

# Group Benefits Review Information Session



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Acadia University – Members of the staff benefit plan  
October 2017



Health • Benefits • Employee Assistance • Retirement

Business. Needs. People.

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# Today's Discussion

Introduction

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Plan Design Review Process

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Current Trends in Health Benefits

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Plan Design Options

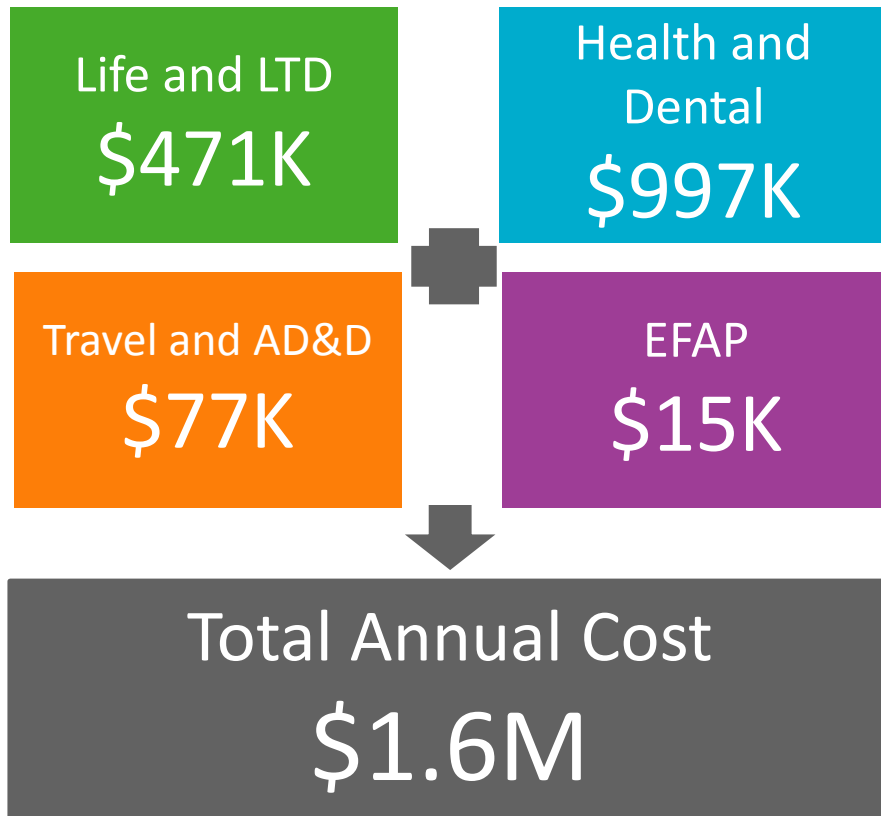
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Next Steps/Vote

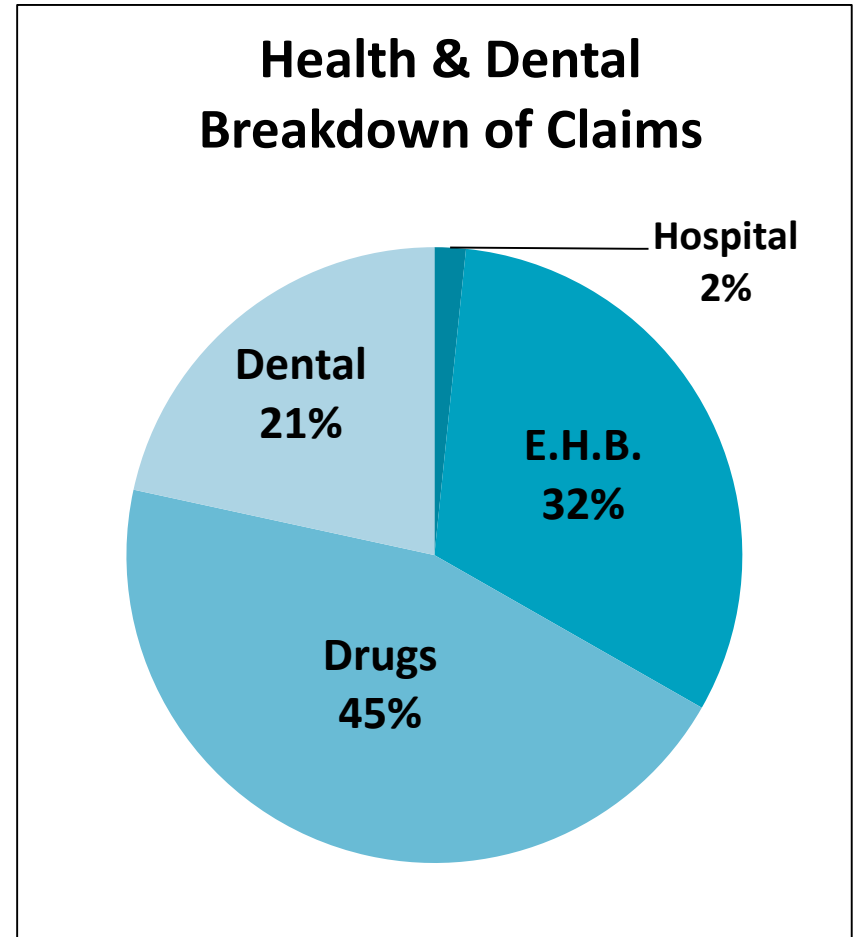
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# Where does Acadia spend benefit dollars?

