Client Newsletter

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Opportunities and challenges: the Canadian perspective on outperforming the competition as a destination employer.

Leslie Lemenager, International President

Geographic borders aren't the barriers they once were to communication and—with some exceptions—business transactions. As the world continues to become more connected across boundaries, it also becomes more alike. One convergence is the greater number of employers in industrialized countries that now share some similar workforce needs, preferences and challenges—although they're still shaped by distinct cultural influences and changing economic, social and political forces. Within this dynamic environment, a growing number of Canadian employers are seeing the competitive opportunity in an integrated approach to organizational wellbeing—through a focus on the health, career growth and financial security aspects of employee wellbeing.

Some employers are conditioned to approach benefits and compensation decisions from the standpoint of cost alone—or they may rely on a more limited perspective based only on employee roles or other silos. A top priority for employers should be looking at their workforce holistically. Broadly assessing the diverse needs and wants of their employee population—by gathering and analyzing quality data—is one way to make more informed decisions about benefits and compensation within a total wellbeing framework. But most important for employers is the development of an employee value proposition.

One purpose of the value proposition is to reinforce the important relationship between attracting and retaining talent—and achieving profit and growth objectives. It's also a pact between employers and their employees that creates a shared understanding of mutual expectations for performance and rewards. To be effective, this pact needs to centre on what employees truly love about their organization. Clear, consistent and thorough communications about the meaning and relevance of the value proposition should be woven into the employee experience from "hire to retire."

Welcome to our client newsletter. We trust you will find the enclosed information to be timely and useful to your business planning. If you have any questions regarding this content, please contact your local Gallagher representative.

INSIDE THIS ISSUE

When this happens, employers energize productivity, promote loyalty and build a culture of health that leads to destination-employer performance. Of course, the actual value that the proposition delivers—individually and collectively—will hinge on employers' ability to earn credibility and trust by making good on their intentions.

> Clear, consistent and thorough communications about the meaning and relevance of the value proposition should be woven into the employee experience from "hire to retire."

The components of a successful framework for building a culture of organizational wellbeing need to be in sync with the employee value proposition. In the area of physical and emotional health, employers can realize potential gains through a stronger focus on work-life balance. For example, policies and programs that give employees more flexible work hours—and more options for paid or unpaid time off—will help them keep stress levels in check. When meeting time demands, they'll be better able to integrate work commitments and aspirations with personal responsibilities and inspirations.

Other changing socio-economic norms affecting employer-offered physical and emotional health benefits have surfaced in the pharmacy realm. The decision to cover legally approved prescriptive marijuana isn't always clear-cut for employers because of multiple factors to consider—such as cost. Even though the stigma surrounding marijuana has been declining, some organizations are concerned about the possible effects of recreational use on workers when it became legal in October 2018, including the potential impact on workplace safety and employer liability issues.

Promoting financial wellbeing can also pay employee attraction and retention dividends for employers. When it comes to compensation, a competitive and equitable gender pay structure should guide employer practices.

While there are legislative requirements in Ontario and Quebec for both the public and private sectors, women nationwide still earn less than men overall—although there seems to be solid interest in greater parity. A 2018 survey found that 73% of the men and women polled would publicly reveal their salaries if it would uncover unfair gender discrepancies.[1]

Many employees are struggling with the financial squeeze of belonging to the sandwich generation. They're strapped by the expenses of raising children—often including college—and the cost of providing financial support for parents. These overlapping responsibilities can deplete their retirement plan savings, and are also known to create succession challenges for employers. Offering benefits that help employees reduce spending and improve saving habits can help lower these risks. A comprehensive strategy that combines a variety of tactics may help drive participation in retirement saving plans and related programs—ranging from multiple educational options on personal financial management to auto-enrolment and auto-escalation for defined contribution plans.

Canada's regulatory environment has enjoyed a long-standing reputation for being less burdensome compared to the U.S., but that's likely to change. Employers should expect more compliance challenges to pay equity at the federal level as well as retirement planning in the years ahead—affecting pension plans, executive benefits for highly compensated employees and other vehicles. Employers will want to be vigilant and stay ahead of a trend that will bring the importance of more rigorous compliance policies, practices and overall readiness firmly to the forefront.

