

# 101 The Provider Files

● **Maritime Life.** The federal Office of the Superintendent of Financial Institutions and the Minister of Finance have given final approval to the amalgamation of Maritime Life and **Aetna Canada.** Maritime is a 100% subsidiary of John Hancock Mutual Life Insurance Company, and Aetna Canada was a 100% subsidiary of Aetna Life, both American firms. The Aetna Canada name will disappear, and all client materials will be replaced. The building which housed Aetna's Canadian head office has been renamed to the Maritime Life Tower. One very interesting issue which is not yet announced will be whether Maritime selects **Assure Health Inc.** or **ESI** as its transaction card provider. Assure presently serves Maritime and most other Canadian insurers. ESI presently serves Aetna and **Manulife.**

● **Sun Life.** The demutualization vote was successful. Sun will become a publicly traded company in March, according to their press release. They plan to issue 400 million shares to eligible policy-holders, representing the entire value of the company. Every eligible policy-holder will receive a minimum of 75 shares, and the initial share price is estimated at between \$14 and \$21.

● **Metropolitan Life [US].** Remember that name? They are the company that sold their Canadian subsidiary to **Clarica**, rather than deal with the Y2K issue up here. Now, Met US has filed all the necessary papers in order to – guess what – demutualize their US company. They are not alone. **John Hancock** [owner of **Maritime Life**] and **Prudential** [who sold their Canadian subsidiary to **London Life** which was then sold to **Great West Life**] have also announced similar plans.

● **BCE Emergis.** In edition 8, we reported on the acquisition of **Assure Health Inc.** by BCE Emergis. Assure is Canada's largest electronic processor of health and dental claims, serving most of the group insurance companies. It is now announced that BCE has acquired **United Payors and United Providers Inc [Up&Up]** of Rockville, Maryland. Up & Up is a major provider of claims processing services for insurers in the US. Looks to us like a major new presence emerging.

## Special Notes

**We all made it into the new millenium, with virtually no 'Y2K' challenges. Best wishes for a most successful year.**

You will note that we have changed the heading to the left – it used to be *'The Insurer Files'*. This recognizes that your benefits plan is more and more likely to be sourced from more than one supplier, and that the suppliers may not be insurers.

We have received some comment on the frequency of *BeneFacts*, and our issue numbering protocol. We expect to publish a new edition approximately every second month, provided there is adequate useful content. As a result, the simple sequential numbering, accompanied by the date, seems the most practical to us.

### Point and Counterpoint

"Managed Care is a process of quality integrated healthcare management, based on best evidence, which balances quality, access, and cost, for the purpose of achieving optimum health for the individual."

*The Canadian Managed Care Council*

"Managed Care plans give employees a restricted choice of providers, rob the employee of the autonomy of discussing payment responsibilities, alienate the employee from the dentist-patient responsibility, and disenfranchise the employee from supporting the employer's efforts to ensure long term access to needed care."

*The Ontario Dental Association*

### The Stock Box

[Closing Prices on February 10, 2000]

Canada Life	23.00
Clarica Life	27.10
Great West Life	18.75
ManuLife	17.00
Sun Life	N/A

## 10.2 Product Developments

### Structured' Group RRSPs.

Recognize the term? If not, it's a good time to learn, because you are likely to hear a lot more about it. A structured group RRSP exists if an employer contributes to a group RRSP and if member access to the funds is limited either during employment or after employment terminates. Guess what, you may have had one all along.

The Superintendents of Pensions for the provinces of Nova Scotia and New Brunswick have determined that structured group RRSPs must be registered under and therefore subject to their Pension Benefits Acts. The other Superintendents are understood to be considering taking the same step.

***This could be of great consequence to plan sponsors.***

Firstly, many of the major financial institutions that have promoted this form of retirement plan would be unable to meet the reporting requirements of a pension plan.

Secondly, a pension plan places major fiduciary responsibilities on the sponsor. Such areas as spousal rights, creditor protection, disclosure requirements and access to information are all likely to change.

