

Welcome to our 1st edition of The Guardian. This newsletter is designed to inform you of current topics and trends relevant to your employee benefit plan. The newsletter contains sections for both claims and administration issues. Please share this newsletter with others in your company (owner, benefits administrator, human resources managers, etc.).

Claims Issues

Pharmaceutical companies are developing new, more expensive drugs faster than ever before. We may be paying more for medications, but we are more likely to survive major illnesses and stay out of the hospital, according to the results of a six-year study of the Ontario Drug Benefit Formulary. This study shows a direct correlation between a reduction in hospitalization and an increase in the drug budget.

New drugs represent a very small portion of the total number of prescriptions in the province of Ontario, but they make up a high portion of the cost. Drugs such as Losec, which limits acidity in the stomach, cost the government \$88-million last year. The Ontario Drug Benefit Formulary pays out \$1.5-billion annually for approximately 40% of the medication prescribed in this province.

The following statistics were obtained from IMS Health Canada of Pointe-Claire, Quebec, as published in The Globe and Mail:

Top 10 dispensed drugs in Canada, in 2000*

Medication	Type	Total R	1-year Change
Synthroid	hypothyroidism	5,377	12.1%
Tylenol w/cod #3	analgesic	4,919	5.9
Premarin	hormone replacement	4,881	1.7
Celebrex	anti-arthritis	3,654	752.8†
Losec	gastric ulcer	3,576	16.1
Novasen	analgesic / anti- clotting agent	3,380	3.4
Lipitor	cholesterol lowering	3,330	56.0
Paxil	anti-depressive	2,859	23.9
Norvasc	anti-hypertensive	2,567	17.5
Apo-amoxi	antibiotic	2,547	21.3
Total Market		283,043	7.7%

* Data covers Aug 1999 to Jul 2000; † launched in 1999

At number four on the list, the new arthritis medication, Celebrex, is relatively inexpensive but is very widely used. Because it is so widely used and replaces non-prescription medication, its impact on benefit plan costs is substantial.

Number eight on the list is Paxil - a drug for treating depression. This is not surprising when you examine the cause of long term disability claims and note that claims for depression and other psychological claims are third highest behind arthritis and accidents. This demonstrates a strong need for programs that assist employees in coping with life's problems, and programs that assist employers in coping with the effects of these problems on the workplace.

Although the advertising of prescription drugs is banned in Canada, U.S. advertising still reaches us through television and magazines. It is common for patients to ask their doctor for a drug that has yet to be approved in Canada, but is readily available in the U.S.

Early Intervention in Disability Claims

Through Early Intervention, combined with Disability Claims Management, the goal at MDM Insurance Services Inc. is returning the claimant back to their previous levels of employment, or a modified work situation. It is generally accepted that the longer an individual is out of the work force, the more difficult it is to return that employee to active employment.

One of the questions most frequently asked by clients is, "**How would our organization benefit from Early Intervention?**" Some of the benefits that could be realized by use of the Early Intervention process include:

- ▶ analysis of physical diagnosis, limitations, and restrictions in relation to occupation;
- ▶ review of medical history, current limitations and identification of any possible return to work barriers;
- ▶ direct contact with all parties involved;
- ▶ frequent contact and file assessment;
- ▶ coordinating a return to work plan, which may include rehabilitation, modified and/or light duty gradual return to work.

Use of Early Intervention demonstrates your commitment to becoming involved in claims management in a pro-active manner. For additional information regarding the benefits of

Early Intervention and 'How it Works', please consult your Early Intervention brochure, or contact our disability department directly.

Administration Issues

New Employee or Employee Change?

Enrolment cards, Group Policy Change Forms, Designation of Beneficiary Cards, and Group Insurance Decline Cards are provided to you in your administration kit.

Lately, we've seen a lot of enrolment cards being submitted for changes to an employee's status, for example, the addition of dependents or a change of their beneficiary.

Having multiple enrolment cards for one employee can create confusion. Therefore, we ask that enrolment cards only be used when adding a new employee to the plan. As always, we cannot process a new enrolment if the card is not signed and dated in ink by the employee **and** if the back of the card is not fully completed by the employer.

The following chart shows the correct form to use for some of the more common employee changes that may arise:

Type of Change	Correct Form to Use
adding a spouse / dependent children	Group Policy Change Form Be sure to include the spouse's / children's full name(s), DOB(s), effective date, as well as the reason behind the change, e.g., marriage, common-law for a year, new baby, etc.
beneficiary change	Designation of Beneficiary Card Completing a Designation of Beneficiary Card revokes any other beneficiary previously named and makes the person named on the card the valid beneficiary.
deleting a spouse / dependent children	Group Policy Change Form Include the names of the dependents to be deleted as well as the effective date and reason why.
name change	Group Policy Change Form Include the old name as well as the new name, effective date and reason.
spousal exemption	Group Insurance Decline Card Be sure that both the name of the spouse's employer and insurer are complete.

Disability Benefits During Maternity Leave

We are often asked, ***"Why would an employee and/or employer want to continue to pay for weekly indemnity (WI) and long term disability (LTD) benefits during the employee's maternity leave?"*** Continuing premiums for WI and LTD benefits can be very important to the employee on maternity leave, just as these benefits are important to actively at work employees. Administratively, we require that premiums be continued for either ALL benefits or NO benefits during maternity leave. The "all or no" requirement also helps to reduce anti-selection under the plan. Ultimately, this controls the premium rates that you pay. Furthermore, it should be noted that with regard to benefits, some provinces require that during the "medically related" portion of maternity leave, employees on maternity leave be treated the same as disabled employees. Consequently, in the applicable provinces, if an employer continues their portion of premium payment for a disabled employee, they must do likewise for the "medically related" portion of a maternity leave. In practice, if premiums for WI and LTD are paid during maternity leave and the employee becomes disabled while on leave, the elimination period would commence when the employee would normally have returned to work. Conversely, if the premiums were not paid, then there would be no disability coverage.

To give an example, if the employee becomes disabled because of an accident while on maternity leave, the elimination period will start on the scheduled date of return to work. Benefits would continue for as long as the woman remained disabled, as defined in the contract. In this situation, if premiums were not paid during the maternity leave, the woman would never receive disability benefits from the group insurance contract, even if she could never work again. Clearly this is a very important consideration.

Convenient Payment Method



Did you know that you have the option of paying your group insurance premium by a direct debit from your business bank account? This eliminates the task of preparing and mailing a cheque. As well, you can avoid potential problems associated with the mail service.

The process is simple. Just ask us for an ACP form and return it with a sample voided cheque. Bank withdrawals will begin on the first of the month following receipt of the information.



Don't hesitate to give us a call if you require help determining which form to use in any given situation or if you require additional forms!