

THE INSURANCE INSIDER



WHAT DOES A TRUMP PRESIDENCY MEAN FOR U.S. EMPLOYERS... ?

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"...During the election campaign, Trump promised he'd repeal the Affordable Care Act, also known as Obamacare, within the first 100 days. But Mike Aitken, vice-president ..."

After months, and even years, of buildup and anticipating, Republican nominee Donald Trump is the next president of the United States. Looking at his platform, and any policy changes or enhancements proposed on the campaign trail, what does a Republican presidency mean for U.S. employers and the benefits they offer to employees?

Health insurance

During the election campaign, Trump promised he'd repeal the Affordable Care Act, also known as Obamacare, within the first 100 days. But Mike Aitken, vice-president of government affairs at the Society for Human Resource Management in Washington, says that would be a challenge.

"There are also concerns when you do that, because employers have modified many of their health-care coverage requirements to comply with the Affordable Care Act. Administratively, putting the toothpaste back in the tube is going to be very difficult to do."

Kenneth Laverriere, a partner at Shearman & Sterling LLP in New York, agrees that repealing the Afford-

able Care Act could have a dramatic impact on employers. "The idea of reverting back to any type of system in the U.S. . . . where health insurance was offered largely through employers is just a mistake that's not worth repeating," he says.

"We need a system that allows for mobility, that's not tied to staying with a particular company. Removing health care from something that has to be provided by employers would open up tremendous opportunities for mobility."

Trump is suggesting replacing the Affordable Care Act with health savings accounts. "Account-based programs, generally, is something the Republicans love," says Tami Simon, a global practice leader at Xerox HR Services in Washington.

"You're going to see a lot

more support in this area," she adds.

A major concern from employers, regardless of who's in the White House, is a new 40 per cent excise tax that's going to affect employer-sponsored health plans beginning in 2020, says Melissa Murdock, senior manager of public policy and external affairs at WorldatWork in Washington. "There will be a big push in the new Congress to see if we can get this portion of the Affordable Care Act repealed."

Paid leave

Paid leave regulations have also been a hot topic on the campaign trail. Trump intends to rewrite the tax code to allow working parents to deduct child-care expenses from their income taxes for up to four children and elderly dependants. He also plans to allow parents to enrol in tax-free savings accounts



THE DONALD CONTINUED...

to care for their children or elderly relatives, encourage employers to provide childcare in the workplace and provide six weeks of paid leave to new mothers before returning to work.

“This is the first time we’ve had a Republican candidate talking about maternity leave at the federal level,” says Murdock. “We do expect for this to be an issue that will continue to get a lot of attention and there might be an opportunity for something to pass.”

The big win on that issue is that it has gotten people talking about it, according to Laverriere. “It’s a meaningful way to start a dialogue with Congress around a national set of rules that make it easier for people to have families, support them, take time off to raise children or care for dependants, as opposed to the family medical leave provision in the U.S., which is essentially unpaid leave but you can

use your vacation if you have it.”

Tax reform and taxable benefits

Along the campaign trail, both nominees have talked about tax reform, which could affect employer-sponsored benefits such as health care, pension plans, transit benefits and educational assistance, says Aitken.

“The reason being, when you look at the federal treasury and what’s called a tax expenditure, employers don’t have to pay tax on the value of [these] benefits they provide to employees, neither do employees themselves. In the context of tax reform, there would be a re-examine of whether or not those provisions should remain tax free.”

Simon says tax reform is the No. 1 issue the industry is watching. “We don’t really know where this is

going to go, whether this conversation is going to lead to retirement contributions or retirement caps, whether it’s going to lead to the taxation of employer or employee contributions or caps to health-care benefits,” she says.

“One thing that’s sure . . . this is the first time where I think that tax reform is very seriously going to talk about the taxation of benefits, both on the retirement and health-care side. I don’t think it’s an if anymore. I think it’s a how. And that’s huge.”

-Jennifer Patterson

WHY PRESERVING CANADA’S HEALTH CARE SYSTEM MATTERS TO EMPLOYERS

Employers have always depended on the public health system to treat their employees in a timely manner. However, because of health cutbacks and the resulting waiting lists, employees often face delays in receiving care and returning to the workplace.

That’s why the ability of the health system to provide timely and quality care should matter to employers. The system’s capacity

to do so, however, is under significant strain.

