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Group Advisor Update | October 2017

You get lots of information from many different sources—you're busy! You can always count on our updates to keep you informed. Our quarterly Group Advisor Updates, along with news items in between our quarterly updates, are posted to the Group Advisor site. You can access them any time at www.empire.ca/group-advisor-news.

Product News



Enhancing our Prior Authorization Program to Include Step Therapy

Another Step Forward in Drug Plan Sustainability

Effective, November 1, 2017, we are updating our best practices with respect to drug claim adjudication by enhancing our Prior Authorization program to include step therapy for certain maintenance drugs. **Note - this change does not apply to Quebec residents.**

Step Therapy targets only new drug claims - it is important to note that plan members currently taking a step 2 therapy drug, will **NOT** have their therapy interrupted when filling a prescription, provided the pharmacist can view claims history indicating a step 2 drug was previously prescribed.

Step therapy targets the following disease states: diabetes, high blood pressure, high cholesterol, osteoporosis, gastrointestinal disorders, and pain management.

This approach follows generally accepted protocols for treatment plans and helps prevent unnecessary spend on the benefits plan. Step Therapy provides real-time claim responses to encourage therapy for a medical condition with the most cost-effective drug (Step 1), and progresses to another higher-cost, second or third line drug, only if necessary (Step 2).

This is another step forward in building sustainable drug plans for our customers. By educating employees and promoting the use of lower cost drugs - we deliver savings to the benefit plan and help plan members reduce any out-of-pocket costs.



Out of Country Coverage - Empire Life leads the way in smart design

On September 22nd, we announced that effective November 1, 2017, Empire Life will be adding a provision in our travel insurance policies stating we will only pay for expenses that are not covered by the plan member's other travel insurance policies. This is referred to as an 'excess coverage clause'.

In a recent Pension and Benefits Monitor [article](#) on Sept 15, 2017, it states that travelers are often insured under more than one plan. They have coverage under a plan member's group insurance plan, a spouse's group insurance plan, credit card insurance coverage, an individual policy, or purchased separately through a travel agent. Traditionally, the insurer who is contacted first in the event of an emergency situation processes the claim. This process is seamless to the plan member.

Changing the plan design to include an excess coverage clause is a win, win -- plan members continue to have the coverage they need and plan sponsors may eventually see a reduction in travel insurance claim costs hitting their benefit plan.



Adopting the new Alberta Dental Fee Guide

Addressing the demands from Alberta Health, the insurance industry and plan sponsors across Alberta for more affordable dental care, the Alberta Dental Association and College (ADAC) recently published a new fee guide that took effect September 1, 2017. A provincial fee guide has not been generated by the ADAC since 1997 and the cost for dental services has risen considerably since that time. The Canadian Life and Health Insurance Association (CLHIA) published statistics indicating that Alberta's fees are in the range of 22% to 36% higher than the rest of Canada.

Upon review of this new fee guide, the Alberta Health Minister and CLHIA have stated that this fee reduction is not sufficient to make dental care more affordable, and are working with the ADAC to further reduce the fees. The anticipated release date of the revised guide is on or before January 1, 2018.

Empire Life intends to adopt the new fee guide to ensure we reimburse claims using the most current reasonable and customary fee guide established by ADAC. This approach is consistent with how we adjudicate dental claims in other provinces. Our current contract language states that we reimburse dental expenses using the 1997 Alberta Dental Association Fee Guide for General

Practitioners, plus current inflationary adjustments. A Notice of Amendment (NOA) reflecting this change to the contract will be sent out to plan administrators affected in mid November.

It is anticipated that the insurance industry's work through CLHIA, along with Alberta Health, will help to reduce overall dental costs charged to benefit plans and Albertans.

We will communicate more details about our adoption of the new fee guide and send out a preview of the NOA communication that will be going out to plan administrators in the coming weeks.

[Read more](#)



New short term business travel benefit added to Voyageur Global Benefits

In May, we announced our International Business Travel Medical (IBTM), a new expat benefit, administered by MetLife. This product covers employees and their dependants for emergency medical care and urgent care when traveling on short-term assignment outside of Canada. Our core medical product, Voyageur Global

Benefits, is also now available in Quebec. Offering comprehensive benefits to Canadians working abroad, Voyageur Global Benefits features the MetLife Regional Service Centres, which make it easier to locate local support, get quality medical care, and have covered services paid.