For the foreseeable future, many Canadian employers will continue to operate as part of a powerful global economic engine that runs on increasingly complex inner workings. Even for smaller employers, it's difficult to be completely isolated from the effects. So, competing for talent as a destination employer—by driving growth and profits at home or abroad—will require continual oversight and improvement of organizational wellbeing that can only be sustained by total employee wellbeing.

[1] Mclean's, "These are the key numbers that explain the wage gap for women," February 2018

Compliance amendments and deadlines.

Kat Lacy-Wilson, Area Assistant Vice President, Compliance Counsel

Because we know that employers have several compliance responsibilites to juggle, we are highlighting a few recent changes. We will continue to provide Legislative Updates and other articles should anything change with the items listed below or anything new comes to past.

Alberta has increased its minimum wage to $15 effective October 1, 2018.

The increase to $15 is for general laborers and workers, resulting in a substantial increase from the prior minimum of $13.60 per hour.

Salespersons, including land agents and certain other professionals, received a salary increase of $598 per week, up from the prior minimum of $542 per week.

Lastly, domestic employees, those individuals who live within their employers' homes, also received an increase in their minimum wage from $2,582 per month to $2,848 per month.

For additional information, please see Alberta's employment standards legislation changes webpage, available here.

CPP and QPP enhancements went into effect January 1, 2019.

After the majority of the provinces reached a binding agreement in 2016, the Canada Pension Plan (CPP) was modified to allow for enhancements that went into effect January 1, 2019. Similarly, Quebec, through its Quebec Pension Plan, also made enhancements effective January 1, 2019. A summary of these changes are as follows:

CPP	QPP

Enhancement will occur to the existing benefits by: • Increasing the target replacement ratio from 25% to 33.3% of a contributor's average "pensionable earnings" over an estimated 40 years of contributions, and • Starting in 2024, enlarging the definition of "pensionable earnings,",resulting in an increase of approximately $10,000 per year for inclusion for the annual contribution maximum. In order for these enhancements to work, starting in 2019, employers and employees are expected to increase their contributions to the CPP over the next four years, resulting in a change from the existing 4.95% contribution rate, respectively, to 5.95%.	Similarly, the QPP will be enhanced primarily by: • Increase the income replacement rate of retirement pensions from 25% to 33.3% BUT the rate will remain at 25% of the first employment income bracket of $27,450, • Increase the maximum employment earnings on which contributions can be made from $54,900 to $62,600, • Phase in an increased contribution rate from 5.4% for employers and employees, respectively, to 5.7% in 2019 until topping out to 6.6% in 2022, EXCEPT for low-income workers or those individuals whose incomes are less than $27,450, • For 2024 and onward, require an additional contribution rate of 8% to be equally shared by employers and employees, subject to the amount of earnings for the year.
For additional information on the CPP's enhancements, please see the Government of Canada's webpage, available here.	For additional information on the QPP's enhancements, please see the Retraite Quebec webpage, available here.

Clearing the smoke—medical cannabis and your employee benefit plan

Sherie Filion, Supervisor, Employee Benefits & Group Retirement Services, Sudbury

The announcement of the legalization of marijuana in Canada has generated a wide range of conversations within the group benefits industry and amongst employers. While there are many factors, details and strategies that continue to be developed amongst carriers and the governing bodies, it is important to have a clear understanding on the existing landscape of cannabis coverage and the difference between the legalization of recreational marijuana and the drug's deemed "medicinal" counterpart. Employers will play a key role in providing education and guidelines as we enter this uncharted territory in order to clearly define what the expectations will be in the workplace.

In the news: While society continues to understand how it will evolve under the new legalization, long-time advocates for including medicinal cannabis to employee benefit plans gained traction when a Human Rights discrimination case was brought to the forefront of an already sensitive topic.