Greg Hurst, Heath's Pensions Manager, is in continual communication with the various regulatory authorities, and will elaborate on this issue in future editions of *BeneFacts*. In the interim, feel free to contact your Heath consultant for up-to-the-minute information.

*More Product Developments on page 2* ⇨

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# Product Developments

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## Pension Plan Governance

A joint task force made up of representatives of the Association of Canadian Pension Management [ACPM], the Pension Investment Association of Canada [PIAC] and the Superintendent of Financial Institutions [OSFI] has tabled a report recommending standards for pension plan governance and a guide for pension plan administrators to use in assessing their governance practices.

The content of the report can be found on any of their websites: acpm.com, piacweb.org, or osfi-bsif.gc.ca. It is anticipated that the recommendations will be addressed by the provincial Superintendents of Pensions, for inclusion in local regulations.

## Dental Plan Fraud by Employees

The Ontario Dental Association reports on an apparently common way by which employees defraud their dental plans,

and offers suggestions as to what should be done.

An example involves a new patient providing personal information at the first appointment, only to change it, later. In one reported case, the patient changed the first name and insurance information, to be that of her daughter, to overcome plan maximums.

The ODA suggests that communication is the key to solving this issue, ensuring that employees understand that they are partners in the provision of, and sustaining of the dental plan. Using the plan responsibly helps to ensure its ongoing viability. Abuse erodes this.

*No statistics on frequencies of such activities are provided, but, if you have the problem, ODA has ideas for a solution.*

## Generic Drugs

The federal government is apparently set to tighten the regulations which control how generic drug companies bring their drugs to market. Under current legislation, when a generic drug maker wants to bring a duplicate drug to market, it must pass through two approval processes: one examines the safety of the drug; the other determines if it infringes any patents. The maker of the drug being copied can delay approval for up to two years, on this point.

The changes would broaden the

scope of these regulations. They would allow any drug maker to delay the approval of a generic drug, if they have a patented drug containing a medicine found in the drug being submitted for approval.

The Canadian Drug Manufacturers Association, the industry group for the generic manufacturers, has lobbied continuously since last July to prevent these new regulations from being introduced. So far, they have been successful.

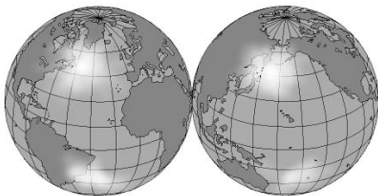
## Vioxx -

is a drug that has recently entered the Canadian marketplace. It is similar to Celebrex, although used for acute pain relief. The impact on drug plans is expected to be costly as it may replace the relatively inexpensive analgesics such as Tylenol and Aspirin.

## Relenza -

is the first of a new class of anti-viral drugs specifically developed for the treatment of Influenza A and B. You start to take the drug at the onset of the flue, and it apparently cuts the number of days of sickness in half. This drug is also costly, but has the advantage of getting your staff back to work quickly.

