



INSIGHTS

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ISSUED QUARTERLY



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- Top-up coverage is available through RWAM's website

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Top 3 issues Facing group life and health clients today

I was recently asked what I felt were the top 3 issues facing group life and health clients today. In my opinion, employee demographics, stop loss pricing and ensuring that drug costs are better managed by reminding employees to take their medication as prescribed are topics of discussion that need to be had with plan sponsors.

The changing profile of the workforce is the most significant issue impacting employee benefit plans today. The impact of employee demographics on benefit plans is going to be more significant. This goes beyond the standard measures such as age and sex, but also family status, culture, diversity, and general health. Retirement age will become an increasingly more important number as more retirement-age employees continue to work. But, with advances in medical treatment we can live longer in poor health, which means benefit plans will attract higher costs for a longer period of time. This is why addressing employee ill health with employee wellness programs is so important to proactively manage future benefit plan costs.

Stop loss pricing will continue to rise as catastrophic claims increase in frequency and in dollar value. Plan sponsors need to ask and answer two questions for themselves - What attachment point (pooling level) makes the most sense from a risk and cost minimization standpoint? And, how do we quantify our risk?

In order to assess these, the plan sponsor must understand what their future exposure is to specialty drugs: What is the proportion of current specialty claims allocated to chronic disease? What is the conversion risk of existing claimants with traditional treatment regimens for a given disease to regimens based on newer specialty drugs?; and, What is the risk of new specialty claims and claimants emerging from our existing employee population?

Knowing the answers to these questions will help employers and advisors decide where the pooling level should be set to better balance the cost versus risk equation.



Shifting gears, we don't talk about patient medication compliance or adherence enough. Non-adherence refers to the patient who does not follow either the doctor's or pharmacist's instructions. They forget or neglect to take their prescribed dosages at the recommended times or they decide to discontinue to take their medication without consulting their physician. The end result of this can be that the patient relapses, or worse, the plan member experiences a reduced quality of life or a shorter life expectancy. According to Memotext, 50% of patients fail to adhere to their prescriptions resulting in over \$300 Billion in unnecessary costs. Non-compliant plan members cost plans 3 times more than other plan members. C. Everett Koop, former Surgeon General of the United States summed it up like this: "Drugs don't work in patients who don't take them". He felt there were two schools of thought with respect to medication non-adherence. The first holds that non-adherence is a patient behaviour problem. "Whether it's because they are stupid, lazy or unengaged... patients just don't take their medications as directed by their physicians." The second school of thought holds that non-adherence is often a rational response on the patient's part when faced with a recommendation to do something they don't agree with

...continued on reverse



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 2015 Renewal

Annual overview - No change in rates across the country

RWAM's 1two3 group insurance product currently insures over one thousand people, representing more than 740 businesses throughout Canada. This year we welcomed 70 new members/groups to the 1two3 product.

Ontario 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

Ontario 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

RWAM understands that a successful employee benefit plan depends on the service behind it and that if we don't take care of our customers, someone else will. RWAM provides the following services:

- Pre-assigned administration to handle your account
- Quick and accurate adjudication of EHC and Dental claims
- Electronic Fund Deposit
- Benefit Confirmation Statements
- Easy to use forms, benefit booklets and guidelines available at www.rwam.com

Top 3 issues ... continued from reverse

– namely take a medication. For adherence to improve, patients have to understand and accept they: have a medical problem; understand that the problem will be serious if left untreated; and, have a belief that the treatment is safe and effective. Doctors also need to do a better job of communicating these facts to the patient in a way they can understand and accept. And, there's the rub. The average primary care physician spends less than 60 seconds explaining the ins and outs to patients during the office visit. For our part, remind plan members to follow the instructions on the label, and to accept that their doctors know more about their situation than they do. If unsure, get a second opinion.

RWAM INSURANCE ADMINISTRATORS INC.

HOLIDAY HOURS

Wed. Dec. 24th - Closed at noon
Thurs. Dec. 25th - Closed all day
Fri. Dec. 26th - Closed all day
Wed. Dec. 31st - Closed at noon
Thurs. Jan. 1st - Closed all day
Fri. Jan. 2nd - Closed all day

The office is open regular hours
on Dec. 29 and 30.



Out-of-Country Emergency Medical Top-Up

Group plans that have the OOC emergency medical benefit provide coverage for a maximum number of days per trip, generally 60 days. If you are planning a trip that will exceed your plan's trip duration maximum you can purchase top-up coverage on-line through RWAM's website.

The top-up coverage automatically mirrors the group coverage for those employees under age 55. For employees 55 or over (including spouses), completion of an on-line health questionnaire is required prior to policy issue. If coverage is approved, it will also mirror the group coverage.

This individual top-up coverage is available with quotes being accessed through www.rwam.com under 'Purchase Top-Up Emergency Medical Out-of-Canada coverage'.

You must be insured through RWAM's OOC plan to purchase this top-up coverage.

Should you have any further questions, please contact RWAM at:
1-877-888-7926 ext 221 or email: haguiar@rwam.com