In the February 2017 case of *Canadian Elevator Industry Welfare Trust Fund v. Skinner*, the issue of whether a benefit plan could cover medical marijuana was brought to the Human Rights Board. The case created precedent because the court ruled in the claimant's favour by holding that he faced unintentional discrimination because the exclusion of coverage was inconsistent with the purpose of the insurance plan. A little over a year later, in April 2018, Nova Scotia's highest court overturned that decision by rejecting the original position and application test of discrimination. In the end, the higher court's decision concluded that the claimant had access to all the medications available to any other eligible plan member. While he experienced an adverse impact due to those medications not being effective for him personally, he did not fall within a protected group described in the Human Rights Act.[1]

The higher court's decision in *Skinner* remains the standard for how medical cannabis is currently treated by benefit plans. Specifically, most benefit plans contain parameters that clearly state prescription drugs need to be recognized by Health Canada with a Drug Identification Number (DIN) in order to be considered an eligible expense. As cannabis has yet to be assigned a DIN, per this definition, most benefit plans will not cover medicinal cannabis.

[1] Nova Scotia's highest court strikes down human rights decision over medical marijuana, CBC, The Canadian Press https://www.cbc.ca/news/canada/nova-scotia/court-decision-overturns-medical-marijuana-insurance-1.4617373a

A defined line on the unknown: One thing that has been made clear by the Government of Canada is that the rules governing medical cannabis (Access to Cannabis for Medical Purposes Regulations—ACMPR) will remain unchanged and not to be confused with the legalization of recreational marijuana.[2]

The legalization of recreational marijuana has simply provided another legalized avenue for individuals wanting to consume cannabis for medical reasons. It is however important to know that unlike medical cannabis, recreational cannabis obtained outside of the ACMPR and Health Canada regulated providers would not be considered an eligible medical expense as currently defined under the Medical Expense Tax Credit, regardless if the cannabis is being used to treat a medical condition or not.[3]

Even though the medicinal uses of cannabis date back over 3,000 years, the knowledge and research on the drug continues to prove difficult to researchers and has not been recognized by all governing associations. Currently, medical cannabis is neither a Health Canada approved "Drug" product nor a Licensed Natural Health Product. This means that the medical cannabis DOES NOT have a DIN or Natural Product Number (NPN); as such, it cannot be dispensed by a retail pharmacy. However, Canada Revenue Agency (CRA) has considered medical cannabis as an eligible medical expense and as a result, many group benefit plans can reimburse members for such claims through their Health Spending Account (HSA).[4]

So what's the difference? The main difference between the two types of cannabis categories comes down to the regulations that govern them:

- Medical cannabis is any cannabis obtained under the federal ACMPR, and used for medical purposes only.
- Legal recreational cannabis is any cannabis obtained under provincial regulations for recreational use that came into effect when recreational cannabis became legal. Cannabis obtained through this avenue is intended for recreational purposes.[5]

Today's landscape: There continues to be many unknown factors and confusing recommendations that makes it difficult to fully understand the medical cannabis world. While doctors can prescribe medical cannabis, it may come as a surprise to most that they often only indicate the dosage to consume in a day, with no indication of the type of strain to be used for treatment of the individual's specific medical condition. With hundreds of strains currently available, individuals are left overwhelmed and confused when deciding which path to take for their course of treatment through medical cannabis.

And, while medical cannabis does not currently have a DIN, most are unaware that currently there are 2 synthetic cannabinoids (Sativex & Cesamet) that do have a DIN and are currently eligible under some benefit plan providers' drug formularies.

Benefit providers within the industry have begun to unveil their position on offering medicinal cannabis coverage to their policyholders. While they continue to develop their strategy with exposure in handling the changing landscape of the drug, many have included additional authorization requirements, limited eligible illnesses/ailments and plan maximums within the plan parameters. We recently polled providers to gain insight on the details of their offerings, if available. The table below shows the different carriers with a summary of their position and offering details on covering medicinal cannabis.

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[2] Introduction of the Cannabis Act: Questions and Answers, Government of Canada (https://www.canada.ca/en/services/health/campaigns/introduction-cannabis-act-questions-answers.html#a11)

[3] Government of Canada, Medical Expenses, 2017 (https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4065/medical-expenses-2016.html)

[4] ClaimSecure eNews – Medical Cannabis Coverage Now Available – Medical Cannabis Coverage – July 2018

[5] 1. Introduction of the Cannabis Act: Questions and Answers, Government of Canada (https://www.canada.ca/en/services/health/campaigns/introduction-cannabis-act-questions-answers.html#a11)

