

April 2005

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# From the Masthead



*Mainstay Insurance Brokerage Inc. Phone: (905)886-9203*

## In order to serve you better

To assist you with your employee benefit plan, we are continually updating our website. Located at:

[www.mainstayinsurance.ca](http://www.mainstayinsurance.ca)

The site provides easy access to many insurance company's websites and to the health and dental claim forms you utilize on a regular basis. We have also added links to the log on pages for members (employees) in order to provide quick entry to other websites.

If you use a form that is not on our website and would like it added, please send us an e-mail at:

[feedback@mainstayinsurance.ca](mailto:feedback@mainstayinsurance.ca)

### Did you know....?

The government is making changes to OHIP coverage for physiotherapy services to improve access for people most in need.

Effective April 1, 2005 government-funded physiotherapy services are available for people who are:

- \* Seniors 65 and over
- \* Aged 19 and under
- \* Residents of long-term care homes of any age
- \* In need of physiotherapy services in their home or after being hospitalized
- \* Ontario Disability Support Program, Family Benefits and Ontario Works recipients of any age

*Ministry of Health & Long Term Care  
Web site update March 2005*

## Drug Costs Continue to Rise...and so do Premiums

With benefit costs rising as much as 15% per year, most employers have been forced to implement cost sharing in one form or another. Many have implemented lower co-insurance levels, reduced their benefit maximums and/or are sharing the cost of the monthly premiums with their staff. No employer wants to pass along further costs to staff but at the same time they cannot ignore an expense that doubles every five to six years on average.

So what is driving these costs? To begin with, the cost of new drugs entering the market has increased substantially. New drugs are on the market for longer periods of time before generics are allowed to compete, thus allowing higher costs to be charged. This fact combined with the cost of new biologics that are being developed to target very specific disorders or diseases means that drug costs can be significant.

Examples of new drugs include Fabrazyme™ and Replagal™. These are Enzyme Replacement Therapies (ERT's) that are targeted for certain disorders that are caused by faulty genes such as Fabry disease. This is a disorder that causes a deficiency in an enzyme that, when missing, allows fat to build up in veins potentially causing problems such as heart attack, stroke

and renal failure. At present there are approximately 260 Canadians with the disease. This new treatment can be a lifesaver for them.

The cost for the treatment ranges from \$230,000-\$280,000 per year. That adds up to a cost of \$65 million per year to be borne by either the drug manufacturer, insurer, government and/or the individual. If the cost for that one drug were spread over every employed Canadian with a private plan, we would each pay about one dollar per month more for our drugs.

The province may pay for this high cost, but with many of these new treatments being offered outside of the hospital setting, the cost is typically pushed to the private payers. In most cases, these costs are spread over the insurance companies plans with each of us ultimately sharing a portion of the costs.

In addition, we are seeing changes in drug therapies caused by the removal of drugs from the market. The drug Vioxx™ is a good example. When it was removed due to potential side effects, many individuals who were prescribed it, had to change to other more costly medications such as Remicade™ or Enbrel™.

Another issue is the overall higher usage of drugs in

general. With an aging population, the use of drugs to control disorders such as hypertension, high cholesterol levels and osteoporosis is continuing to rise. That, combined with the fact that many employees are working past age 65, and many insurers are providing benefit coverage to those aged 65, aged 70, or more, means that we can expect drug costs to rise even further.

Another area of healthcare that is also seeing rising costs is paramedical services. As the provinces continue to cut services (such as Ontario's alterations to physiotherapy, chiropractic treatment and eye exams) the insurers and employees will be required to pick up the slack.

At a recent meeting with several local Chiropractors, part of the discussion revolved around the feasibility of increasing the fees charged for treatment. This would result in increasing costs to employees, the insurers and ultimately the employers. When combined with the reductions in Ontario chiropractic coverage, this could result in more claims being submitted and paid by insurers (and employees) as well as more staff reaching the plan maximums sooner.



