THE SANOFI CANADA HEALTHCARE SURVEY

Healthy Employees, Healthy Businesses

SANOFI

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THE SANOFI CANADA HEALTHCARE SURVEY 2012

Healthy Employees, Healthy Businesses

Danny Peak
Senior Manager, Private Payers – National

At Sanofi Canada, we are committed to working with the private payer community to help demonstrate the value of health benefit plans, as well as promote an understanding of the underlying drivers of ill health and disability. By giving voice to the views of plan members and plan sponsors, our objective is to help generate solutions that will create more capacity in the healthcare system, for both the private and public markets. After 15 years of research, we have surveyed thousands of plan members and plan sponsors, and have facilitated many discussions and presentations nationally. Here are some highlights of this year's survey. We hope you find the 2012 edition of *The Sanofi Canada Healthcare Survey* insightful as a collective look at this ever-changing market.

SURVEY HIGHLIGHTS

- Plan members appear unclear about how benefits are funded: 50% believe the employer pays a premium and the insurer covers all costs, and 41% are unsure (page 5).
- Fifty-one percent of plan members expect their benefits to continue after retirement—pointing to an opportunity for retirement planning as a retention tool (page 6).
- Plan members rate the quality of their plans highly and are more willing than expected to help their employers with cost-sharing measures in order to protect their benefits (page 9).
- When asked about prescriptions, plan members are most willing to shop around between pharmacies for lower costs in order to help their employer maintain their current coverage (page 10).
- Ninety-two percent of plan members would likely participate in on-site health risk screenings for conditions such as diabetes (page 11).
- Ninety-one percent of plan members would be willing to participate in a disease management education program as a means to ensure coverage for higher-cost drugs (page 13).
- When asked about education for diseases, 69% of plan members agree it should be a priority for their employers (page 19).
- Barely half (52%) of plan members feel their employers are very supportive in helping to manage workloads (page 23).
- A strong majority of plan members and plan sponsors agree that workplace health promotion programs will in the long run help reduce the strain on Canada's public health system (page 24).

WORKPLACE ASSERTS ROLE IN CONTINUUM OF CARE

Chronic disease is dramatically reshaping healthcare delivery in Canada, and in so doing has cast an unwavering light on growing gaps in access and patient accountability. Among Canadians with one or two chronic conditions, 49% say they rarely or never talked to a health professional in the past 12 months about how to improve their health or prevent illness. And many are not completing recommended tests to monitor their conditions, or receiving information to manage their medications.[1]

The solutions can no longer rest in a doctor's office or on a hospital bed. The prevention and management of chronic disease, including early detection, is an ongoing and patient-centred process, supported by a team of healthcare professionals across multiple points of access.

The 2012 edition of *The Sanofi Canada Healthcare Survey* reveals that the workplace is positioned to emerge as one of those points of access. When asked specifically about on-site health risk screenings and disease-specific education programs, plan members overwhelmingly indicate a willingness to participate. Ongoing health promotion—such as encouraging physical activity and offering healthy food choices—also come forward as welcome activities that can prevent or help manage chronic disease.

When you consider that employers have access to over half of the Canadian population, it simply makes sense that a strategic wellness culture and activities in the workplace can have a tremendous impact on population health and overall workforce productivity. When you also consider that sedentary lifestyles and unhealthy weights are pushing the prevalence of diabetes alone, for example, to one in three Canadians by 2020, it makes equal sense to act quickly.[2]

We cannot forget that this is as much about economics as it is about healthcare. Productivity losses among workers with chronic diseases are up to 400% higher than the costs associated with managing the disease itself.[3] Studies also consistently show public sector savings through reduced visits to physicians and hospitals. It is clear that public and private partnerships need to be enhanced to facilitate employers' ability to create a culture of health and wellness across Canada, which ultimately leads to major costs savings across the healthcare system.

This year's survey also shows plan members' heightened awareness of healthcare costs and a concern for the sustainability of their health benefits, now and into their retirement. Our advisory board of proactive thought leaders—as well as conversations with plan sponsors, health organizations and patients, featured throughout this report—point to employees' growing appetite to attain sufficient knowledge and be part of the decision-making process.

Stanislav Glezer, MD, MBA
Vice-President,
Evidence, Value and Access

1. The 2008 Canadian Survey of Experiences with Primary Health Care. Statistics Canada, Canadian Institute for Health Information and Health Council of Canada.
2. Diabetes: Canada at the Tipping Point—Charting a New Path. Canadian Diabetes Association, April 2011.
3. Loeppke, R, Taitel, M, et al. Health and Productivity as a Business Strategy. *Journal of Occupational and Environmental Medicine* 49, no.7 (2007): 712-721.

SECTION 1

EMPLOYEES AND EMPLOYERS: KNOWLEDGE GAPS

Employees say they understand and value their health benefits, yet survey results also reveal telling misconceptions

INTRODUCTION

When it comes to their health benefit plans, it appears that plan members don't know what they don't know. While most of them say they understand and value their benefits, few are aware of how drug benefits, for example, are funded. A significant number also expect benefits to continue after retirement. These findings point to a strong need for private and public payers alike to educate Canadian employees on how health benefits work, in addition to their post-retirement options, particularly in the face of aging baby boomers and the trend of new specialty treatments coming to market. On the plus side, members are more likely to feel an obligation to help control plan costs than employers think, and results also indicate a higher-than-expected appetite for consumerism.

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BACK TO BASICS

Plan members may think they know what is covered under their health benefit plan, but few understand the cost ramifications of how their benefits really work. Employers need to close this gap in order to meet current and future challenges, say members of *The Sanofi Canada Healthcare Survey* advisory board, which is comprised of plan sponsors, benefits consultants and insurers.

On the one hand, a resounding 97% of plan members say they understand their health benefits at least somewhat well, and 93% say their benefit plan meets their needs. On the other hand, 51% expect continued access to current benefits after retirement. And when asked to choose between two descriptions of how drug claims are paid—their employer pays insurance premiums and the insurance company covers all costs, or their employer is billed by the insurer for actual claims plus an administrative services fee—only 9% chose the latter, despite the fact that

the majority of drug plans in Canada today are administrative services only (ASO) plans. Another 41% are unsure about how their employers pay for drug claims, leaving 50% who believe insurance premiums pay for all of the cost of drug claims.

These disparate results raise interesting questions about how well employees truly understand their benefits. For example, the continuing misconception that insurers pay for drug claims no matter the utilization can lead to misunderstandings that produce employee disappointment and frustration, notes advisory board member Telena Oussoren, director, pension and benefits, Canada and U.S., Scotiabank. "Employees are likely to be more willing

THE LOYALTY CONNECTION

- A majority of plan members (63%) agree that they think more positively of their employer because of their health benefit plan.
- Almost the same number (61%) say their health benefit plan is a strong incentive to stay with their current employer.
- For plan sponsors, 91% agree health benefits are an important part of employee attraction and retention efforts.

GUIDING VISION, GRASSROOTS APPEAL

Employees drive wellness at the University of British Columbia

Lisa Castle
Associate Vice-president, HR
UNIVERSITY OF BRITISH COLUMBIA

When you have more than 20,000 on the payroll, there's really only one way to promote health and engage employees: make it personal. That's the vision and modus operandi at the University of British Columbia (UBC) since launching Focus on People in 2008.

Focus on People informs all policies and programs, explains Lisa Castle, associate vice-president of HR. "Our goal was to be intentional about who we are as an employer in order to build a framework to determine where to commit our resources, as well as where to let things go."

It took two years of consultation and "a lot of legwork with senior management." Being part of the executive team certainly helped, says Castle, who joined UBC in 1996 and became associate vice-president in 2002. "We had numerous discussions around priorities, as well as persuading people that this type of plan or framework will make a difference. I built a business case for what it would cost versus the costs if we did nothing. That's what ultimately convinced everyone."

A healthy and sustainable workforce is the first of the framework's five strategies. To help accomplish this, Suzanne Jolly, health promotions coordinator, was tasked with launching Healthy UBC initiatives programming. The university has set aside funding, including $100,000 annually to help departments and work units create healthy, sustainable initiatives.

This fund is the first critical step to making it personal. "This is a large and diverse workforce," says Jolly. "The funding recognizes individual perspectives and instills a level of self-determination. We are doing this with them, not for them."

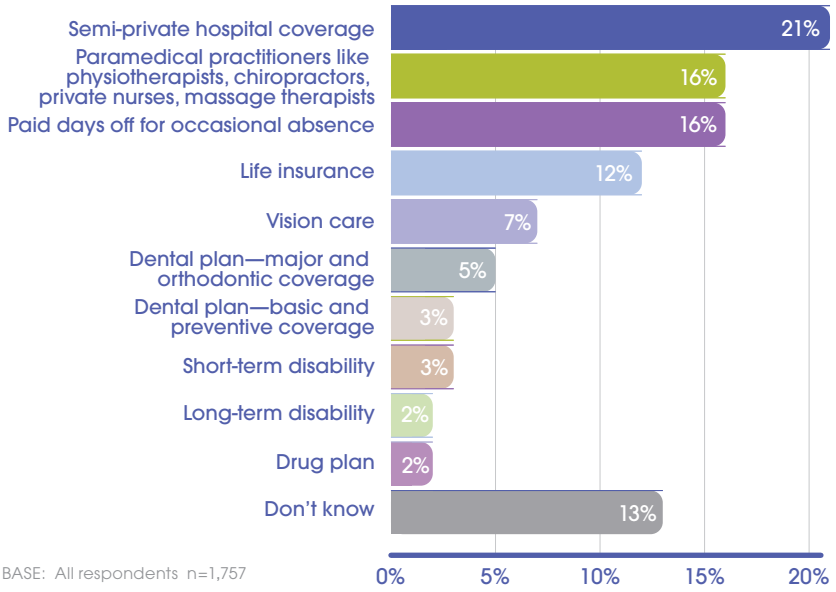
Most units ask for about $5,000 and programs range from bike sharing to yoga classes and nutrition education. Engagement begins right from the application process, notes Jolly. "We can already see better teamwork and communication. A lot of bonding happens between employees when discussing their own health."

Jolly also suggests how programs can incorporate mental health, an ongoing priority for UBC. Its Thrive program sees students, staff and faculty organize and participate in an annual week-long awareness-raising campaign. "In year one, we couldn't say 'mental health' in the title because our planning committee was concerned about motivation to host events or participate," recalls Jolly. "Last year, year three, the title was 'Building Mental Health for All' and we had more uptake than any other year." As one of a series of mental health initiatives, UBC recently launched Respond with Respect, its own mental health training program developed with the Canadian Mental Health Association.

