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## Strong Growth for ASO Plans

In the *Benefits Canada 2016 Group Benefits Providers Report*, it was stated that insurance companies have seen a 6.9% increase in the Administrative Services Only (ASO) category during 2015. Small and medium sized companies are opting for ASO plans that are typically more common among larger companies. With fully insured benefit plans becoming more expensive, plan sponsors are looking for cost savings and value. ASO plans provide transparency of “cost” in that the actual claim paid out to employees plus the administration expense provides a straightforward and easy to understand process where those dollars are being spent.

However, unbundling the cost of claims payment by moving to an ASO arrangement comes with the loss of EP3 and the elimination of protection against high cost drug claimants that was available while the plan was fully insured. Therefore, caution should be taken in deciding to move from fully insured to an ASO arrangement. Plan sponsors must clearly understand that separate Stop Loss coverage is required. They may also need to consider plan design changes in order to handle the ever increasing cost of drugs that will impact their plan.

## Avoiding Poor Health Choices – Creating Better Health Outcomes

As you may be aware, from a cost perspective, private sponsored drug plans are under siege. Through our partnership with Express Scripts Canada, we have learned that new treatments have been introduced in the Canadian market that while more effective than their predecessor drugs, still carry a staggering price tag in excess of \$70,000. With increased use of such drugs, high-cost claimants – those whose prescription costs ranged from \$6,900 to \$755,000 in 2014 – account for an increasingly large portion of drug costs: the top 1% of all claimants comprised 28% of total drug spending in 2014.

Many organizations are taking measures to limit prescription drug spending in an attempt to keep the cost of the benefit plan sustainable. This can potentially undermine health outcomes if higher out-of-pocket costs contribute to non-adherence – patients who don't follow their doctors' advice – potentially leading to worsening of symptoms, lost productivity, and disability. Informed, effective patient decisions and engagement play an essential role in keeping drug plans sustainable.

Express Scripts Canada research reveals that, each year, billions of dollars of prescription drug spending is wasted in Canada. In fact, \$1 in every \$3 spent does not improve patient health outcomes. For example, patients incur much higher pharmacy fees than necessary when they elect to use expensive brand-name medications instead of less costly generic options that are available and have been proven to be of equivalent effectiveness. Patients want the same outcomes as plan sponsors – better health at sustainable costs – but they need help making the right decisions.

One solution is *active benefit management*, an approach based on behavioral science that is designed to provide the right support at the right

time. For instance, if a physician has prescribed an expensive brand medication when a lower cost alternative is available, one of Express Scripts Canada's pharmacists will reach out to the physician. This type of proactive, timely support translates into substantial savings for patients and plan sponsors, with the potential to improve adherence as well as plan sustainability.

This level of pharmacy support can also help improve patient non-adherence caused by other reasons, such as forgetting to refill a prescription on time. In 2014, Express Scripts Canada research found that getting prescriptions from more than one pharmacy had a negative impact on adherence: 54% of patients who obtained their medications from just one or two pharmacies were adherent. When patients obtained their drugs from five or more pharmacies during the year, only 37% were adherent.

Pharmacy solutions such as Express Scripts **Active Pharmacy Specialty Drug Program and Maintenance Drug Program**, are available and they provide comprehensive counselling and services, side effect management, specialized pharmacists and coordination of care - which can also help patients manage multiple complex conditions - translating into better health outcomes.

Manion works very closely with Express Scripts Canada as our preferred Pharmacy Manager. With strategic pharmacy services support, Canadian patients can improve their health outcomes as well as help to ensure the sustainability of benefits provided by their plan sponsor.

For further information on Express Scripts Canada's Active Pharmacy programs and other cost containment alternatives, please speak to your Account Executive at **Manion**.

## Manion Claims Corner

### Quebec – Assignment of Dental Benefits

The Quebec Dental Association (ACDQ) has recommended that their member dentists stop offering Assignment of Benefits for all insurers not subscribed to Dentaide, its payment-handling service. Our understanding is the list of insurers not subscribed to Dentaide includes Great-West Life, Sun Life and Manulife. Great-West Life has confirmed in a recent release that they have been collaborating with other major insurers and the Canadian Life and Health Insurance Association (CLHIA) to try to work with the ACDQ to avoid this action. At this time we have been advised that these discussions are ongoing. We do not believe that this will directly impact our Self-Funded clients however, we continue to monitor this issue and will advise accordingly.

Assignment of Benefits is an agreement between group plan members and their dentist, asking the insurer to send their reimbursement directly to their dentist. It is a convenience that dentists have widely participated in for many years. If your plan insures Quebec residents and their dentist decides to stop Assignment of Benefits, the insured will have to pay out-of-pocket for dental services, and be reimbursed by your insurer/benefit plan. In this case, the dentist's office should still submit the claim to the insurer/benefit plan electronically as there has been no mention of a disruption to electronic claim submission.

### Understanding Pharmacy Markups

Your prescription drug benefit is designed to give you access to quality products and services at cost-effective prices. In order to get the most from your program, you need to consider the following when using this benefit.

The total cost of a drug for you or your drug plan is made up of **three** components:

- **Drug Ingredient Cost** – the sale price charged by the manufacturer for the drug.
- **Pharmacy Markup** – the amount added to the manufacturer drug ingredient cost by the pharmacy (markup maximums can vary).
- **Pharmacy Dispensing Fee** – the amount charged to you by the pharmacy for dispensing the drug.

Of these three components, the one **you** can control is the drug ingredient cost and you can do so by switching to a generic drug. Ask your doctor or pharmacist if there is a treatment option for your condition available in a generic medication. Generic medications contain the same active ingredient(s) and offer the same benefits as their more expensive brand-name counterparts.



## Additional Cost-Saving Tips To Control Your Prescription Drug Costs

- Shop around for the lowest dispensing fee and markup costs by calling your local pharmacies and asking how much it will cost to fill your prescription. This will lower your out-of-pocket expenses if you are not fully covered by your benefit plan.
- Request a three month (90 day) supply of prescriptions you fill on a regular basis so you only pay one dispensing fee.
- Examples of often used medications that are good candidates to be filled in 90-day supplies include birth control pills, high blood pressure medications, cholesterol drugs and pills for thyroid or diabetes. By reducing the number of refills from 12 to 4 per year, you and your plan save 67% on professional dispensing fees.
- By asking your doctor or pharmacist if they can offer a lower cost generic equivalent of your drug, you and your benefit program save money while maintaining the same level of care. In many cases, savings with generic equivalents can be as much as 75%.

### Brand-Name versus Generic Drugs... ...is like comparing...



## Manion Pension Corner

### New Pension Disclosure Rules Effective July 1, 2016

FEDERAL: The Office of the Superintendent of Financial Institutions introduced new disclosure requirements for the pension plans it regulates that came into effect on July 1, 2016:

- Both defined benefit and defined contribution pension funds will have to provide annual statements to former plan members and their spouses or common-law partners.
- Defined benefit plans must provide more details regarding the solvency position of the pension plan and the number of employer payments made to the plan during the year.
- Defined contribution plans in which members make investment choices will have to provide members with specific investment information, such as the degrees of risk associated with the fund, the performance history and the benchmark that best reflects the composition of the investment fund.
- Plans in which the plan sponsors make all investment decisions will have to outline their 10 largest asset holdings and their target asset allocations.

ONTARIO REMINDER: the regulations now require administrators to provide former members and retired members with written pension statements every two years. For existing pension plans, the first statements for former and retired members must be distributed no later than July 1, 2017. After that, plan administrators will have to provide statements to former members and retired members every two years, within six months after the plan's fiscal year end.