Carrier	Insured Plan Coverage	ASO Plan Coverage	HSA Plan Coverage	Effective Date	Plan Details	Estimated Financial Impact
ClaimSecure	N/A	Coming Soon	Currently Available	October 1, 2018	• Medical Cannabis Referral Form required • Limited eligible conditions • Recommended Plan maximum of $2,500	Estimated claims $2,426/12 months
Desjardins	Currently Available (Option to include within the Extended Health Care Benefit)	Currently Available	Currently Available		• Prior authorization will be required • Limited to 4 eligible indications • Minimum age for approval is 21 • Annual maximums between $1,500–$6,000 • Regular groups only, not eligible under PerformPlus plans	• Rate impact dependent on plan design selection
Empire Life	Not Available	Not Available	Currently Available	To be determined	N/A	N/A
Great-West Life	In Development	In Development	Currently Available	Target for late 2018–Early 2019	• All claims will require Prior-Authorization	To be determined
Greenshield	In Development (to be included within the Extended Health Care Coverage)	In Development	Currently Available	To be determined	• Prior Authorization will be required • A benefit maximum will be put in place • Limited to specific medical conditions	• Financial impact on insured plans to be determined • Estimated financial impact on ASO plans is claims of $10,000/ annually (in the absence of a plan maximum)
Industrial Alliance	Currently Available	Currently Available	Currently Available		• Prior Authorization required • Annual maximum of $5,000 • Eligibility based on guidelines set out by Health Canada and the College of Family Physicians	Underwriting review for client specific financial impact on premiums will be required
Manulife Financial	Currently Available (Option to include within the Drug benefit)	Currently Available	Currently Available		• Prior authorization required • Annual maximum of $2,500 • Partnership with Shoppers Drug Mart to provide guidance on the drug (available September 1, 2018)	Approximate adjustment of 1.5% to the Drugs & Other rate
NexGenRx	N/A	Currently Available	Currently Available		• Partnership with CannTrust Inc. • Optional coverage	
RBC	In Development	Not Available	In Development	Target of Q1 2019	• Coverage will be provided on Cost Plus, HSA • Will be optional under insured Extended Health Care plans	To be determined
SSQ	In Development	In Development	In Development	Within the next few months	• All details surrounding coverage are yet to be determined	To be determined
Sun Life	Currently Available	Currently Available	Currently Available		• More plan design control available within Extended Health Care plan design • No controls available under HSAs	• Estimated claims between $1,700–$6,600 dependent on medical condition • Recently quoted at a +20% increase to insured rates for an existing client

While we are taking this opportunity to shed some light on the topic through this article with the goal of addressing medicinal cannabis coverage within group benefit plans, we understand that employers will also have questions with respect to handling the potential impact in the workplace with the legalization of recreational marijuana. We invite you to connect with one of our HR consultants if you require assistance in handling concerns or to obtain assistance in developing your organization's policy on the matter. Our online human resources portal, Gallagher HR Online, which is a subscription-based service offering ready-to-use templates and resources in both French and English, is another source of information to help your organization address this issue.

For further information and recommendations on how you as an organization should approach medicinal cannabis coverage, please speak to your consultants today.

Are you ready for the legalization of marijuana? It's not as daunting as you think!

Sarah Hedayat, Team Lead, Benefit Consulting Services

Marijuana has been a hotly debated topic in the group benefits and legal spheres, particularly as of late. There is a stigma associated with marijuana use that often resembles those synonymous with harder drugs. Concerns are frequently tied to issues of addiction, impairment and the impact on employees' abilities to perform their roles, particularly in safety-sensitive positions. Many employers also face valid concerns regarding their ability to address impairment in the workplace. With the recent legalization of recreational marijuana in Canada, 71%[1] of employers find they are not prepared. In conjunction with the increased application of marijuana as a medical treatment, employers are seeking answers as to what impacts these changes may have, and determining what their obligations are.

Group Benefit Plan Considerations

MARIJUANA AS MEDICINE?

While continued research into the efficacy of marijuana in treating various diseases and conditions is needed, studies seem to suggest it does have a role to play in the medical field. Licensed distributors have been able to cultivate plants which contain specific concentrations of the tetrahydrocannabinol (THC) and cannabidiol (CBD) components based on the intended impact of the treatment. As utilization of medical marijuana by Canadians continues to rise, pressure may be put on both insurance carriers and plan sponsors to identify opportunities for coverage under group benefits plans.

