



INSIGHTS

MAY 2005

IN THIS ISSUE...

The Aging Face of Employees

The percentage of older employees in the workplace grows

Disability - Frequently Asked Questions

Good Health = Cost Containment

Top five categories of:

Prescription Drug Use
Long Term Disability Categories

Making adjustments for people who want to contribute only makes sense. Providing modified benefits may be part of that thinking.

The Aging Face of Employees

One of our benefits consultants called me the other day to talk about structuring a health and dental plan to include coverage for plan members who, under present guidelines, would be considered retired and therefore would not likely be eligible for benefits. This got me to thinking...

It's still typical to see employees retire in their sixties, be handed the gold watch and fade into the sunset. But as the baby boomers begin to near the median retirement age of 62, that trend is starting to change. According to Statistics Canada, in 2003, the number of jobs held by those 55 and older grew by 10.7%. And by 2011, Statscan predicts the percentage of employed people aged 65 to 69 will increase by 16% to 142,000. That's worth noting because a labour shortage is predicted.

In the short term it's unlikely that we will see a huge influx of seniors remain in the workforce, but the requests to provide coverage for individuals over age 70 is on the rise. As the provinces do away with a mandatory retirement age, it's more likely that people will begin to give it greater consideration.

Keeping seniors on the job requires workplace modifications. There will be a need to address the physical challenges that come with age, such as the onset of chronic diseases like diabetes, high blood pressure and arthritis,

as well as hearing and vision problems. These conditions will get us to thinking about ergonomic workstations, better lighting and, don't laugh, designated rest periods throughout the day. Keeping your elder employees fit will become a principle concern. From the easy approaches such as fitness memberships, to the not so easy; rest areas and accommodating flexible work schedules.

Older employees also have different learning styles than younger staff members. They process information differently as they age. More one-on-one interaction between manager and older workers can help, as can frequent updates and slower paced training.

With more older employees in the workforce, it will be necessary to keep them healthy and productive. The good news is that seniors are taking better care of themselves, so the fiscal impact may not be significant. In those provinces where there isn't a second payer philosophy (some provinces have already taken steps to be the second payer for seniors 65 and older when there is an existing health plan in place) it may very well be that a plan sponsor's costs may actually be lower than for someone at the age of 64.

I'd be the first to admit that this thinking flies in the face of current trends. According to Hewitt Associates 2004 Trends in

Canadian Retirement Programs survey, of the 54% of plan sponsors that actually offer post-retirement benefits, many are planning to make changes, such as reducing dental benefits or increasing employee contributions to reduce rising drug costs. However, by offering benefits that seniors want, I think there is an opportunity to find the middle-ground between 'salary' and benefits. Look at alternatives:

- Reduce benefits that employees don't value as highly
- Offer what seniors want (ie. flexible work hours and work-sites, Out-of-Country benefits without a pre-existing clause, better hearing and vision programs)
- Ensure employees over age 65 are full participants in government programs

It's time to recognize that keeping seniors in the workplace is an investment. More and more of them will be delaying their retirement plans, in part because a non-mandatory retirement world allows them to, but also because their employer recognizes that they bring skills that cannot be easily replaced.

Making adjustments for people who want to contribute only makes sense. Providing modified benefits may be part of that thinking.

Until next time...

Disability FAQ

Employers often have questions about the disability claims process. Below are answers to questions we hear frequently.

Q If The Co-operators denies the claim for disability benefits or ceases paying disability benefits and the employee does not return to work, may I terminate employment for that individual?

A An employer's decision to terminate employment should not be based on the insurer's decision to deny a claim or cease paying disability benefits. There may be reasons other than the employee's ability to return to work upon which the insurer's decision to deny or cease disability benefits is based. Determination of entitlement to disability benefits is a separate and distinct issue from termination of employment. One decision should not be based on the other. It is in your best interest to seek legal advice in this situation.

Q If the employee's claim for disability benefits is denied and the employee doesn't return to work, should I continue to pay premiums on behalf of the employee?

A Human resource procedures within your company may determine corporate policy for this situation. According to your group insurance policy, in order to be eligible for benefits employees must be actively at work, except for reasons outlined in the policy. It is in your best interest to seek legal advice in this situation.

Q What happens if I terminate the disabled employee?

A If the termination date is after the date of disability it will not affect the status of the employee's disability claim, however there may be legal considerations or consequences for other group benefits. It is in your best interest to seek legal advice prior to termination of employees who are absent due to illness.

For answers to more questions about disability claims, refer to the Employer's Guide to Disability Claims available online at http://www.cooperators.ca/life/group/pro_dis.asp

Good Health = Cost Containment

Good health is important to all of us. While some of us take an active role in seeking and maintaining good health, others know of its importance but haven't found the right motivation to follow through.

The personal benefits of good health are clear, but the added bonus is that good health is an extremely effective means of cost containment for your group benefits



Prescription Drugs

The top five categories of prescription drugs account for nearly 45 per cent of all drug claims paid by The Co-operators in 2004. The remaining 55 per cent of claims are split among 110 categories.

Rank	Category	% of Total Drug Claims Paid
1	High Blood Pressure	12.64%
2	Antidepressants	9.15%
3	High Cholesterol	8.92%
4	Gastric Secretagogues - upper stomach ailments	7.95%
5	Analgesics - general pain	6.14%

Long Term Disability

The top five causes of long term disability claims account for nearly 71 per cent of LTD claims received by The Co-operators in 2004. The top two categories alone account for 44 per cent of all claims.

Rank	Category	% of Total Drug Claims Paid
1	Musculoskeletal - sprain, back pain, arthritis	24.7%
2	Mental Disorders - stress, depression, dementia	19.3%
3	Cancer	10.9%
4	Circulatory System Disorders - stroke, high blood pressure, heart attack	8.8%
5.	Accidents - not auto	7.1%