[Learn more about Voyageur Global Benefits](#)

Important Updates



Update on OHIP+

For people under 25, Ontario's [new drug program](#) will cover the cost of more than 4,400 prescription drugs currently funded through the Ontario Drug Benefit (ODB), with no deductible or co-payment. Coverage is automatic. Drugs on the ODB general formulary will be fully covered. It will also cover additional drugs through the [Exceptional Access Program \(EAP\)](#) under specific circumstances.

The Ontario government is partnering with the Canadian Life and Health Insurance Association and member insurance companies, of which we are one, to ensure children and youth with private insurance coverage

experience a smooth transition from private plans to OHIP+, beginning January 1, 2018.

Empire Life group plans cover many more drugs than those listed on the ODB formulary. We will continue to cover eligible drugs **not** covered by the [ODB formulary](#) and the government EAP.

Impact to group plan costs:

Final details of the OHIP+ program continue to unfold and the financial impact is not yet fully understood. Customers with Ontario residents under the age of 25 will see a reduction in claims. To reflect this reduction affected plans will have their rates adjusted starting at next renewal.

Exceptional Access Program and OHIP+ - plan member action required for seamless coverage

The EAP facilitates publicly funded access for ODB recipients (including all Ontarians under 25 who qualify for OHIP+ starting January 1, 2018) in exceptional circumstances.

The province is recommending that for those individuals taking a drug on an ongoing basis, they should be encouraged to talk to their doctor to see if the drug is part of the government's EAP. If it is -- and the doctor recommends they continue to take the current drug --- then they should ask their doctor to submit an EAP request [form](#) **now to avoid interruption of coverage on Jan 1**. We will be sending communication to plan administrators asking them to let their employees know about this required action -- and will include a suggested employee communication for their convenience.

Watch for a more detailed communication about OHIP+ in the coming weeks.



Don't Risk Your Earnings Being Held Back!

Just a reminder to send us your updated renewal license and Errors and Omissions Certificate so that your earnings are not held back.

Need help or have a question? As always, call Advisor Services for help with any administrative, claims, billing, commission, or contractual questions. Email us at group.advisor@empire.ca.

Industry News



National Pharmacare - \$19B price tag with access to fewer drugs

On September 28, 2017, the Parliamentary Budget Office (PBO) released their report on the federal cost of a national pharmacare program: [Federal Cost of a National Pharmacare Program](#). The report states more than \$19B in new federal spending would be required to move to a single payer national pharmacare program.

In a Sept 28, 2017 news release by the Canadian Life and Health Insurance Association (CLHIA) - [PBO Report confirms \\$19B price tag for National Pharmacare](#) - it states that Canadians that access prescription drugs through their employer benefit plans today have access to a wider variety of drugs than that which is proposed in the PBO report. Stephen Frank, the President and CEO of CLHIA comments that “The industry continues to believe that the best system would be one that blends the strengths of both the public and private systems. In that way all Canadians would continue to have access to a wider variety of prescription drugs while allowing Canadians to realize the savings identified in the PBO report”.



Patented Medicine Prices Review Board

Patented Medicine Prices Review Board (PMPRB) - Recent Reform at Work

The drug Soliris manufactured by Alexion Pharmaceuticals Inc. was told to lower its price.

[Read more](#)



Empire Life President & CEO, identifies next major cost for insurers

In a recent [article](#) in Life/Health Professional, Mark Sylvia, President and CEO of Empire Life, discusses Empire Life's results and the challenges that rising drugs costs are posing to the industry.

Small Business Month

October was Small Business Month

October was small business month -- so let's celebrate the success of small business in Canada Let's celebrate the fact that:

- As of December 2015, the Canadian economy totalled 1.16 million employer businesses. Of these 1.14 million (97.9 percent) were small businesses employing 1-99 employees.
- As of December 2015, Small business employed 8.2 million individuals in Canada, or 70.5 percent of the total private labour force. Small business plays a vital role in job creation.
- In 2014 small businesses contributed an average of 30 percent to the gross domestic product (GDP) of their province

We specialize in small to mid-sized businesses. More than 90% of our 7,300 group customers employ between 2 to 200 people, so we understand their needs and are proud to be a part of their team.

FOR ADVISOR USE ONLY

October 31, 2017

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