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NEW! Manion Annual Report Card 2013

A Word on Insurance Carrier and Claims Technology

Below are some key findings from the *2013 Mercer Canadian Group Insurer Technology Survey*. These are interesting observations relative to **Manion's** strategic focus and direction in this area.

- More insurers are now able to offer online claims submission by plan members; up by approximately 20% relative to 2011. For many paramedical practitioners, together with opticians, between 75% and 85% of the market offer online claims submission.
- Claims adjudication systems have evolved. More than 90% of the market can now adjudicate separate co-insurance levels of specific prescription drugs. Up by 30% since 2011.
- Plan sponsors who have adopted a pay-direct prescription drug card, are afforded opportunities to implement a wide range of prescription drug cost control mechanisms versus those who are still on a reimbursement basis for prescription drugs (no drug card). For example, only 62% of insurers can adjudicate drug claims opposite a price file for claims on a reimbursement basis. This is standard practice for pay-direct drug claims.
- There continues to be considerable focus on fraud prevention, with more insurers investing in automated audit processes together with an increased focus on claim profiling.



A Word on Insurance Carrier and Claims Technology (cont'd)

- In 2011, insurers indicated that they were going to invest in more mobile applications, paperless claims submission, more self-service, enhanced reporting for plan sponsors and increased use of social media. For the most part, the market has delivered on these commitments. Insurers promise more developments in these areas together with additional investments on health portals for plan members, online health risk assessments, more targeted employee self-service, automated booklet and contract production, and enhanced single sign-on capabilities.

Manion has always strived to provide high quality products and state of the art industry services. We are constantly examining our benefit solutions to ensure we continue to be relevant to ever changing industry demands and maximizing our technology offerings.

Our clients and their plan beneficiaries continue to benefit from our:

- Cost containment initiatives surrounding prescription drugs
- Benefit card solutions
- Online and direct deposit services

Manion will continue to work closely with their clients in addressing the gap between merely providing information and services the traditional way, versus embracing technology and educating individuals to understand and change their behavior.

Understanding Out of Country Emergency Travel Plans

A recent survey conducted by the *Travel Health Insurance Association of Canada (THIA)* shows that 35% of Canadians fail to purchase travel insurance. While many people will already have some form of travel coverage through their employer group plans or credit card coverage, it's important to understand what that existing coverage provides or more importantly, does not provide, and ensure you have the necessary supplemental coverage.

If an employer sponsored group plan includes Out of Country coverage for active employees and/or retirees, often the coverage will have a maximum trip duration of 45 days and coverage will terminate at the employee's age 75. Also, the level of coverage will typically reduce at age 70 from either \$5 million or \$1 million of coverage down to \$100,000. These coverage limitations should be considered especially for retirees who often will travel south for periods longer than 45 days. Also, with the cost of medical services in the United States and abroad, \$100,000 will likely not be sufficient if one is hospitalized for a lengthy period of time. A one day stay in hospital in the United States can cost anywhere between \$4,000 and \$13,000!

Every travel policy is different so it is important to read it to understand any limitations and exclusions. If necessary, purchase a top up or extension plan to ensure you are adequately covered.

Out of Country Emergency coverage as well as many other individual value added products are available through our new Personal Financial Consulting department. Contact Jackie Moulton at 416-234-3522 or jmoulton@manionwilkins.com

What are Biologic Drugs?

Biologics are made from a living organism or its products. Any change in materials, equipment, or process used to create the drug can alter the product, which makes the biologic drug creation process distinctive and difficult to duplicate. The phrase “the process is the product” is used for biologics due to its sensitivity to changes in manufacturing conditions. Biologic drugs are not filled often but they can cost a significant amount. Some biologics can offer treatment for conditions where none existed before. They can provide new medical solutions for conditions like Cancer, Crohn’s disease and Rheumatoid Arthritis.

