

# I N F O Bulletin

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**INDUSTRIAL ALLIANCE**  
INSURANCE AND FINANCIAL SERVICES INC.

Information Bulletin for Group Insurance Plan Administrators and Benefit Advisors

## Dependency in the workplace

An employee doesn't seem his usual self? Is he frequently late to work? Is his work substandard? Does he have poor hygiene habits or constant mood swings? Rumors circulate in hushed tones, since the subject is taboo.

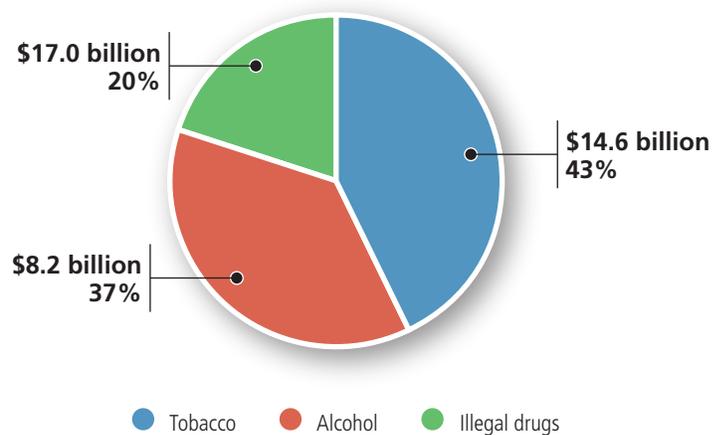
Dependency in the workplace is a difficult issue to deal with because of its social stigma, as well as ignorance about causes and treatments. However, according to a 2002 Statistics Canada study, 2.6% of Canadians had alcohol dependency and just under 1% were dependent on illegal drugs, costing Canadians nearly \$40 billion a year in health care, loss of productivity due to premature death and disability, and expenses associated with enforcing the law.

It's not easy to confirm suspicions of alcoholism or drug addiction. The symptoms of excessive alcohol or drug use are similar to those caused by physical or mental illness, high stress levels and insomnia. Before confronting an employee, it's important to carefully observe and document the problematic behavior. Following this initial period of observation and documentation, a confidential meeting with the employee is imperative to discuss the difficulties he or she is having at work. If the employee is confirmed as having a dependency, it's advisable to inform a superior, human resources or an occupational health specialist, and encourage the employee to seek help. It's especially important to avoid playing the role of therapist and always refer employees to an employee assistance program that will be able to put them in touch with competent professionals. To support such employees, you should document the steps they have taken and plan follow-up meetings to discuss their progress.

Employees suffering from substance abuse and dependency are most likely unable to seek help and tend to keep their problem in the shadows. Unfortunately, it affects not only those suffering from it but also the entire workplace. Direct and indirect costs include higher employee turnover rates, lower employee morale, dangerous behavior, theft to pay for the dependency and increased costs attributable to employees who are complicit in addicted coworkers' activities or feel obliged to cover for them. By helping the troubled employee, you are helping everyone.

If you have questions about the employee assistance program, please contact your benefits advisor or your Industrial Alliance group insurance account executive.

### Direct and indirect societal costs of dependency



Source:

The Costs of Substance Abuse in Canada 2002 – Canadian Centre on Substance Abuse, 2006



## Generic Drugs

Increased use of generic drugs in place of brand-name drugs is an integral part of any effective claims cost management strategy.