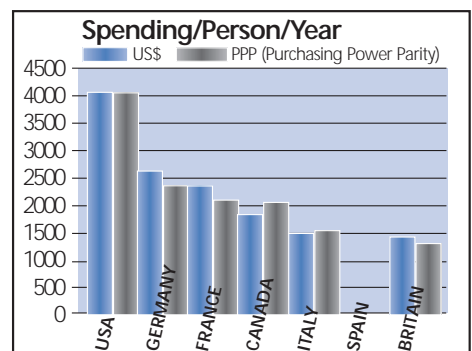
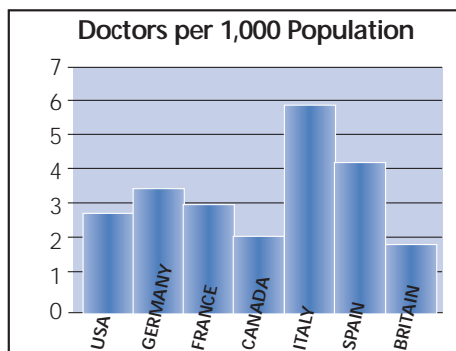
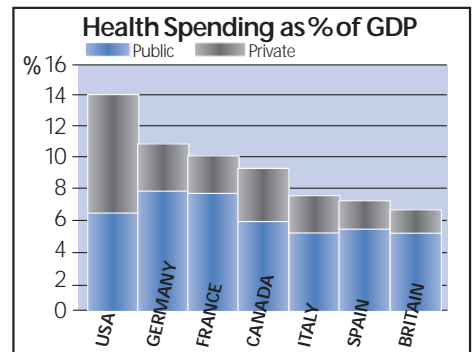
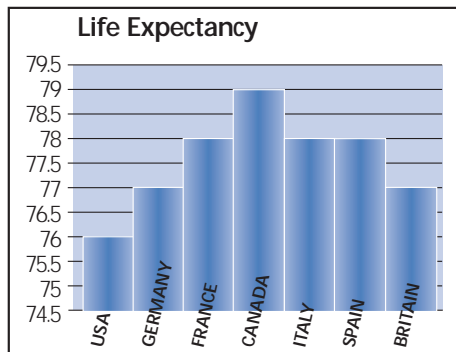
# 10.3 News from Here & There



## International

Here is a series of charts that position Canada in respect of health care indices.

Overall, we stack up well on the numbers - reasonable life expectancy for modest cost.





## Federal

**Pension Monies Transferred to an RRSP are Seizable by a Trustee in Bankruptcy.** The Supreme Court of Canada has recently made this ruling in the case of *Poulin vs Serge Morency et Associes Inc.* Poulin terminated employment from the Government of Quebec in 1991, at which time he was offered either a deferred annuity or a refund of his contributions to the pension plan. He elected the refund, and deposited the funds directly in his self-directed RRSP. When he later declared bankruptcy, the Trustee requested reimbursement of the RRSP, including the pension refund. After review at various levels, the Supreme Court found that, while the moneys were protected from seizure when they were part of the pension plan, and they would have so remained had the deferred annuity option been elected, they lost that protection when the refund option was elected, even though they were deposited in an RRSP.

In respect of the Structured RRSP item above, it will be interesting to see if the status of RRSP monies in bankruptcy changes if they are considered to be pension plans.

**Parental Leave to be Extended.** Bill C-204, *An Act to amend the Employment Insurance Act [parental benefits]*, received first reading in the House in October. The bill proposes to extend parental leave benefits from the current 10 weeks to 37 weeks. These parental benefits may be split among a family, as long as the 37 week maximum for the care of one or more new-born or adopted children is not exceeded.

**Same-Sex Legislation Stalled.** While essentially all the provinces have implemented same-sex legislation, at the federal level, the government appears to be stalled. Bill C-386, *An Act to amend the Income Tax Act and the Canada Pension Plan [definition of spouse]*, received first reading in **March 1998**, and has gone no further.



## Ontario

### Pregnancy Accommodation Requirements.

The Ontario Human Rights Commission has released a brochure giving examples of the type of accommodation a pregnant employee should expect, including the following:

- a temporary change of work location for health reasons, at the employee's request
- assignment to alternate or light duties
- a flexible work schedule that allows the employee to attend medical appointments such as check-ups, ultrasound, or treatments for infertility
- a change in work or shift schedule
- breaks during the workday
- a quiet place to breast-feed
- time off for special health needs arising from a difficult delivery, miscarriage or abortion.

**Insurance Rate Setting Basis to be Challenged.** The Ontario Human Rights Commission has also announced that it plans to challenge the insurance industry's traditional reliance on discriminatory criteria [like age and gender] for rate setting. It proposes to review current complaints to determine whether the use of discriminatory criteria has any bona fide basis, as well as bringing forth complaints itself.



