

THE INSURANCE INSIDER



GENERIC DRUG SAVINGS THREATENED BY EU PROPOSAL: CGPA

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The use of generic prescription medicines has saved Canada's healthcare system nearly \$26 billion since 2007. But a proposal for longer market monopolies by brand names could put a dent in that savings, according to an analysis of Canadian retail prescription drug sales by the Canadian Generic Pharmaceutical Association (CGPA).

"The data...reinforces that the savings provided by generic prescription medicines are essential to the sustainability of both public and private drug benefits plans in Canada," said Jim Keon, president of the CGPA.

As part of trade negotiations with Canada—which Ottawa hopes to conclude this year—the EU has proposed longer periods of

market monopoly for brand name prescription drugs. A February 2011 report by Aidan Hollis of the economics department at the University of Calgary and Paul Grootendorst from the University of Toronto's faculty of pharmacy estimates that the EU's proposals would extend periods of market monopoly by an average of three and a half years, and add approximately \$2.8 billion annually to Canada's prescription drug bill. Of that, approximately \$1.3 billion would be borne by provincial governments, with the remaining \$1.5 billion coming out of the pockets of patients and employers that sponsor drug plans for their employees.

"Over the past two years, provincial governments have introduced reforms to their drug benefits plans in

order to ensure their ongoing sustainability," said Keon. "The savings achieved through these reforms could be wiped out if the EU's drug patent extensions are adopted."

Keon says that extending monopolies for brand name drug companies is not only expensive but also unnecessary. He points to a May 2011 report by Edward M. Iacobucci of the University of Toronto's faculty of law. The report shows that Canada's intellectual property system for pharmaceuticals is stronger than other industrial sectors in Canada and is in many ways stronger than pharmaceutical intellectual property in the EU and the U.S.

"EU's proposals would extend periods of market monopoly by an average of three and a half years..."



TOP TALENT HARD TO FIND THESE DAYS

Canadian small business owners are having a difficult time finding good employees. According to American Express's *Small Business Monitor* survey, 11% of small business owners have never found the right person for a position and 28% have had jobs open for up to three months before finding the appropriate candidate.

The survey also found that 74% of respondents believe it's getting harder to find good employees and 64% believe the demands of today's jobs exceed applicants' qualifications.

Adding to the difficulty is the looming exit of baby boomers from the workforce. Of those surveyed, 46% said they anticipate a shortage of qualified job applicants in the coming years. A further 32% said they are concerned about the impact this will have on their operations and 23% expect to replace a significant proportion of their employees.

Despite this, 69% said they haven't put a plan in place to deal with an impending labour shortage, such as modifying employment practices or offering incentives to employees to stay on after retirement age.

"Strong talent is the cornerstone of good business, especially small business, where the right people can mean the difference between a loyal customer and high turnover," says Abhijeet Rege, director of small business services with American Express Canada. "But the survey also suggests that businesses should start looking to the future by thinking about the void that will be left as skilled workers start to exit these higher-level positions."

Money isn't the only motivator in attracting and retaining employees, which means employers need to understand that agile, flexible environments can help draw the brightest minds.

In fact, when asked what incentives were most effective for businesses looking to attract/retain staff, flexible hours were on equal footing as higher pay. Other top perks include having a dynamic business culture (62%), offering share/stock options (61%) and offering better health benefits (54%).

"We've seen changes in the way people are approaching their careers today—as people become more lifestyle-oriented, they are seeking improved work-life rhythm," says Rege. "The biggest draw of working for a small business is job independence and flexibility. And while money remains important, business owners realize it isn't the only factor to attracting and retaining top talent."



"...Money isn't the only motivator in attracting and retaining employees."



TAKE AN INTEGRATED APPROACH TO WORKPLACE MENTAL HEALTH CONT...

Employee mental health is a growing challenge for employers, and it's recognized as the No. 1 cause of lost productivity in the workplace. In fact, according to research by the [National Committee for Quality Assurance](#), "depression results in more days of disability than chronic health conditions such as heart disease, hypertension and diabetes."

Yet many organizations aren't effectively addressing—or finding a solution to—the problem.

One of the most widely used strategies is the offering of employee assistance programs (EAPs), which have a long history of serving employees and employers alike. However, because mental health encompasses a large variety of conditions and associated symptoms, the response to mental health issues cannot be expected to fall to just one approach. A continuum of strategies is essential.

While EAPs are appropriate, there are also other, often related, approaches that employers must consider. These can range from information posted on websites to self-tests for depression and anxiety, through to individual treatments for these and other mental health conditions. But above all, integration with the workplace culture is key.

"We can buy a benefits

plan, we can buy an EAP and disability and so on, but none of it is integrated," says Telena Ousoren, director, pension and benefits, with Scotiabank, Total Rewards. "Progressive employers are trying to move that way, but we as an industry need to work together to develop this."

