

# From the Masthead



## 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 that..

The Trillium Drug Program (TDP) is a provincial government program for residents of Ontario who have a valid Ontario health card and spend a large part of their income on prescription medications. The TDP provides benefits for certain prescription drugs when drug costs for a household are greater than approximately 4% of the total household net income.

The program is not meant to replace private insurance plans or other drug benefits provided by the province. You can apply to the program if you have no private drug insurance coverage or if your drug costs are only partially covered by your private insurer. Trillium Drug Program Guide

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## The TRUTH about Generic Drugs

After many years of listening to feedback from employees, employers, and even those in the industry, we have come to realize that there is a general lack of knowledge about generic drugs in Canada.

The main fallacy is that generic drugs are inferior to their brand name counterparts. Many people believe that they are sourced offshore, made in inferior facilities and have low or no quality control standards.

### Nothing could be further from the truth.

Generic drugs are required to be bioequivalent to the brand name drug they are interchangeable with, in order to be approved by the government for sale.

With the increasing number of Canadians being prescribed generic drugs through the ODB plan for seniors, hospitals and through employer benefit plans, it makes good sense to educate your self about this cost saving option.

We are also seeing more insurers offer "generic only" or "lowest cost equivalent" drug cards that allow the employee to buy any drug their attending physician prescribes, but will only pay for the generic cost. There will be no "no substitution allowed" options for name brand drugs to be paid for by the plan, unless a plan member provides medical evidence that a prescribed generic drug cannot be substituted.

For more information refer to

the Health Canada website at: <http://www.hc-sc.gc.ca/hl-vs/iyh-vsv/med/med-gen-eng.php>

### The issue

Canadians want to be sure that generic drugs are as safe and effective as brand name drugs.

### Generic drugs

A generic drug is a copy of a brand name product, known as the 'reference product'. Generic drugs contain the same medicinal ingredients as the brand name drug, and are considered bioequivalent to the reference product. There may be many generic versions of the same reference product. Nearly 45% of all prescriptions filled by pharmacies use generic drugs, and some hospitals use generic drugs almost exclusively. Chances are that you have received a generic drug at some time, whether you realize it or not.

### Ensuring the quality of generic drugs

The quality standards for brand name drugs and generic drugs are the same. The ingredients, manufacturing processes and facilities for all drugs must meet the federal guidelines for Good Manufacturing Practices. As well, all drug manufacturers must perform a series of tests, both during and after production, to show that every drug batch made meets the requirements for that product.

The generic drug must contain the same amount of medicinal ingredient as the brand name reference product. However, non-medicinal ingredients, like fillers and ingredients that color the drug, may be different from those of the brand name product. The generic manufacturer must provide studies showing that the different non-medicinal ingredients have not changed the quality, safety or effectiveness of the generic drug.

To prove that their products are safe and effective, generic drug manufacturers must demonstrate that the generic drug performs similarly to the brand name drug.

The studies that compare the generic drug with the brand name drug are called "comparative bioavailability" studies. In these studies, the level of a medicinal ingredient in the blood of healthy human volunteers is measured.

During the studies, each volunteer gets the brand name drug and the new generic drug. The generic drug must show that it delivers the same amount of medicinal ingredient at the same rate as the brand name drug.

### The Government of Canada's role

Health Canada is responsible for evaluating generic drugs for their safety, effectiveness and quality. The process for evaluating drug products is constantly being improved and updated to keep up with international standards of regulatory approval



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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...*

Provinces that have Retail Sales Tax (RST) payable on employee benefits now include Manitoba.

The changes were included in the June budget legislation and were effective June 14<sup>th</sup>.

Rates are as follows: Ontario - 8%, Quebec - 9%, Manitoba - 7% but only on group life, AD&D CI and LTD premiums.

Check with your accountant on how this may affect you and your plan.

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.

## Budget change means new tax for employees

As a result of changes in the March 29th, 2012 federal budget, any contributions made by employers to group sickness and accident plans will change the status to a TAXABLE benefit. Both Accidental Death & Dismemberment (AD&D) plans and Critical Illness (CI) plans are the benefits directly affected.

This change will add these two benefits to the same category of taxation as employer paid life and dependent life insurance benefits, which have been taxable benefits for many years.

This change is contrary to the past practice where

these benefits have been deemed to be non-taxable on the grounds that they are sickness benefits and not life benefits.

Quebec has always had, and continues to have, accident and sickness benefits that are employer paid, be a taxable benefit.

With many of our clients we suggest employers share the benefit costs with staff. The sharing often involves the Long Term Disability (LTD) premium and applicable taxes alone, but in many cases, to avoid having to add taxable benefits to payroll, and to increase the employee share, we suggest adding life

insurance costs to that deduction.

If you are an employer that has had employee's pay the life and LTD premiums in the past, you would be wise to update your policy to have staff pay 100% of the life, AD&D, Dep. Life, CI and LTD as applicable to avoid split payroll reporting. If you use an internal policy such as "employees pay the greater of 50% of premium or the life +LTD premium" you may also wish to add AD&D and CI to that formula.

If you have questions regarding this change, speak to your accountant or give us a call.

## Employee Assistance Programs (EAP's)

**Employee Assistance Programs (EAPs)** are a type of employee benefit programs offered by employers. EAPs are intended to help employees deal with personal problems that might adversely impact their work performance, health, and well being. EAPs generally include short-term counseling and referral services for employees and their dependants.

Employees and their dependants may use EAPs to help manage issues in their personal lives. EAP counselors typically provide assessment, support, and referrals to additional resources such as counseling sessions.

The issues for which EAPs

provide support vary, but examples include: substance abuse, emotional distress, major life events, including births, accidents and deaths, health care concerns, financial or non-work-related legal concerns family/personal relationship issues, work relationship issues and concerns about aging parents.

An EAP's services are usually free to the employee and their dependants, having been pre-paid by the employer. In most cases, an employer contracts with a third-party company to manage its EAP. Some of these companies rely upon other vendors or contracted employees for specialized services to supplement their own

services, such as: financial advisors, attorneys, travel agents, elder/child care specialists, and the like.

Confidentiality is maintained in accordance with privacy laws and ethical standards.

Many benefit plans have EAP programs built into their health or disability packages automatically but often one can be added.

Costs are often less than \$5 per employee per month.

There are a great deal of EAP providers that you may be familiar with including; Ceridian, Aspiria, Arete HR, SourceLine, Shepell-fgi, Homewood Human Solutions, Family Services EAP to name just a few.

General info from Wikipedia