



INSIGHTS

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**WATERLOO AREA'S
TOP EMPLOYERS
2014**

Changing Demographics Their significant effect on benefit plans

From time to time I am asked what I believe to be the most significant issue impacting employee benefit plans today. Most people expect my response to be rising drug plan costs. You may be surprised when I say that it's changing demographics. The changing profile of the workforce is the most significant issue impacting employee benefit plans today. I think we need to make plan sponsors understand why that is.

The impact of employee demographics on benefit plans is significant. And by demographics I mean not only the standard measures such as age and sex, but also family status, culture, diversity and general health. Demographics influence the following:

Rating – Benefit plans are rated, at least in part, based on demographics. For example, age and sex are key components in the pricing of risk benefits such as life and disability, but so too does family status have an impact on unit costs.

Usage – Demographics drive plan utilization, which in turn, drives costs. Age is a determinant in plan health since as we age we tend to use some benefits such as health and disability more often.

Needs/wants/expectations – Our needs/wants/expectations of the benefit plan are driven by who we are (age, sex, culture, health, etc). And these needs/wants/expectations vary considerably based on our individual demographic characteristics.

Delivery – Demographics also play a factor in how we want to receive information about our plan and, in fact, how we want the benefit and/or service delivered.

In short, employee demographics influence every aspect of employee benefit programs. Yet most plan sponsors, other than basic statistics such as average age, male/

female split, and/or number of single employees versus those with dependents, do not have a complete picture of their employee population and how changes in this profile will impact their benefit plans in the future.

Let's consider some of the more significant demographic trends impacting Canada today.



Plan sponsors need to think in terms of the workforce of tomorrow. The battle for talent will be won or lost based on decisions made today.

Aging – It's been well documented that Canada's population is getting older, so it stands to reason that most workforces are getting older. As a consequence, age-rated benefits will cost more, and utilization in the areas of health and disability will increase. Preference for certain benefits will start to shift (i.e. post-retirement benefits). And on a macro level, the aging population is expected

to create a labour shortage in Canada (with employees exiting the workforce through retirement) creating a need/desire to keep otherwise retirement-age employees working for longer. Retirement age will become an increasingly difficult number to peg, therefore, termination provisions under benefit plans will need to adapt. The new normal being age 75 rather than 70.

Mortality and morbidity – The good news, we're living longer. The bad news, we're not particularly healthy. However, with advances in medical treatment, with employer-sponsored wellness programs, we can live longer in poor health. This has profound implications for benefit programs. Benefit plans can attract higher costs for longer. This is why addressing employee ill health is so important in terms of managing future benefit plan costs.

Diversity – There are a number of elements to diversity such as culture, generational and definition of family. Canada is already a multicultural nation and is expected to become more culturally diverse. With declining birth

...continued on reverse

Assistive Devices Program

Insulin Syringes for Seniors Grant

The Assistive Devices Program (ADP) provides a grant to help seniors pay for needles and syringes to administer insulin. ADP also provides funding to the Canadian Diabetes Association (CDA) Monitoring for Health Program to help with the costs of blood glucose meters, lancets and test strips.

Who can apply for the Insulin Syringes for Seniors Grant?

Any permanent resident of Ontario who has a valid Health Card issued in their name, is 65 years of age or older and uses insulin by injection on a daily basis.

The ADP does not pay for equipment or supplies available under Workplace Safety & Insurance Board (WSIB) or the Group "A" Veterans for their pensioned conditions.

How can I apply?

Get an Application for Funding Insulin Syringes for Seniors Grant form. The form can be downloaded and printed from the ADP website at www.health.gov.on.ca or contact the ADP directly.

How much funding will I get from the ADP?

Eligible seniors will receive an annual grant of \$170. If you are visually impaired, the maximum payment is 75 per cent of the cost of a talking meter to a maximum payment of \$300. The ADP will provide funding towards a meter once every five years.

Additional Assistance for Insulin Pumps

The Ministry of Health's Assistive Devices Program provides 100% of an approved price (\$6,300) for certain insulin pumps and a yearly grant of \$2,400 for related supplies for people of all ages with type 1 diabetes.

Demographics ... continued from reverse

rates, the future labour shortage in Canada is expected to be filled almost exclusively though an immigrant workforce. There has been a lot written about the different generations now active in the workforce, and the fact that the definition of family is not what it once was with blended families, same-sex relationships, and overage dependents. This diversity needs to shape the design and delivery of benefit plans in the future, far more than the standard one-size fits all plan of today.

Access – We live in a world of increasingly instantaneous access to goods, services and information. In many cases, this access is facilitated through technology. Even five years ago, who would have thought that the mobile phone would be so dominant in how we currently live our lives? (Editors note: please see the RWAM announcement on mobile phone claim submissions for an-

droid and iPhones). Some generations are clearly more comfortable with using technology and the communication protocols embedded within that technology. All generations are demanding quick and easy access. It's important for benefit plan sponsors to acknowledge these trends and adapt both the delivery and communication of benefits to members.

Though I believe the changing workforce is the most significant issue for benefit plan sponsors, I see it not as a problem but a great opportunity. There is tremendous opportunity to better manage and make benefit plans more relevant by understanding these demographic shifts and recalibrating as necessary. It starts with understanding your current workforce, not only in simple terms, (such as age, sex, etc), but who they are, where they came from and what's important to them.

And given that the face of most workforces is likely to change dramatically in the coming years, plan sponsors also need to think in terms of the workforce of tomorrow. The battle for talent will be won or lost based on decisions made today. Finally, and this is difficult for many decision-makers, acknowledging that your own personal needs/wants/expectations may not be representative of your employee population is key to designing and delivering a benefits program that is demographically relevant.

Demographics touch every aspect of an employee benefit plan. Understanding these interrelationships and adapting to even subtle shifts is the key to successful benefit plan design and management.

Until next time...

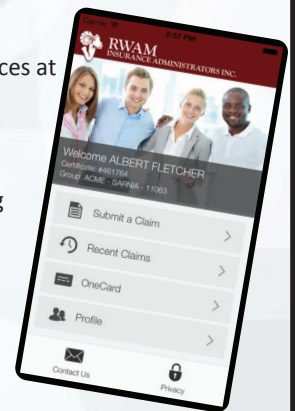
RWAM Mobile App

Offering select features of RWAM Plan Member Services (<https://planmember.rwam.com>), RWAM Mobile allows our plan members to:

- Submit health, dental and vision claims securely online directly from your phone or tablet
- View recently paid claims
- Access your RWAM OneCard and use your phone as your Drug Card, Hospital Card, Dental Card and Out of Country Travel Card (if applicable to your group plan)
- View balances on your HSA (if applicable to your group plan)
- Contact RWAM with a simple click

How to access RWAM Mobile:

- Enrol for RWAM Plan Member Services at <https://planmember.rwam.com> to obtain your user ID and password
- Enrol for EFT deposits of your claim payments by providing your banking information and email address on RWAM Plan Member Services
- Download the free RWAM Mobile App on your smartphone or tablet (search 'rwam')



Available for iPhone and Android (BlackBerry 10 coming soon)