



GMS INSURANCE

*Employee Benefits
Group Retirement Plans
Pension Plans
Life Insurance
Corporate Buy-Sell
Funding Arrangements*

**September 2010
Volume 12 Issue 5**

In This Issue

- 1. *Bill 168 – An Amendment to Ontario’s Occupational Health & Safety Act*
- 2. *Trends Impacting Drug Plans*
- 3. *Quiz Corner*



Bill 168 Takes Aim at Workplace Violence & Harassment

Corporate policies that address workplace violence and harassment have always been good business practice. However, if you are an employer in Ontario, as of June 15th, it’s the law.

Bill 168 requires Ontario employers to assess the risks of workplace violence and harassment and put into place policies and programs to address them. Failure to comply with the law could lead to a hefty \$500,000 fine.

The Workplace Violence & Harassment Policy must include:

- 1. measures and procedures for workers to report incidents of workplace violence & harassment to their employer or supervisor; and
- 2. an outline of how the employer will investigate and deal with incidents of complaints of workplace violence & harassment.

It is not enough to simply draft a policy – it is essential to properly communicate it. Employees and supervisors must understand the intent, application and consequences of the policy. Managers and supervisors will require training to apply the policy fairly and with respect.

When drafting the policy, you may wish to include union

representatives and employee health and safety committee members.

There are five key steps to developing a policy:

- 1. Recognize hazards of workplace violence & harassment
- 2. Assess the risks of workplace violence & harassment
- 3. Control the risks of workplace violence & harassment
- 4. Implement the policy
- 5. Monitor & evaluate the policy

If you have not already implemented such a policy, you are in contravention of the law and should get something in place right away. The Ontario Ministry of Labour (<http://www.labour.gov.on.ca/english/hs/>) has provided information, tools and links to help make this process as easy as possible. A quick Internet search also draws up a number of templates that you can use as a framework for your policy. Here are few links to help you get started:

Canadian Human Rights Commission
http://www.chrc-ccdp.ca/publications/anti_harassment_toc-en.asp

Ontario Government
http://www.labour.gov.on.ca/english/hs/sawo/pubs/fs_workplaceviolence.php

Safety Xchange
<http://www.safetyxchange.org/comp-liance-risk-management/ontario-workplace-violence>.

ESI Drug Trends

When it comes to health care claims, the best predictor of future costs is past experience. To help predict what we can expect in drug costs, ESI Canada, a major pharmacy benefit manager, mined its claim information and shared its findings in its 9th annual Outcomes Conference held earlier this year.

As we highlighted in our July newsletter, there are major changes taking place in the Ontario public drug plan system. These reforms are expected to be adopted, in some form, by other provinces and will help to lower generic drug costs across the country. Quebec is already benefitting because they use a lowest cost in the country policy and applies it to both the public plan and private plans.

There is more good news as we see that some major brand name drugs, such as Lipitor, come off patent protection this year. This will lead to more lower-cost generics becoming available for the treatment of high cholesterol, a health concern that consistently appears in the top 10 therapeutic drug classifications by amount paid.

While reforms and loss of patent protection are working to push the costs of drugs downward, there are a number of factors working to push it upwards:

Data shows that there is a shift towards specialty and niche drugs. These drugs target a more specific population than traditional drugs and are therefore more costly. Spending on specialty drugs accounted for 15.9% of total drug spending in 2009 – up from 5.5% in 2000.

New developments in treatment methods mean that patients are able to take their medication at home instead of in a hospital setting. This transfers the cost from the public plan to the individual patient. Oral cancer used to only be treated in the hospital via IV. Patients can now take a pill – albeit an expensive one. Afinitor, an oral cancer drug, can cost \$30,000 for a 5-month supply. If this patient has a benefit plan, this means more pressure on your drug plan.

Catastrophic claims (claims over \$10,000) like this are becoming more frequent and are helping to push overall health care spending upwards. It is projected that in the next 12 years, health

spending in Canada will be 70% of provincial budgets.

The downward pressure of reforms and loss of patent protection and the upward pressure from a shift towards specialty drugs has almost neutralized each other when we take a look at the trend factor that insurance companies use in renewal calculations. The average trend factor applied to drug plans in 2009 was 15.57%. This has increased only slightly to 15.83% for 2010.

The rate of the trend increase has slowed this year. However, upward pressure will continue and will likely outweigh downward pressure in the very near future so it is important to take steps now to protect the long-term viability of your benefit plan. We will explore some plan design features that can be used to help with this in our November issue. Stay tuned....

Sources:
www.esi-canada.com

Quiz Corner

Put your mental mettle to the test and a \$50 prize in your pocket!

What can run but never walks, has a mouth but never talks, has a head but never weeps, and has a bed but never sleeps?

Answers can be sent to: info@gmsinsurance.com or by fax to 905-670-4146. We will draw a winner from the correct answers.