HOW COULD THIS IMPACT YOUR GROUP BENEFITS PLAN?

Although medical marijuana has historically been eligible for coverage only through Healthcare Spending Accounts (HSAs), it seems that carriers are beginning to recognize the growing role and acceptance of marijuana in healthcare. In 2018, three of the major carriers in Canada introduced coverage of medical marijuana for treatment of, or symptoms associated with, specific conditions—namely cancer/chemotherapy and multiple sclerosis. These carriers are providing plan sponsors with the option to elect whether or not coverage for medical marijuana is to be included under their core Extended Health Care (EHC) benefit. Eligibility for coverage is typically subject to each carrier's preauthorization process, and requires compliance with Health Canada regulations surrounding the purchase of medical marijuana.

It should be noted the legalization of recreational marijuana will not impact coverage under private group benefits plans as these programs only cover medical marijuana (if coverage is offered at all).

YOU HAVE AN OBLIGATION TO…?

Employers are not obligated to offer medical marijuana coverage under a group benefits program, and carriers have been clear that the addition of such coverage to a benefits plan is optional, subject to the plan sponsor's discretion. Whether or not an obligation may exist in the future is likely to be determined by both the contract language specific to each benefits plan, as well as the jurisdiction applicable to the plan sponsor.[2]

A number of factors should be considered prior to adding medical marijuana to a group benefits plan, including how a plan sponsor's drug and alcohol policy addresses potential impairment in the workplace. Plan sponsors need to be aware if an employee is using marijuana for medical purposes, there is a duty to accommodate that member to the point of undue hardship.[3]

Policy Considerations

IS EVERYONE HIGH?

Impairment in the workplace is not a new issue. While the legalization of marijuana may have more Canadians starting to consume the drug (which continues to be debated), it doesn't mean that everyone will start showing up to work high. The way employers think about it should not be that different from how alcohol is viewed in the workplace. Employees are expected to arrive at work fit for duty and not be under the influence of any substance that may cause impairment, whether it be legalized marijuana, alcohol, illegal drugs, prescription medications or medically authorized marijuana. Impairment is impairment, and recreational use is certainly not a right in the workplace.

YOU HAVE A DUTY TO WHAT?

If an employee shows up to work exhibiting impairment, employers have a duty to ensure the safety of the individual and those around them. Seek to understand the situation and do not assume you know what is happening. Is the individual actually impaired? Sometimes personal stresses can exhibit behaviours similar to impairment. If they are impaired, why? Specifically in regards to marijuana, are they using it recreationally or are they medically authorized to do so? Is dependency or addiction a factor? How an employer manages the situation will depend on the specific circumstances. If dependency, addiction or medical authorization emerge, employers have a duty to accommodate that individual. If it is recreational, then the individual could be subject to discipline, up to and including termination.

WHAT SHOULD YOU DO?

Each situation is unique but employers should have a drug and alcohol policy that clearly outlines their expectations and the procedures for addressing suspected impairment. Some key points for consideration include a requirement to:

- Be fit for work and free from impairment;
- Disclose any work restrictions due to possible adverse affects of prescribed medications;
- Report dependency or addiction before an incident; and
- Maintain confidentiality.

Other considerations may include:

- Accommodation and available support (e.g., employee and family assistance program);
- Exceptions to the policy (e.g., alcohol consumption at approved corporate events); and
- Communication and training plan.

Thinking through these considerations and planning for impacts to your group benefits plan and policies does not need to be complicated, but it does need to happen. Here's to moving that needle on the 71%.

[1] https://www.newswire.ca/news-releases/71-of-employers-are-not-prepared-for-the-legalization-of-marijuana-according-to-hrpa-business-of-cannabis-and-public-services-health--safety-association-survey-671608583.html

[2] Amos, Kiersten N. "Does Excluding Coverage of Marijuana Violate Human Rights?" IFEBP Plans & Trusts Magazine, January/February 2018, 9-12.

[3] Bouwmeester, L. "Marijuana and Your Benefit Plan." Presented at Benefits Canada 2018 Calgary Benefits Summit, Calgary, Alberta, Canada, May 29, 2018.

Interprofessional collaboration in healthcare.

