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To vaccinate at work or not? That is the big question

Following the pandemic of 2009/2010, employers are taking notice and realizing that prevention is key. Prevention initiatives such as on-site hand sanitizers and hand washing information have been very useful. Now, employers are toying with the decision of whether or not to offer on-site flu clinics for their employees. The Centers for Disease Control and Prevention (CDC) out of Atlanta, Georgia estimate that employees who receive the flu shot may see their odds of getting the flu reduced by 75 percent. So in some respects, it makes good business sense for employers to facilitate their employees' flu vaccinations.

Benefits of offering an on-site flu clinic for employees include:

- **Saving time** - Having an on-site clinic will eliminate the need for employees to travel off-site to obtain the vaccine.
- **Commitment to well-being** - This level of wellness initiative illustrates an employer's proactive interest in their employees' well-being.
- **Return on investment** - Providing an on-site flu clinic increases the number of people being vaccinated and can reduce sick time and/or reduce short-term disability claims.

One challenge employers may face is employees' perceptions that the on-site flu clinic is mandatory or in any way forced upon them. It is essential that employers clearly communicate that the flu clinics are being provided as a completely voluntary wellness option for employees.

Although flu activity can be unpredictable, it can start as early as October and end as late as May. Now is a good time to ask the question: Should we provide flu shots at work or not?

For more information, please contact the author of this article, Susan Novo, Manager of Health and Disability at Cowan Insurance Group at susan.novo@cowangroup.ca or your Cowan Consultant directly.

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We care about what you care about.

Drug Trend Study

Did you know that the average cost of treating a patient with a biologic drug for conditions such as rheumatoid arthritis, Crohn's disease and psoriasis, could range from $15,000 - $35,000 per year? We are starting to see these types of costs impacting health claims pricing as more and more biological drugs are helping to ease patients' aliments better than other drugs on the market. The effectiveness of these drugs may also assist in keeping employees at work which is a factor that should be considered when reviewing cost containment strategies.

Green Shield, in partnership with Brogan Inc., completed a recent Drug Study that looked at 56 million drug claims across their client base from 2005 to 2010. The goal of the study was to determine if, in the past five years, therapeutic illnesses have changed compared to the changing drug costs. The results clearly revealed that while illnesses haven't necessarily increased or changed, the prescription drug landscape has.

In 2005, the top paid drugs dispensed were for the treatment of cholesterol, acid reflux, high blood pressure and antidepressants, with the biologic drug Remicade as the leader coming in at 9th position on the top 10 list.

Fast forward to 2010 and you will find that more name brand patents are coming to an end; generic drugs are costing less and there are fewer substitutes. Moving up from 9th position to one of the top spots is Remicade, followed closely behind by two more biologic drugs in the form of *Enbrel* and *Humira*, all for the treatment of rheumatoid arthritis, Crohn's disease and psoriasis. As you can see, the more costly biological drugs are starting to lead the pack.

If you are interested in implementing any employee wellness initiatives based on your employees' health, make sure that you review reports that illustrate the top 10 therapeutic illnesses in combination with the top ten paid drugs to get a more thorough overview. Be aware that if you only used the top ten paid drug report as your indicator, it may be skewed by the high cost of biologic drugs.

We will expand on this point with an example. An employer wanted to understand the state of their employees' health, so they reviewed a report that outlined the cost of the top 10 drugs over the past five years. Based on costs alone, the employer assumed that rheumatoid arthritis and Chrohn's disease were the most prevalent illnesses and ailments of their employee base. Upon further examination, they were able to see that high cholesterol, acid reflux and high blood pressure continued to be most prevalent across members of their benefits plan.

Consider the following alternatives associated with biologic drug claims as options to help manage rising drug claim costs for your plan:

1. Annual or lifetime maximums on all drugs
2. Introduction of prior-authorization to justify the need for expensive drugs versus less costly alternatives
3. Managed drug formulary with a pay direct drug card

For more information please contact the author of this article, Wendy Moody, Group Benefits Consultant at wendy.moody@cowangroup.ca or contact your Cowan Consultant directly.

Source: Thinking beyond the DIN, the Inside Story, August 2011, Green Shield Canada
Source: Benefits Canada, August 17, 2011

For further information about drug trends, you may want to read our May 2011 bulletin. That issue contained an article on biologic drugs and the potential cost impact they may have on your health plan. Visit https://www.cowangroup.ca/cigl/pages/resources/newsletters-bulletins/cbcl-bulletin/pdf/2011-May-Assistance-Program_en.pdf.

Why Work-Life Balance is so Important to a Younger Generation of Employees

Despite a rough economy, work-life balance is still a chart topper with new graduates looking for their ideal employment position. Often work-life balance is rated above salary and meaningful work.

In this environment of "war on talent", employers are competing with one another to attract and retain good talent. The younger generation of worker, "Millennials" or "Generation Y (GenY)", want more work-life balance and more flexibility, as well as the ability to work on their own time and their own hours. Once employers overcome an often initial reaction to label this group as having a sense of entitlement or being 'spoiled', they quickly realize that having balance in one's life improves effectiveness and overall productivity.