08/15 to 07/16



*\*Based on total premium as reported by each insurance/service provider*



# Your health and dental premiums need to cover your claim costs + expenses



- April 1 of each year your group benefits plans renew
- Premiums/Rates are set to cover the costs of expected claims
- Outcomes of the Renewal
  - Premiums are going up - Claims > Premium
  - Rate reduction: Claims < Premium



Plan Design Review Process

## Plan Design Review Process

# What your Employee Benefits Committee has been doing

## GUIDING PRINCIPLES

Established to guide the benefit plan review with the **Employee Benefits Committee**

## WORK WITH CONSULTANTS

Options to create balanced, sustainable, valued plan without creating new benefit costs

## BENEFIT COMMITTEE MEETINGS

Review plan design quotes and options

## EDUCATION SESSIONS

Employee Information Sessions to provide information to make a decision

## VOTE

Employee vote  
October 16 to  
October 18

**Guiding Principles: Sustainable, Flexible, Health & Wellness and Competitive**



## Current Trends

# Why has there been such a significant increase in the costs of drugs?



- Generic drug pricing legislation reforms
- Patent cliff
- Increased generic utilization
- Subsequent entry biologics

**Benefits of patent cliff and related are largely behind us**



- Increased utilization
- Aging patient population
- Increasing disease prevalence
- Changes in clinical practice
- Introduction of new, very expensive drugs





# Employers and employees are experiencing significant costs

***Benefit landscape is evolving.***

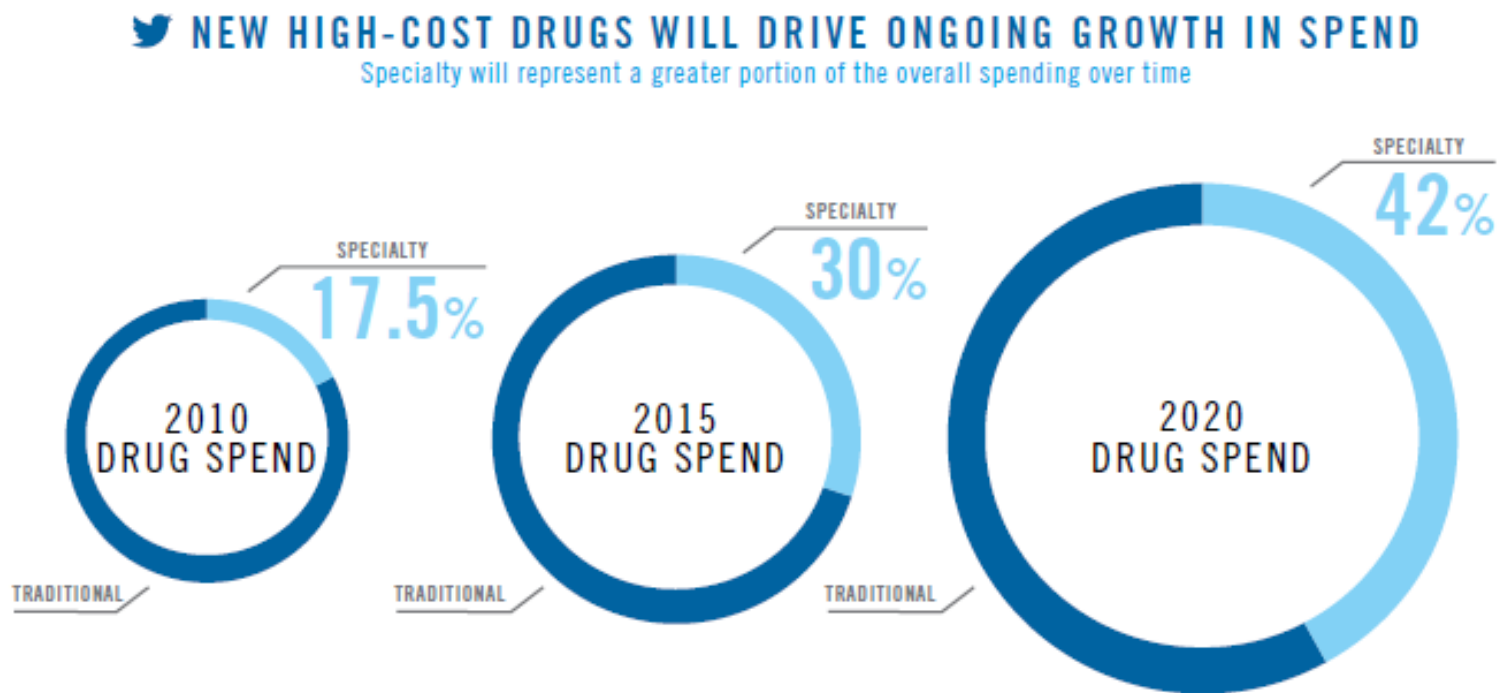
Employers and employees will be experiencing greater costs – especially new medications and drug costs.