When it comes to making it personal, communication is key on two fronts. First, use multiple formats—print, websites, live events and social media, including Twitter—to meet individual preferences. Second, share stories about progress, not merely success, and include factual information and references. "Personal narratives have been the key factor," says Jolly. "I share my personal stories, and encourage others to do the same. Every month we highlight a Health Hero. They may not be the healthiest person, but they're moving forward and sharing practical suggestions."

Martin Dee

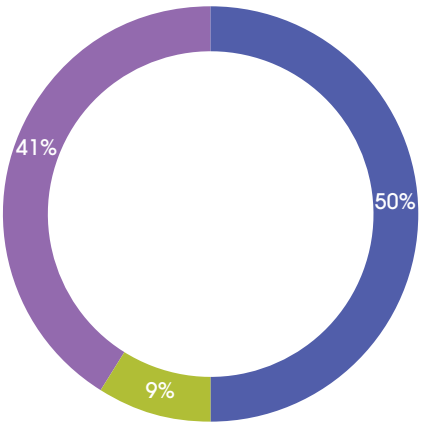
COMPONENT OF EMPLOYEE HEALTH BENEFIT PLAN WILLING TO HAVE TAKEN AWAY IF EMPLOYER WAS UNABLE TO PAY FOR COVERAGE



BASE: All respondents n=1,757

WHICH STATEMENT BEST DESCRIBES YOUR UNDERSTANDING OF YOUR DRUG CLAIM REIMBURSEMENT?

- My employer pays a premium to the insurance company. The insurance company then is responsible to pay for all of my drug claims.
- My employer is billed for the entire cost of all drug claims, and is charged an administration fee by the insurance company to pay out the claims on their behalf.
- Unsure



BASE: All respondents n=1,757

QUALITY OF EMPLOYER-SPONSORED HEALTH BENEFIT PLAN

BASE: 2012 n=1,757

to use benefits well if they understood how they are funded."

"While employees don't need to know the specifics around insured versus ASO plans, payers need to increase employees' understanding of the fact that misuse of benefits drives costs, which are borne ultimately by employers and employees," adds board member Marilee Mark, vice-president of marketing, group marketing services, Manulife Financial.

RETIREMENT ON THEIR MINDS

Retirement benefits point to another misconception among employees. The 2012 survey results indicate that 51% expect access to their benefits after retirement, despite studies that show only approximately one quarter of retirees actually do receive benefits from their former employer.[4] Expectations are especially high among plan members aged 55 and older (69%), and those who work for large companies (67% for companies with 5,000 or more employees). Plan members who work for government are most likely to expect retirement benefits (72%), while non-unionized (39%) and private sector (37%) employees are the least likely. Regionally, respondents in Atlantic Canada appear most likely to expect retirement benefits from their employer (60%), while those from Alberta (41%) are least likely.

At the same time, a notable number of respondents appear willing to pay out of their own pockets in order to keep employee benefits after they retire. When asked for which services they would personally purchase additional insurance, retirement benefits rank first (54%), well ahead of critical illness insurance (36%) and higher-cost medications that may not be covered in their employee health benefit plan (32%). "Employees are buying into the fact that they are expecting to pay for retiree benefits," says Art Babcock, board member and vice-president, Aon Hewitt Consulting.

Based on these results, and in light of the fact that baby boomers have just begun to retire, employers should waste no time educating employees on what happens to health benefits upon retirement, suggests the advisory board.

Moreover, organizations can turn this education into a retention strategy, whereby employers help their employees transition to—and possibly invest in—post-retirement options (for one creative approach done in collaboration with unions, see "Smoother sailing for retirees," below).

"We're seeing more private sector employers saying 'We'd like to be able to facilitate our people getting health insurance after retirement'," says Babcock. "It could be making arrangements so they don't need to have a medical examination, or negotiating a better price than retail. Or they'll hook employees up with an affinity provider. It may be up to the employee to pay, but the employer basically makes the introduction and smooths the transition."

Employers, insurers and other stakeholders can fold health benefit planning into pension planning, suggests Mark. "Right now when employees think about how much they need when they retire, they don't factor in health. People may think they have enough to meet day-to-day expenses, totally forgetting they could have health costs—in some cases significant health costs—beyond those covered by public programs. And they need stories to make it real. When we tested the understanding of Canadian employees about post-retirement health benefits, we found that many are in for a surprise when they realize that benefits won't be available. When presented with information about the probability of chronic disease by the age of 60, people are shocked."

Some people are working past retirement because they don't want to lose their benefits, says board member Rhona Green, vice-president, HR, Marine Atlantic Inc. Sometimes, it's simply a matter of explaining that some benefits are available from the provincial government. "It's amazing how many employees don't understand that process. They know there's something out there, but they don't know the details. There's a lot of education to be done around what the province provides and what you can get from a private provider."

QUESTION OF COMMUNICATION

Circling back to employees' general understanding of their health benefit plan, the board notes that the depth of understanding may be declining. Just 13% of employees say they understand their benefits extremely well, down from 19% in 2005, when this question was last asked. Forty-five percent believe they understand very well, down from 53%, and 39% understand somewhat well, up from 23%.

SMOOTHER SAILING FOR RETIREES

Union and employer come up with a unique solution for retirement benefits

Mavis Grist
President
LOCAL 4285
CANADIAN AUTO
WORKERS UNION

Local 4285 of the Canadian Auto Workers union in North Sydney, Nova Scotia, had a dilemma. A growing number of its members employed by Marine Atlantic, provider of ferry services between Nova Scotia and Newfoundland and Labrador, were working past retirement because they didn't want to lose their benefits and felt they couldn't afford the premiums for retiree benefits offered by the company's insurer. Younger employees were left with seasonal hours rather than full-time wages. The union knew it had to get creative, and approached Marine Atlantic to explore possible solutions.

Initially the union and Marine Atlantic considered restructuring the plan for retirees, but that would not have done enough to bring down costs. Instead, they agreed on a new payroll contribution from union members to subsidize the cost of retirement premiums. In April 2008, they began contributing $10.50 a month, which translates into a monthly subsidy of $50 upon retirement. About 300 employees regularly pay into the plan, increasing to more than 550 during peak periods.

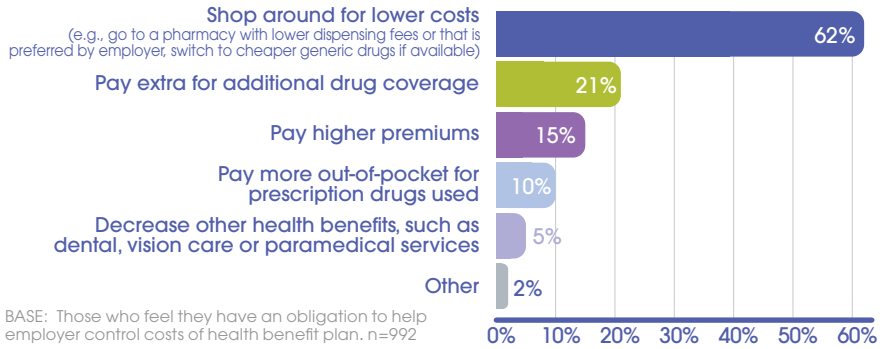
It was enough—the "backlog" of retirement-age employees is gone, and remaining employees are picking up full-time incomes. Even better news: last year retiree premiums decreased 20% due to the higher enrollment. Assuming that continues, the union anticipates it will approach Marine Atlantic about enhancing the program by increasing the subsidy or adding new benefits, such as vision care.

This is an example of how employers and unions can and should collaborate, says Mavis Grist, president of Local 4285. "Unions need to be realistic. I've come to firmly believe in being objective, open and trusting. Relationship building starts with both sides focusing on the mutual problem, knowing you won't be 100% satisfied with the solution. That's called collaboration."

When it comes to benefits, employers can establish working groups with unions that meet regularly and talk to service providers, suggests Grist. "I don't see where a union would ever be unreceptive to being part of health and wellness discussions. We can play a vital role because we're talking to our membership day after day. We're the ones who can sell it, but in order to sell it, we need to be involved."

Ratchford Photographic

WILLING TO DO TO HELP EMPLOYER MAINTAIN CURRENT LEVEL OF PRESCRIPTION DRUG COVERAGE



BASE: Those who feel they have an obligation to help employer control costs of health benefit plan. n=992

Interestingly, understanding does not appear to increase with age. However, there seems to be a relationship between household income and plan understanding: a relatively low 44% of respondents with household incomes below $30,000 say they understand their benefits extremely or very well (versus 65% of those who have household incomes of $100,000 or greater), while 12% report they do not understand their plans very well or at all (versus 2%).

Those working in smaller companies (fewer than 50 employees) are also less likely to understand their benefits very or extremely well (51%).

These results and others throughout the 2012 survey indicate that employees don't know what they don't know, observes the board, and much of that lack of awareness can be tied back to communication.

Typically, personal needs drive an employee's understanding of benefits, and communication efforts tend to be a passive repository of basic information; for example, an employee needs information on orthodontic coverage, and contacts HR or the intranet for details. That approach needs to change, urges the board.

"We have to become more creative at drawing people in and building understanding before the need is there. We need to look at messaging and its capacity to drive behaviour," explains Mark. "For example, you are more likely to pay attention to messages that are profiled to you based on your interests. Let's say instead of a message about deadlines for healthcare spending account submissions, an employee might pay more attention and click on a message that says something like, 'Who's got money to burn?'"

"That kind of push-pull strategy is certainly an opportunity that can benefit the employer and employee," agrees board member Theresa Rose, director, group product management, Medavie Blue Cross, adding that insurers can

EMPLOYERS CAN PLAY A DIRECT ROLE WITH DIABETES

I try my best to be adherent, but living with diabetes isn't necessarily easy. Diabetes is a chronic disease and taking medications, testing blood, eating healthy and keeping active for the rest of one's life requires self-discipline and can be frustrating and difficult to maintain.

Diabetes is progressive and changes over time. The threat of debilitating complications is an ongoing fear. Short-term high or low blood sugars can lead to fatigue and irritability, and can affect decision-making.

Living with diabetes is expensive for the individual and the healthcare system. Without private insurance, the cost of test strips and pills to help control blood sugar, blood pressure and cholesterol leave many caught in the dilemma of having to choose between household bills or medical supplies.

The workplace can play a supportive role. People living with diabetes should not be discriminated against and have a right to be assessed on an individual basis to determine their fitness for work. Although diabetes has the potential to be disabling, it affects people in different ways, and many are well managed and able to fulfill their duties.

A significant number of Canadians, most of them working adults, have prediabetes and don't even know it. By encouraging healthy behaviours, the workplace may even help prevent the onset of diabetes. Activities such as organized physical activity programs, incentives for weight loss and stress-reduced environments help to maintain wellness. Regular meal breaks promote healthy eating, and individuals should be allowed to do what is necessary to prevent and treat low blood sugars.

As an educator, part of my role is to go out to the community to give presentations. Employers should provide and encourage employees to attend educational programs as well as regular healthcare visits to their doctors and diabetes clinics.

