

Alberta Employee Benefits Newsletter

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Increasing Drug Costs

The pharmaceutical industry is constantly changing and implementing new and improved drugs for the treatment of old conditions. Some of these new drugs can have a significant impact on Group Health Plans.

Many clients are looking to add lifestyle drugs to their benefit plans as these drugs become more popular and accepted by society. Within the past 5-6 years we have seen drugs come on the market for the treatment of Erectile Dysfunction (ED). Approximately 15-52% of men over the age of 40 have varying degrees of erectile dysfunction and 51% of these men have had some discussion with their physician¹ about their ED condition. As a result, this has had large positive monetary impacts for pharmaceutical companies. Until recently the most common methods of treatment have been Cialis and Viagra.

Levitra was released in March of this year, and is now in direct competition with these other drugs.

The advantage with Levitra is that the required dosage is less than Cialis and Viagra for similar outcomes. The impact on Group drug plans is minimal, (if ED drugs are currently covered) as the cost of this drug is comparable to its competition. The average cost is approximately \$11.25² per pill.

Not all group plans cover ED drugs because they are classified as a lifestyle drug and not medically necessary. The option to add this coverage is usually available by most carriers but it will involve an increase in premiums due to the potentially high impact these drugs may have on an insured group plan.

We hope that you will find this information useful and we hope to continue to provide you with updates as we receive them.

¹ Barkin J, Carrier S, Gajewski JB, Brock B, Erectile Dysfunction and Male Sexual satisfaction: a national survey, J Sex Reprod Med 2003;3 (Suppl. B): 10B-14B

² ClaimSecure, Drug Review, Volume III, Issue 4

Empire's Group School

Empire Financial Group held their first group school this year in Edmonton and it was received very positively by attending producers. The topics of discussion included Group Benefit Descriptions and Marketing & Administration of group benefit plans.

Look for additional seminars to be run on September 13th in Calgary, September 16th in Edmonton and October 14th in Regina.

Topics of discussion at these sessions will include;

- Plan Administration and Claims
- Pricing and Underwriting

Here is your chance to find out why the Insurance companies ask for the information they do, and how your renewal rates are calculated each year.

I am sure you will find these sessions to be very useful, as well as rewarding. Each seminar is worth 1.5 hours of Continuing Education Credits.

Be sure to contact us if you are interested in attending one or more of these sessions.

Employee Benefits in Review

The first half of 2004 has proven to be very successful for Empire Financial Group. We have continued to see higher than expected sales and growth.

Currently our Western division's sales numbers are at approximately 150% of quota, and we have experienced a 20% growth in our Business in Force over last year.

All indicators lead us to believe that this strong growth will persist and we look forward to a stellar finish to 2004.

We also want to take this time to thank you for all your support. We could not achieve this success without your contribution.

Thank you,
Western Group Management



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Product Initiatives

Administrative Services Only

Empire offers Extended Health and Dental Administrative Services Only contracts with no minimum premium requirement to groups over 20 insured lives.

Extended Health is offered with Stop Loss protection of either \$5,000 or \$10,000 per certificate. All claims in excess of these Stop Loss limits are fully pooled, along with all Out of Country Claims.

Options are available to the client in how the ASO contract expenses are established. Expenses can be shown as a percentage of deposits or claims. There is also flexibility in the commissions that are paid.

For more details, please be sure to contact us for a copy of our ASO Product Guide

Cost Plus Changes

In July 2004, Empire reduced Cost Plus fees. The fees are now 10% of the claimed amount, with a minimum fee of \$25 and a maximum fee of \$150. The minimum fee is comparable to the rest of the industry and the maximum fee is quite competitive. Some competitors charge as much as \$500.

Please be sure to contact us at the Group Office for new Cost Plus forms, outlining the new fees.

Electronic Dental Growing

Dental offices continue to utilize the ability to electronically submit claims to insurance companies through the CDANet (Canadian Dental Association Network). Here are some statistics that you may find interesting.

	Dentists	Dentist on CDANet	%
Ontario	7,536	5,308	70%
Manitoba	559	373	67%
Saskatchewan	374	253	68%
Alberta	1,753	1,394	80%
BC	2,733	1,901	70%

These numbers are up significantly in the past 5 years and continue to grow as more dentists get set up electronically.³

Equal Playing Field

Government-sponsored health insurance through Alberta Blue Cross will continue to be exempt from tax, under the changes that were introduced in Bill 8.⁴

One major change introduced is that the exemption for Blue Cross private insurance programs, representing about 15% of its customers, has ended.

Blue Cross will now have to pay the same 2% premium tax that all other Private Insurers pay on this block of business. This change in legislation removes the 2% advantage that Blue Cross had, thus levelling the playing field between Blue Cross and the rest of the market.

The change is viewed as a substantial one in the industry. For most insurance carriers, this 2% represents the amount of premium required to cover the adverse risk of some lines of business, and for others is the expected profit they are expected to earn.

Web Initiatives and Update

In 2003 Empire Financial Group launched a secured online Plan Administrator website. This site allows administrators to access employee information such as salaries, occupations, marital status, booklets billings and dependant information.

Look for the launch of transactional capabilities and upgrades to this system in the 4th quarter of this year. Some of the enhancements will include the following:

- Adding New Employees
- Terminating Employees
- Adding Dependants
- Modifying Employees Benefits

We will continue to upgrade and enhance both our Producer and Plan Administrator websites in the future.

Reference

³ Claimsecure, ClientSide, Volume III, Issue 1

⁴ Alberta Government News Release, February 19, 2004



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