Baki Rahman, Senior Benefit Analyst

With the growth of more complex health issues—such as musculoskeletal disorders, obesity, diabetes, and heart disease along with the need for higher quality healthcare, the traditional physician model where a single healthcare provider operates in silo from their office is no longer enough to tackle the challenging healthcare situations more and more Canadian patients face.[1] As many of these complex health problems are being reflected in higher cost biologic and specialty drug usage in group benefit plans, plan sponsors have a direct incentive to support efforts at improved healthcare which could lead to long-term employer cost savings.

A patient dealing with muscle problems would have a better likelihood of recovering if there is collaboration between their physiotherapist, general physician, nurse, specialist and surgeon rather than dealing with each individual practitioner on a stand-alone basis. Interprofessional collaboration approach amongst practitioners would improve the overall health of a patient leading to faster recovery times and improved overall productivity at the workplace.

Interprofessional collaboration takes place when practitioners from more than one profession work together to solve complex issues facing their patients.[2] The benefits of interprofessional collaboration are vast and can involve multiple areas of healthcare including research, clinical practice, education and patient advocacy. Collaboration not only improves outcomes for patients, but also lays the foundation for further healthcare research. (For example, a patient's needs would dictate areas for further healthcare research.) Through healthcare research, the quality of education for future practitioners could be improved with better knowledge and techniques to be used in the industry.[2]

There are numerous benefits to interprofessional collaboration which filter down to the plan sponsor:[2, 3]

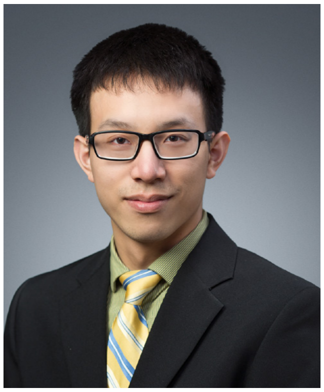
- Improve the assessment, planning, provision and review of healthcare services, thereby maximizing health outcomes for patients. Better healthcare for the patient results in more productive employees at the workplace.
- Learning opportunities between professionals where nontraditional thinking is required to solve complex problems facing their patients. With the significant use of paramedical practitioners in benefits plans, coordination between paramedical practitioners and an employee's physician could lead to faster and better diagnosis of medical problems before they become more serious.

- Improved efficiency and productivity by reducing the average time a single practitioner spends with a patient while improving overall patient care. The use of multiple professionals with specialized areas of expertise is critical for employees on disability. Implementing a disability management plan that is convenient and customized to the employee, by using professionals that are better able to accommodate the nature of the disability could result in improved return-to-work times.
- Access to new resources and skill sets to further improve the abilities and competencies of individual practitioners. Improved diagnosis of medical problems including prescribing the most effective drugs early in the treatment plan could result in long-term cost savings for drug coverage in group benefit plans.
- Ability to distribute patient costs across multiple practitioners rather than the costs being handled solely by the general physician the patient visits on a regular basis (i.e., a patient dealing with muscle problems mentioned above would have costs distributed across their physiotherapist, physicians, nurses and surgeon).
- Ability to reach a larger number of patients. With the growing shortage of qualified general physicians and specialists across the Canadian healthcare system, incorporating other professionals could significantly improve the reach of services to a larger number of Canadians. Better coverage for more Canadians could reduce the long-term pressure of spiraling healthcare costs on private employer sponsored benefit plans.
- Ensuring the competency and education of professionals with significant experience such as nurses are fully utilized. This could potentially have a broad impact, reducing wait times across the healthcare system and directly improving healthcare received by the average employee.

With the continual growth in healthcare costs, coupled with the high cost and unsustainable nature of the traditional physician model of healthcare, interprofessional collaboration will be an important change to providing better healthcare for Canadians. Collaborative models of healthcare will lead to better outcomes for patients facing chronic conditions, while ensuring Canadians in more rural and remote settings have access to the healthcare they need.[1]

1. Canadian Nurses Association. (2012). What If: Interprofessional care was the norm in Canada? Retrieved from Canadian Foundation for Healthcare Improvement: https://www.cna-aiic.ca/~/media/cna/page-content/pdf-en/what_if_interprofessional_care_norm_cfhi_e.pdf
2. Johnson, B. N. (2015). Interprofessional collaboration in research, education, and clinical practice: working together for a better future. The Journal of Chiropractic Education, 15-36.
3. Diane R. Bridges, R. A. (2011). Interprofessional collaboration: three best practice models of interprofessional education. Medical Education Online.

