drug claims submitted for 7 million Canadians totaling $3 billion.

The report found many of the new drugs being introduced to the market are specialty drugs, products that will have a significant impact on plans and plan members in the coming years. Specialty drugs are therapies used to treat specific, chronic and/or rare diseases such as rheumatoid arthritis, cancer, multiple sclerosis, HIV/AIDS, hepatitis, and others. Specialty drug treatments often involve careful monitoring by doctors, require frequent adjustments to the dosages, special handling or administration, and usually come with a high price tag.

**Unique qualities of specialty medications**

- They frequently require adjustments to the doses being taken
- They can cost more than $500 for a 30-day supply
- They involve specialized handling and administration
- Close patient/clinical monitoring is required

**Specialty drugs and the bottom line**

Although specialty drugs represented less than one per cent of claims processed by ESI Canada in 2008, they accounted for almost 15 per cent of drug spending by private plans. Spending on specialty drugs is increasing at 17 per cent each year, compared to only three per cent for all other drugs.

ESI Canada says that when the specialty drugs already on the market are grouped together (approximately 1,100 Drug Identification Numbers or DINs), along with the more than 125 that could enter the market in the coming years, they“...will put significant pressure on plan sponsors.” Although the use of generic drugs will slow the increase in drug spend over the next few years, ESI Canada predicts that the effect of new specialty drugs will push the average drug spend per claimant as high as $1,185 by 2018 (from $698 in 2008). This establishes specialty drugs as the key drivers of drug trend, and also makes specialty drugs the ones to watch in the coming months and years.

To mitigate their effects, plan sponsors are encouraged to consider implementing wellness programs that target chronic conditions through lifestyle modifications (diet, exercise, and others) in order to have a positive influence on both employee health and overall drug plan use.

*Source: ESI Canada® 2008 Drug Trend Report*
We’ve added RSS (an acronym for ‘Really Simple Syndication’ or ‘Rich Site Summary’) to the Group Benefits’ newsletters page. By subscribing to receive our RSS feeds, you’ll get the latest news – including our quarterly newsletters – sent directly to your computer or mobile device as soon as the stories are posted.

**What is RSS?**

RSS is a tool that allows websites to easily distribute noteworthy stories, articles, and other content directly to interested readers. When you subscribe to receive RSS feeds, the stories come straight to you automatically – there’s no need for you to keep returning to the original websites to see what’s new.

**How to use RSS**

To begin receiving RSS feeds from all your favourite websites, news organizations, sports teams, and group benefits organizations, you’ll need to download a news reader from the Internet or sign-up to use a web-based program. There are many of these available on the Internet at no cost to you. Then, when visiting your favourite news sites, look for the orange RSS icon. Click on the icon, copy the URL, and then paste it into your reader. (To subscribe for Manulife Financial Group Benefits’ RSS feeds, go to www.manulife.ca and click on the “Newsletters” heading under “Group Benefits.”) Once you’ve done that, headlines will begin appearing in your news reader every time a new story is posted or updated.

We’ve created RSS feeds that will be of interest to plan sponsors, plan administrators, and plan members. The feeds are an easy way to get news and information about your group benefits plan faster than ever before.