Long waits a problem

The case of a 49-year-old service manager with severe back pain provides an example of the problem. Tests showed nerve root compression due to a displaced disc fragment that he needed to have removed.

Accessing neurosurgery

was very challenging, however. It might take up to nine months or longer to have the consultation and then up to six months to get the surgery, followed by two months for rehabilitation. The duration of his disability could be two years.

If the health system had more resources and was more efficient, the service manager could have returned to work more



PRESERVING CANADA'S HEALTHCARE CONT...

quickly, thus minimizing the costs to the employer and the insurer.

The worst scenario for employers and employees would be for the Canadian health-care system to simply stop operating. While that appears an unimaginable scenario, there are many signs that the health system has become unsustainable as the demands on it have risen exponentially.

The Australian approach

Recently, I participated on a panel with four other doctors to discuss the future of health care at the 2016 alumni dinner for the University of Toronto's New College. We didn't discuss when the Canadian health system would stop operating but we did talk about how to preserve universal health care for the next 100 years. At one point, the discussion turned to Australia where, similar to Canada, everyone has universal health care as a right.

About 30 years ago, the Australian government recognized that its single-tier, universal health-care system wasn't sustainable. After considerable debate, it created a private health insurance company called Medibank Private.

Medibank was an option priced for teachers, bakers, firefighters and plumbers. It wasn't just for the wealthy elite.

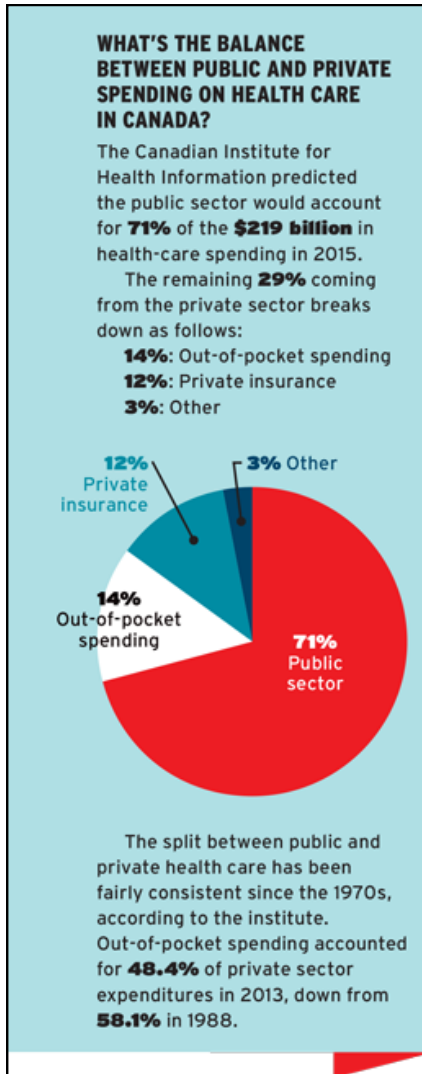
Medibank successfully generated premiums paid by customers who opted in, with the funds invested in the construction of private health-care infrastructure. The result was that

The private sector lightened the load on the public sector through shorter wait times and greater efficiency due to competition. At the same time, patients could access specialized technology by moving between the private and public systems at no cost.

And what about the doctors? They didn't flee the public system because regulatory restrictions limited them to working only a small percentage of their time on the private side.

As the discussion at New College continued, it became apparent that Canadians, including business leaders, would be wise to observe Australia's strategy. Given the issues at stake, employers and their insurers have an interest in ensuring the health-care system remains sustainable so employees can be at work, rather than at home on a long waiting list.

-Raymond Rupert



Australia had both public and private sector health-care infrastructure. In essence, the Australians had created a financial hedge for the health system.

Lightening the load



"...The worst scenario for employers and employees would be for the Canadian health-care system to simply stop operating..."

MAIL ORDER PHARMACY TOUTED AS A WAY TO BOOST DRUG ADHERENCE

Non-adherence to medication has serious consequences for both plan members and sponsors, but for some patients with chronic conditions, using a mail-order pharmacy may improve their health outcomes, according to Joseph Hanna, director of pharmacy at Costco Wholesale.

Chronic disease is prevalent among Canadian adults, with three out of five Canadians over the age of 20 reporting a chronic illness and more than half of adults taking at least one prescription, Hanna told attendees at the 2016 Pharmacy Solutions in Drug Plan Management Conference in Mississauga, Ont.