Connecting the dots to foster total wellbeing.



Holly Isaman, National Wellbeing and Engagement Consultant
Ian Lin, Benefit Analyst

An employee's happiness within the workplace is not just about a good benefits plan and salary but a holistic angle of wellbeing.

Over the course of the past decade, wellbeing has grown in influence and continues to evolve as we understand more about what fosters and sustains a person's ability to thrive at home, at work and in their communities. In response to this shift, 20% of employers have broadened their approach when designing their wellbeing initiatives and strategies.[1] What is the value to your organization by taking a holistic approach? Strengthening individual capacity across the interconnected dimensions of physical, emotional/social, financial, career and community enhances overall wellbeing.

While physical and emotional elements have often formed the heart and soul of wellbeing strategies, in recent years there has been greater recognition that healthy mind-body outcomes for employees are linked to community involvement, resilience and stress management.[2]

A closer look at the dimension of community and the impact on wellbeing and engagement

Many things can come to mind when we see the word community. In the context of wellbeing strategy, it refers to having meaningful relationships and being able to give and receive support. It also includes caring for one's surrounding community and feeling a sense of engagement with where you live.[3]

Many employers ask, why should community matter to them? Does involvement in my community really boost productivity at work? Studies have shown that volunteering helps people who donate their time feel more socially connected, thus warding off loneliness and depression.[4] When it comes to the impact on physical health, the study identified adults over age 50 who volunteer on a regular basis tend to have a smaller likelihood of developing high blood pressure than non volunteers.[4] Not only are there health benefits and reduced benefits costs, volunteering has also led to less work-life conflict, burnout and stress—and more positive mental health.

On top of this, engagement with the community also helps attract and retain talent. A Fortune study found nearly two-thirds of millennials (born 1981–1997) are more likely to want to work for a company that gives to charity.[5] Similarly, they are more likely to buy the goods or services of a company who engages in social causes, reinforcing the nickname the "Giving Generation."[5] It should be no surprise that benefits such as volunteer time off and charitable donation matching have increased in popularity with employers in acknowledgement of this growing population within the workforce.[6]

By creating opportunities for people to make a difference in their communities, organizations connect the dots between enhancing individual wellbeing and employee engagement. By sharing in that passion, organizations are teaming up with their employees to publically support a good cause, taking it to a whole new level of engagement. This will positively shape the employee experience and ultimately enhance organizational culture.

Canadian employers identified improving their employee experience, fostering organizational culture and remaining/becoming a destination employer as the top three reasons for implementing a wellbeing strategy, so why not connect the dots between community giving and volunteering initiatives and your wellbeing strategy?[1]

Over half of employers indicated that limited staff and/or time are barriers in planning or implementing initiatives for a thorough wellbeing strategy.[1] Despite the challenges, time doesn't have to prevent organizations from getting started because fostering wellbeing can start with existing resources.

Typically, employers already have multiple resources in place to boost wellbeing in many dimensions, including community. Organizations can leverage and deploy assets such as corporate social committees or annual giving campaigns in a way that allows employees to understand their purpose and value. Communication is one of the key factors here.

Promoting and improving employee health and wellbeing is a top priority for 69% of employers: however, only 45% feel they have an effective strategy.[1] The key to an effective strategy is to engage the whole person in all the dimensions of wellbeing, which will better position employers to motivate the highest possible productivity.

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[1]Arthur J Gallagher—2018 Canadian National Benefits Strategy & Benchmarking Survey
[2]Arthur J Gallagher—2018 Human Capital Insights Report (Canada)

[3]Tom Rath, 2010. Wellbeing: The Five Essential Elements.

[4]Harvard Health Blog—Volunteering may be good for body and mind—https://www.health.harvard.edu/blog/volunteering-may-be-good-for-body-and-mind-201306266428

[5]Charlotte Business Journal—What millennials look for in an employer, and why you should care—https://www.bizjournals.com/charlotte/news/2017/12/13/what-millennials-look-for-in-an-employer-and-why.html

[6]Forbes—5 Things We Know Millennials Want From a Job—https://www.forbes.com/sites/kaytiezimmerman/2017/10/01/5-things-we-know-millennials-want-from-a-job/#689a03d57809

Long-term disability: understanding costs and how to manage them.