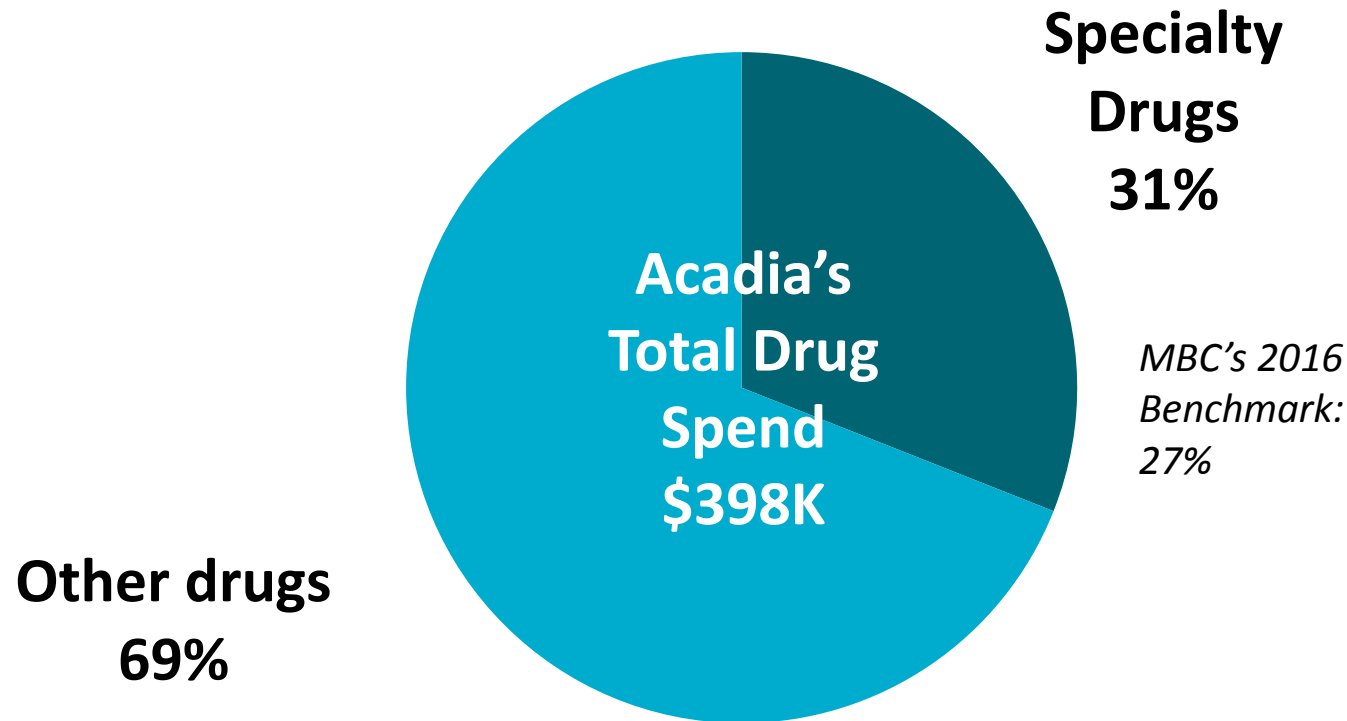
# Specialty drugs continue to dominate the development pipeline

- There are 7,000 potential drugs currently in development, the majority of which are aimed at treating oncology, neurologic disorders and infectious diseases

