

Dispensing Fees

Educating employees can translate into big savings. And it's simple.

One of the easiest and most effective ways to reduce benefit plan costs is to educate employees about dispensing fees.

These fees are the amounts pharmacies charge for providing professional services such as patient counselling, monitoring drug therapy, drug information to physicians and dispensing drug products. They also cover overhead costs such as the stocking of medication, maintaining patient medication records, general operating costs such as taxes, employees' salaries, rent, insurance, etc. Typically, these are covered by insurers up to a capped amount (usually \$6), with the employee having to cover the difference. Communicating with employees about ways to minimize these costs and the significance of the savings to the individual, in terms of out-of-pocket expenses and premiums, can help change employees' behaviours for the better.

There are two key messages to convey to employees when it comes to controlling the costs of fees. The first, and perhaps the most obvious, is to encourage phoning or visiting 4-5 local pharmacies for comparison. A recent Canadian study shows that while nearly 75% of Canadians know that varying dispensing fees exist, only 41% consider it when getting a prescription filled.¹ Let's increase that number!

Stress the simplicity of this undertaking and the rewards to be realized. This simple exercise can take as little as 15 minutes and the result may translate into as much as 40% in savings. For example, a sample of pharmacies in Toronto in November 2003 revealed that Wal Mart's dispensing fee, starting at \$6.97, is 42% lower than those of Shopper's Drug Mart and Pharma Plus, whose fees start at \$11.99!

You may also wish to communicate average provincial dispensing fees to employees and encourage them to find a pharmacy whose cost does not exceed their provin-



cial average. This will provide guidance and set expectations. Depending on your culture and the extent of savings that may be realized, you may consider a competition and have a portion of the savings put towards something meaningful for employees such as a charity event, donation, etc.

Average Dispensing Fees Per Province January – June, 2003

| Province | Average Fee | Average Cost |
|-----------------------|---------------|----------------|
| Alberta | \$9.08 | \$43.17 |
| BC | \$8.07 | \$46.21 |
| Manitoba | \$7.87 | \$37.20 |
| New Brunswick | \$7.81 | \$45.74 |
| Newfoundland | \$8.02 | \$38.68 |
| Ontario | \$9.31 | \$51.55 |
| PEI | \$7.65 | \$45.92 |
| Quebec | \$6.21 | \$27.78 |
| Saskatchewan | \$6.89 | \$34.47 |
| Total Averages | \$7.96 | \$41.69 |

Source: Sun Life Assurance Company of Canada

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The second message to communicate to employees applies to those who have multi-month prescriptions for maintenance drugs. Under most Plans, they will be able to obtain up to three months' prescription at a time. Although the

dispensing fee may increase per unit in some cases (typical for birth control pills), it will most likely not double or triple as each additional unit is dispensed.

When all is said and done, it is imperative to stress to employees that they should never sacrifice quality for

cost. A pharmacist's role always extends beyond dispensing medicine.

¹ Sonya Felix, "The 2003 Pulse on Plan Members," *Benefits Canada* Oct. 2003. **K**



Legally Speaking

Effective January 1, 2004, the government amended the Employment Insurance Act to provide Canadians with compassionate leave benefits.

Compassionate leave will allow workers to take up to eight weeks off to provide "care or support" for a parent, spouse or child who is seriously ill with a significant risk of death within 26 weeks. In order to qualify, workers must provide a medical certificate from the family member's doctor. A two-week waiting period applies to EI benefits and workers must have at least 600 insurable hours in their qualifying period. Compassionate leave EI benefits can be any six weeks taken over a 26-week period, not necessarily consecutive weeks and multiple individuals may split the benefits for one terminally ill family member.

Employers can top-up compassionate leave benefits to employees with no impact on the EI benefit. Employers must provide employees with the opportunity to continue coverage under a group benefit plan, but

may require the employee to cover up to the full cost of the benefits while they are on compassionate leave.

This enhancement to EI will help to ease concerns of the sandwich generation, who care for both children and elderly parents, by providing some financial assistance in stressful times. The federal government estimates approximately 270,000 workers will be eligible for compassionate leave benefits, while Canadian industry estimates the current cost of lost time due to terminal illness of family members at \$2.4 billion. According to an Ipsos-Reid 2003 survey, 32% of Canadian adults are responsible for the care of older adults.

