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"Countries that integrate pharmaceuticals into the healthcare system achieve better access to medicines and greater financial protection for the ill…"

Pharmacare integration can improve performance

Canada's provincial pharmacare systems have flaws not found in other developed countries that could be addressed by integrating prescription drug coverage into the broader healthcare system, according to a report.

A C.D. Howe Institute report, *Rethinking Pharmacare in Canada,* finds that integrating pharmaceuticals into the healthcare system by covering medically necessary prescription drugs at little cost to patients would result in improved performance on key pharmacare policy goals.

All developed countries with broad public healthcare systems provide universal coverage for prescription drugs except Canada.

Instead, the provinces allocate limited public subsidies for prescriptions drugs, leaving the majority of costs to be financed out-of-pocket and through private insurance.

The report reviews three of the main approaches to provincial pharmacare policy—exemplified by British Columbia, Ontario and Quebec—and compares them with policies in other countries.

"All provincial systems in Canada involve considerable patient charges and multiple payers that are not responsible for financing patients' medical and hospital care," says Steven Morgan, one of the authors of the report, who is also an associate professor at the University of British Columbia's Centre for Health Service and Policy Research.

"The costs borne by patients are known to reduce the use of medicines that might otherwise improve patient health and reduce costs elsewhere in the healthcare system."

In addition, he explains that the involvement of multiple payers diminishes purchasing power, adds administrative costs, and creates funding silos that limit the potential for healthcare managers and providers to consider the full benefits and opportunity costs of prescription drugs as an input into the broader healthcare system.

Countries that integrate pharmaceuticals into the healthcare system achieve better access to medicines and greater financial protection for the ill, at significantly lower total cost than any Canadian province achieves.

The report recommends

Pharmacare integration cont...

that provinces expand public pharmacare programs to all segments of the population with a specific focus on promoting access to medicines of proven value-for-money in our healthcare system.

"Though the immediate effect of this would be an increase in government spending, this would, over time, be more than offset by savings to patients, employers and individuals who purchase stand-alone private drug coverage," Morgan concludes.

-BenefitsCanada

Banning smoking could help employees butt out

Smoking bans on all company property both indoors and outdoors should be a visible part of a comprehensive non-smoking policy in Canadian workplaces, according to a report.

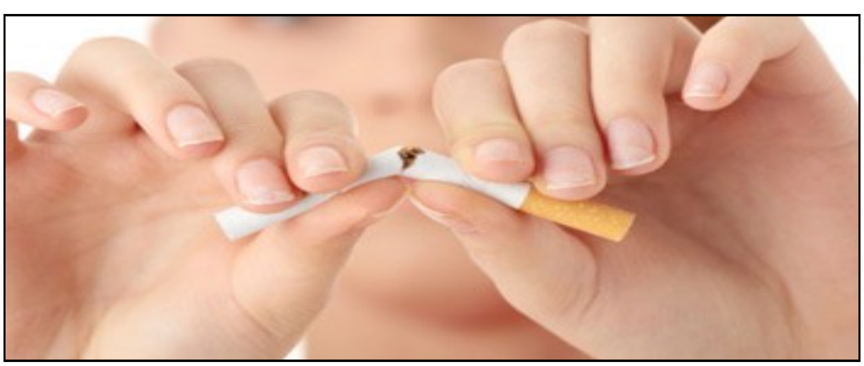
The *Smoking Cessation Programs in Canadian Workplaces* report says additional measures, such as smoking cessation programs, would also help employees to quit smoking.

Currently, 19% of Canadian organizations ban smoking from their property altogether.

"Implementing workplace smoking bans and enforcing these restrictions will help to reduce the likelihood of smoking and shift the organizational culture," says Karla Thorpe, director, leadership and HR research, with the Conference Board of Canada.

"The most effective methods to help smokers quit are to couple access to medication with counselling and support, she adds. "This can increase success rates by two- to three-fold."

-BenefitsCanada



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"Implementing workplace smoking bans and enforcing these restrictions will help to reduce the likelihood of smoking ."

Do all insurers pay claims the same?

Do all insurers pay claims the same? To find out, Mercer conducted a survey of insurers to drill down into claims adjudication capabilities and differentiators. The survey turned up some surprises.

Mercer's own opening premise was (and remains) that there are many differences among insurers and that the cost of a claim should become a more critical component in the assessment of insurer capabilities during the vendor selection process.

It's widely assumed by plan sponsors that the adjudication and payment of the more automated, transactional health and dental claims is probably the same among insurers. A claim is a claim is a claim. I expect most also assume that the disability claim might be more subjective and, hence, approached differently by each insurer.