"[Employers are]...fine with having EAPs, which put a lot of the onus on employees to self-identify and get help," says Paula Allen, vice-president of organizational solutions and national practice leader, health consulting, with Morneau Shepell. "But there are organizational factors around stress, and it's very difficult to get an organization to truly grasp what that means, and what they can do about it. That takes more corporate buy-in than anything else, because you're talking about really taking a hard look at what culture, systems, leaders, risks and supports you have in place."

In the case of depression—



the most common mental health issue affecting workplaces—EAPs may be an excellent starting point, but it is essential to realize that they might not be sufficient. A proper course of cognitive behavioural therapy (CBT), which has been shown to be very effective for depression and other issues, may take between 12 and 16 sessions—or more. EAP entitlement of perhaps four to six sessions is not enough.

"Many therapies for depression risk being less effective if they are interrupted prematurely," Gabrielle Bauer reported from the *Benefits Canada* annual [Mental Health Summit](#) on November 10. "In a pilot project, **longer-term** cognitive behavioural therapy yielded dramatic improvements in employee mental health" (emphasis added).

Longer-term interventions, such as CBT, even though time-limited, are often delivered by psychologists whose services are not covered by a provincial health plan (such as OHIP in Ontario).



"One of the most widely used strategies is the offering of employee assistance programs (EAPs)..."

TAKE AN INTEGRATED APPROACH TO WORKPLACE

And while the cost of a course of CBT may seem expensive, in light of the success of such interventions, the opportunity cost is relatively low. Still, benefits plans are largely lacking when it comes to coverage for mental health services. This again brings up the issue of integration of health benefits: offering an EAP is a sound strategy, but unless integrated with other strategies, it may not suffice, especially for more serious mental health issues.

Depression is associated with a number of common medical conditions such as heart disease, and, according to the [National Business Group on Health](#), “two decades of research show that persons with depression are at a greater risk for developing heart disease than healthy persons.”

The [Employee Assistance Professional Association](#) has identified eight distinct initiatives and/or activities that all EAPs provide;

those most relevant to this discussion include the following:

- referring clients for diagnosis, treatment and assistance, as well as offering case monitoring and follow-up services;
- assisting organizations in establishing and maintaining effective relations with treatment and other service providers, and in managing provider contracts; and
- providing consultation to organizations to encourage availability of employee access to health benefits covering medical and behavioural problems including, but not limited to, alcoholism, drug abuse and mental and emotional disorders.

While the most popular strategy for dealing with mental health in the workplace has generally been a reliance on EAPs (especially in larger organi-

zations), a complete look at the organization’s initiatives—or lack thereof—is an employer’s best starting point. The organization should ask itself if it is getting full benefit from its current approaches and should examine what it offers employees, including mental health education and promotion, EAPs and linkages with providers that offer longer-term assistance, as well as its overall benefits plan design.

An organization’s comprehensive approach to dealing with workplace mental health not only is essential for employees but may also be the best way to improve the bottom line.



“Depression is associated with a number of common medical conditions such as heart disease”



EMPLOYEES SKIPPING VACATION TIME

Most North American workers did not use all of their available vacation time this year, according to a survey by consulting firm Right Management. The firm surveyed 814 workers; 70% of respondents said they did not take all of their vacation time in 2011. The findings are consistent with Right Management's 2009 survey, which found that two-thirds of employees did not take all vacation time due them.

"The perceived workplace culture that prevails at many organizations seems to recognize devotion to the job to the exclusion of almost all else," says Michael Haid, senior vice-president with Right Management. "Whether this culture is real or imagined, employees everywhere are forsaking vacations, and even family time, for the primacy of work. If there's no balance in people's lives, there will soon be resentment and health problems."

Meanwhile, a recent survey by Mercer placed Canada in the bottom spot for the number of annual employee holiday entitlements. The survey of 62 countries measured the number of annual holidays full-time workers have access to after 10 years of employment (note that since holiday entitlement may vary depending on company contracts, the survey measured the *potential* for holiday time off). In Canada, employees have up to 10 days of statutory holidays and nine public holidays per year—well below generous European countries such as the U.K. and Poland, where they have up to 28 days and 26 days, respectively.

"A break from the daily routine is essential in maintaining employee well-being," says Wolfgang Seidl, head of Mercer's healthcare consulting business in the U.K. "Companies that keep holiday provision as low as possible in order to reduce

lost income from absent workers may find that their employees are less robust, in poorer health and, crucially, less productive. It's key to create a culture of health in the workplace, [so] employees will take the message home with them and look after their health outside work as well."

"By encouraging employees to be responsible for cold and flu prevention, we begin to set the expectation of responsible behaviour around other health issues. If employers cannot influence the behaviour of employees to prevent the spread of colds and flu, how can we expect them to influence how employees control their chronic conditions?"

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