—Emily Johnson, 70, registered nurse, diabetes educator and a person living with type 1 diabetes, Medicine Hat, Alberta

target communications to employees who have provided consent. "For example, we have targeted communications to educate on certain chronic diseases and provided information about relevant support services. It motivates and educates employees on information relevant to their health and helps them to be wise consumers."

A VISION, A STORY

How does one rally the resources, including staff time, to pursue this type of proactive communication? In part, use third-party resources that are already available, such as insurer websites, suggests the board. First and foremost, however, employers "need to sit down and clarify their group benefits philosophy, including why they provide them," stresses John McGrath, board member and director, group benefits, Great-West Life. "Right now, different people—for example, HR, the CFO—have different ideas on what benefits should be doing." Without a unifying vision, communications will never be more than passive and reactive.

"It's the internal communication between HR and the CFO that's so critical," agrees Green. "Employers are obviously looking at the cost of providing benefits, but there's also a lot of competition for good employees. More and more new hires are asking to see the benefits before they sign, and the more senior the position they hold, the more they ask. When it comes to benefits and employee health and productivity, employers need to be able to answer the question, 'What are we doing for the future?' From there, communication becomes a tool to help you sell the future."

"A communications plan can sound big and onerous, but it doesn't need to be. Keep it simple," adds Sarah Beech, president, Pal Benefits Inc. "Deliver one or two key messages, and above all keep it real. Don't start by talking about the benefit—start with a situation or event in a person's life, and then talk about the benefit. Tell a story, and make sure the employees know what's in it for them."

"Personal narratives have definitely been a key factor in successfully communicating to our employees," emphasizes Suzanne Jolly, health promotions coordinator, University of British Columbia. Employees, including management, regularly share their stories using social media and other formats, such as a monthly newsletter. The content centres on a healthy and sustainable workplace, the first of five objectives under the university's "Focus on People" strategic vision (for details, see "Guiding vision, grassroots appeal," page 5).

BLUEPRINT FOR MENTAL HEALTH

This fall will see the release of the *National Standard of Canada for Psychological Health and Safety in the Workplace*, championed by the Mental Health Commission of Canada. This is Canada's first voluntary standard to help employers establish policies and procedures to protect mental health and respond to mental illness.

Training is a key part of the coming standard, and Mental Health Works is an offering already available through the Canadian Mental Health Association. Its programs range from a one-day course for managers, courses for HR staff and occupational health nurses, shorter workshops for senior executives, custom programs for large employers and, most recently, online modules aimed at smaller employers and their staff.

"Our aim is to ensure we have options for everyone, keeping costs as low as possible," says Kathy Jurgens, CMHA's program manager of Mental Health Works. The one-day workshop for managers is $4,000; online modules start at $25 per person.

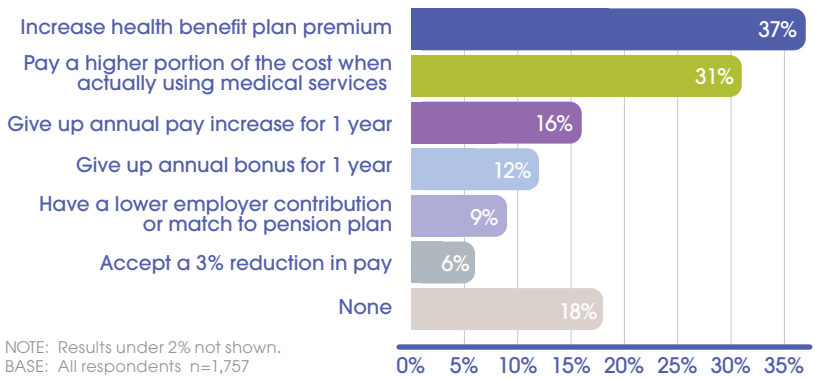
LEVERAGING THE VALUE OF BENEFITS

Strong communications help connect and engage employees, which is essential to face current and future challenges, continues the board. Newer specialty medications are among the challenges, as cost may be the focus of attention without considering improved patient outcomes and reduced absenteeism and disability claims.

It's time for employers to bring employees into discussions about the sustainability of benefits, stresses the advisory board. Fortunately, it appears plan members themselves are receptive.

Fifty-seven percent feel they have an obligation to help their employers control the costs of their health benefits, according to the 2012 survey results. This climbs to 68% among members aged 55 and older. However, among plan sponsors themselves only 33% believe their own employees feel an obligation to help control costs.

WILLING TO DO TO MAINTAIN CURRENT LEVEL OF BENEFITS



NOTE: Results under 2% not shown.
BASE: All respondents n=1,757

When you consider these results against the fact that year after year virtually all plan members (94% in 2012) respond positively when asked to describe the quality of their health benefit plan (excellent/very good/good), including 56% in the top two categories, it appears employers underestimate employees' willingness to help protect their benefits, notes the board. "Employers have to do a better job at communicating how employees can participate in controlling costs through things like managed formularies and lifestyle changes," concludes board member Serafina Morgia, senior account executive, Industrial Alliance.

Among employees who feel they have an obligation to help control costs, when asked specifically about maintaining prescription drug coverage, 62% indicate they would shop around for lower costs (e.g., by switching to pharmacies with lower dispensing fees or that are preferred by their employer). In second place, 21% report they would pay extra for additional drug coverage, followed by paying higher premiums (15%).

When presented with a situation in which their employers are unable to pay for increased costs for current health benefits, 37% of plan members are willing to pay higher premiums in general, followed closely by paying a higher share of costs when they use the service themselves (31%). They are much less willing to give up compensation for benefits, such as their annual pay increase (16%) or bonuses (12%).

"We've seen for many years that people want to keep their benefits," says Jacques L'Espérance, president, J. L'Espérance Actuariat Conseil Inc. "They're ready to increase their premium or the contribution rather than reduce their benefits."

SHORT-TERM PAIN, LONG-TERM GAIN

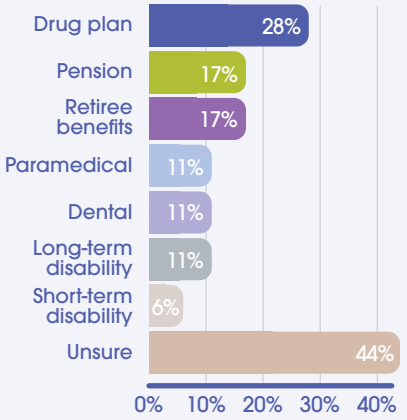
While plan sponsors may fear making changes to health benefits that could reduce their impact as an attraction and retention tool, survey results indicate a willingness on the part of employees to be part of cost-management strategies. Employers are wise to build on that now rather than risk significant cuts down the road that are sure to upset employees, urges the advisory board.

According to this year's study of plan sponsors, 34% of employers are definitely not considering cuts to their health benefits, and 14% are considering cuts. Among those who are considering cuts, the drug plan is the most likely target. However, when plan members are asked which benefits they'd be willing to give up if their employer could not or was unwilling to pay, semi-private hospital coverage (21%) and paramedical services (16%) score highest. At the bottom of the list they put the drug plan (2%), along with disability (STD 3%; LTD 2%) and dental coverage (basic 3%; major 5%).

Before considering cuts, however, there are cost-sharing and eligibility options that can be considered, says the board (see section entitled "Privilege or right," page 11). "Somebody's got to put the bell on the cat as far as plan design goes," says Babcock. "We all talk about cost containment, but nobody seems to want to do anything about it."

Part of that may be due to lack of data to make informed decisions. Only 10% of plan sponsors say they formally evaluate the success of their health benefit plan. This has to change, notes the board (for more on data-gathering, see "The data deficit," page 20). Among the organizations that do evaluate their benefits, most do so through reports on utilization (74%) and costs (66%).

PARTS OF THE BENEFIT PLAN PLAN SPONSORS ARE CONSIDERING MAKING CUTS TO



BASE: Plan sponsors who say YES or MAYBE to making cuts to the benefit plan. n=18. NOTE: Sample size is very small. Findings directional only.

TIPS AND TACTICS

- Articulate a philosophy and/or strategy for benefits and wellness at the most senior level. Use it for short- and long-term planning.
- Communicate with stories; for example, describe how real people use benefits in real-life situations.
- Benchmark the health of your organization and seek tools from your benefits consultant and carrier to measure the ROI of your benefit programs.
- Use retirement planning as a retention tool. Coordinate education sessions and facilitate the purchase of retiree benefits.
- Take advantage of annual performance reviews to discuss benefits and the workplace environment (for example, workloads).
- Use social media (Facebook, a wiki) to create a virtual meeting place where employees can socialize and you can post personal messages related to benefits or wellness. Use Twitter to draw people in.

4. Canadians' Access to Insurance for Prescription Medicines, Volume 2: The Un-Insured and Under-Insured. Applied Management Consultants in association with Fraser Group Tristart Resources, March 2000, page 30.

SECTION 2

PRIVILEGE OR RIGHT?

Plan members appear willing to be more responsible in order to protect their health benefits—to a point

INTRODUCTION

Plan members are showing an unprecedented willingness to be more responsible for their health as a way to protect their benefits. In partnership with healthcare providers, this opens the door to workplace initiatives such as voluntary health risk screenings, targeted education, medication adherence programs and case management for higher-cost drugs. Plan members also accept the possible need to share costs on drugs. However, there are limits beyond which employees may elect not to fill a prescription—which can lead to lost productivity due to increased absenteeism, disability claims, doctor visits and other costs to the public healthcare system.

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A IS FOR ACCESS

Ninety-two percent of plan members say they would likely participate in on-site health risk screenings for conditions such as heart disease, diabetes, stress or depression.

Among the 8% who are not likely to participate, the most common reasons fall into two general categories. One reflects the perception that they are already doing what they should (i.e., they see their physician regularly, 21%; they're healthy, 5%); the second points to concerns over confidentiality (i.e., lack of privacy, 15%; don't want employer to know, 7%). Seventeen percent say they are just not interested.

Currently, according to this year's survey of plan sponsors, just 17% indicate they offer on-site screenings. Not unexpectedly, those with up to 500 employees (7%) are less likely to do so, while larger employers (41%) are more likely. Clearly, it's an opportunity worth exploring, suggests the advisory board, particularly since costs may be minimal.

The Public Health Agency of Canada, regional health authorities and other government agencies offer many health management programs at no cost (for example, the BC Cancer Agency's mobile mammography clinic).

"It's all about access," says Theresa Rose, director, group product management, Medavie Blue Cross. "Employees are willing to move their health forward if it can be easy access. Bringing healthcare into the workplace engages employees, thus creating awareness and the ongoing motivation to stay healthy."