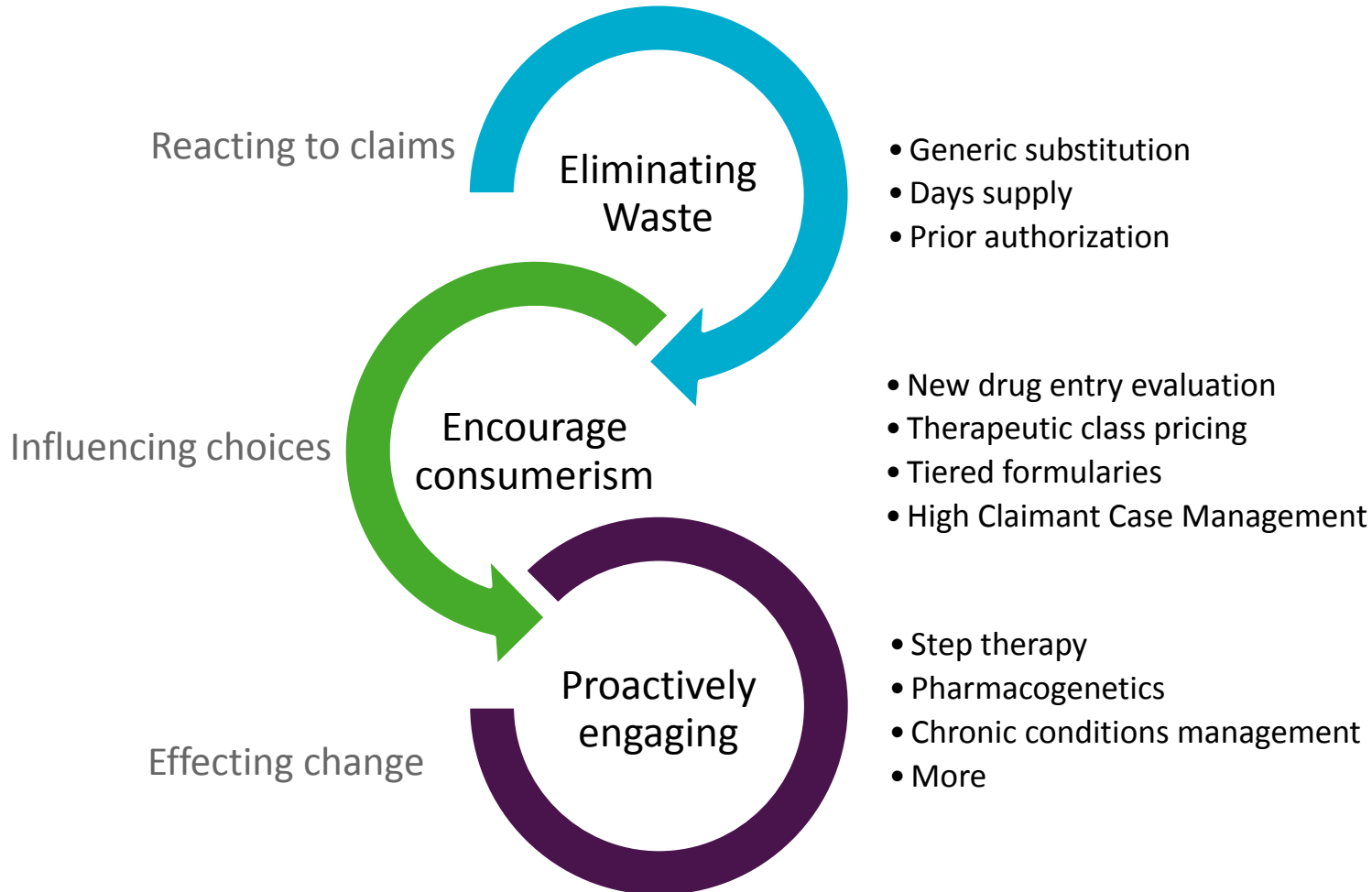
Source: Express Scripts Drug Trend Report 2015