**Mainstay Insurance  
Brokerage Inc.**  
10 Linton Court  
Thornhill, Ontario  
L3T 5M9

**PHONE:**  
**(905) 886-9203**

**TOLL FREE:**  
**1-877-624-6789**  
**1-877-MAINSTY**

**FAX:**  
**(905) 707-0216**

**E-MAIL:**  
[inquiries@mainstayinsurance.ca](mailto:inquiries@mainstayinsurance.ca)

**WEBSITE:**  
[mainstayinsurance.ca](http://mainstayinsurance.ca)

Note: This side of the newsletter is intended for you, the plan administrator. The information on the 'front' is targeted more to your staff and can be copied and distributed for their reference.

### *Just in case you were wondering...*

Canadian Prescription Growth Slows in 2004

IMS Health's annual review of prescribing and diagnoses trends reveals the number of retail prescriptions in Canada grew 5.6% in 2004, the lowest growth since 1998. Last year, Canadians filled over 382 million prescriptions at their retail pharmacies worth \$17.3 billion Canadian, up 8.9% from 2003, a dollar-growth well below the double-digit increases for each year from 1998 to 2003.

Source: CNW Group March 2005

This information is provided as a reference to clients of Mainstay Insurance Brokerage Inc. It is not intended as advice. Your situation and the contract provided by your insurer as well as any relevant legislation shall always take precedence. Always obtain appropriate legal, human resource or accounting advice.

## Looking for "other" insurance products?

Mainstay Insurance Brokerage Inc. specializes in employee benefits for small and mid sized firms based primarily in the Greater Toronto Area (GTA). Our client base ranges from small two person "mom and pop shops" to larger multi-national corporations with Canadian operations.

As a result of this specialization, there are many areas of insurance that we do not provide to our clients. We have made this decision so that we can provide the best possible level of service in our area of expertise.

In an effort to assist our clients in sourcing providers of other insurance products and services, we have added a "links" page to our website.

By visiting this page, you can

find brokers with both group and individual insurance and financial planning solutions to best fit your situation, or to address a problem or area of concern. Many of these brokers can provide much more than just those items highlighted on the site. Be sure to ask them about their other areas of specialization

Please visit the website at [www.mainstayinsurance.ca/links](http://www.mainstayinsurance.ca/links) A link will also be added to our "Contact" page in the very near future.

You can call, link to a web site or 'click' to send an e-mail on your area of interest.

### Keeping informed...

We have added information on our contact page on conflict of interest disclosure in follow up to the new Ontario regulations.

At this time we have also chosen to take a proactive step in responding to recent US property & casualty (P&C) insurance news "scandals". While P&C brokers are being mandated to provide this same information, we are doing so simply because we believe it is the right approach to take.

To this end we have provided a list of insurance carriers we currently deal with showing Mainstay as a brokerage rather than an agent of one insurer. We have also shown the formula by which commissions are determined. These tend to be standard in our industry but are not often part of proposals or renewals.

Should you have questions on any of these issues, please do not hesitate to contact us.

## Thank you to our many volunteers

Mainstay Insurance has been a supporter of the Evergreen Centre for Street Youth for a number of years. The center helps to provide support to disadvantaged youth under the age of 25.



### Manulife Affinity Markets

One of the ways we assist the youth is by supporting the Evergreen meal program. At these dinners, volunteers supply the food (or the funds to purchase it) and cook a meal for anywhere between 80 and 150 youth.

In past years, family, friends

and associates from around the insurance industry have volunteered their time to help prepare and serve the meals.

This year we have had the support of employees from Great West Life, Desjardins Financial, CRE Insurance Services, PPI Financial, and Accerta volunteering their time to help out.

We have also had a number of groups go one-step further by helping to also fund the dinner (as well as cooking it). This has allowed us to sponsor even more meals. These groups include: Manulife-Victoria Park Alpha office, Empire Life Benefit office, Manulife Affinity office and Apotex Inc.

We would like to take this opportunity to thank each

and every one of you for your efforts.

### Empire Life Group Office

In the next meal season (Sept. to May) we will make an effort to accommodate even more of our friends amongst our clients and associates. If you would like more information about getting involved or about Evergreen in general, please visit our website at [www.mainstayinsurance.ca](http://www.mainstayinsurance.ca)

Click on "Additional Info" and then on "Feed the Kids Night" under sponsored events.