> "Employees are willing to move their health forward if it can be easy access."
> *–Theresa Rose, Medavie Blue Cross*

This mindset for employers—to take a more active, visible role in the health and well-being of their employees—is relatively new, but this year's survey results clearly indicate that employees are receptive to the possibilities, comments the advisory board.

BENEFITS—A PRIVILEGE OR A RIGHT?

Indeed, plan members' willingness to participate in health screenings could reflect a growing awareness of the need to be more accountable, says Lori Casselman, assistant vice-president, health and wellness, Sun Life Financial. Plan sponsors who nurture this awareness are laying the foundation not only for improved participation in wellness programs, but also better utilization and appreciation of benefits in general.

"If individuals are taking ownership and actively engaged in their own health and

LOYALTY AFFECTS THE BOTTOM LINE

Mid-size employer's success built on employee-focused culture

Ross Clark
CFO
L.V. LOMAS LTD.

Ross Clark knows exactly how much his company spends on health benefits—to the penny. What he'd like to know is where he can spend next.

"Each year, our benefits consultant comes in to explain costs for the last year and the coming year," says Clark, CFO at L.V. Lomas Ltd., a Toronto-based chemical sales and distribution company with 225 employees. "We always talk about what to add. What are others doing?"

Recently they partnered with Tri Fit, which sends a staff person five days a month to one of Lomas' four Ontario locations (all within a few kilometres of each other) to discuss topics such as nutrition, weight and finances. Similar appointments occur twice a month in Montreal (where there are about 40 employees) and once a month in Delta, B.C. (25 employees). Staff can also check blood pressure, cholesterol and blood sugar levels.

Since its launch in July 2010, Clark estimates 45% of employees have taken advantage of Tri Fit, which has an annual cost of about $50,000, or $240 per employee. A subsidized fitness program, of up to $750 per year for any facility, averages about $43 per employee. Yoga classes are $37.60 per employee and "all-you-can-eat-fruit" comes in at about $38 per employee. A retirement-planning dinner is about $17 per employee. And the list goes on.

There is no "budget" for benefits or wellness per se. "We have a clear philosophy when it comes to benefits. Our culture is employee-focused. We don't mind paying for benefit programs, and we want people to use them. We know we can get cheaper benefits, but we don't want to. We're investing in employees and demonstrating that we really care. We have a tremendous 'Lomas love' culture going, as hokey as that may sound. It's a very precious thing."

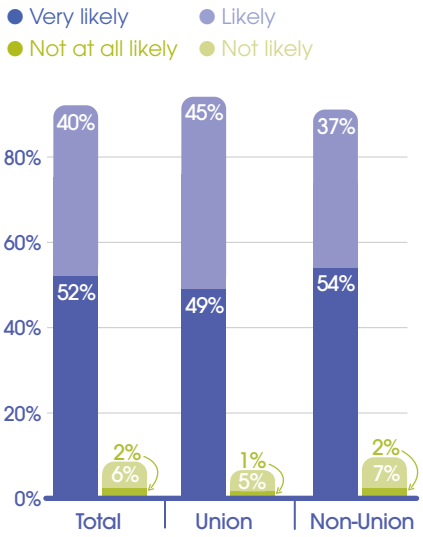
For basic benefits, employees receive 100% coverage on everything except dental, which is at 90%. While the missing 10% is "bothersome" to some, it was agreed a co-pay would encourage accountability, says Clark. Employees can also claim up to $1,500 a year on paramedical services and have a health spending account (ranging from $300 to $2,500 depending on the position).

The return on investment, meanwhile, is measured by employee loyalty as well as the bottom line. "We've had only two voluntary turnovers in the last two years. We've been ranked as one of the best places to work in Canada by the Great Place to Work Institute for three consecutive years. We've been profitable every year since our inception in 1961," says Clark.

Since he joined the company almost six years ago, Clark has not cut or reduced any benefit or wellness programs, nor does he anticipate ever doing so. "I know most CFOs are pretty cost-focused and not terribly friendly with HR. There's all this focus on cutting, when what's far more important is the loyalty of employees."

David Hawe

HOW LIKELY TO PARTICIPATE IF EMPLOYER ARRANGED FOR HEALTH RISK SCREENING ON-SITE



BASE: Health risk screening available or used n=1,521

risk management, there's a sense of partnership," says Casselman. "It goes back not only to the employer's understanding of its own philosophy around health benefits, but also the perceptions of employees—do they see benefits as a privilege or a right? If employees are looking at benefits as more of a privilege, it creates a different scenario around benefits management. It generates a different philosophy around communication, access and utilization. That fundamentally is a conversation that employers need to be having at the senior level." (For one plan sponsor's viewpoint, see "Loyalty affects the bottom line," page 12.)

Additional survey results support the growing sense of accountability among plan members. For example, when asked about purchasing new or additional insurance beyond their existing coverage, 85% of plan members agree they would purchase at least one of the seven listed insurance options. This is consistent across all age groups, likely a reflection of how a tough economy can heighten concerns for the future.

Indeed, employee health benefits after retirement would be the number one insurance purchase (54%), followed by critical illness insurance (36%). Insurance for a long-term care facility or nursing home (26%, consistent across all age groups and other demographic splits) also scores higher than expected, remarks the advisory board.

"The fact that long-term care made it that high on the list was an eye-opener," says Marilee Mark, vice-president marketing, group marketing services, Manulife Financial. "It's a very difficult area to get awareness on, which suggests that boomers are seeing what's going on with their parents and wanting their own experience in the future to be different."

Even new, young employees are thinking more about their future, states Mavis Grist, president, Local 4285, Canadian Auto Workers in North Sydney, Nova Scotia. "Over the past 10 to 20 years, I've seen a huge shift in our members' thinking—away from automatic raises to concerns for benefits and pensions. People are looking at the future now and are more aware of the costs, and they're willing to trade off income for future savings." (To learn about the union's unique offering for retirement benefits, see "Smoother sailing for retirees," page 7.)

THE CASE FOR CASE MANAGEMENT

Ninety-one percent of plan members say they would be willing to participate in a disease management education program (i.e., coaching on lifestyle changes and adherence to medications) as a means to ensure, in return, that their employer pays for a higher-cost drug to treat a serious condition such as cancer or multiple sclerosis. The intensity of opinion is strong (58% very willing). The level of willingness appears especially high among respondents in Atlantic Canada (99%) and slightly lower in Quebec (86%); otherwise, the results are consistent across all major demographic splits.

"These results are very encouraging," says John McGrath, director, group benefits, Great-West Life Assurance Company. "This is about taking principles traditionally used with long-term disability case management and applying them to specialty drugs. As prescription drug treatment becomes increasingly complex, the health case management process can help ensure that by working together with the patients and their health professionals, access to appropriate treatment is provided to help improve patient health outcomes in a financially sustainable manner."

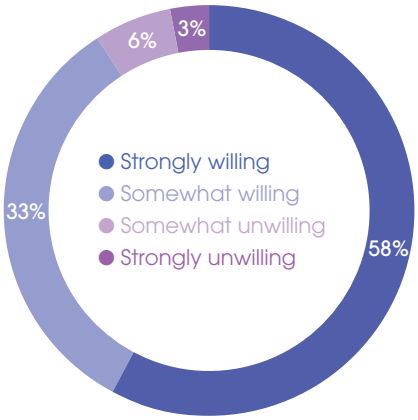
This approach also helps ensure that plan sponsors are getting the most value for prescription coverage because employees are more likely to take their medication as prescribed, adds the board.

Some employers in the U.S. are doing this with great success, adds Telena Oussoren, director, pension and benefits, Canada and U.S., Scotiabank. The programs are optional, yet they're seeing "high participation rates because most people really do want to get better."

> "The fact that long-term care made it that high on the list was an eye-opener."
> *–Marilee Mark, Manulife Financial*

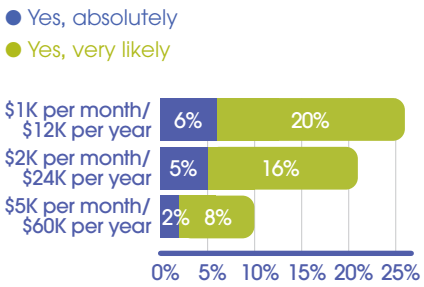
Plan members may be ready, but what about their employers? The leaders will be those who are able to change the "culture" of their benefits so that "employees don't feel like something is

WILLINGNESS TO PARTICIPATE IN A DISEASE EDUCATION PROGRAM IF IT MEANT THAT EMPLOYER WOULD PAY FOR EXPENSIVE PRESCRIBED DRUG



BASE: Plan members n=1,757

WOULD PAY OUT-OF-POCKET FOR NEW DRUG IF COST WAS...



BASE: Plan members n=585, 586, 586
NOTE: Split sample.

being done to them, but that there is an expectation that they, too, have a role to play in managing their own health and making effective use of their health benefit plan. The employer is saying, 'We're going to make an investment if you're going to make an investment,'" says Mark.

She cites an employer in Canada who applied this approach to their disability program, offering health coaching in order to help the transition back to work. "It's all about how are you going to stay healthy and keep active at work and at home. The feedback was very positive, and more people successfully returned to work and stayed at work."

> This cut-off point for out-of-pocket costs "is an important consideration for plan sponsors."
>
> *–Steve Semelman, Gemini Pharma Consultants*

PRESCRIPTION DRUGS: LINE IN THE SAND

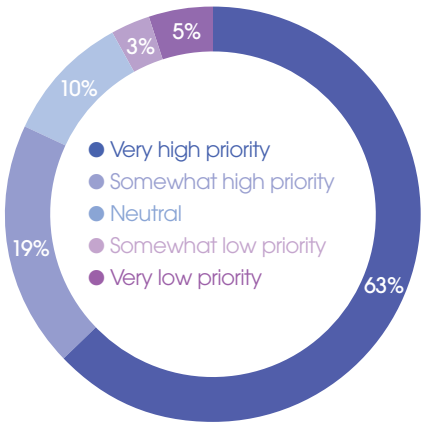
Results from previous Sanofi healthcare surveys consistently rank prescription coverage as the most valued health benefit, and this year 32% of plan members also say they would be interested in purchasing supplemental insurance for expensive medications not included in their health benefit plan. Further questioning by this year's survey also reveals some willingness on the part of plan members to share costs for their prescriptions; however, cost remains a major determinant of whether a prescription is filled.

When presented with out-of-pocket costs ranging from less than $10 to more than $2,000 and asked at what point they would seriously consider not filling the prescription, most plan members appear willing to pay up to $50 out of their own pocket in order to get a prescription. The largest proportion (33%) would not fill a prescription if the out-of-pocket cost is between $51 and $250. On average, the out-of-pocket cost at which respondents would seriously consider not filling a prescription has increased from $346 in 2006 to $376 this year. Regionally, respondents in Manitoba and Saskatchewan appear somewhat more likely to dip into their own pockets: 28% say cost is not an issue, compared to 23% nationally, resulting in an average of $407.