Quebec, Nova Scotia, New Brunswick, Nunavut and the Yukon have amended their employment standards to incorporate compassionate leave and the remaining provinces are expected to follow. Employers who are not federally regulated and in provinces without compassionate leave legislation are not required to provide compassionate leave for their employees. Forward thinking employers will recognize this is the way of the future and a benefit they can extend to employees in crisis at a very limited cost. **K**

Privacy Legislation

You might already be there

January 1, 2004 has come and gone, but what it brought us to stay is new legislation requiring companies to follow strict rules and guidelines when using personal information of employees and/or their clients. The PIPEDA (Personal Information Protection and Electronic Documents Act) has been described by the Canadian government as a business essential for the new economy. According to the Canadian Government the PIPEDA is "a new law that protects personal information in the hands of organizations and provides guidelines for the collection, use and disclosure of that information in the course of commercial activity". The Privacy Commissioner of Canada and the Federal Court oversee the Act, based on ten privacy principles developed by the Canadian Standards Association.

The PIPEDA established a set of ten principles with the Canadian Standards Association that organizations must follow when obtaining, using and storing personal information. The Principles are:

- Accountability
- Identifying Purposes
- Consent



- Limit Collection
- Limiting Use, Disclosure, and Retention
- Accuracy
- Safeguard
- Openness
- Individual Access
- Challenging Compliance

Critical Illness – Update

The Canadian government has launched a PIPEDA E-kit for businesses to help them learn how to comply with the act. The kit, which can be found at www.privcom.gc.ca, includes such items as:

- The Personal Information Protection and Electronic Documents Act; and
- Your privacy responsibilities: A Guide for Businesses and Organizations to the PIPEDA.

As we can see, the government has provided a lot of resources with respect to compliance and implementation.

As Human Resource professionals it is your duty to ensure that your company is in compliance. But as Human Resources professionals you may soon realize that you have already been in compliance because your own internal policies have been reflective of the major components of the PIPEDA.

Human Resources has traditionally been the leader within organizations with respect to privacy. It has ensured that employee information is kept private and has deployed safeguards to ensure all employee information is protected previous to the PIPEDA. Examples of protecting employee data include a secured area for employee files, confidentiality agreements, separate areas for medical information, strict access for managers, etc.

Looking at the insurance industry, it has historically operated, and continues to operate today, with strict confidentiality guidelines required solely due to the nature of the subject matter it deals with. The same holds true for any professional consulting or brokerage firm. What are the most impactful results from the PIPEDA on the industry? The language of waivers found on claim, enrolment and any other form used by the industry to manage a benefit plan are. An unfortunate result is that some insurers are using the introduction of the new law to reduce service standards related to the release of information. Here we often find an over-exaggeration of the requirements of the law to reduce the quality of available information needed to properly manage a plan. Be suspicious if an insurer starts using this as an excuse for not resolving problems. You still have the right to information needed to manage your plan. What you need to continue doing is to be highly respectful of the access and uses of that data – just like you were before the law changed.

Taking a final look at the consulting industry, while we can't speak for everyone, we are very confident that most major firms already strictly controlled plan information of any kind, and K+A is certainly one of them.

You must remember that this industry would not exist in its current state today if confidentiality had not been a long-standing and serious concern. Without it, we lose complete credibility and purpose.

When you assess your compliance with the PIPEDA you will hopefully find that you are most of the way there and the tools needed for compliance are already in place.

In May 2003 we released a special news bulletin to discuss the recent rise in interest in Critical Illness Insurance. One of the issues we covered was the area of accessibility. Due to the fact that most Critical Illness carriers require medical evidence of insurability assessment, this quickly eliminated a portion of the employees.

We have recently discovered a new Critical Illness insurer product currently available on the market, which allows easier accessibility for employees. This product is a Guaranteed Issue product. This means that employees, when purchasing the insurance, require no medical information; only a 24-month pre-existing condition provision applies. The premiums for employees are still dependent upon gender, age and smoking status.

We would suggest that you review our May 2003 News Bulletin entitled Critical Illness Insurance available on our website at www.kriegerandassociates.com. If you wish to inquire about this new Guaranteed Issue Critical Illness Insurance, please do not hesitate to contact us and we will be happy to provide you with more information. **K**

In most organizations, Human Resources will become a resource for other departments with respect to compliance with the PIPEDA, similar to its current role of being a resource for Labour Standards and Human Rights issues.

As Human Resource professionals, we recommend that you review the PIPEDA E-kit and ensure that you comply by comparing your current practices with the 10 standards developed by the Canadian Standard Act.

Make sure that your plan providers have undertaken an active process to change the affected wording on your forms and that all old forms are destroyed. You do not want to find yourself in a situation where a claimant did not sign the right release.

Next, CHECK ALL YOUR PLAN COMMUNICATION MATERIALS. While insurers seem to have paid attention to forms, booklets and communication materials were overlooked in their messages. Your insurer or consultant can provide you with the necessary audits of language and/or the proper language to insert. Destroy outdated materials – now – and ensure that you ask employees to do the same.