Kevin Wong, Senior Benefits Analyst
Elisabeth Mok, Benefits Analyst

Long-Term Disability (LTD) coverage is important and, in most cases, one of the most costly expenses in a traditional benefit plan. Although incidences of disability are hard to predict, there are ways to help control the costs—both directly and indirectly. By understanding how insurers determine the rates required for these benefits, you, as a plan sponsor, can make an informed decision on what can be done to control expenses.

Underwriting Methods

The following underwriting methods apply to both Basic Life and Long-Term Disability. However, we will focus on LTD as it is often overlooked yet is a very impactful benefit.

FULLY POOLED

Your consultant may mention your benefits are fully pooled, but what does that really mean? Fully pooled underwriting is used when no credibility is applied to the claims experience. Similar to your home or auto insurance, when you are not at fault, the entire financial risk is assumed by the insurer and the required rate would not be affected by the claims experience. Rates are solely based on the insurer's manual rate—which is determined by the Standard Industrial Classifications, demographics of the plan, volume and occupations of the insured members, and the insurer's block of pooled clients' experience. This method of underwriting is typically used for groups under 200–300 members, depending on the insurer's methodology. With fully pooled underwriting, direct cost control measures (further explained below) would be most effective.

PARTIALLY EXPERIENCE RATED

What happens when your group is larger than 200–300 members? For larger groups, insurers will use partially experience rated underwriting to determine the required rate. Similar to your health or dental benefits, you start paying for what you use. Rates are partially based on the plan's actual experience. This is called the credible portion of the rate. Your plan's level of credibility directly correlates with the size of your group. Your group's experience includes the claims paid, Incurred But Not Reported reserves and Waiver of Premium (for basic life) or Disabled Life Reserves (for LTD). The Waiver of Premium or Disabled Life Reserves are actuarially calculated based on the disabled member's age, coverage volume and benefit duration. The non credible portion of the rate action would be based on the insurer's manual rate as per the fully pooled underwriting method. As experience plays into how the benefits are rated, both direct and indirect cost control measures would be effective.

Cost Control Measures

DIRECT IMPACTS

Direct cost impacts can be achieved through plan design changes, whether the benefits are fully pooled or partially experience rated. Here are some examples of premium reducing factors:

Reduce the benefit schedule and/or maximums	This would lower the volume of coverage and the correlating amount of premium.
Revise the definition of disability	This would limit the terms for which a member is considered disabled and ensures the benefit will not be abused.
Remove Cost of Living Adjustments (COLA)	This would keep benefit amounts consistent should a member be disabled. This helps lower the Disabled Life Reserves and premiums required to fund the benefit.
Limit the benefit period	This would cap the duration of disability payments to a specified number of years, rather than to age 65, encouraging an earlier return to work. This would also lower the Disabled Life Reserves.

The above factors decrease costs by either reducing the volume of coverage or impacting the insurers' pricing factors, both resulting in lower premiums. While these examples can achieve cost savings, it is important to ensure employees are still receiving sufficient coverage in the event they become disabled.

INDIRECT IMPACTS

Indirect cost impacts can be achieved by implementing preventative measures that promote health and wellness. Here are some examples of benefit programs and initiatives that could encourage wellbeing:

- Wellness Programs
- Early Intervention Programs
- Paramedical Coverage
- Health Spending Accounts
- Employee Assistance Programs

The above items may improve the overall wellbeing of employees, and therefore lower the chances and/or the duration of disability. Additionally, these initiatives may lower absenteeism, encourage employee retention and promote healthy culture, resulting in an improvement in claims experience as well as savings retained from unnecessary turnovers.

Explore Your Options

At Gallagher, we use a holistic approach to benefits planning by taking into account your financial goals and company vision. Our vast array of tools and resources can help you make the best decisions for your company. If you are facing challenges with the cost of your Basic Life or Long-Term Disability premiums, contact your benefits consultant about the potential cost control measures outlined above. They will consider how your plan is rated and suggest options that are right for your company, all while ensuring your employees are receiving sufficient coverage and that your benefits offerings are competitive within the market.

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