This cut-off point for out-of-pocket costs "is an important consideration for plan sponsors, as employees may choose to forgo the benefit of their doctor-prescribed therapy and increase their risk of complications due to unmanaged disease—ultimately leading to escalating healthcare costs for both the private and public sectors," says Steve Semelman, CEO, Gemini Pharma Consultants.

For existing drugs, the next two to three years are particularly important as major brand names go off patent and lower-priced generics assume a larger

PRIORITY OF PROVIDING COVERAGE FOR HIGHER-COST PRESCRIPTION DRUGS ACCORDING TO PLAN MEMBERS



BASE: Plan members n=1,757

Masterfile

share of the market. As of January 2012, IMS Brogan reports that generics account for 61% of prescriptions dispensed in Canada, compared to less than half of prescriptions five years ago.[5] As well, public sector reforms—namely, lower caps on the pricing of generics—also exert deflationary pressures on the market. Indeed, total purchases of both brands and generics declined for the first time in more than 30 years of measurement, and IMS Brogan forecasts negative or nominal growth for the next three to four years. It's a window of opportunity for plan sponsors to maximize savings through generic substitution in order to reduce pressure on out-of-pocket cost-sharing, and reinvest in longer-term strategies for chronic disease management and wellness.

When plan members are asked if they would be willing to pay out of their own pocket for a new drug that's not covered by their benefit plan, to treat a serious condition, 54% of all plan members indicate it depends on the cost (decreasing to 45% for those with household incomes of $100,000 or more). Eleven percent report they would absolutely pay, while 26% would very likely pay.

Again, plan members in Manitoba and Saskatchewan are somewhat less cost-sensitive: 47% say they would absolutely (16%) or very likely (31%) pay, compared with 37% nationally; 45% say it would depend on the drug's cost, versus 54% nationally.

The survey then positioned this new drug as a higher-cost medication to treat a serious condition with a specific

RAISING THE ALARM ON DIABETES

Diabetes is quietly stalking the hallways of Canada's workplaces and already affects half of working-age adults, reports the Canadian Diabetes Association. Without more aggressive preventative measures, it threatens to overwhelm healthcare spending and economic productivity.

"Addressing the approaching tsunami of diabetes will require a multi-sectoral effort by governments, employers, the not-for-profit sector, the media and the public," says Aileen Leo, the association's director of public policy for the office of government relations and public affairs. "The growing prevalence of diabetes in Canada is alarming."

About 2.7 million Canadians (7.6% of the total population) have diabetes. When you add those with prediabetes and those who are undiagnosed, one in four Canadians are affected. "This will rise to one in three by 2020 if current trends continue," says Leo, adding that the disease is associated with serious complications such as heart attack, stroke, kidney disease, blindness, lower limb amputation and depression. "Addressing diabetes in the workplace has never been more relevant."

The trends are an aging population, unhealthy weights and sedentary lifestyles. According to the association's 2011 report, *Diabetes: Canada at the Tipping Point*, the costs were $11.7 billion in 2010, projected to grow to $16 billion by 2020. Twenty-one percent are direct healthcare costs, and 79% represent lost economic output from illness or premature mortality.

What can employers do? One simple measure is to encourage employees to get checked regularly for diabetes. The association's Get Checked Now campaign (getcheckednow.ca) uses a simple screening test to determine people's risk of developing type 2 diabetes. The association has partnered with Loblaws to make the screening available in the supermarket chain's in-store pharmacies across Canada.

Ideally, employers need to "commit to a comprehensive workplace health promotion plan, including concrete goals and strategies," urges Leo. "Create a supportive workplace culture that enables employees to take the lead in their own well-being."

To do this, contact local healthcare organizations to conduct awareness-raising campaigns several times a year. "Employers should see us as suppliers and partners for a healthier workforce, with increased productivity and output," says Serge Langlois, president and CEO, Diabète Québec. "We can bring in a team of nurses and dietitians and spend the day doing screenings for blood glucose. We can also conduct group presentations and seminars that focus on prevention."

Prevention is also a key message that Langlois brings to employers and insurers at industry events. "Everybody is looking at how much coverage costs, but we need to look at it the other way around. When you prevent chronic disease, you bring down costs."

Evidence suggests that health promotion in the workplace motivates employees to eat healthy and stay active; conversely, poor organizational health, including stress-inducing workloads, does the opposite. "Preventing diabetes and keeping Canadians with diabetes healthy will cost the government, the private sector and society far less in the long term. But we have to act now," says Leo.

range of costs. As the proposed monthly drug cost increases, fewer respondents report they would be willing to cover the full cost themselves ($1,000/month: 26%; $2,000/month: 21%; $5,000/month: 10%).

Yet again, Manitoba and Saskatchewan stand apart: 37% of respondents in those regions report being willing to pay $1,000 per month, compared to 26% nationally and 21% in Quebec, where respondents appear least likely to pay that amount.

Not unexpectedly, 82% of plan members feel that coverage for higher-cost drugs to treat serious conditions such as cancer or multiple sclerosis should be a priority for employers. The intensity of opinion is strong (very high priority: 63%).

There are no easy answers when it comes to higher-cost prescriptions for serious conditions, notes the advisory board. Cost-sharing is a careful balance between encouraging cost awareness and accountability on the one hand, and cost-related non-adherence to therapy on the other.

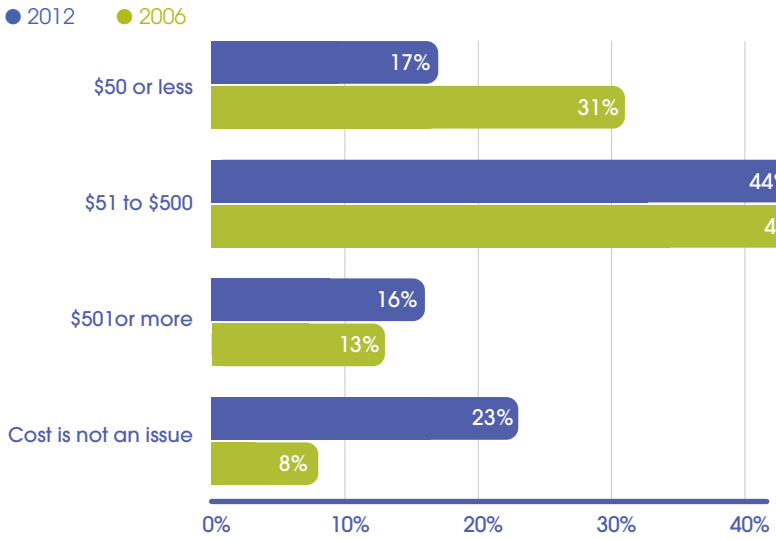
"Employers and insurers need to be more proactive in their thinking because two to three years down the road, we're going to see more specialty drugs and biologics that successfully treat chronic disease," says Semelman. "The key point is that these therapies have the potential to positively influence long-term disability costs. A good example is in rheumatoid arthritis, where new biologics have shown to reverse and ameliorate the symptoms. People are at work instead of on long-term disability. A number of new drugs in the pipeline that treat cancer and diabetes, for example, will have similar impacts.

"As the workforce ages and as the retirement age is pushed back, we cannot overemphasize the importance for employers to seek better understanding in this area," concludes Semelman.

Part of the proactive thinking could be better coordination of benefits between private and public plans and patients. Gabrielle Veto of Vancouver, B.C., diagnosed with multiple sclerosis at age 27, considers herself lucky to receive coverage from both her and her husband's plans, as well as the province's Fair Pharmacare program. It leaves a little more than $300 per year to pay out of her own pocket (her therapy costs $1,870 every four weeks). For more on Gabrielle's story, see "Rethinking disability," page 21.

Insurers are also becoming more proactive: in April, the Canadian Life and Health Insurance Association announced that 23 insurers have joined a pooling framework to share the expenses of higher-cost drugs. This not only spreads out these costs, but it also helps protect fully insured drug plans by removing high-cost claims from the calculation of premiums.

OUT-OF-POCKET COST PLAN MEMBERS WOULD SERIOUSLY CONSIDER NOT FILLING A PRESCRIPTION FOR THEMSELVES OR A FAMILY MEMBER



BASE: All respondents 2006 n=1,500; 2012 n=1,757

TIPS AND TACTICS

- Access is key: contact local public health units, health organizations and local providers (e.g., pharmacists, public health nurses, dietitians) to find out what screening and healthcare services can be brought into the workplace.
- Be proactive and use simple messages to create cost awareness and the importance of taking medicines as directed.
- Bring unions into discussions about plan redesign or wellness initiatives. Leverage their communications with employees to gather feedback and promote programs.
- Gather feedback from your employees on their willingness to participate in health risk screenings or disease management programs. Start with the areas that generate highest interest.
- Train managers to understand labour laws and to accommodate employees with disabilities. Consider supportive measures that don't have direct costs but do prevent or delay disability leaves, such as flexible hours.

5. Monthly Market Monitor, February 2012. IMS Brogan.

SECTION 3

WELLNESS, INTERRUPTED

Plan sponsors and members alike say the workplace can and should promote wellness; however, major barriers block success

INTRODUCTION

More than ever, employees seem receptive to wellness strategies in the workplace, but significant gaps exist. Very few employers understand the incidence of chronic disease in their workplace, or have access to the necessary data to determine areas of focus for wellness strategies or plan design. Employers are far more likely than employees to feel their corporate culture encourages health and wellness. Workplace stress remains high. Employers point to the need for government to do more to support wellness strategies during the working years, to lessen the strain on Canada's public healthcare system.

Masterfile

THE GOOD NEWS

Forty percent of plan members say their employers offer some sort of wellness program or service. Results from plan sponsors support this trend, with 47% saying they offer these types of programs. Not unexpectedly, small employers (fewer than 50 employees) are the least likely to offer wellness programs, at just 19% according to plan members. The incidence jumps to 54% among plan members working for companies with 500 or more employees.

Employers who invest in wellness programs say they do so mainly to keep employees healthy and productive (75%), followed by a belief that it's part of the corporate culture to promote healthy lifestyles (64%). As well, almost half (48%) say it makes financial sense, and 41% point to its ability to reduce absenteeism.

"It's encouraging to see the results around finances and absenteeism," says Pierre Marion, senior director, sales and business relations, Medavie Blue Cross. "It shows that employers understand that wellness is more than a nice thing to have. It's getting to the next level where they understand the impact on the bottom line."

> "It's encouraging to see the results around finances and absenteeism."
> *–Pierre Marion, Medavie Blue Cross*

Further, 51% of plan sponsors say they plan to invest more money in health education or wellness programs over the next year. This is also encouraging, notes the advisory board. "It suggests that many employers don't need a tight financial business case, which is a good thing since we've seen it's typically not calculated," explains Chris Bonnett, board member and president, H3 Consulting.