When Biologic patents expire, any versions created after the patent expiry, referred to as Subsequent Entry Biologics (SEBs), would not be an exact match to the innovator drug and would have their own process and complexities. Therefore, SEBs do not necessarily translate into a lower cost drug. Health Canada does not classify SEBs as “generic biologics”, since the production process is still complex, and is subject to clinical trials and review of the production process. In addition, since SEBs are not “generic” biologics, any provincial generic pricing rules do not apply to SEBs. Therefore, SEBs do not result in significantly lower costs as generic drugs do.

- Cost Control Measurement:

While excluding biologics from a formulary could be a disservice to patients, Prior Authorization (PA) can be implemented to manage the use of Biologics and control benefit plan costs. Step Therapy can be implemented, in which the most cost effective product within a class is used first, allowing a plan member to move on to other products only when there has been an undesirable response to the first cost effective drug.

Secondly, considering making Subsequent Entry Biologics (SEBs) a mandatory substitution as they become available, can provide savings in the range of 15% - 20%. However it is important to clearly communicate the Plan’s policy on Biologics so members can understand their impact on benefits packages.

Plan members can coordinate with any available government drug programs, for example, the Trillium Drug Plan in Ontario. The Trillium Plan requires that the patient must demonstrate existing high out-of-pocket costs before approaching the Trillium program.

- Anticipated Growth Trend:

By the end of 2012, specialty drugs represented over 1% of claims and 22% of costs. As a result of drug reforms pushing costs of generic drugs down, specialty drugs may reach between 25% - 30% by 2017. This is due to additional patent losses, drug reforms that reduce generic pricing and a drug pipeline that is comprised of approximately 60% specialty drugs. It is anticipated by 2014, eight of the top 10 drugs will be biologics.

Plan for the Cost of an Unexpected Illness

Critical Illness insurance claims in Canada are on the rise. Sun Life Financial recently reported that 69% of the claims seen by them are for cancer, as compared to 11% for heart attacks.

Breast cancer affects one in nine Canadian women, with an estimated 23,800 women and 200 men expected to be diagnosed in 2014 according to the Canadian Breast Cancer Foundation.

Long Term Disability (LTD) plans will help if a person has to take time off work for themselves but what about if your spouse is diagnosed with a critical illness? Your LTD plan will not cover you for time off to care for THEM.

Critical Illness insurance pays out a lump sum that gives you flexibility to spend the money as you wish whether it's on child care or home care or subsidizing your income to care for your spouse.

Should you be interested in receiving more information on this coverage please contact Jackie Moulton at 416-234-3522 or jmoulton@manionwilkins.com

Manion Annual Report Card 2013

Manion continues to move forward with progressive solutions that put our clients first. We strive for excellence in everything that we do, from our state of the art technology to our highly personalized service.

The attached report illustrates our commitment to offer unique, value added solutions and outstanding customer service. We continue to invest in you, our valued clients. Thank you to our clients and staff for another incredible year!

IMPORTANT NOTICE: Heartbleed Bug

By now you would have heard about the "Heartbleed Bug". The Heartbleed Bug is a security concern for users of OpenSSL, a widely used opensource cryptographic software library. On April 9, 2014, upon discovering that some of our systems were vulnerable, **Manion** took immediate action to close this security hole. In addition to patching our affected servers we also revoked and replaced any existing SSL certificates which were exposed to the Heartbleed Bug.

As an added security precaution, if you accessed our MWAOnline site between July 23 and April 9, 2014 you may want to change your password, especially if you use the same password at other sites that may have been affected.

At **Manion**, the privacy of our clients' plans and their plan members is always our first priority. We wanted you to know that your client file, and all of the personal information on behalf of your plan members, remains secure and there is currently no vulnerability to the Heartbleed Bug.