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Designating Beneficiaries - Information to Help You Answer Group Insurance Plan Member Questions

Many people don't realize there are different types of beneficiaries, each with its own set of consequences. It is important to know the basics about beneficiary designations in order to help your employees match their designations to their intentions.

There are three different types of life insurance beneficiaries: irrevocable beneficiaries, revocable beneficiaries, and the insured person's estate.

1. An **irrevocable beneficiary** is an unalterable designation of any person chosen by the insured.

   This means, should the insured wish to change the designation at any time, they would not be able to do so without the written consent of the current beneficiary. An example of how this could prove to be troublesome is in the case of a spouse as an irrevocable beneficiary; in the event of a separation or divorce, the insured would need written consent of the estranged spouse to change that beneficiary designation.

2. A **revocable beneficiary** is a designation of any person chosen by the insured. The insured retains the power to change this designation at any time without requiring the consent of the current beneficiary.

   Note: The death benefit payable is tax-free in the hands of both ir**revocable and revocable beneficiaries**, and because the benefit payable becomes an asset to the beneficiaries, it is therefore protected from your creditors.

3. The **insured person's estate can also be designated as the beneficiary**, and will be the default beneficiary where none is designated. However, the death benefit then becomes subject to probate fees and there is no protection of the proceeds from your creditors.

The proceeds of life insurance benefits are meant to help ease financial burdens and stress for the loved ones left behind, so it's important to help your employees understand the impact of their selections to make sure that the choices they make have the desired result.

For more information on designation of beneficiaries, please contact the author of this article, Sarah Sanderson, Senior Service Consultant, Cowan Insurance Group at sarah.sanderson@cowangroup.ca or your Cowan Consultant.

Work-Life Balance: *continued*

Can we all learn something from Generation Y's motto of "working to live rather than living to work"?

Demands for greater work-life balance may be good news for all of us. The younger generation was raised by family-oriented Baby-Boomers who taught them that family time is important. Millennials and GenYs are often hired because of their impressive extra-curricular activities. Everyone wants a well-rounded employee joining their team, as they are more likely to easily blend with the existing team.

According to the Government of Canada, work-life balance is defined as a self-defined, self-determined state of well being that a person can reach or can set as a goal, that allows them to effectively manage multiple responsibilities at work, at home, and in their community; it supports physical, emotional, family, and community health, and does so without grief, stress, or negative impact.

The benefits of work-life balance initiatives are diverse and may include:

- Reduced absenteeism
- Increased productivity
- Improved morale
- Improved working relationships
- Reduced stress levels reported by employees
- Increased appeal to new talent
- Increased retention of current employees

Some common flexible work arrangements that may be considered to meet employees' needs at different times in their lives include: flexible hours, compressed work weeks, working remotely, part-time work, and job sharing. In addition, the ability to work remotely and 'check-in' via mobile device has increased flexibility exponentially. Employers are keen to bridge the generation gap at work one step at a time. Given the positive spin-offs affecting productivity and quality of work, encouraging work-life balance for all employees may be one step in the right direction.

For more information, please contact the author of this article Susan Novo, Manager of Health and Disability at Cowan Insurance Group at susan.novo@cowangroup.ca or your Cowan Consultant.

New Pension Rules Related to Marriage Breakdown

Effective January 1, 2012, there will be new rules for Ontario registered pension plans that provide new instructions for the treatment of splitting pension assets upon the breakdown of a spousal relationship.

Under the current rule, the non-member spouse cannot access any portion of the plan member's pension assets until the plan member terminates employment, dies, or retires. Generally, upon direction of a domestic contract, the pension assets are segregated from the plan member's assets and placed into a separate account within the same pension plan.

Under the new rules, the non-member spouse may receive a lump sum payment from the pension plan if the plan member is not yet retired. This lump sum will be transferred to a locked-in account with a financial institution of the non-member's choosing where payments from this account may begin as early as the non-member's 55th birthday if they so wish.

If the plan member is retired and receiving pension payments, then the non-member spouse may receive a portion of the monthly pension payments as directed by a court order, family arbitration award or domestic contract.

These changes take effect as of January 1st, 2012 and do not apply retroactively. So, any pre-existing arrangements established due to court order, family arbitration award or domestic contract still stand and the former non-member spouse must wait until the former plan member spouse terminates membership from the plan due to termination of employment, retirement or death to receive his/her share of pension assets.

If you have any questions regarding this change please contact the author of this article, Olga Knight, Senior Pension Consultant at olga.knight@cowangroup.ca or your Cowan Consultant.

Question & Answer

Q. Our company pension plan is federally regulated so is registered with OSFI (Office of the Superintendent of Financial Institutions). We received notice that vesting must be 'immediate' due to an amendment to the Pension Benefits Standards Act, 1985. What does this mean?

A. Effective July 1, 2012 all pension plans registered and regulated by OSFI must provide immediate vesting. This means all plan members will be entitled to company contributions upon membership. The former minimum requirement in the legislation was that a plan member was 100% vested after 2 years of plan membership for contributions made after December 31, 1986. This new rule applies to all company contributions no matter when they were made.

In addition, locking-in of pension benefits is 2 years of plan membership on all company and plan member required contributions.

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