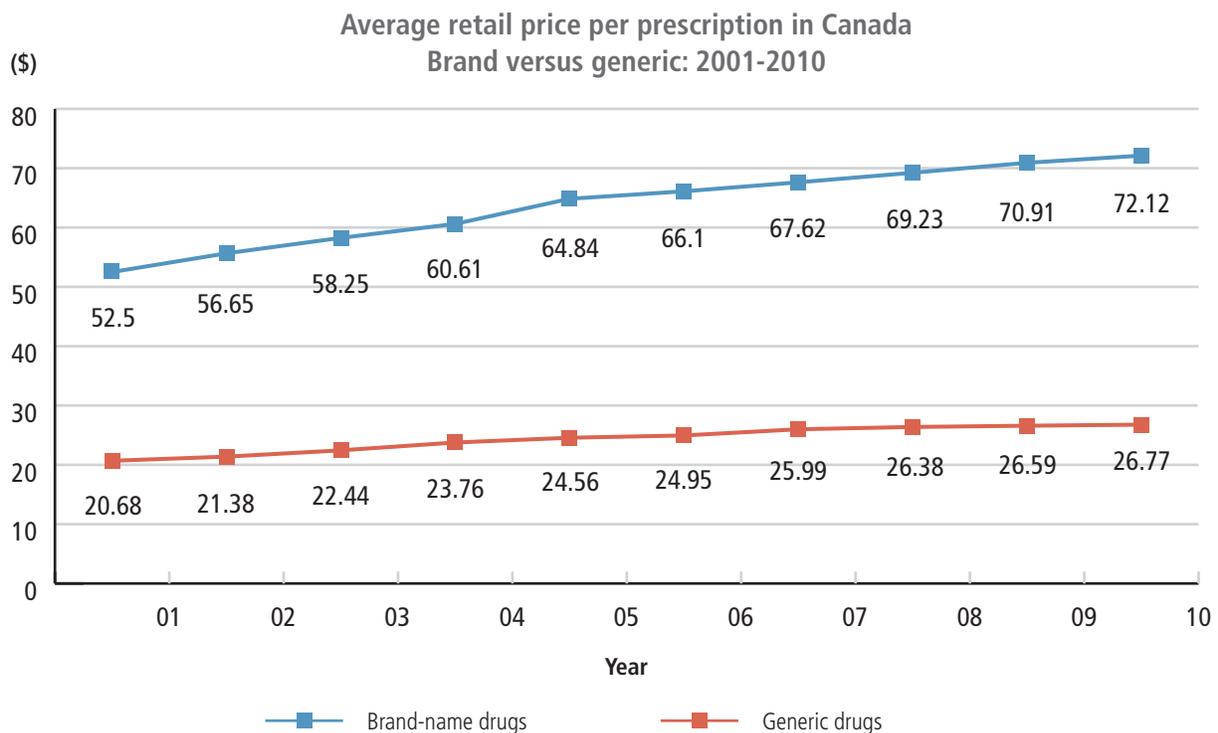
### What is a generic drug?

Generic drugs are not like no-name brands of coffee or soft drinks. Health Canada-approved generic drugs are simply copies of brand-name drugs whose 20-year patents have expired.<sup>1</sup>

The active ingredient(s) in generic and branded drugs must meet the same standards set by the Health Protection Branch of the federal government. Non-medicinal ingredients in a drug product are also

used to give the product its shape, colour and taste. While non-medicinal ingredients may vary from one product to another, brand-name and generic drug manufacturers alike draw them from a limited range of products.

Since less time is needed to do the initial research, generic drugs cost an average of 40% to 50% less than brand-name drugs. Competition lowers the price of the generic drugs compared to the brand-name drugs. The quality, purity, efficacy and safety of the drug are identical.



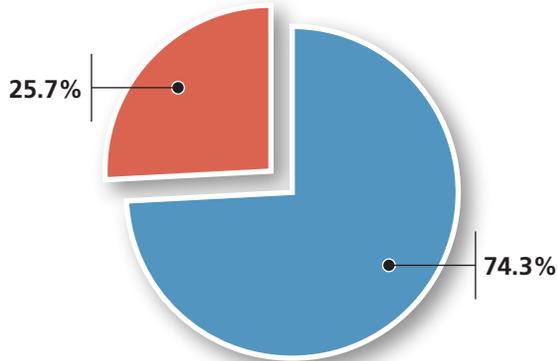
In Canada, the average price\* of a brand-name prescription is \$72.12, while the average price of a generic prescription is \$26.77. The average price of a brand-name prescription increased by 37% over the last 10 years. In comparison, the average cost of a generic prescription grew by 29%.

<sup>1</sup>In most countries, the life of a patent is 20 years from registration and allows a company to recoup its investment and make a profit. Under the Canadian Patent Act, brand-name companies have a lengthy period of patent protection to sell their products without generic competition. This means higher prices because there is no competition during the monopoly period.