# At Acadia, a large portion of claims spend is on specialty drugs (Acadia Total)

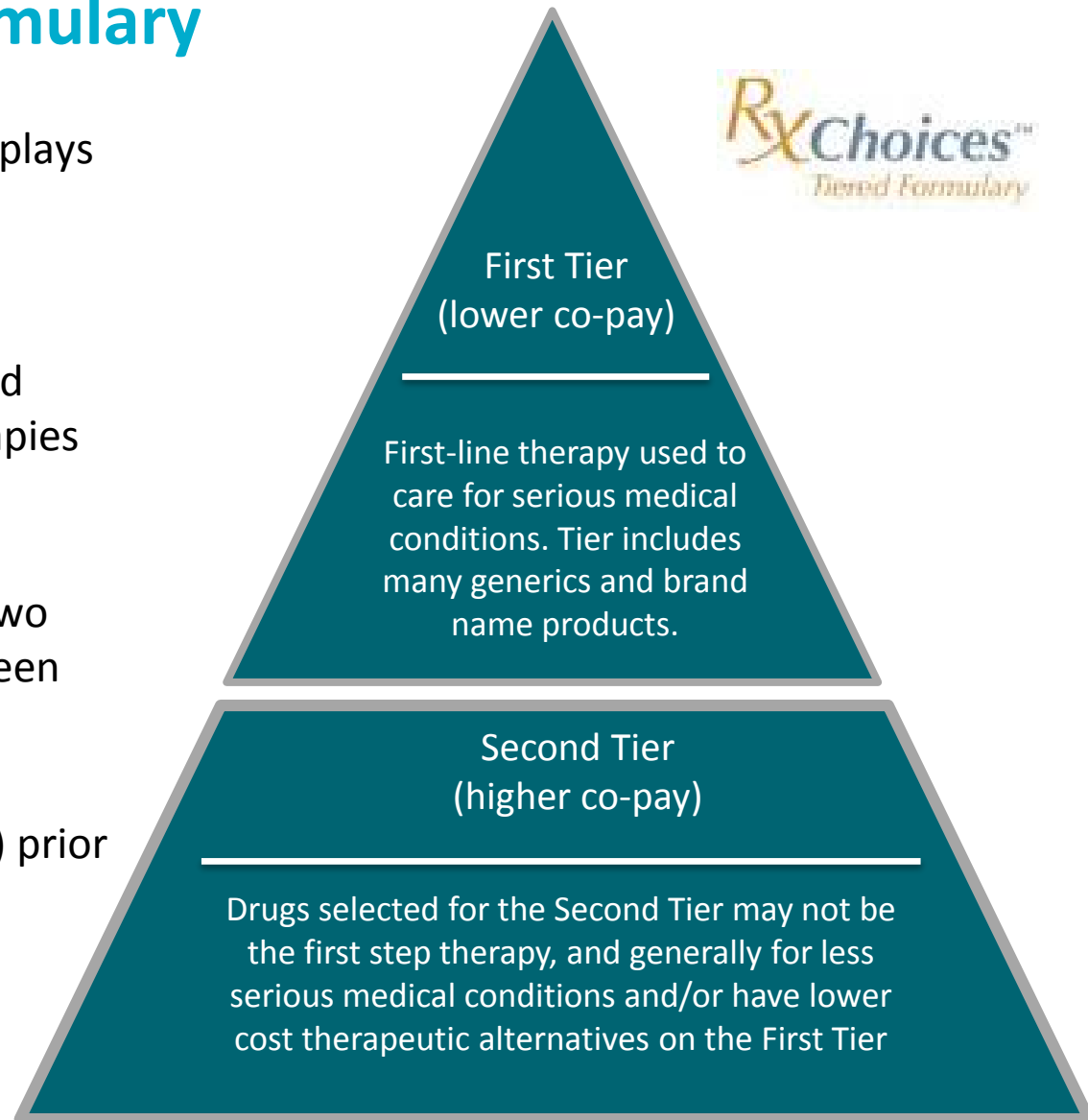


# Continuum of Drug Plan Management



# Rx Choices – Costs can be managed through an effective tiered formulary

- An effective drug plan formulary plays a large role in managing and controlling the average cost of prescription drugs
- Designed to address the increased demand for expensive drug therapies without diminishing the level of coverage employees value
- Medications are separated into two tiers, and the co-pay varies between the tiers
- The tier's are managed by MBC's Medication Advisory Panel (MAP) prior to being added to the plan



# Tiered Drug Plan: RX Choices Philosophy

## TIER 1

- Recognized first-line therapy for many conditions
- Are generally more cost effective
- Includes both BRANDS & GENERIC drugs
- Members pay less out of pocket
- 90% of drugs are on this Tier
- Drugs that require authorization

## TIER 2

- May not be considered first-line therapy
- Typically have a lower cost alternative found on Tier 1
- Includes both BRAND & GENERIC drugs
- Member pays more out of pocket

# Rx Choices – an illustration



“Overspend due to drug choices” results from using more expensive medications when less expensive therapeutic alternatives are available.

Proton Pump Inhibitors for Gastrointestinal Disease:  
These drugs are clinically accepted to do the same thing (by Health Canada)



Brand Drug	Nexium	Tecta	Prevacid	Losec	Pantoloc	Pariet
Generic Cost	\$67	\$34	\$25	\$22	\$21	\$17
RX Choices Tier	Tier 2	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1

# Examples of frequently prescribed medications on Tier 2 (Rx Choices)

TIER 2 DRUG LISTING		
<b>Acne</b> * Most topical and oral acne products <b>ADHD/Narcolepsy</b> * Adderall XR * Biphentin * Concerta Extended Release * Strattera <b>Allergies</b> * Avamys * Flonase * Nasonex * Omnaris <b>Anti-Fungal</b> * Ketoderm Cream 2% * Lamisil * Loprox * Nystatin * Penlac Sol'n * Stieprox 1.5% Shampoo <b>Anti-Inflammatory</b> * Celebrex * Vimovo <b>Antimalarials</b> <b>Antipsychotics</b> * Invega <b>Anti-virals</b> * Famvir * Tamiflu * Valtrex	<b>Benign Prostatic Hypertrophy</b> * Rapaflo <b>Birth Control</b> * Evra * Micronor * Tri-cyden * Products indicated for acne * Yaz <b>Blood Pressure</b> * Atacand * Avalide * Avapro * Cozaar * Diovan * Hyzaar * Micaldis * Olmetec Plus * Rasilez <b>Cholesterol</b> * Ezetrol * Lodalis <b>Depression</b> * Ciprallex * Zyprexa Zydis <b>Dental</b> * Oracort <b>Diabetes</b> * Amaryl * Glucobay * Victoza	<b>Estrogen</b> * Estrin Vaginal Ring * Climara Patch * EstroGel Transdermal Gel * Estradot Transdermal Patch <b>Gastrointestinal</b> * Dexilant * Nexium * Tecta <b>Gout</b> * Uloric <b>Hemorrhoidal preparations</b> <b>Migraine Therapy</b> * Amerge * Axert * Frova * Relpax <b>Nausea</b> * Malarone Tab <b>Osteoporosis</b> * Evista <b>Parkinsons</b> * Mirapex * Requip * Stalevo <b>Sedative</b> * Imovane <b>Topical Ointment</b> * Dovobet * Silkis
* Only Eligible if mandated by provincial legislation.		Updated April 2014