At the same time, non-adherence to medication — by taking a drug at the wrong time, taking too much or little of their prescription or not starting it at all — is a problem for many of those patients.

For example, half of those with high cholesterol stop their statin medication after only six months of treatment, said Hanna.

There are a multitude of reasons for not adhering to a medication, said Hanna, citing affordability, time constraints, accessibility, complexity of treatment and forgetfulness. Poor health outcomes are often the consequence.

Disability carries a high cost for plan sponsors, including an average rate of absenteeism of seven days per employee, a cost per employee of up to three per cent of the payroll and the cost of more prescriptions and hiring a replacement worker, Hanna noted.

“We know that if we have better adherence, we can reduce absenteeism, we can gain some productivity and get folks back to work again,” he said.

In light of those issues, mail-order prescriptions can help improve health outcomes for plan members, according to Hanna. Using that process, patients either mail in the prescription themselves or the doctor faxes or calls it in.

The pharmacy processes the prescription, the patients receive the medication in the mail and 90 days later, they receive their refill.

At the moment, less than



0.5 per cent of prescriptions in Canada are filled via mail order, compared with 11 per cent in the United States, said Hanna, who expects the Canadian numbers to increase over time.

“One study showed that individuals who received their mail-order refills, as opposed to their local pharmacy, were more likely to have good adherence to their medications for diabetes, high blood pressure and cholesterol. They were also, on average, 15 per cent more adherent to their medications and they had 16 per cent fewer emergency room visits,” Hanna told attendees.

For plan members, there are a number of benefits to filling a prescription via mail order: convenience, easier access to medications, improved adherence and lower costs for a 90-day maintenance supply.

Although the process isn't ideal for acute situations, it works very well for chronic conditions.

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202,400 CANADIANS WILL BE DIAGNOSED WITH CANCER THIS YEAR

This year, 202,400 Canadians will be diagnosed with cancer, a study from the Canadian Cancer Society predicts.

Half (50.4 per cent) of the diagnoses will be lung, bronchus, breast, colorectal and prostate cancers, and men (45 per cent) are slightly more likely to be diagnosed than women (42 per cent).

Between 1987 and 2015, the number of new cancer diagnoses rose steadily, the report says, but it notes that's largely due to Canada's aging population, rather than an increased risk for cancer across the board. And for some cancers, such as thyroid cancer, the increase in cases is tied to more advanced detection techniques.

It's important that employers include new and innovative cancer medications in their drug plans, says Kathy Sotikaros, senior manager of market access at Amgen Canada. "A lot of [new drugs] aren't on the plans and that's where people have to use their Visa, change their mortgage in order to buy medications."

Employers should also include psychosocial assistance for staff with cancer, such as counselling, she says. And employers don't have to confine themselves to internal programs. Linking employees to support networks that offer financial

advice and social programs for patients and their families can be very helpful, she says.

The survey also noted 89 per cent of new diagnoses will be for Canadians over 50, with the median age of diagnosis between 65 and 69.

Most government disability benefits end when an employee reaches 65, says Pamela Bowes, manager of money matters and workplace programs at the cancer support network Wellspring. The exception is employment insurance sick leave, which is extended to any employee who has contributed to the program in the past year. So if an employee over 65 is diagnosed with cancer, an employer may need to think creatively in terms of supporting them.

Bowes also notes 62 per cent of working people diagnosed with cancer do return to work. In addition to access to drug benefits and flexibility, it's important for employers to create a supportive workplace.

"We've heard stories of people where they've gone back and they've been mistreated in a sense because someone had to pick up their job while they were off dealing with cancer and so the workplace may be a little more hostile," she says.

On the flip side, Bowes heard of an employer who

gave all other staff paid time off to support the employee with cancer. "Her employer designated an employee to be given time off work to drive her to her appointment," she says. "And they rotated it so that every coworker had a time when they were given time off to pick her up, take her there, stay with her and drive her home... It's not a workplace benefit but it's a workplace mindset towards supporting someone who's had cancer."

Regionally, cancer rates are higher in Canada's eastern provinces than western ones, according to the report. It estimates that British Columbia, for example, will see 476.2 new diagnoses per 100,000 people, while the rate jumps to 610.7 diagnoses in Newfoundland and Labrador. This difference can be attributed to changes in diet, smoking, inactivity and other modifiable risk factors.