Lastly, don't live by the silence is golden rule when it comes to your employees. Make sure they understand the changes to their plan and materials and your organization's commitment to compliance. If employees know to assist with the process of using the right documents, serious problems are less likely to occur.

If you have any questions with your compliance please give us a call as we are always happy to help. **K**

Legally Speaking was developed to provide you with a quick summary of legislative updates as they relate to the Human Resources and Group Benefits arena. It is not our intent that a reader of this column act or refrain from acting without seeking the appropriate professional advice.

Getting The Right Stuff from Your EAP

In our continuing focus on absence management, there is often a pertinent and overlooked assistance vehicle: your Employee Assistance Plan or EAP.

Surveys tell us that the vast majority of mid to large Canadian Benefit Plans offer some form of EAP. To recap, an EAP is a program of services that provides an employee (and often his/her immediate family members) access to professional counseling. The types of conditions covered by each Plan can vary by design and/or provider, as well as the Plan's specific purpose. For example, there are EAPs with highly specialized purposes and needs, such as crisis and trauma management to address violent acts in the work place.

The most common Plan, however, is one offering employees and their family members professional help with the unfortunate rigors of everyday life, such as work stress, family crisis, and illness.

The mere nature of these benefits, especially in a world of increasingly strict controls over personal information, requires that individual confidentiality be fiercely guarded. There is no question of this necessity as once a plan of this nature becomes the subject of employee suspicion its value and use immediately plummet.

It is for this reason that many HR professionals rarely address the coverage, its value to the company and employees, and most importantly its role as a valuable partner in the maintenance of a healthy work force with manageable absenteeism and a profitable company. There exists fear of violating privacy and an absence of knowledge of how to safely employ the knowledge and skills of their EAP provider. Some of the blame for this hesitancy is the EAP provider itself. Rarely are the tools and processes of an EAP accompanied by a tangible role for HR, other than as a management tool for assisted referrals. Another reason is the prevalence of segregated thinking about absence man-

agement (discussed in our last Issue of CommuniK).

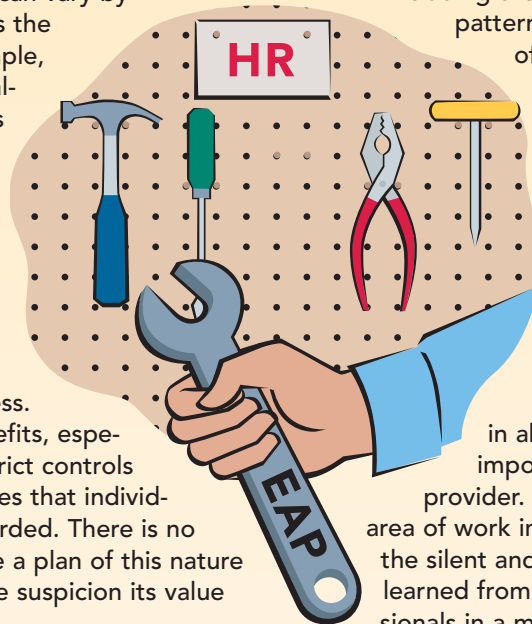
The footprint employees leave on all coverages under a group benefit plan, including the EAP, tell HR a powerful story about the condition of their work forces and often the states of the organizations themselves. One commonly found weakness is a direct lack of a tangible connection between the patterns exhibited within each area of coverage or service and the implementation of a focused response. HR needs to be empowered in a professional manner with the knowledge derived from each area of health-related services,

including the EAP. If HR is aware of a growing pattern of incidences in a particular area of treatment, work stress for example, and this finding is supported by trends shown in the disability and health areas of the benefit plan, there are significant business reasons and advantages to taking a proactive position in addressing, and putting into financial terms, the cost to the organization and the value of a remedy.

Our goal of achieving excellence in absence management includes an important role for your EAP Plan and provider. Our hope is that this important area of work improves in that EAPs stop being the silent and invisible service and that what is learned from their use is relayed to HR professionals in a meaningful and helpful manner.

Examining general trends does not violate anyone's privacy and our EAP providers are the greatest source of expertise when interpreting patterns of use. Let's get EAPs fully integrated into our arsenal of absence management tools and open productive dialogue with HR that brings tangible value to an organization in addition to the important services provided to people in distress.

A handy tip: Make sure to include information about your EAP plan in your disability communication to employees applying for coverage. During such times, this service can be an invaluable source of help for the disabled employee and his / her family. **K**



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