There are more affordable first line therapy alternatives are available on Tier 1





## Plan Design Options

# Plan Design Options

## Group Benefit Plan Options

- The Group Benefits Committee completed a thorough review of the benefits plan
- The goal of the review was to ensure that the benefit plan provides comprehensive coverage that delivers value to plan members, while also ensuring long-term sustainability
- Plan changes to be cost-neutral – no “new” cost

### VOTE #1

**Health Plan Changes:**  
Implement changes that  
reinvest savings in benefits  
of value for members

### VOTE #2

**Implement Dental Plan:**  
Provide staff dental plan  
with update to annual HSA  
amount

# Voting to from October 16 to October 18

## Vote # 1 - Health Plan Changes

- Eligible to vote if you are covered or eligible for coverage under the MBC Health Plan and/or the Group Life Insurance Plan

## Vote # 2 - Dental Plan for Staff

- Eligible to vote if you are staff and are covered or eligible for coverage under the MBC Health Plan and the Health Spending Account



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## Vote #1: Health Plan Changes

# Updates to extended health benefits

**REMOVED** Hospital accommodation  
from semi-private to ward

**NEW** Diabetic Supplies will now be reimbursed  
directly at the pharmacy with your drug card

**ENHANCED** Medical Equipment – repairs up to  
U&C, and removal of \$5,000 lifetime maximum

**90% reimbursement for the following  
subject to plan maximums:**

- **ENHANCED Orthopedic Shoes:**  
*\$200/calendar year Plus Molded  
Arch Supports \$300/calendar year*
- **ENHANCED Hearing Aids:**  
*\$1,500/3 calendar years*

**Maintain 90% reimbursement and  
extended health deductible/calendar  
year (\$50 single; \$100 family):**

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- Glasses/Frames/Contacts: \$250  
maximum per 24 consecutive month  
period (12 months for dependents 18  
year of age and under)
- **NEW Eye Exam covered separate:**  
*reimbursement every 24 consecutive  
months (up to Medavie Blue Cross'  
usual & customary amount)*
- **NEW Laser Eye Surgerv:** \$500 lifetime



# Current paramedical coverage is \$25 per visit to a maximum of 20 visits per practitioner (exception Physio has no maximum)

**Maintain 90% reimbursement.**

**NEW** Maximum payable of \$500/practitioner/calendar year with combined annual maximum of \$1,500:

- Chiropractor
- Naturopath
- Osteopath
- Chiropodist/Podiatrist
- Occupational Therapist
- Massage Therapist (***note: 50% reimbursement on massage***)

Enhanced The following services are covered at 90% reimbursement up to \$1,000 per category of practitioner per calendar year:

- Psychologist
- Changed Physiotherapist
- Speech Therapy

**Note:**  
*Benefits reimbursement subject to Usual & Customary (U&C) costs*



# Update to Rx Choices– current drug plan covers \$5 per prescription and includes a special authorization process

- **Tier 1:** recognized as first line therapy, used to care for more serious conditions and are generally more cost effective. This tier includes many generic and brand name products.
- **Tier 2:** may not be the first step in therapy, are generally for less serious medical conditions and/or have lower cost therapeutic alternatives on the first tier.



Employee's Pay

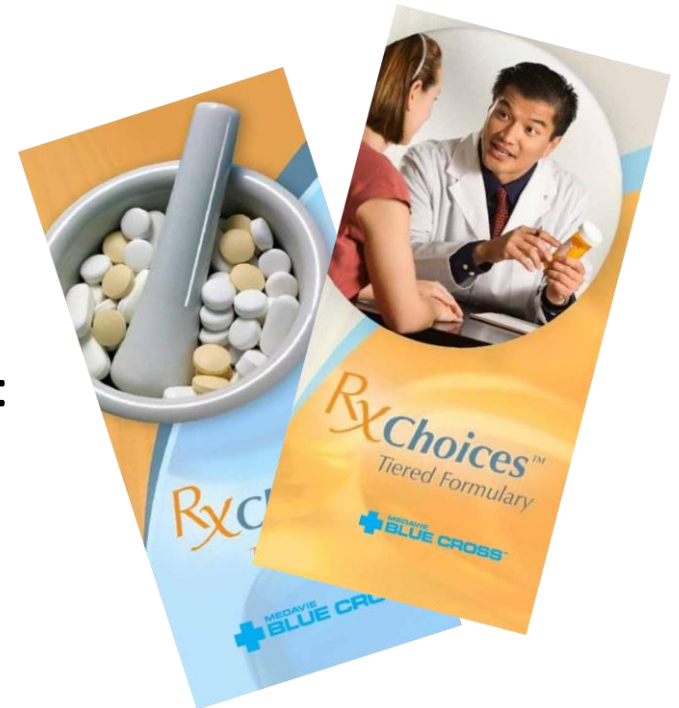
**Tier 1:**  
Dispensing Fee

**Tier 2:**  
40% copay to a maximum  
\$30 out of pocket

*Includes  
conditional  
copay*

# Rx Choices: Education & Support

- Plan Member Brochure & Wallet Card
- Plan Sponsor Brochure
- Searchable Website Link
- Member Communications available
- Contact Centre/Dedicated Email Address:
  - [rxchoices@medavie.bluecross.ca](mailto:rxchoices@medavie.bluecross.ca)
  - 1-888-873-9200





