

## Health Travel Insurance in Your Group Plan

Today, most group health plans include a travel insurance provision to provide emergency health coverage for employees and dependants who travel for business or pleasure. Typically, the cost of the coverage is included in the basic health premium. Surprisingly, many employees do not realize that their basic plan includes this valuable provision. Sadly, many eligible employees still purchase travel health insurance from travel agents, financial institutions, automobile clubs and insurance agents...when they do not need to.

For most travel situations the group plan provides more than adequate coverage. Indeed, the coverage in most group plans is better than the policies sold over-the-counter at third-party retailers. Too often over-zealous travel agents sell additional travel coverage looking for the commissions that they derive from the sale. A good travel agent will ask you about your coverage when travelling (as he/she should) to make sure you are adequately protected while away from your home province. Remember, provincial medicare plans rarely provide more than a modicum of coverage while out of Canada and prudence demands

that you do have travel health insurance when you leave the country. For the vast majority of situations your group plan will provide that for you.

Your group plan, through a travel assistance partner, will cover your emergency medical costs and medical evacuations. Most plans will also coordinate the management of the expenses between medical provider, insurer and provincial medicare program. This does require the provider to recognize the role of the assistance carrier and that you, or the provider, call the assistance company (toll-free), as soon as is practicable, if an emergency arises. For most situations, particularly in North America, large up-front payment of expenses will usually not be required; however, small cash outlays, usually less than \$200, may have to be paid by the traveller.

What your group plan will not do for you is protect you if you need to cancel your flight, your room or another travel arrangement, or from lost baggage. For that you will need extra coverage. You can obtain individual travel insurance by going online at [www.cowangroup.ca/travelquote](http://www.cowangroup.ca/travelquote).

*...continued on page 2*

### What's inside

#### Page 2

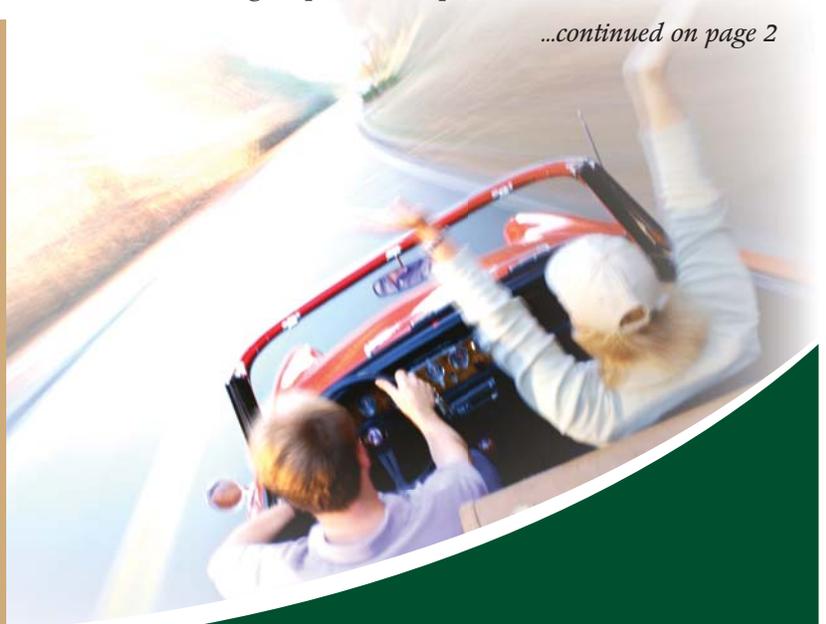
- Health Travel Insurance in Your Group Plan *(cont'd from page 1)*
- Over-the-Counter Product Regulation Change Comes Into Effect

#### Page 3

- Ontario Proposes Pension Reform
- Drug Plan Costs Out of Control? - Tips to help keep costs in check

#### Page 4

- Controlling Your Benefits Costs by Educating Employees
- Holiday Hours



# Health Travel Insurance In Your Group Plan

(cont'd from page 1)

Other situations where supplementary travel health insurance is advisable:

- if your group plan has an age limitation that impacts you or a dependant;
- if the maximum duration of your trip insurance is inadequate for the length of time out of Canada;
- if, in the rare situation, where a pre-existing medical condition may restrict the group coverage; or,
- your trip may be into an area of the world where war or civil unrest is an issue.

For these types of special insurance, an insurance specialist, such as Cowan, can help. We arrange coverage for virtually any contingency, including war-risk, kidnap & ransom, political and environmental evacuations, top-off coverage to extend coverage beyond the day limit in your group plan...anything. We can even arrange coverage for friends, relatives and work colleagues who are visiting (or emigrating to) Canada and do not have insurance coverage for when they are here.

For most applications, your group travel insurance plan is all you need. For those other contingencies, an insurance specialist is your best choice. For more information, please contact your Cowan consultant or the author of this article, **Fred Quinton, Benefits Consultant**, at 1-866-912-6926 ext. 51101 or [fred.quinton@cowangroup.ca](mailto:fred.quinton@cowangroup.ca).