MANION

Manion Wilkins & Associates Ltd.
500-21 Four Seasons Place
Toronto, ON M9B 0A5

E info@manionwilkins.com
T 416.234.5044
F 416.234.2071

Annual Report Card 2013

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Manion Milestones

- Introduced Individual Insurance Products
- Developed a new personalized 2013 Pension Benefit Statement
- Moved servers and phone system to a secure hosted facility in Ontario, resulting in improved security and business continuity
- Improved our Contact Centre service capabilities by investing in a new phone system and software
- Developed Health Spending Accounts functionality
- Launched Manion Magazine, a new company newsletter

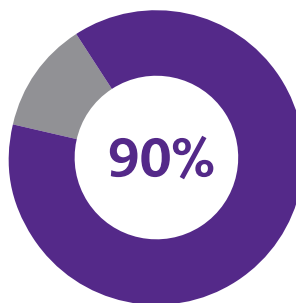
Contact Centre

Responded to:

10,257
online queries

107,058
total calls

39 seconds
Average Wait Time per call



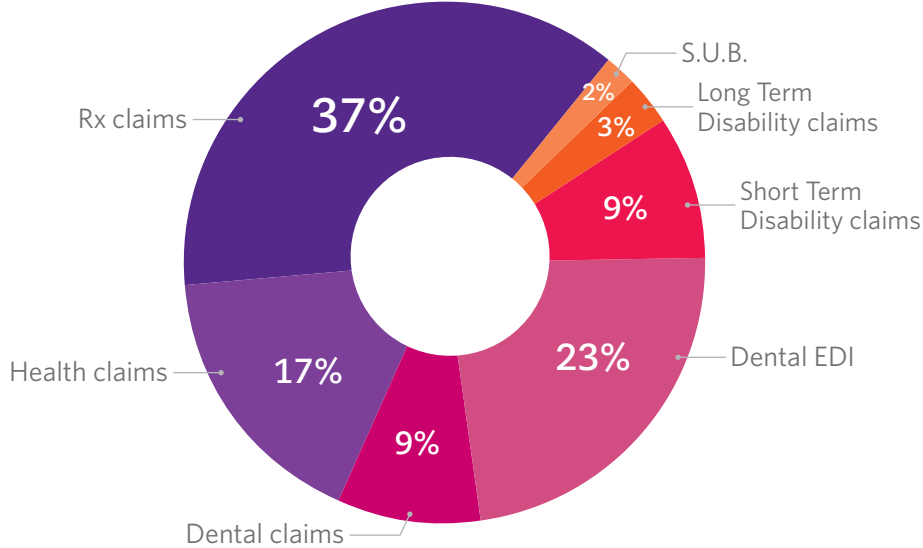
One Call Solution





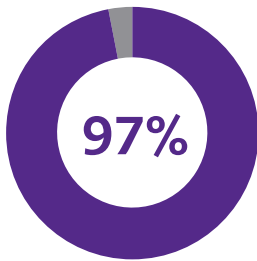
Claims Processing

100% of Health, Dental, Disability Claims processed in less than 5 days

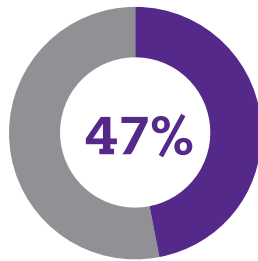


Administration

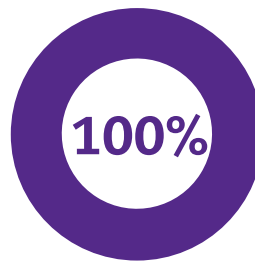
Online Access and Direct Deposit are widely used



of Members/
Employees have
Online Access



of payments
issued using
Direct Deposit



of enrolments
processed
within 5 days

We produced:



We made:



Life / Disability

215

Life claims processed

2,423

Disability claims adjudicated

Pension

1,878

Pension Calculations

127

Pre-Retirement Information Sessions

Accounting

55%

of all remittances loaded electronically

Audit Results

The Insurer Audits consistently rate us as “exceeding the required standards” with results ranging from **95%–99%** on accuracy, timelines and customer service.

Manion is audited annually by the firms representing our Clients. Results of these audits consistently rank us in the higher percentile for the Industry.

We Care,
You Benefit.

ManionWilkins.com