



# INSIGHTS

DECEMBER 2013  
ISSUED QUARTERLY

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## The carrot or the stick?

### How to encourage true behaviour change...



an employee?"

I thought this was a great question because it really cut to the chase with respect to what needed to be done.

While virtue may be its own reward, it may not be enough to motivate employees to be active, quit smoking or lose weight. Study after study has proven that exercise and eating right are key factors in reducing stress and avoiding disease, but what can employers do to encourage employees to do the right thing?

People, smarter than I, have spent a lot of time attempting to determine which tool – the carrot or the stick – is most effective for changing behaviour. I suspect it's both. A combination of plan design changes to encourage employee responsibility (the stick) and new programs or philosophies to encourage better health choices (the carrot) can produce results.

First off, plan sponsors need to determine what they want their employees to do. Use less expensive drugs? Use fewer drugs? Take fewer sick days? Be more engaged in their work? Stay longer in their employment? No one program can likely do it all, so

it's important to identify the goals and objectives for the benefit plan, and to design an appropriate strategy to determine the success of any changes made.

The 'right thing' is different for each workplace and for each employee within that workplace, but targeting the respective issues may potentially reduce benefit costs, while at the same time increasing the employee's willingness to participate in the change. Employees need to be aware of why the change is being undertaken. They need to know "what's in it for me?" since they collectively will be involved.

Here are some things that could be done:

- A review of the plan's experience and design will highlight opportunities for changes in behaviour
- Employees could complete a formal health risk assessment that collects key health indicators
- Once this is done a determination of the health challenges that employees face can be performed using the claims information from the claims paid under the health plan
- Looking at the results of these tools in combination will allow the plan sponsor to better see an overall picture of the organization's health, and allow for setting an approach to change employee behaviour

Once the employer has identified the goals of their benefit program, they will need to inform/educate those employees who wish to make some changes to their health. Communication of the initiatives (e.g. a walking challenge) is important to encourage employee participation, but communication of more complex changes (e.g. mandatory generic drug substitution) requires employee understanding.

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*Holiday Hours*

Tues. Dec. 24<sup>th</sup> - Closed at noon  
Wed. Dec. 25<sup>th</sup> - Closed all day  
Thurs. Dec. 26<sup>th</sup> - Closed all day  
Tues. Dec. 31<sup>st</sup> - Closed at noon  
Wed. Jan. 1<sup>st</sup> - Closed all day

The office is open regular hours on Dec. 27 and 30

*We would like to wish you a safe Holiday Season & the best of health and happiness in 2014.*

## Assessing tolerance of high-cost drugs

Effective Nov 1, 2013, Green Shield will be limiting new prescriptions of high-cost drugs to a ten-day supply under their Initial Days Supply feature. Once its been established that the patient can tolerate the drug, a maximum supply of 30 days will be allowed.

High cost drugs are defined as those with a daily cost of approximately \$40 or more,

or with an average annual cost of \$14,600 or more. Many of the drugs in this category are for conditions such as cancer, multiple sclerosis (MS) or hepatitis.

Many of these drugs are associated with early side effects that cannot be tolerated by some patients. In this scenario, this change will prevent wastage of both medication and benefit plan dollars.

... continued from reverse

Employees who understand that the motivation for a change is to promote long-term financial viability of the plan and ensure that protection will be there for the future will be more accepting of the change.

In the end, your strategy needs to highlight some goals that you expect to meet and some metrics that you want to impact. The true savings of behaviour changes will probably never be measurable, as much of the value is in the improved quality of life. However, tangible metrics are meaningful to management and will encourage ongoing support for programs that don't directly affect the corporate bottom line.

Healthy behaviour can result in reduced absenteeism, so employers need to begin capturing the rate of absence from the work place. Behaviour changes can reduce the drugs required for many conditions – such as high blood pressure, high cholesterol and diabetes – so it's necessary to keep track of the kinds of drugs being claimed.

Making healthy choices is an ongoing challenge for everyone, but if the goal is to develop the right benefit strategy that changes employee behaviour for the better – e.g. reducing staff turnover, and absences from work - then I think employers will find that is a reward in of itself.

Until next time...

## Employee Group Taxable Benefit Premium Summary for T4 Purposes

A summary has been sent to each group outlining the total annual billed and paid premiums for Life, Dependent Life, Accidental Death and Dismemberment (AD&D) and Critical Illness (CI) benefits (if applicable to your group plan).

The employee's individual total includes any applicable taxes.

According to the Income Tax Act, any portion of this total that is employer paid is considered a taxable benefit and should be reflected as such on each employee's T4.

## 1two3 Small Group Program 2014 Renewal



### Plan Changes and Summary

RWAM's 1two3 group insurance product currently insures over eleven hundred people, representing more than 771 businesses throughout Canada. Over the past year \$1.2 million was paid for Health and Dental claims.

#### Mandatory Benefits

Life Insurance, Dependent Life, AD&D, Extended Health Care & Out-of-Canada

#### All Eligible Employees

Single Coverage \$ 82.60 /month  
Family Coverage \$176.35 /month  
Exempt Coverage \$ 16.50 /month

#### Optional Benefits

##### Dental

All Eligible Employees  
Single Coverage \$ 47.00 /month  
Family Coverage \$115.75 /month

##### Long Term Disability

Some occupations are not eligible for LTD coverage due to the nature of the risk.

All Eligible Employees \$2.65/\$100 of benefit

### The following rates will be changing for 2014:

- Your Life insurance rate will have a slight increase from \$0.48 to \$0.50 per \$1,000 of coverage. This translates into a premium increase of \$0.50 per month.
- We are pleased to advise that the Extended Health Care and Long Term Disability rates will be held again for the upcoming year (holding at the 2013 rates).
- Your Dental rates will remain the same as the prior year.
- The Out of Province/Canada rate was increased for all RWAM clients - single increase of \$0.15 and family increase of \$0.25.