Historically, the market has focused almost exclusively on distribution costs (e.g., expense levels), yet the real opportunity from a cost management perspective is managing the claims cost. Furthermore, we have had many insurers approach us to make the argument that "we pay claims better" and therefore we should focus less on expense levels—our clients should be prepared to pay more for a better result. There had been little objective data to support such statements, so the survey was an opportunity—in some respects—to make their case for them.

The Mercer survey included general questions of claims adjudication capabilities and how insurers would handle specific situations. We also provided sample claims data and asked each participant to adjudicate these claims based on the same objective criteria (e.g., demographic data, plan design information). What better way of answering whether all insurers pay claims the same than by getting a side-by-side comparison of how each insurer would adjudicate the same claims data.

What was the outcome of our survey? For the most part, the industry did not have a problem in responding to the general questions on claims adjudication capabilities. However—and this was a little bit of a shock—approximately 50% of the survey participants refused to adjudicate the sample claims data. The prevailing rationale was, "we believe that our claims adjudication processes are proprietary." In other words, "trust us when we say that we pay claims better."

So what can we conclude from the industry response to this portion of our survey?

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Do all insurers pay the same cont...

- There are differences in how various insurers pay claims. They use different price files, the definitions of reasonable and customary differ, etc. How material these differences are, however, remains a bit of a mystery.
- o be fair, not all the industry players have said they pay claims better. Many insurers are content to compete on the basis that "we pay claims quickly and accurately, and we will help you manage the cost of the claim." But for those in the market who want to compete on how they manage the claim cost, the lack of objective data in this area will continue to make this a tough sell.
- The insurance industry has been critical of plan advisors for focusing almost exclusively on distribution costs (i.e., expenses) when assessing insurer claims payment capabilities. I agree. As an industry we need to do a better job of assessing value. But, when faced with this type of a response from 50% of the insurance industry, my response might be, What do you expect—how can we not focus solely on expense levels?

The survey was confidential, and we will not disclose which insurers agreed to participate and which ones refused. Suffice to say, I am disappointed that we could not take the cost discussion in a different direction and refocus it on where it is really going to matter in the future—managing the cost of the claim.

My broader message to the insurance industry is if you want us (plan advisors and plan sponsors) to focus less on distribution costs, you have to work on articulating your value proposition in this area. The fallback position is for us to believe "all insurers pay claims the same."

- Brian Lindenberg, Mercers

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"Many insurers are content to compete on the basis that "we pay claims quickly and accurately"…"

Helping employees with role overload

Employee role overload negatively impacts the organization's bottom line, and reducing this form of stress can yield the greatest bang for the buck for both employers and employees.

That was the message Linda Duxbury, a professor at the Sprott School of Business at Carleton University, delivered at the *Benefits Canada* Healthy Outcomes Conference held last week in Ottawa.

Employers are facing a turning point in managing their HR due to a shortage of skilled labour, value shifts in younger people and older employees facing eldercare challenges.

According to her research, companies will face a talent market shortage by 2016. There will be a deficit of 800,000 skilled staff and a surplus of 500,000 low-skilled labourers.

Generation Y (those under age 30) have seen what their parents went through with role overload, downsizing and not being appreciated for their commitment to the organization. According to Duxbury, they claim they will never make the same mistake. "They have learned to protect themselves and not to trust the organization." Duxbury warns employers that "if you don't deal with this, you're not going to attract them."

While employees can choose to have no children or have fewer, later in life, they can't choose to have parents. Almost everyone is going to face eldercare issues later in life.

This is more problematic today because seniors are living longer and suffering from chronic illness, and women who have been traditional caregivers for the elderly are working outside the home. Many employees have delayed having children, and they have to deal with both their teenagers and elderly parents at the same time, and many are having fewer children, which leads to fewer caregivers for the elderly. Despite this growing burden on employees, few employers understand this issue because it's not part of their workforce planning.

Role overload exists when the total demands for time and energy associated with activities of multiple roles are too great to perform these roles adequately or comfortably. Simply defined, it's having too much to do and not enough time in which to do it.

While total role overload is a function of overload at work and at home, work role overload is a much stronger predictor of total role overload. Duxbury's research concludes that high-role overload leads to increased absenteeism, a greater use of Canada's healthcare system, increased levels of employee stress and depression, higher employee turnover, rising benefits costs, lower levels of commitment and job satisfaction, and recruitment and retention problems.

She suggested some solutions for employers:

- provide employees with a greater sense of control over their hours of work and their work schedule;
- give employees a fixed number of paid personal days off work to deal with personal issues;
- introduce new performance measures that focus on objectives, results and output, and move away from a focus on hours; and
- increase the number of supportive managers within the organization.

Her research suggests that if employers eliminate high levels of role overload in their organization they stand to gain. "You can have the best policies and programs in the world, but if your culture and management practices don't align with them, it really doesn't matter."

-Suzanne Lepage

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