Group Benefits Review
Information Session

Liana O’Brien, Principal
Acadia University – Members of the staff benefit plan
October 2017
Today’s Discussion

Introduction

Plan Design Review Process

Current Trends in Health Benefits

Plan Design Options

Next Steps/Vote
Where does Acadia spend benefit dollars?
08/15 to 07/16

Health and Dental: $997K
EFAP: $15K
Hospital: 2%
Dental: 21%
E.H.B.: 32%
Drugs: 45%

Total Annual Cost: $1.6M

*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 you group benefits plans renews
- 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
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

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

Benefits of patent cliff and related are largely behind us
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)

Acadia’s Total Drug Spend $398K

Specialty Drugs 31%

Other drugs 69%

MBC’s 2016 Benchmark: 27%
Continuum of Drug Plan Management

Eliminating Waste
- Generic substitution
- Days supply
- Prior authorization

Encourage consumerism
- New drug entry evaluation
- Therapeutic class pricing
- Tiered formularies
- High Claimant Case Management

Proactively engaging
- Step therapy
- Pharmacogenetics
- Chronic conditions management
- More

Reacting to claims
Influencing choices
Effecting change
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

First Tier (lower co-pay)
First-line therapy used to care for serious medical conditions. Tier includes many generics and brand name products.

Second Tier (higher co-pay)
Drugs selected for the Second Tier may not be the first step therapy, and generally for less serious medical conditions and/or have lower cost therapeutic alternatives on the First Tier
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)

<table>
<thead>
<tr>
<th>Brand Drug</th>
<th>Nexium</th>
<th>Tecta</th>
<th>Prevacid</th>
<th>Losec</th>
<th>Pantoloc</th>
<th>Pariet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generic Cost</td>
<td>$67</td>
<td>$34</td>
<td>$25</td>
<td>$22</td>
<td>$21</td>
<td>$17</td>
</tr>
<tr>
<td>RX Choices Tier</td>
<td>Tier 2</td>
<td>Tier 1</td>
<td>Tier 1</td>
<td>Tier 1</td>
<td>Tier 1</td>
<td>Tier 1</td>
</tr>
</tbody>
</table>
Examples of frequently prescribed medications on Tier 2 (Rx Choices)

There are more affordable first line therapy alternatives 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
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):**

- **NEW** Laser Eye Surgery: $500 lifetime

- **NEW** Eye Exam covered separate: reimbursement every 24 consecutive months (up to Medavie Blue Cross’ usual & customary amount)

- Glasses/Frames/Contacts: $250 maximum per 24 consecutive month period (12 months for dependents 18 year of age and under)

- **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

- **REMOVED** Hospital accommodation from semi-private to ward
Current paramedical coverage is $25 per visit to a maximum of 20 visits per practitioner (exception Physio was 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
  - 1-888-873-9200
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)
How do you find an educator? It’s easy...

1. 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.

2. 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

3. 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.
Vote #2: Dental Plan
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.
Next Steps/Vote
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).
Q: Are there 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.
Appendix – Plan Updates (Details)
## Health Plan Enhancements

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Current</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Extended Health Benefits (EHB) - Paramedics</strong></td>
<td>Following practitioners: clinical psychologist, speech therapist, occupational therapist, osteopath, chiropractor, chiropodist/podiatrist, masseur, and naturopath; Up to a maximum of $25 per visit to a maximum of 20 visits per practitioner in a Calendar Year</td>
<td>Maintain 90% coinsurance (exception of massage at 50% reimbursement); maximum payable $500/practitioner/year; combination of $1,500/year. Physio, Psychology and Speech therapy services separate: Updated to maximum payable of $1,000 per practitioner per calendar year</td>
</tr>
<tr>
<td><strong>EHB - orthopedic shoes and supplies</strong></td>
<td>The maximum combined Eligible Expense is $200 in a Calendar Year</td>
<td>Move to Medavie Blue Cross (MBC) standard: Orthopedic Shoes with $200/calendar year Molded Arch Supports $300/calendar year</td>
</tr>
<tr>
<td><strong>EHB - hearing aids</strong></td>
<td>Charges for hearing aids up to a maximum benefit of $600 in three Consecutive Calendar Years</td>
<td>90% coinsurance: $1,500 every 3 calendar year</td>
</tr>
</tbody>
</table>
## Health Plan Enhancements, continued

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Current</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EHB - medical supplies</td>
<td>Diabetic supplies included under EHB coverage</td>
<td>Update to include diabetic supplies included under drug coverage (with drug card)</td>
</tr>
<tr>
<td>EHB - medical equipment</td>
<td>Currently provided lifetime maximum of $5,000</td>
<td>Updates and additions to standard for medical equipment, includes: repairs (up to Usual &amp; Customary U&amp;C); patient lifter, traction equipment and removal of $5,000 lifetime maximum</td>
</tr>
<tr>
<td>EHB - Chronic Disease Module</td>
<td>Not currently a benefit</td>
<td>Add this service (under EHB services)</td>
</tr>
</tbody>
</table>
## Health Plan Enhancements, continued

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Current</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wellness Modules</td>
<td>• Not currently a benefit</td>
<td>• Addition of vaccines to Tier 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Maximum payable of $700/5calendar years</td>
</tr>
<tr>
<td>Vision</td>
<td>• 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)</td>
<td>• Maintain 90% and deductibles: Eye Examination (separate) U&amp;C/24 consecutive months; 12 consecutive months for children under 21 years of age</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lenses and frames $250/24 consecutive months; 12 consecutive months for children under 21 years of age</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Laser eye surgery $500 per lifetime</td>
</tr>
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</table>
# Health Plan Savings

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Current</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>• 100% for semi-private room accommodation</td>
<td>• Remove semi-private accommodation (coverage only for ward)</td>
</tr>
</tbody>
</table>
| Drug | • Copay of $5 for each eligible drug on the prescription; 100% of the remaining eligible expense  
• Certain prescription-requiring drugs require approval via Special Authorization process | Tiered Formulary (include conditional copay):  
• Tier 1: Dispensing Fee;  
• Tier 2: 40% to a maximum of $30 out of pocket |
# Dental Plan (for Staff)

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Current</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dental/ HSA</td>
<td>• Not currently a benefit for staff plan</td>
<td>• Dental coverage as per faculty dental plan; 20/80 cost share and;</td>
</tr>
<tr>
<td></td>
<td>• $900 annual Health Spending Account</td>
<td>• Health Spending Account reduces to $350/year</td>
</tr>
</tbody>
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