



## The **service factor** in group insurance

SPEED – EFFICIENCY – RESPONSIVENESS

### Article written in collaboration between the Financial Post and Jacques Parent Senior Vice-President of Group Insurance at Industrial Alliance

In a world where group insurance products are similar, service is what makes a provider stand apart. Whether that service is to administrators or employees, we understand that speed, efficiency and responsiveness are what matter most in the eyes of the beholders.

Two-and-a-half years ago Industrial Alliance embarked on a mission to become the best service provider of group insurance benefits in the country. In part, this was driven by our own interests to be a provider of choice. But more importantly, it was based on our understanding that first-class service plays an important role for organizations when it comes to improving employee attraction and retention.

To that end, we have adopted a disciplined approach to examine all of our work processes to ensure that we actually deliver what our clients want. Throughout this journey we learned a number of important things. First, clients want service contact to be swift and in the form they want (e.g. web, email, mail, etc.). They want resolutions to be handled quickly, and they want it done right the first time.

With this in mind, we established a plan to introduce initiatives that would make it easier for administrators and plan members to deal with us. For example, we took steps to ensure easier claims processing, increase access to web-based services and introduce interactive capabilities where they made sense.

In the past two years alone, we have made great strides. In 2011, we added web-based claim capabilities. And earlier this year, we launched our mobile app for plan members.

We also looked at the processes used by pharmacies and dental offices, which were among the first to submit claims on their customers' behalf at the point of contact. Industrial Alliance is now developing with TELUS Health a simple electronic claim submission service for other healthcare providers, such as chiropractors and optometrists.

As an industry that deals with administrators and plan members every day, we understand that continuous feedback is an essential part of the service improvement process. So we constantly monitor and measure client satisfaction, and make additions and/or adjustments as we see fit. Each quarter, for example, we conduct a survey with plan administrators and claimants to identify new service enhancement projects.

We also consider our call centre to be an invaluable resource for gathering information on what works and what doesn't. Identifying the root cause of the calls and addressing it is the best way to resolve service issues.

Many of the changes we have implemented focus on simplification. For instance, we have streamlined our online claims forms and provided clearer reimbursement information. Where we may not have enough information to process a claim, we now phone the employee or health care provider directly to get the missing information quickly.

Since we took on the service challenge, we have seen marked improvement in terms of quality, accuracy, responsiveness, and turnaround times. Yet we never lose sight of the fact that improvement of our processes is a never-ending quest.

Period : April 1 to June 30, 2013

**SERVICE STANDARD SCORECARD**

	TARGET	PERFORMANCE
<b>Customer Service Centre</b> % of calls answered in 30 seconds	80%	<b>86%</b>
<b>Claims</b> % of all Health & Dental claims processed in 5 days*	85%	<b>98%</b>
% of Short-Term Disability claims handled in 5 days*	85%	<b>81%</b>
% of Long-Term Disability claims handled in 10 days*	85%	<b>87%</b>
<b>Administration - Policy Implementation</b> % of new policies issued in 20 days*	80%	<b>100%</b>

\* Measured in business days

## Drug insurance trends—the highlights for 2012



Private payers in Canada must deal with an increasingly complex pharmaceutical landscape, with traditional medications coming off patent, an increase in the use of specialty medications, and many provincial reforms affecting generic drug pricing.

Express Scripts Canada (ESC) has been reporting on drug spending trends each year since 2002. ESC's most recent publication, the *2012 Drug Trend Report*, identified the first-ever drop in drug spend for Canada as a whole (-0.73%). Similar results were experienced in 2012 with traditional and specialty medications, whereas those medication classifications typically perform quite differently from one another.

### Traditional medications: Room for generics

Traditional medications account for nearly 80% of total drug spend. ESC assessed the trend for traditional medications at -4.2% for 2012, due primarily to the increased use of generic drugs, which cost less than their originally formulated equivalents, and a dramatic drop in the price of generic drugs during the past year. Furthermore, provincial reforms aimed at reducing generic drug prices continue across most of Canada, which is an important factor in the negative trend.

### A summary of provincial reforms on generic drug pricing

Generic drug pricing is based on a percentage of the originally formulated medication. The following table shows generic prices established by various provincial reforms.

Province	2011		2012		2013	
Alberta	45%		35%		18%	
Ontario	50%	35%	25%			
British Columbia	50%	40%	35%		25%	
Quebec	37.5%	30%	25%		18%	
Saskatchewan	60%	40-45%		35%		
Nova Scotia	60%	45%	40%	35%		
New Brunswick	60%		40%	35%	25%	
Newfoundland and Labrador	60%		45%	40%	35%	25%
Prince Edward Island	60%		35%			
Manitoba	60%		48%			

\* Table source: 2012 Drug Trend Report

## Drug insurance trends—the highlights for 2012 (continued)

In addition to provincial reforms, the Council of the Federation—which consists of the premiers of the 13 Canadian provinces and territories—set the prices for six popular generics at 18% of the original formulations’ prices, starting April 1, 2013. They are:

- **Atorvastatin** – for hypercholesterolemia (the generic form of Lipitor)
- **Ramipril** – for arterial hypertension and other cardiovascular diseases (the generic form of Altace)
- **Venlafaxine** – for depression and other mental health problems (the generic form of Effexor XR)
- **Amlodipine** – for arterial hypertension and other cardiovascular diseases (the generic form of Norvasc)
- **Omeprazole** – for various gastro-intestinal ailments (the generic form of Losec)
- **Rabeprazole** – for various gastro-intestinal ailments (the generic form of Pariet)

Patent expirations of widely used drugs—such as Crestor, which came off patent mid-2012— also contributed to a lower spend for traditional medications. The Industrial Alliance book of business experienced an increase in the generic substitution rate (wherein traditional formulations are replaced by generics) throughout Canada in 2012.