Greg Betty agrees that you don't need to spend a lot of time crunching numbers to justify a spend on wellness. The president and CEO of Intelliware Development, a successful software development firm with 120 employees, takes a long-term view. "We need to be more high level and look at growth, retention and the fact we attract top-notch talent. That's our ROI."

On the other hand, a business case remains standard operating procedure for some, particularly among larger employers. To build that case, it's important to maintain year-round relationships with carriers and benefits consultants in order to put mechanisms in place to measure areas such as absenteeism, disability, employee engagement and emerging needs.

SOMETHING TO TALK ABOUT

Volunteers and a simple assessment tool help Quebec employer spread a wellness message

Line Vermette
Senior HR Advisor, Wellness
TELUS

There's something about body mass index (BMI) that gets people talking. At least that's the experience of TELUS in Quebec, whose investment in body composition analysis equipment has paid off by raising significant awareness about the company's many wellness offerings.

Actually, the equipment is just the starting point—the key to success is the volunteer employee who operates the machine, and chats with the person undergoing analysis. "We brief our volunteers to support and attract other employees to use the equipment," says Line Vermette, TELUS' senior HR advisor of wellness in Quebec. "Our volunteers also tell them about everything else we offer. We find we are able to provide great support and information to some people who otherwise would never have come to us."

With more than 5,500 employees in 12 main offices throughout the province, such word-of-mouth marketing makes Vermette's job easier. And although TELUS is driving its wellness strategy more around web-based tools to support different work environments—namely, for employees who work at home or who are very mobile—it remains committed to on-site programs. For example, the TELUS volunteers are on hand to greet employees who receive flu shots or participate in health risk screenings during the company's annual clinics. Again, the time is used to update and motivate people on the company's offerings in the areas of fitness, nutrition and mental health. Managers are also reminded of what's available specifically for them.

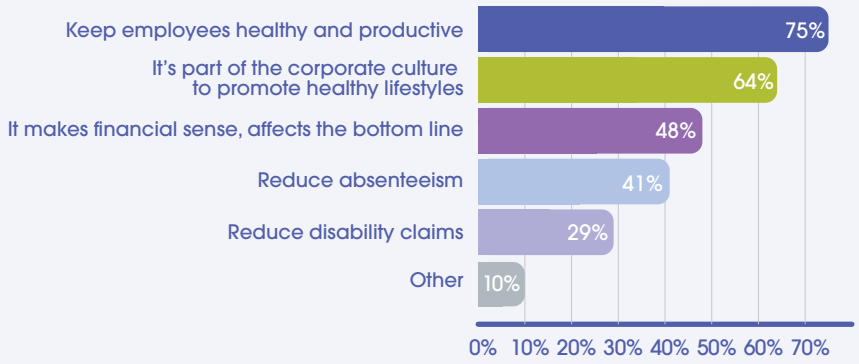
The volunteers tend to be very self-motivated, says Vermette. "They often come to us to express their interest to volunteer and if we recruit new wellness volunteers, they are always keen to participate."

The TANITA body composition analysis scale is simple to use, similar to a weight scale at home. While it is not a scientific analysis and doesn't replace a consult with a health professional, it carries no associated risk and provides great basic information about body composition, says Vermette. The analysis takes a few seconds and the employee receives a printed record of their BMI, body fat percentage, basic metabolic rate and the quality of their body's hydration. Individual results are confidential, although the volunteer can give a basic interpretation of general results based on Health Canada guidelines.

The company's comprehensive health and wellness approach, called Healthy Living, has attracted outside attention: in 2011, TELUS in Quebec was recognized as "an Engaged Enterprise" by The Healthy Enterprises Group, an organization created to encourage and support Quebec companies to adopt holistic employee health and wellness programs. As well, in 2010 TELUS received the Work-Life Balance Award from Quebec's Ministry of Family and Senior Citizens, Regroupement des jeunes chambres de commerce du Québec and Jeune Chambre de Rimouski.

Spyros Bourboulis

THE MAIN REASONS PLAN SPONSORS INVEST IN HEALTH AND WELLNESS PROGRAMS FOR THEIR EMPLOYEES



NOTE: Specific actions are multi-mentions and will add to greater than 100%.
BASE: Plan sponsors who have wellness programs n=59

THE MIXED NEWS

Forty-five percent of plan members say they participate in their workplace wellness programs. However, the level of intensity is low, with just 14% saying they definitely participate. Meanwhile, 31% say they "kind of" participate.

There are some grassroots issues here related to people taking ownership of their own health, and with employers laying the foundation through enlightened and engaged leaders and managers, observes the board. First and foremost, plan sponsors need to establish a culture that's conducive to wellness and draws upon actionable data to target employee needs (see "The data deficit," page 20, and "A look in the mirror," page 22). Second, they need to offer programs or services that encourage high and sustained levels of participation.

Results of *The Sanofi Canada Healthcare Survey* suggest there may be areas that tend to generate higher levels of utilization but are generally unavailable to employees. For example, only 20% of employees indicate their workplace offers subsidized healthier food choices, a finding corroborated by the survey of plan sponsors (12% report offering subsidized healthier foods)—yet its utilization rate (62%) among those who have access is the highest among all the listed wellness programs or services tested.

Similarly, 54% of plan members cite taking advantage of small financial incentives or gifts to achieve health or fitness objectives, yet only 14% report their employers offer such incentives. (Just 6% of surveyed plan sponsors indicate doing this.)

Meanwhile, employees indicate employers are most likely to encourage physical activity and/or provide access to fitness equipment or gyms (35%), followed closely by targeted health programs such as smoking cessation or diet programs (33%) and subsidized gym memberships (32%). Participation rates for these top three areas range from 47% for encouraging physical activity to 40% for a subsidized gym membership and 30% for targeted programs. (It should be noted that a utilization rate of 30% is likely a very high level for such programs, since only a proportion of employees would be smokers, for example, and would wish to quit.)

SPOTLIGHT ON DISEASE MANAGEMENT

Thirty percent of plan members say they have access to general health education or chronic disease education; of those, 39% say they have participated. When asked more specifically about education for diseases such as cancer, 69% of plan members agree it should be a priority for their employers; of those, 47% agree it should be a very high priority.

Targeted disease education and management represent a huge opportunity for plan sponsors, agrees the advisory board, particularly since a strong majority of employees state a willingness to participate in such education as a means to secure coverage for higher-cost drugs (see "The case for case management," page 13).

Unfortunately, plan sponsors currently appear to be unprepared to take advantage of this opportunity.

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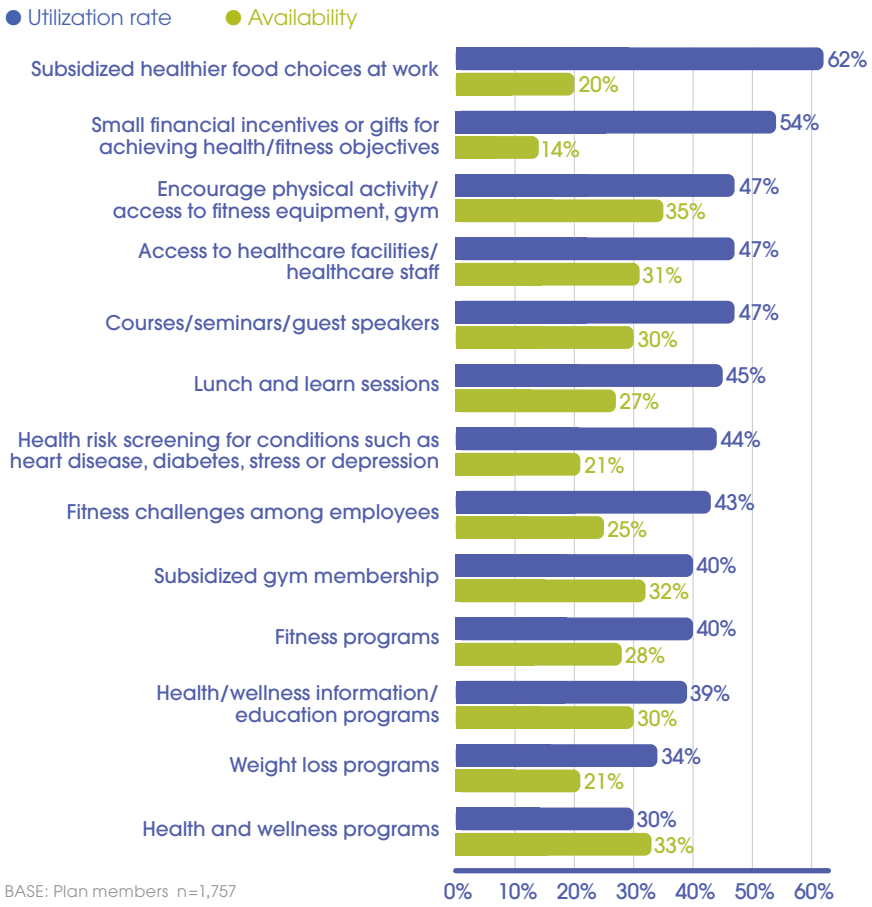
WHICH OF THE FOLLOWING ORGANIZATIONS OFFER/MAKE AVAILABLE TO ENCOURAGE EMPLOYEES TO BECOME HEALTHIER?



BASE: Plan members n=1,757

When asked to estimate what proportion of their employees have a chronic medical condition that requires ongoing use of their health benefit plan, 58% could not do so. The remainder estimate that just 9% of their employees have such a condition—whereas, according to the Canadian Institute for Health Information, 17% of people aged 18 to 44 and 43% of those aged 45 to 64 have at least one chronic disease.[6]

Plan sponsors clearly need to make better use of new and existing data to understand chronic disease in their own employee populations, stresses the advisory board. "Employers really haven't done a deep dive into what's hurting productivity or driving the costs of health benefit plans," says Bonnett. "Until that happens, they can't really understand what their workforce needs or develop an effective health benefit plan strategy."

Privacy concerns should not be a barrier, adds the board. "For a lot of years, we've been almost handcuffed by this privacy layer that prevents access to information," says Sarah Beech, president, Pal Benefits Inc. "But we can now ask people to sign waivers, and they do. We can also work with third-party providers, including health professionals."

"Our experience with pilot projects demonstrates that employees are prepared to provide consent and to be engaged in programs to improve health outcomes—no one wants to be sick," agrees Theresa Rose, director, group product management, Medavie Blue Cross. "Times are changing. Employees want to focus on their health, but they need help navigating healthcare."

THE DATA DEFICIT

To understand the cost drivers of chronic disease in the workplace, plan sponsors need to work with their insurers and other providers (e.g., employee assistance program provider) to better understand their data, including drug claims, health risk assessments or appraisals, disability leaves and absenteeism. "You're trying to get an idea of the intensity of certain chronic conditions along with readiness to change, to make better decisions on how to target health promotion investment and programs for better outcomes. Maybe you've always been offering smoking cessation, but the real issue is prevention of diabetes," says Marilee Mark, vice-president marketing, group marketing services, Manulife Financial.