## Travel Reminder for Your Employees

### Remember to...

- Check your coverage before you leave
- Bring your International Travel Assistance Card with you on your trip
- Call the 1-800 number on your card 24 hours after an emergency

## Over-the-Counter Product Regulation Change Comes Into Effect

As of January 1, 2010, certain over-the-counter (OTC) medications will be reclassified as natural health products. These medications will no longer carry a drug identification number (DIN). Instead, they will be labeled with a new natural health product number (NHP) label.

This change follows a reclassification of certain OTCs by Health Canada in an effort to distinguish natural health products from drugs.

What does this mean for you and your employees? Natural health products are typically not covered under

insurance plans. We urge plan sponsors to check with their provider about specific details on what is and isn't covered, and communicate any changes to employees.

What qualifies as a natural health product? The Natural Health Products Regulations, which came into effect in 2004, set out the following categories for natural health products:

- Vitamins and minerals
- Herbal remedies
- Homeopathic medicine

- Traditional medicine (eg. Traditional Chinese medicine)
- Probiotics
- Other products such as amino acids and essential fatty acids

For more information, please visit: <http://www.hc-sc.gc.ca/dhp-mps/prodnatur/index-eng.php> or contact your Cowan consultant.

# Ontario Proposes Pension Reform

On Wednesday, December 9th, 2009 the Provincial Finance Minister Dwight Duncan announced the Pension Benefits Amendments Act 2009.

This is part of a multi-step process that represents the first pension reform of this magnitude in more than 20 years.

The reforms are intended to strike a balance among the diverse interests of pension plan sponsors, plan members and pensioners. They also build on the broad public consultation held by the government and the recommendations of the Ontario Expert Commission on Pensions.

Although a number of the reforms are more relevant to Defined Benefit Pension Plans, the government's package includes the following proposals which will affect Defined

Contribution Pension Plans registered in Ontario:

1. Provide for immediate vesting for members. Currently, plan sponsors can make employees wait two years before they are entitled to the full value of their pension.
2. Eliminate partial wind-ups. A partial wind-up occurs when only part of a pension plan is closed. This would simplify administration and reduce compliance costs for plan administrators and sponsors.
3. Make pension advisory committees easier to establish, allowing members and retired members to monitor plans on an advisory basis.
4. Clarify requirements for plan administration. For example, the filing of specified documents

could be waived for prescribed classes of pension plans.

5. Enable plans to restructure more easily, while protecting members' interests. This would simplify the regulatory approval process while providing more flexibility in commercial transactions, like mergers and acquisitions.
6. Allow plan sponsors to amend plan rules to permit phased retirement, a measure that would enhance labour force flexibility and help employers retain valuable employees.

The second stage of Ontario's pension modernization process is planned for 2010.

*If you have any questions, please contact your Pension consultant.*

## Drug Plan Costs Out of Control? – Tips to help keep costs in check

A few weeks ago, Cowan's Benefits and Retirement Consulting Division in Cambridge hosted a Pension and Benefits Update seminar. One of the key areas the seminar focused on was how to control the costs of employee drug plans.

Guest speaker Chris von Heymann, Senior Vice President of Cubic Health Inc., discussed a variety of ways to assist employers in reducing their drug plan costs. We thought we would include a few of his key points here:

1. Before a plan pays for a brand name drug that has an interchangeable generic equivalent, implement a process whereby the employee must provide evidence of a documented allergy to the

generic version. If not, the employee is required to pay for the difference for the brand name product.

2. Drugs' ingredient costs should be a major focus for plan sponsors, as they can differ substantially between pharmacies – for the same quantity of exactly the same medication. Does your provider cap the allowable ingredient cost? At what level?
3. You can help reduce a significant number of dispensing fees paid by the plan for ongoing, maintenance medications by encouraging optimal 3-month refill quantities through a plan member communications or through plan design change.

4. Similarly, if an acute drug becomes required for maintenance use, the employee should be encouraged towards 3-month refill supplies to help further reduce the overall number of dispensing fees paid. Note: Narcotics cannot be filled as a maintenance drug.

By reducing your costs in a few small ways, the sum of the savings will go a long way towards your plan's ability to afford the life-changing, novel biological drugs that help employees with catastrophic conditions.

# Controlling Your Benefits Costs by Educating Employees

The purpose of employer-sponsored Health and Dental insurance is to increase the well-being of your employees, as well as to attract and retain quality personnel. It has been proven time and time again that through a healthier and happier workforce, there are fewer job absences, increased productivity levels and less chance of job-related injuries occurring. This generally means a better financial picture for both the employee and employer, as it is a mutually-beneficial arrangement that has direct impacts on the operating expenses of a business. Problems can occur, however, when high usage of the plan starts to affect the overall pricing.

The average Health and Dental benefit plan is priced to pay out claims at a rate consistent with actual incidence rates of illness and injury. If your

company is going through a period of high utilization of the plan, then you can easily expect to see double-digit increases to the cost of providing the benefits to your employees. For example, if your company pays on average \$200,000 per year to provide the plan for the employees and you see a 15% premium increase due to high usage, you now will have to pay \$230,000 per year. The difference of \$30,000 is considerable when looking at the available cash flow of any business.