## Manitoba

**Retirees Allowed to Sue Union and Employer that Excluded them from Agreement.** A union and an employer agreed on the disposition of a pension surplus, and also agreed that the employer could take a contribution holiday. Retired employees did not benefit from the agreement and sued the union and the employer. Centra Gas is the employer and the Communications, Energy and Paper Workers' Union represents the active employees. The claim against the employer and the union was initially dismissed, but, on appeal, the court found in favour of the claim against the employer. It appeared to the court that the pension was not part of the collective agreement, or, if it was, that retired employees were frozen

out of the grievance process. The retirees could not be bound by an agreement that worked to their detriment and that was executed by parties that had no authority to represent their interests. Finally, the court held that a dispute concerning plan administration did not fall under the Labour Relations Act, as it neither protected the retirees nor provided them with a mechanism to address their grievances.



## Quebec

### RAMQ Update.

We would be the first to admit that the RAMQ item in Issue 9 of *BeneFacts* was less than clear. New clarifications have been received from RAMQ, so let's try again.

The changes, which became effective January 1, 2000, affect spouses or dependents either of a deceased member of an insurer-provided group health plan, or of a person age 65 or over who has enrolled in RAMQ.

Insurers may now provide basic [RAMQ equivalent] drug coverage to survivors only if the benefit does not require a premium, and only for a maximum of two years. Within that time, survivors must enroll with RAMQ. [Benefit recipients prior to January 1, 2000 may be grandparented.]

Insurers may no longer provide basic drug coverage to dependents of seniors who have elected RAMQ cover. Dependents must also elect RAMQ, unless they have access to private coverage via a spousal plan.

*Hopefully that is more clear.*

**It must have something to do with the need to work our way back into shape after the holiday indulgences. In the past few weeks, a rather long list of really good sites has been compiled. Check them out.**

**[www.healthsurfing.com](http://www.healthsurfing.com)**

This collection of health-related stories provides your daily dose of health news.

**[www.familysafe.com](http://www.familysafe.com)**

You'll find straightforward safety tips on this site, plus a subscriber safety newsletter designed specifically for employees. Can be customized to your company.

**[www.hsf.ab.ca](http://www.hsf.ab.ca)**

On this Heart and Stroke Foundation web site you'll find information on risk factors, how to recognize a heart attack or a stroke, what to do and helpful hints for recovery.

**[www.drkoop.com](http://www.drkoop.com)**

Covers everything from poison control to mental health concerns. Has a pharmaceutical drug search engine. Can be personalized to display just the info you want.

**[www.betterbodz.com](http://www.betterbodz.com)**

Not hard to figure out the main aim of this site. Good tools for personal fitness, and inspirational photographs.

**[www.paguide.com](http://www.paguide.com)**

This terrific guide offers lots of options for getting active and keeping your heart strong.

**[www.bennygoodsport.com](http://www.bennygoodsport.com)**

A great site for the junior set. Promotes getting involved in activities sure to appeal.

**[www.healthyfridge.org](http://www.healthyfridge.org)**

This colourful site invites readers to 'Open the Door to a Healthy Heart'. Top ten list of tips to make the contents of your fridge heart-healthy, and advice on how to do a refrigerator makeover of your own.

**[www.emedx.com](http://www.emedx.com)**

First-person accounts of various sports-related surgeries for injuries like torn knee ligaments and wrist fractures. Search the library of injury descriptions. Take the online seminar to help you prevent damage while skiing or snowboarding.

**[www.thriveonline.com](http://www.thriveonline.com)**

A database of injuries to help you identify ailments, and provide advice on recovery.

**[www.childsafe.net.au/SCOUTS/scy sp1.html](http://www.childsafe.net.au/SCOUTS/scy sp1.html)**

The Scout Association of Australia presents an online guide to what every parent should know about teenagers and suicide. Risk factors. Symptoms. Coping skills.



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**Did you know...**

... that workdays lost on account of illness or disability by unionized employees are almost twice those of non-union employees,

... that the highest incidence of lost time - 12.8 days per year - was incurred by the health care and social assistance industry?

**Source: Statistics Canada**

For further information or reprints of any of the articles published in this issue, please call us at one of our offices listed above.

*Bene Facts* is not an authoritative statement of law – it is issued for the general guidance of our clients.