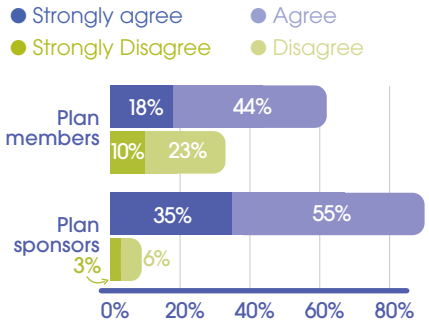
"It's important for employers to understand the impact of chronic disease not only for prevention, but also in terms of care management and support for those who have a diagnosed condition," adds Paula Allen, vice-president, health solutions and practice leader, health and benefits, Morneau Shepell. "Employees with certain health conditions will trend toward increasing costs within that condition, and are at high risk of acquiring other conditions. For example, people with uncontrolled diabetes usually also require treatment for high blood pressure and cholesterol."

In supporting those with a chronic condition, the attendant goal is to prevent future cases of disability, as well as shorten leaves for those already on disability. "Employers, managers and workplace conditions can significantly influence the number, duration and severity of disability cases," says Bonnett, "It's not just about the employee's willingness and ability to return to work."

"Research on health outcomes shows that people on disability will get worse the longer they are on disability," says Donna Hardaker, workplace mental health specialist, Canadian Mental

> "For a lot of years, we've been almost handcuffed by this privacy layer that prevents access to information."
> *–Sarah Beech, Pal Benefits Inc.*

CORPORATE CULTURE IN ORGANIZATION ENCOURAGES HEALTH AND WELLNESS



BASE: Plan members (n=1,757) and plan sponsors (n=125)

Health Association. "We need to get people back to work faster, but most workplaces are not well adapted to do so. Workplaces need to build capacity to be flexible in their work arrangements and to improve communications—managers need to be having meaningful conversations with people who are struggling." (For more on workplace strategies to support mental health, see "Blueprint for mental health," page 9.)

Well before an illness leads to disability, a better understanding of absenteeism can also yield useful clues. However, only 38% of employers with health benefit plans formally track absenteeism, according to this year's survey of plan sponsors. Another 35% say they do so informally. Further, when asked what their absenteeism rate is, 64% reply they do not know. The remainder report an average absenteeism rate of 2.2 days for 2011, well below Statistics Canada's reported average of 9.1 days (7.4 due to illness or disability, plus 1.7 for personal or family responsibilities).[7]

The findings for absenteeism raise questions about how well employers track absenteeism, particularly those who do so informally, notes the advisory board. Logistical challenges, such as the lack of tools and easy-to-follow processes, may certainly be barriers; however, perhaps the biggest barrier is not understanding the "value that it could bring, that is, the level of insight that could feed decision-making and problem-solving," says Allen.

"The real cost of disability—from sick days, right through to long-term disability—is not tracked. No one is sending invoices to track absence and short-term disability costs. If they did, I bet you'd have made your whole argument for a wellness budget," says Telena Oussoren, director, pension and benefits, Canada and U.S., Scotiabank. "Once companies realize that they do not have a clear record of the large amount being spent each year on disability, it will be a real eye opener. We need to bring this front and centre—it's a huge opportunity to be proactive."

"Your biggest cost is your top line," agrees Beech. "If you're paying for staff and they're actually not delivering, that's a huge expense. These survey findings suggest that people don't really understand enough about whether their staff are motivated and present."

Presenteeism also matters, says Bonnett. While its measurement is more difficult, research shows the cost can be far greater than most employers would believe. In the U.S., for example, a 2009 study[8] calculated that the cost of lost productivity from presenteeism and absenteeism was on average 2.3 times greater than the cost of medical and drug plans, which tend to get all the attention. "Health-related presenteeism will only grow with an aging workforce battling higher rates of many chronic diseases. Unchecked, it can also lead to casual absences or disability."

RETHINKING DISABILITY

Employers can take relatively simple, inexpensive measures to prevent or delay disability leaves for serious conditions such as multiple sclerosis (MS). "The biggest barrier is not the lack of accessibility ramps, it's attitude," says Gabrielle Veto, whose MS eventually forced her to take long-term disability leave nine years ago at the age of 34.

In a global survey of people with MS, 41% were unemployed and of those, 83% reported leaving work prematurely due to MS. They cited four measures that would have made a difference: flexible work hours, the ability to take regular rest breaks, a place to rest and better awareness of MS among work colleagues.

More predictable work schedules, shorter work days and job sharing are other options, says Deanna Groetzinger, vice-president, Multiple Sclerosis Society of Canada, adding that income can be a combination of wages and partial benefits. "Employers who are flexible and creative in retaining valued employees who have MS often find it more cost effective than hiring and training new staff."

For her part, at times Veto believes she could work in a limited capacity, "but at this point I'm not sure. But I know that's not the case for everyone. I know of one employer that hired two assistants and put a sofa bed in the person's office so she could continue to work when she could, while receiving long-term disability benefits."

This example shows that the thinking around disability is starting to change, and that's good, adds Veto. "Demographics tell us that employers are facing real challenges due to retirement. They need to look at their people on disability and see if they can still contribute. Many of them still want to."

Productive employees are also a better return on investment for the disease modifying therapies (DMTs) used to treat MS, which carry annual costs of between $15,000 and $40,000. DMTs reduce the frequency and severity of MS attacks, and many have a positive impact in slowing the progression of disability, says Groetzinger.

Masterfile

A LOOK IN THE MIRROR

How does a plan sponsor turn the tide and gather the knowledge necessary to offer health benefits and wellness strategies that resonate with employees and bring down costs? Before buying new tools or diving into the numbers, most employers need to take a big step back, urges the advisory board.

First, you need to decide on your philosophy and mission for benefits and wellness. "You need to understand why you have a plan and what you want to achieve by it," summarizes Beech. Second, take a close look at your policies and workplace practices. Does your philosophy align with reality? Does your work environment walk the talk of health promotion?

HEALTH PROVIDERS: ALLIES IN THE WORKPLACE

Canadian Medical Association

Private drug plans are increasingly on doctors' minds, and on the minds of pharmacists, nurses and other healthcare providers. Why? Because plan members and employees are patients first, and these healthcare providers want to help.

New research has found that 10% of Canadians are non-adherent to their medication due to cost, according to a recent article in the *Canadian Medical Association Journal*.[9] That increases to 20% among those in fair or poor health, 21% in households with incomes of less than $20,000 and 27% among those who lack insurance.

Findings such as these—along with the fact that more than half of total drug spending now goes to chronic medications—raise the alarm for healthcare providers. "Prescribing decisions should strive to achieve cost-effectiveness as long as this does not conflict with the goal of optimal patient care," says Dr. John Haggie, president, Canadian Medical Association (CMA).

One challenge is that physicians don't have convenient access to reliable information on drug costs or, if they do, they are unaware of the coverage available to specific patients. As a result, physicians often prescribe based on what they know is available through the public formulary, not knowing that a patient's private plan may offer coverage of newer, more effective therapies.

In the long term, the CMA is pressing for an electronic prescribing protocol that includes links to all insurance formularies. In the short term, it's left to insurers—and patients—to explore ways to share such information at the time of prescribing. Doctors will likely be open to that, so long as it doesn't result in additional administrative work, says Dr. Haggie.

Another challenge pertains to therapies that require special authorization. "It's not unusual for a patient's condition to require a drug not on the formulary, but obtaining coverage requires time-consuming paperwork. The administrative burden this imposes can be a barrier to optimal prescribing and optimal outcomes," says Dr. Haggie. These drugs often carry a higher cost, "but evidence consistently shows that timely, effective care is more cost-effective in the long run."

Canadian Pharmacists Association and the Canadian Association of Chain Drug Stores

Administrative barriers tend to escalate at the pharmacy counter when drug claims are rejected, which is one

The answer is likely no, according to this year's study of plan members and plan sponsors. For example, 90% of plan sponsors believe their corporate culture encourages wellness; 35% strongly agree. However, this perception drops to 62% among employees themselves, with only 18% strongly agreeing. Small employers (fewer than 50 employees) fare worse: only 52% of their plan members agree their workplace culture encourages wellness.

As well, barely half (52%) of plan members feel their employers are very supportive in helping to manage workloads; only 12% strongly agree (increasing somewhat, to 59%, among those working for small employers). Moreover, 31% say their workplace stress has been so overwhelming in the past 12 months that they have been physically ill (on a positive note, that rate appears to be declining, from 38% in 2009 and 35% in 2011, which could be the reflection of a stabilizing economy since the downturn in 2008).

"Employers still have a way to go in terms of building wellness cultures. There's a pretty clear gap between perception and reality," says Art Babcock, vice-president, Aon Hewitt Consulting.

These disconnects—as well as others revealed by *The Sanofi Canada Healthcare Survey*—illustrate "the potential risks as well as missed opportunities that come from false assumptions," says Allen. "It all ties back to organizational health, and how well employers know—and respond to—their employees."

"Employers need to step back and look at this strategically," urges Hardaker. "For example, organizations can prioritize training for all managers to be able to have effective conversations with their employees who are struggling. When managers are not equipped to do so, organizations see costs in presenteeism, absenteeism and even disability that are preventable."

> "Employers still have a way to go in terms of building wellness cultures. There's a pretty clear gap between perception and reality."
> *–Art Babcock, Aon Hewitt Consulting*

reason why the Canadian Pharmacists Association and the Canadian Association of Chain Drug Stores are establishing the Stakeholder Steering Committee on Private Drug Plans.

"In the U.S., some plans give pharmacies direct access to the formulary. But no one in Canada has invested in the technology or the standards for access," says Peter Zawadzki, professional affairs executive, Pharmasave, and co-chair of the pharmacy advisory committee to the steering committee, which expects to invite representatives from the private sector by mid-2012.

Pharmacists also want to help plan sponsors manage drug plan costs and related healthcare costs. "If employers are making changes to their plan, such as trial prescriptions or mandatory generic substitution, pharmacists can talk about these changes so employees don't view them as takeaways," says Zawadzki, adding that pharmacists can also help maximize the benefits of higher-cost drugs through data analysis and patient education.