The questions that then need to be addressed are: where will your business get this money? And will you have to cut the available benefits to reduce premium? If you build the increase into your prices, then you could lose profitability and the company's financial worth can drop. If you have to cut staff to be able to pay for the change, then you lose out on additional resources and again this will have a direct financial consequence, not to mention the impact on morale with the remaining employees.

In the end, it is education and communication regarding the proper usage of a benefit plan that will help to control the utilization of your benefit plan. You need to be able to explain to your employees (in a non-threatening or non-accusatory manner) that they have a direct impact on the financial well-being of

their company through the employer-sponsored Health and Dental benefits offered, so it is everyone's responsibility to ensure the benefits are used properly.

We provide 6 and 9-month experience reviews to check levels of utilization on your policy. This can drive what you are communicating to employees. *If you would like assistance in educating and communicating these messages to your employees, please contact your Cowan or Wentworth consultant.*



## Holiday Hours

Christmas Eve  
- Office closes at noon

Christmas Day  
- Closed

Boxing Day  
- Closed Dec. 28, 2009

New Year's Eve  
- Office closes at 3 p.m.

New Year's Day  
- Closed

*This bulletin is produced by the Benefits and Retirement Consulting Division of Cowan Insurance Group and its subsidiary, Wentworth Financial Services. We help public and private-sector clients manage their group benefits, retirement and health and disability management plans.*

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[www.cowangroup.ca/dec-09](http://www.cowangroup.ca/dec-09)

## 2009 Headlines of the Year

Over the last year, the Employee Benefits Bulletin has covered a number of topics. For your reference, we have included a list of the headlines from our 2009 newsletters. To read the full articles, please go to: [www.cowangroup.ca/bulletins-09](http://www.cowangroup.ca/bulletins-09).

### March 2009

- The Tax-Free Savings Account – Is it a Match For Your Company?
- The Pharmacist Will See You Now
- Ontario Health Insurance Plan (OHIP) Changes
- Coordination of Benefits (COB) Guidelines Clarified
- 2009 Federal Budget Highlights
- Cowan Helps Hospital Stem Costs: An Integrated Approach to Absence Management

### September 2009

- Temporary Layoff of Non-Union Employees: Key Issues to Consider
- Worksharing Program Offers Alternative to Layoffs
- Alberta Removes Chiropractic Service
- RAMQ Adjusts Drug Coverage
- Changes to Rules for Ontario Locked-In Accounts
- Influenza Vaccine Reminder: Flu Season is Coming

### May 2009

- The Costs of Substance Abuse in the Workplace
- Is Long Term Disability Coverage Enough?
- Survey Results – Mental Illness an Issue for Most Employers, But Many Not Taking Action
- Newsletter Q&A – Suspension of Pension Plan Contributions
- Check Out Our New Blog

### November 2009

- Helping Employees Through The Challenges of Deployment
- Third-Party Degree – An Excerpt from a Benefits Canada Article
- Distracted Driving Legislation
- New Status for Temporary Workers
- Registered Pension Plans – Compliance Update
- WSIB Alternative Programs: Do I Need to Be with WSIB?

### July 2009

- The Importance of Substance Abuse Policies – Part 2 of 2
- Proposed CPP Changes
- Ontario Takes Action on Drug Rebate Scheme
- Newsletter Q&A – Healthcare Spending Accounts
- Don't Miss the Deadline for Registering Over-Age Students

### December 2009

- Health Travel Insurance in Your Group Plan
- Drug Plan Costs Out of Control?
- Controlling Your Benefits Costs by Educating Employees
- Over-the-Counter Product Regulation Change Comes Into Effect
- A Training Program for Your Board of Directors or Pension Committee

### Special Bulletins

- 2009 Government Rate Update
- 2009 Ontario Budget Highlights
- H1N1: Is Your Business Prepared for the Fall?



## Put Us To Work For You

At Cowan, our goal is to provide you with the highest level of expertise. We can assess your exposure to risk, recommend short and long-term action plans, find insurance companies to match your needs, and represent you should you suffer a claim.

### For Your Business

#### Business Insurance

- Property and Liability
- Business Interruption
- Director & Officers
- Errors & Omissions
- Surety
- Credit Insurance
- Risk Management Services
- Small Business Solutions

#### Benefits Consulting

- Group Benefits
- Health and Disability Management
- Pension and Retirement Consulting
- International Programs
- Employee Assistance Programs
- Third Party Administration

#### Group Home and Auto Insurance

### For Business Owners

#### Financial Solutions

- Life and Disability Insurance
- Long-Term Care Protection
- Executive or Key Employee Compensation
- Business Succession and Continuation Planning
- Tax Reduction Strategies

#### Private Client Solutions

- Home and Auto Insurance
- Boat Insurance
- Specialized Insurance Solutions

### For Employees and Individuals

- Home and Auto Insurance
- Boat Insurance
- Travel Insurance
- Title Insurance

## Contact Us

*To learn more about how we can help you please contact your Cowan Representative*

**We care about what you care about.**