# Healthier employees - addition of preventative health benefits



## Coverage for vaccinations:

- Added under Tier 2 of the drug plan (*40% copay to maximum out of pocket of \$30*)
- Maximum payable of \$700/5 calendar years



## Addition of Chronic Disease Management:

- Benefit plan pays 90% of the cost (average cost \$50-\$75 per visit).
- Combined maximum for all Chronic Disease educators is \$500/12 consecutive months:
  - Diabetes (T1 and T2)
  - Heart disease
  - Smoking Cessation
  - Respiratory Disorders (Asthma/COPD)

Chronic Disease +  = Healthier Employees

managing **CHRONIC** disease

HEALTH BENEFIT BY MEDAVIE BLUE CROSS

# How do you find an educator? It's easy...

1 [www.medavie.bluecross.ca/livebetter](http://www.medavie.bluecross.ca/livebetter)



Are you or a loved one suffering from a chronic health condition? Medavie Blue Cross is here to help you find more information and live better.

Our Managing Chronic Disease benefit provides you with coverage for health coaching and disease management education provided by a specialized network of health professionals. \*

Coverage is currently available for lung health education and support services (asthma, COPD), diabetes care and education, heart health (high blood pressure, high cholesterol) and coverage for services and supports to help you quit smoking and reduce your risk factors for some chronic diseases.

## Start your journey



### Better Lung Health

Coverage for better lung health support and disease management education (Asthma and COPD)



### Better Heart Health

Coverage for heart health support and disease management education (high blood pressure and elevated cholesterol)



### Quit Smoking

Coverage for services and supports to help you quit smoking and address risk factors for some chronic diseases.



### Diabetes Care

Coverage for Diabetes care and education

## We Can Help

Find providers and health care specialists practicing in your region.

Find Lung Health Professionals

Find Heart Health Professionals

Find Diabetes Care Professionals

Find Help to Quit Smoking

## For health professionals

Learn more about this resource

Join our Network

## Connect with a Provider

Contact us and we'll connect you with the first available provider.

Name \*



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## **Vote #2: Dental Plan**

# Implement dental plan for staff

Currently staff employees do not have dental coverage, however, they do have a Health Spending Account of \$900/year

- The Benefits Committee recognized that Acadia University was the only institution out of 17 universities/colleges in Atlantic Canada who did not provide a dental plan to staff.
- The Benefits Committee agreed that group benefits should be uniform across the Acadia employee groups and are recommending a dental plan be added for staff.

# Add dental coverage and update Health Care Spending Account (\$\$\$)



**Annual HSA  
contribution  
of \$350**



## **Basic Services**

80% reimbursement

## **Major Restorative**

75% reimbursement

## **Orthodontic**

*dependent children (18 years of age and under)*

75% reimbursement; \$3,000 lifetime max

*Reimbursement is limited to the current fee guide  
based on the member's province of residence*



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## Next Steps/Vote

# Next steps

Questions

Vote

Implement &  
Communication

If you have questions about the vote, please contact Kerry Deveau, Human Resources Manager

Each vote will be tabulated separately

Yes vote must be 50% + 1 of votes cast for each ballot

**Electronic voting will be held the days of Monday, October 16 to Wednesday, October 18, with the vote process ending 4:30pm on Wednesday October 18.**

# Session Questions

Q : Will diabetic supplies be covered under the BlueCross drug card?

A: Yes, The Plan will continue to pay at 90%

Q: How does the proposed dental plan compare to the one that Faculty have, and how much would the premiums be?

A: It is the same plan, and like the Faculty plan, premiums would be covered 80% by Acadia and 20% from the employee. For a single employee, the premium would be \$4.09 / pay (\$8.86 monthly spread over 26 pay periods), and for a family, it would be \$9.38 per pay (\$20.32 monthly spread over 26 pay periods).



# Session Questions Continued

Q: Are there are any other post-secondary institutions in the Maritimes without a dental plan?

A: No. Acadia is currently the only institution without a dental plan for staff.

Q: If the Dental plan is adopted by staff, when would it start, and what would happen to the HSA for 2017-18?

A: The plan would be effective January 1st, 2018, and the HSA covering the period from 1 July 2017 to 30 June 2018 would remain fully available to staff for this year. The new HSA amount would be effective July 1, 2018.