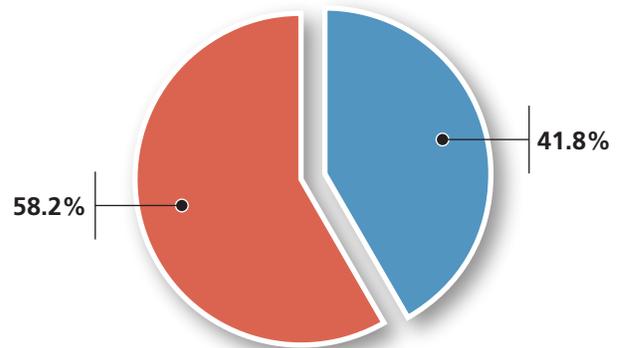
\*Average retail price is based on total price of prescriptions (price of drug plus any markups and professional dispensing fees) divided by estimated prescriptions dispensed in Canadian retail pharmacies (excludes hospitals; includes retail pharmacy refills).

## Canadian prescription drug market 12-month ending March 2011

\$22.3 billion in sales

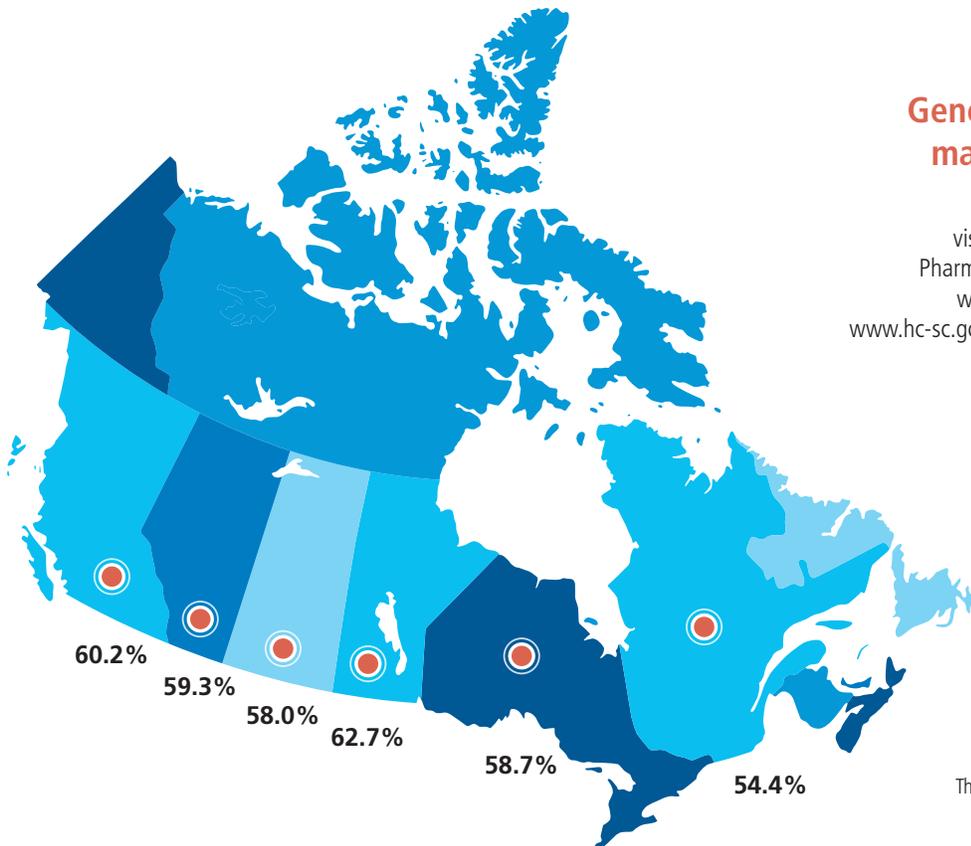


510 million prescriptions



Even though generic drugs are dispensed by pharmacists to fill **58.2% of all prescriptions** in Canada, they account for only **25.7% of the \$22.3 billion** that Canadians spent on prescription medicines.

