



As we turn the page into a new calendar year we would like to take this opportunity to wish you much success and good health in the upcoming year.

Optimizing Your Expenses

Identifiable fraud costs have been estimated to be more than \$600 million annually.

Fraud issues stem from two sources; claimants and service providers. Plan sponsors can help their cause through appropriate communication of the need to act responsibly and to comply with requests for (relevant) information from the carrier.

Fraud Costs

Many companies have a code of conduct to protect company assets like computer equipment and other property. **Why not include the benefits plan in your code of conduct?**

Not all carriers/providers compete equally in their efforts to prevent fraud. The next time you are doing a market review, why not add this to your list of criteria in your decision making process?

Customizing Your Program

In October of last year, the Ontario government made changes to the 'Termination and Severance' regulation, which became effective at that time. The impact of this change is that **employers must now pay statutory severance pay whenever they terminate an employee for being unable to work due to illness or injury.**

In the bulletin we received, it was suggested that, practically speaking, employers will need to provide

'Termination and Severance'

termination pay, rather than working notice. This will no doubt make terminating disabled employees much more expensive to employers. While the full impact of this change has yet to be seen, it does not remove the employer from their 'duties to accommodate' a disabled employee. **We also still encourage employers to establish a formal corporate policy that deals with the continuation of benefits in the event of disability.**

Thinking Outside Of the Box

Every adversity carries with it the seed of an equal or greater benefit.

- Norman Vincent Peale



Maximizing the Value of Your Plan

New drugs introduced to the market in 2004 averaged \$142.58 per prescription, almost triple the average of all drugs paid in that year (\$50.62).

This is in large part because these drugs represent single source drugs that do not have a less expensive generic equivalent.

Many of the new drugs introduced today are 'replacing' existing drugs, offering reduced side effects, improved efficacy, and increasing compliance.

With new, and even more expensive, biologic drugs in development, managing

Managed Drug Formulary

the cost of new prescription drugs will be an important key to successfully managing health plan costs into the future. Much of the research focuses on chronic conditions as they offer a greater potential for return to the drug developer.

Developing a managed or conditional formulary can help protect your plan from the impact of the cost of new drugs. Many of the new drugs entering the market target a small population. Creating the need for pre-authorization for these new drugs can ensure that employee drug utilization most effectively meets their needs, and will help to control your plan costs.

Smart Investing

The deadline for CAP compliance has now passed. With that passing we have noticed some trends in speaking with both clients and prospective clients that need to be addressed.

Good plan governance is an ongoing process, not a destination.

The CAP guidelines were designed to encourage sponsors to put in place the appropriate processes, and then manage and document them on a going forward basis to remain compliant.

While the Guidelines do not have legislative teeth, they do serve a purpose

CAP Compliance

with regard to the fiduciary responsibilities of a plan sponsor. They provide clarification of the responsibilities of both the sponsor and the plan members and will be an effective tool when utilized appropriately.

The carriers have done a tremendous job in providing support and services with regard to the guidelines. Some have developed checklists of services provided to assist in the compliance process. **It is important to note that it will be the use of the services, and the documentation of this utilization that will make a sponsor compliant, not just providing lists of services available.**



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Thank You