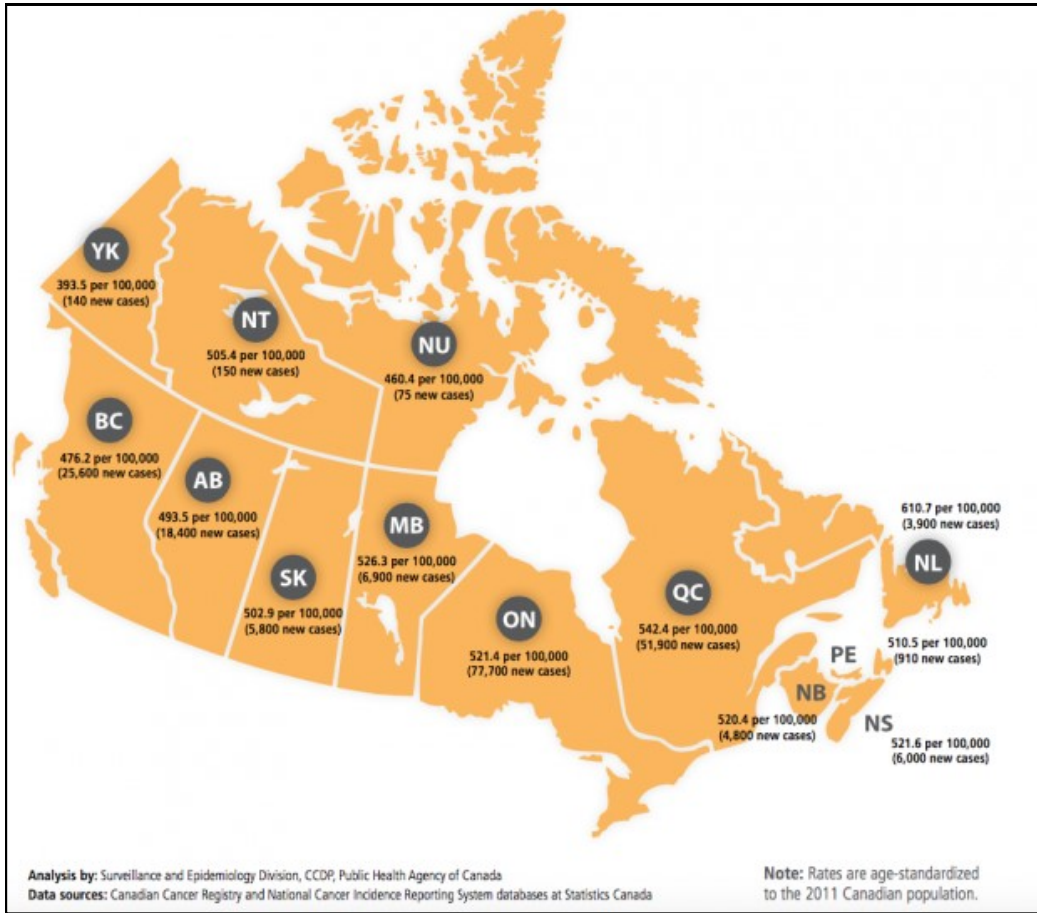
In terms of mortality, the study predicts 78,000 Canadians will die of cancer this year. Men are more likely to be affected than woman (29 per cent lifetime chance of dying of cancer versus 24 per cent).

The report also found the leading cause of cancer death for both men and women is lung cancer, which is estimated to kill more Canadians (20,800) than colorectal, breast and pancreatic cancers combined (19,000) by the end of 2016.



... "Regionally, cancer rates are higher in Canada's eastern provinces than western ones, according to the report. "

CANCER RATES CONTINUED...



Mortality rates for all cancers combined have been declining since they peaked in 1988, according to the study. Many avoided deaths were related to lung and breast cancer, which is tied to a drop in smoking, more breast cancer screening and advancing breast cancer treatments.

conomic level, the availability of screening centres, and access to treatment.

-Sara Tatelman

Again, mortality rates are higher in the east than in the west. British Columbia will see 182.6 cancer deaths this year, while Newfoundland and Labrador will see 228.7. These regional differences can be attributed to varying risk factors, including socioeco-