### Specialty drugs: New entries, plus greater use of existing medications

Specialty drugs—used to treat inflammatory illnesses, multiple sclerosis, cancer, blood disorders and HIV/AIDS, for example—account for the balance of total drug spend. While this type of medication represented less than 2% of 2012 drug consumption, it accounted for over 20% of total spend as specialty drugs are generally very expensive.

ESC assessed the specialty drug trend at +13.3% for 2012. This upward trend can be explained by the growing use of this type of medication, wider indications for current drugs, and the introduction of new, very costly drugs to the market. In 2012, 55% of the new medications approved by Health Canada were specialty drugs. In addition, innovative new oral medications—mostly for fighting cancer—allow patients to be treated at home rather than in a hospital environment.

### Leading medications for the year 2012 – Industrial Alliance

Rating	Trade name	Percentage of the total number of submitted claims	Percentage of eligible amounts (out of total claims)	Average cost per request – generic version	Average cost per request – originally formulated version	Generic usage
1	Remicade	0.05%	3.4%	N.A.	\$3871.24	N.A.
2	Crestor	2.69%	3.0%	\$33.34	\$73.08	35%
3	Lipitor	2.71%	2.4%	\$39.63	\$89.37	83%
4	Humira	0.07%	2.3%	N.A.	\$1712.35	N.A.
5	Nexium	1.05%	1.9%	\$95.97	\$100.07	44%
6	Ciprallex	0.94%	1.4%	N.A.	\$80.95	N.A.
7	Enbrel	0.05%	1.4%	N.A.	\$1607.18	N.A.
8	Pantoloc	1.40%	1.3%	\$44.35	\$88.90	88%
9	Concerta	0.63%	1.2%	\$76.54	\$101.43	9%
10	Effexor XR	1.58%	1.2%	\$35.65	\$67.30	83%

Additional indications and Crestor’s patent expiration saw the specialty drug Remicade rank number one on the Industrial Alliance medication list for the first time.

### Looking ahead

Reforms aimed at generic pricing will continue in 2013 and have a more positive effect on future trends. However, with no significant patent expirations expected in 2013, any further growth in the generic substitution rate will be dependent on the arrival of new generic formulations. In order to avoid sizeable drug spend increases in coming years and, at the same time, protect drug insurance plans, it’s important to make drug plan participants aware of the sensible steps they can take. The many possible strategies include:

- Opting for a three-month supply of drugs that are taken regularly (often referred to as maintenance drugs), thus reducing the cost of filling prescriptions

- Shopping at a pharmacy that provides quality service and charges less to fill prescriptions
- Asking treating doctors and pharmacists about more economic alternative therapy solutions that will provide better outcomes in terms of overall health
- Taking medication by prescribed dosages, to avoid waste

To ensure optimal management of drug costs and help protect your drug insurance plans for the long run, Industrial Alliance issues regular information bulletins that contain valuable information and recommendations to help plan members follow best practices when it comes to consuming prescription drugs.

**NEW!**

## VIA Health

**Our VIA Health program is now available for small and mid-sized companies (SMEs) – 50 to 250 employees.**

In the interest of helping both employees and companies, our consultants will be able to work closely with SMEs to promote health and wellness. In three key steps (data collection, targeted interventions and assessment), we will help you boost employee engagement, reduce absenteeism and presenteeism, and increase your company's profitability.

To learn more about VIA Health, contact your benefits advisor or your Industrial Alliance group account executive.

## The Sanofi Canada Healthcare Survey 2013 Prevention, communication and absenteeism

Among the striking findings of the Sanofi Canada Healthcare Survey, the following three are especially notable:



### The importance of prevention

Plan members and plan sponsors are increasingly aware of the financial benefits that come from having a healthy workforce. In essence, 69% of plan members agreed with the statement that employers should do their part to help prevent workplace illness and injury, rather than just pay for treatment. In addition, 91% of plan sponsors stated that employers should do more in the area of prevention than treatment.

Among plan members, 89% said they were making a conscious effort to stay healthy. 67% of respondents said they were healthier now than two years ago, and getting healthier requires a personal commitment according to 55%. However, a notable number of those surveyed stated that they rely on support from their employer's healthcare plan (15%) and the public health system (15%).



### A lack of communication

Nearly two-thirds of plan sponsors (64%, compared to 47% in 2012) said they offer at least one promotional wellness program or service. However, these results did

not match up with findings of the plan member survey, where only one in three respondents (32%) said their employers offered such programs (compared to 40% in 2012), and 20% did not know.



### The need to measure and manage absenteeism levels

The majority of plan sponsors surveyed were not able to state their company's absenteeism rate. Only 52% of employers formally track absenteeism. Of that number, only 32% officially work with their insurers or benefits advisors to analyze its causes.

"The focus should be more around productivity and engagement as opposed to always talking about cost, particularly when you consider the impact of 'presenteeism' as well. Businesses are losing a lot of revenue because they aren't managing absenteeism cost," adds Sanofi board member Serafina Morgia, also a senior account executive with Industrial Alliance.

To see the full version of the Sanofi Canada Healthcare Survey online, visit [sanofi.ca](http://sanofi.ca).

### 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 \$87 billion in assets.

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.