● Brand-name drugs  
● Generic drugs



### Generic share of prescription market by province in 2010

For more information on generic drugs, visit the websites of the Canadian Generic Pharmaceutical Association or Health Canada: [www.canadiangenerics.ca/en/index.asp](http://www.canadiangenerics.ca/en/index.asp) or [www.hc-sc.gc.ca/hl-vs/iyh-vsv/med/med-gen-eng.php](http://www.hc-sc.gc.ca/hl-vs/iyh-vsv/med/med-gen-eng.php).

NB 61.5%  
NS 57.9%  
PEI/NF 60.2%  
Canada 57.3%

Source:  
IMS Brogan, CompuScript  
The Canadian Generic Pharmaceutical Association

## A few strategies that promote the use of generic drugs

### Generic Substitution Plan

A generic substitution plan will reimburse the cost of the less expensive drug (generic or original), which creates a financial incentive for plan members to choose less expensive products. Coverage is equivalent to the regular plan, but at a lower cost.

### Tiered Plan

A tiered plan is mainly designed to reimburse drugs at different reimbursement levels (tiers) in order to create financial incentives for plan members to use less expensive drugs. Reimbursement tiers may be defined according to drug type (generic or original), drug list

(provincial list: restricted, prescription drugs, etc.), claimants (plan member, spouse, or other dependent) or other criteria.

Tiered plans promote the use of generic drugs and save on patented drugs that deliver the same outcomes. This reimbursement method encourages the use of the most cost-effective drugs while preserving access to other prescriptions drugs, as needed.

In the following example, the tiered plan provides different levels of reimbursement according to the drug category:

- Generic drug: 90%
- Brand-name drug with a generic equivalent: 75%

	Case 1 – The plan member takes Lipitor (40 mg)	Case 2 – The plan member opts for the generic version of Lipitor
<b>Drug cost</b>	\$100	\$40
<b>Reimbursement</b>	\$100 X 75% = \$75	\$40 X 90% = \$36
<b>Amount paid by the plan member</b>	\$100 - \$75 = <b>\$25</b>	\$40 - \$36 = <b>\$4</b>

### Plan Member Contribution to Drug Costs

Deductibles (the amount plan members must pay when purchasing drugs) or co-insurance (the portion of the covered cost that must be paid by the plan member), and premium cost-sharing between employer and plan member are other options to enhance plan members' awareness of drug costs and promote optimal drug management.

### Drug Cards Use

Using direct payment or deferred payment drug cards makes it possible to efficiently manage complex drug insurance plans. Drug cards make it easier to apply the various cost management methods mentioned above directly at the point of sale.

Industrial Alliance offers your business many more customized cost-management solutions. Contact your IA group account executive to learn more.

Period: October 1, 2011 to December 31, 2011

Service standard score card		
	Target	Performance
<b>Customer Service Center</b>		
■ % of calls answered in 30 seconds	80%	85%
<b>Claims</b>		
■ % of all Health and Dental claims processed in 5 days*	85%	92%
■ % of Short-Term Disability claims handled in 5 days*	85%	89%
■ % of Long-Term Disability claims handled in 10 days*	85%	91%
<b>Administration - Policy Implementation</b>		
■ % of new policies issued in 20 days*	80%	98%

\*Measured in business days

To improve our service, we re-aligned our customer service structure to better support our teams and we developed a more efficient recruiting strategy.

At Industrial Alliance, we value your trust and work hard to provide you with the service you deserve.

## About Industrial Alliance

Industrial Alliance is a life and health insurance company that offers a wide range of insurance and financial products. The fourth largest life and health insurance company in Canada, Industrial Alliance is at the head of a large financial group with operations across the country, as well as in the United States. Industrial Alliance contributes to the financial wellbeing of over three million Canadians and manages and administers over \$73 billion in assets.

1<sup>st</sup> Quarter 2012

The INFO Bulletin is brought to you by Industrial Alliance. You can also find it on our website at [www.inalco.com/groupinsurance](http://www.inalco.com/groupinsurance) under the Administrator Services section.