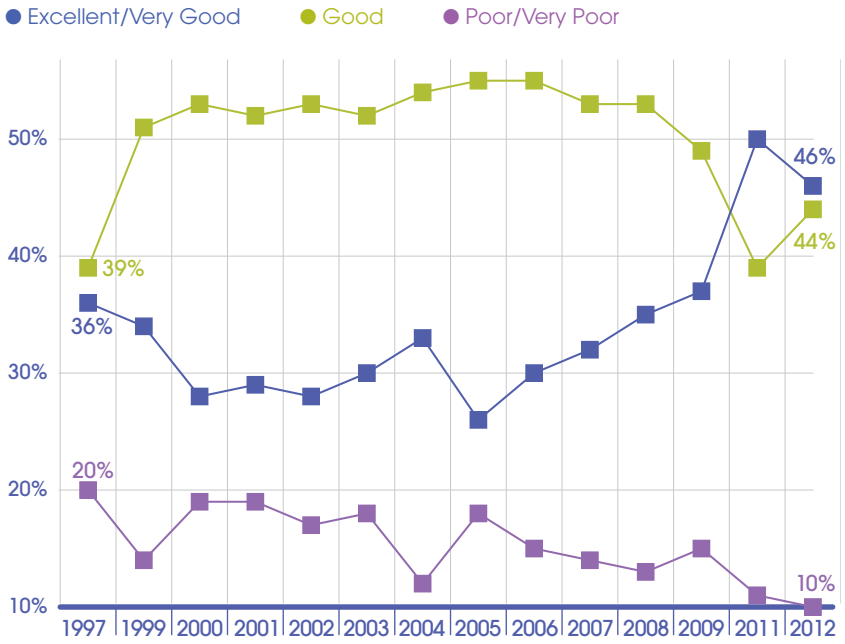
Finally, as governments expand the scope of practice for pharmacists and other allied health professionals, employers have a new resource for on-site health risk screenings and one-on-one disease management support. Forty percent of pharmacists say they offer expanded services, and the majority of those specialize in diabetes care and smoking cessation.[10] As well, pharmacists in many provinces now have authority to renew prescriptions, saving trips to the doctor.

Canadian Nurses Association

Nurses are also growing their role in healthcare, and occupational nurses in particular can play a bigger role—whether casual, part-time or full-time—in the workplace. "Employers have a major contribution to make in striving to keep people healthy," says Rachel Bard, CEO, Canadian Nurses Association. "The healthcare system is taxed to the maximum. Employers have the advantage of bringing services into the workplace, and in doing so sending the message that they care for their employees."

As the cost burden shifts away from acute care and toward chronic conditions, the need is growing for preventative services and early detection—both of which can happen in the workplace. "Employers really need to start thinking broadly," urges Bard. "And we all have to realize that all solutions cannot come from government. It has a leadership role and needs to create incentives, but it can't do it all. Everyone has a role to play, including employers, municipalities and individuals."

CANADA'S HEALTHCARE SYSTEM AND THE QUALITY OF MEDICAL SERVICES IT PROVIDES



BASE: Plan members 2012 n=1,757

TIPS AND TACTICS

- Work closely with benefits consultants and insurers to understand data for drug claims, disability and absenteeism, to determine wellness programs and an optimal benefit plan design specific to the needs of your organization.
- Establish an employee wellness committee. Try to ensure members are representative by age, gender and type of work.
- Enhance communication with employees on benefits and wellness initiatives.
- Work with carriers and benefits consultants to develop communication tools that employees can use with healthcare providers (e.g., details on prescription coverage at the point of prescribing).
- Establish an annual fund for departmental wellness initiatives. Solicit applications and recognize achievements.
- Create inside space for a bike rack so employees know they can safely store their bikes.
- Two carrots are better than one: partner with a local gym to offer subsidized gym memberships—then make it free for those who go three or more times a week.
- Adopt the National Standard of Canada for Psychological Health and Safety in the Workplace, due to be released in September 2012 (mentalhealthcommission.ca).
- Train managers and staff to recognize and respond to early signs of mental illness. Mental Health Works is one source of training (mentalhealthworks.ca).

THE GOVERNMENT CONNECTION

Almost all (90%) plan members are at least somewhat positive about the quality of Canada's healthcare system; 46% describe it as very good or excellent. However, 86% also agree (40% strongly) that government should take on greater responsibility in preventing rather than just treating disease, illness and injury among Canadians.

This clearly presents an opportunity for greater collaboration between the public and private sectors, suggests the advisory board—particularly because preventative programs are already available but are underutilized due to lack of awareness and resources. Numerous government agencies, as well as health organizations such as the Heart and Stroke Foundation, offer programs that can be picked up and promoted in the workplace. "Employers need to leverage this information and reinforce the messages," says Lisa Redmond, manager, pension and benefits, Insurance Corporation of British Columbia. "Internet links, brochures, seminars and wellness fairs—there's no cost to do this and it can provide a positive effect on both employee engagement and health, which improves the employer's bottom line."

As well, government needs to go further by using tax incentives to encourage employers to set up workplace health and wellness programs. Eighty-two percent of both plan members and plan sponsors agree with this; employers feel especially strongly about it, with 47% strongly agreeing.

Similarly, there is a clear understanding of the positive link between workplace wellness programs and the public healthcare system. A strong majority of plan members (80%) and plan sponsors (90%) agree that workplace health promotion programs will help reduce the strain on Canada's public healthcare system in the long run.

6. The 2008 Canadian Survey of Experiences with Primary Health Care. Statistics Canada, Canadian Institute for Health Information and Health Council of Canada.
7. Statistics Canada, 2011. Work Absence Rates 2010, Catalogue no. 71-211-X, page 10.
8. Loeppke, R, M Taitel, et al. Health and Productivity as a Business Strategy: A Multiemployer Study. *Journal of Occupational and Environmental Medicine* 51, no. 4 (2009): 411-28.
9. Law, M, L Cheng, et al. The effect of cost on adherence to prescription medications in Canada. *CMAJ* 184, no. 3 (2012, February 21): 297-302.
10. Trends & Insights 2011 Survey of Pharmacists, The Healthcare Group, Rogers Publishing Ltd.

THE SANOFI CANADA HEALTHCARE SURVEY

ADVISORY BOARD

The Sanofi Canada Healthcare Survey is shaped through the guidance and expertise of the advisory board. The members of the advisory board tapped into the concerns of today's plan members and plan sponsors. Throughout the year, they took time out of their schedules—as key stakeholders in the Canadian health benefits industry—to participate in every stage of *The Sanofi Canada Healthcare Survey*, from reviewing the questions asked to Canadian plan members and employers to promoting the report and answering questions about the findings. Their continuing support of this important project is most valuable.

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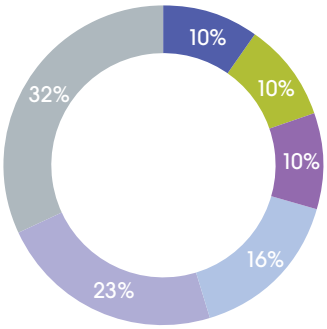
THE SANOFI CANADA HEALTHCARE SURVEY
METHODOLOGY

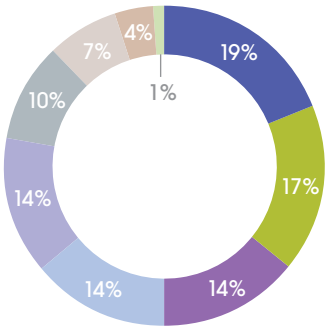
Ipsos Reid fielded the plan member survey on behalf of Rogers Publishing Limited using an online (Internet survey) methodology from January 11–18, 2012. In total, a national sample of 1,757 primary holders of group health benefit plans completed the study. At the time of each interview, these adults were the primary holders of employee plans with a health benefits portion. The online completes were conducted using a random sample drawn from the 200,000+ members of the Ipsos Reid Canadian i-Say Panel. We can say with a 95% certainty that the total results are within +/– 2.3% of what they would have been had the entire population of Canadian plan members been polled. It is important to note, though, that the margin of error is larger among sub-sample respondent groups. The data have been statistically weighted to ensure that the age, gender and regional composition of the sample reflect those of the adult population according to the 2006 Census data. Additionally, some response categories in this report do not add up to 100%—this is due either to the rounding of numbers or questions that allowed plan members to provide multiple responses. In addition, Rogers Publishing conducted 125 online surveys with benefit plan sponsors from across the country, from January 12–18, 2012.

ORGANIZATION SIZE



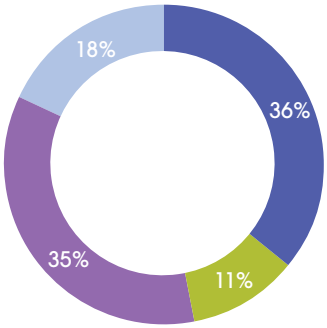
- **10%** are with organizations employing fewer than 50
- **10%** are with organizations employing 50 to fewer than 250
- **10%** are with organizations employing between 250 and fewer than 1,000
- **16%** are with organizations employing between 1,000 and fewer than 5,000
- **23%** are with organizations employing 5,000 or more
- **32%** did not know the size of their organization

POSITION



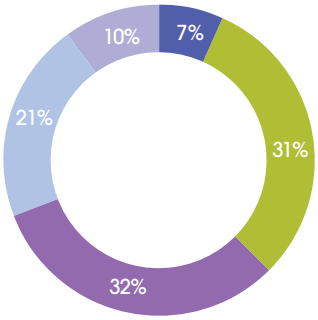
- **19%** hold professional positions
- **17%** hold technical/trade positions
- **14%** hold administrative/clerical/secretarial positions
- **14%** hold managerial/supervisory/executive positions
- **14%** are retired/not currently working
- **10%** hold sales/service positions
- **7%** hold teaching/academic positions
- **4%** don't know
- **1%** are self-employed

EDUCATION



- **36%** have a university degree or post-graduate degree
- **11%** have some university
- **35%** have a college education (some college or diploma)
- **18%** have a high school education or less

INCOME



- **7%** have household incomes of less than $30,000
- **31%** have household incomes of between $30,000 and $59,999
- **32%** have household incomes of between $60,000 and $99,999
- **21%** have household incomes of at least $100,000
- **10%** don't know/refused

AGE

25% are aged 18 to 34
23% are aged 35 to 44
26% are aged 45 to 54
17% are aged 55 to 64
9% are aged 65 and older

LOCATION

12% live in British Columbia
10% live in Alberta
6% live in Saskatchewan/Manitoba
38% live in Ontario
28% live in Quebec
7% live in Atlantic Canada

LANGUAGE

69% of the interviews were conducted in English
29% of the interviews were conducted in French

GENDER

45% are female
55% are male

SANOFI IN CANADA

Sanofi is a diversified global healthcare leader that discovers, develops and delivers healthcare solutions focused on patients needs.

With approximately 110,000 employees in 100 countries, Sanofi and its partners act to protect health, enhance life and respond to the potential healthcare needs of the 7 billion people around the world.

Sanofi has core strengths in the field of healthcare with seven growth platforms: diabetes solutions, human vaccines, innovative drugs, rare diseases, consumer healthcare, emerging markets and animal health.

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