# Professional Standards

- Information in the presentation is based on source data provided by Medavie Blue Cross. The numbers in this presentation are checked for reasonableness, against industry standards and compliance with the underwriting agreements. This review does not include an audit of the financial information (in particular claims and premiums) provided by the insurance companies.
- As leading employee benefit and actuarial consultants, Morneau Shepell believes it is imperative that clients receive the best advice at all times. To this end all information and recommendations are subject to review by a second qualified consultant within our organization.
- This presentation is not complete without commentary.
- This document contains confidential information or details of proprietary processes or systems developed by our firm. Therefore, we respectfully request that the contents be held in strict confidence and not shared with any third parties without our written permission.



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## Appendix – Plan Updates (Details)

# Health Plan Enhancements

Benefit	Current	Change
Extended Health Benefits (EHB) - Paramedics	<ul style="list-style-type: none"> <li>Following practitioners: clinical psychologist, speech therapist, occupational therapist, osteopath, chiropractor, chiropodist/podiatrist, masseur, and naturopath;</li> <li>Up to a maximum of \$25 per visit to a maximum of 20 visits per practitioner in a Calendar Year</li> </ul>	<ul style="list-style-type: none"> <li>Maintain 90% coinsurance (exception of massage at 50% reimbursement); maximum payable \$500/practitioner/year; combination of \$1,500/year.</li> <li>Physio, Psychology and Speech therapy services separate: Updated to maximum payable of \$1,000 per practitioner per calendar year</li> </ul>
EHB - orthopedic shoes and supplies	<ul style="list-style-type: none"> <li>The maximum combined Eligible Expense is \$200 in a Calendar Year</li> </ul>	<ul style="list-style-type: none"> <li>Move to Medavie Blue Cross (MBC) standard:               <ul style="list-style-type: none"> <li>Orthopedic Shoes with \$200/calendar year</li> <li>Molded Arch Supports \$300/calendar year</li> </ul> </li> </ul>
EHB - hearing aids	<ul style="list-style-type: none"> <li>Charges for hearing aids up to a maximum benefit of \$600 in three Consecutive Calendar Years</li> </ul>	<ul style="list-style-type: none"> <li>90% coinsurance:               <ul style="list-style-type: none"> <li>\$1,500 every 3 calendar year</li> </ul> </li> </ul>

# Health Plan Enhancements, continued

Benefit	Current	Change
EHB - medical supplies	<ul style="list-style-type: none"> <li>Diabetic supplies included under EHB coverage</li> </ul>	<ul style="list-style-type: none"> <li>Update to include diabetic supplies included under drug coverage (with drug card)</li> </ul>
EHB - medical equipment	<ul style="list-style-type: none"> <li>Currently provided lifetime maximum of \$5,000</li> </ul>	<ul style="list-style-type: none"> <li>Updates and additions to standard for medical equipment, includes: repairs (up to Usual &amp; Customary U&amp;C); patient lifter, traction equipment and <b><i>removal of \$5,000 lifetime maximum</i></b></li> </ul>
EHB - Chronic Disease Module	<ul style="list-style-type: none"> <li>Not currently a benefit</li> </ul>	<ul style="list-style-type: none"> <li>Add this service (under EHB services)</li> </ul>

# Health Plan Enhancements, continued

Benefit	Current	Change
Wellness Modules	<ul style="list-style-type: none"> <li>Not currently a benefit</li> </ul>	<ul style="list-style-type: none"> <li>Addition of vaccines to Tier 2</li> <li>Maximum payable of \$700/5calendar years</li> </ul>
Vision	<ul style="list-style-type: none"> <li>Maximum amount payable for an eye exam/lenses/frames is \$250, includes an eye examination once every 24 consecutive months (12 months for a person under 18 years of age)</li> </ul>	<ul style="list-style-type: none"> <li>Maintain 90% and deductibles: Eye Examination (separate) U&amp;C/24 consecutive months; 12 consecutive months for children under 21 years of age</li> <li>Lenses and frames \$250/24 consecutive months; 12 consecutive months for children under 21 years of age</li> <li>Laser eye surgery \$500 per lifetime</li> </ul>

# Health Plan Savings

Benefit	Current	Change
Hospital	<ul style="list-style-type: none"> <li>100% for semi-private room accommodation</li> </ul>	<ul style="list-style-type: none"> <li>Remove semi-private accommodation (coverage only for ward)</li> </ul>
Drug	<ul style="list-style-type: none"> <li>Copay of \$5 for each eligible drug on the prescription; 100% of the remaining eligible expense</li> <li>Certain prescription-requiring drugs require approval via Special Authorization process</li> </ul>	<ul style="list-style-type: none"> <li>Tiered Formulary (include conditional copay):               <ul style="list-style-type: none"> <li>Tier 1: Dispensing Fee;</li> <li>Tier 2: 40% to a maximum of \$30 out of pocket</li> </ul> </li> </ul>



# Dental Plan (for Staff)

Benefit	Current	Change
Dental/ HSA	<ul style="list-style-type: none"><li>• Not currently a benefit for staff plan</li><li>• \$900 annual Health Spending Account</li></ul>	<ul style="list-style-type: none"><li>• Dental coverage as per faculty dental plan; 20/80 cost share and;</li><li>• Health Spending Account reduces to \$350/year</li></ul>