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The Future Impact of COVID on Group Benefits

The Mearie Conference 2022

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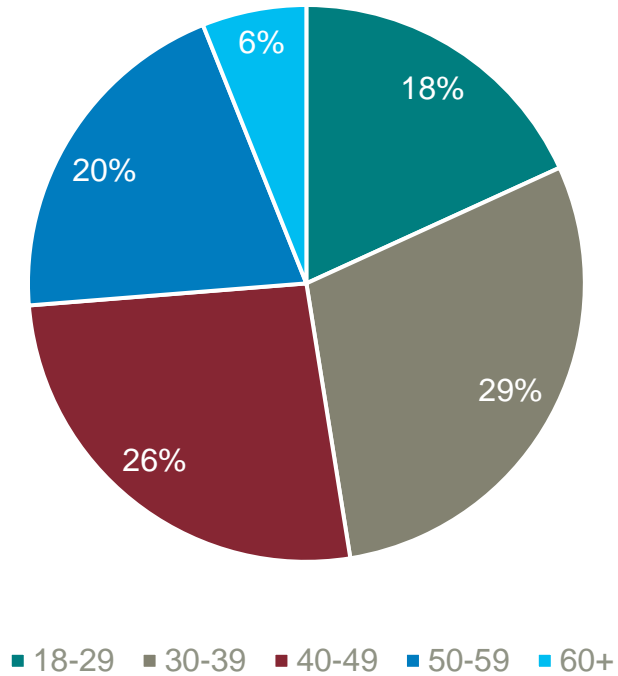
Agenda

- How Healthy Are We?
- Health & Disability trends on Canada Life block of business 2019-2021
- National Pharmacare update

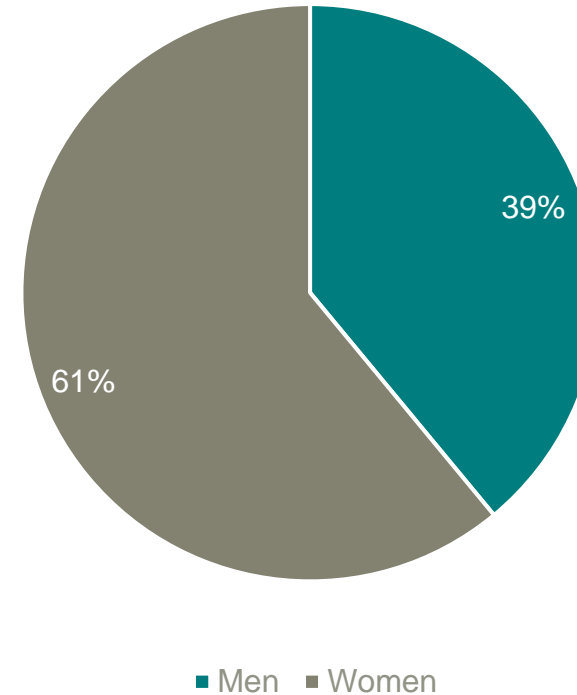
Wellness at a Glance – 2021 Canada Life's HRA

6200 respondents

Age breakdown



Gender Breakdown



Pillars of Health: Financial

22%

Of respondents are just getting by financially

25%

Of respondents are concerned they won't save enough for their future.

21%

Of respondents say finances control their lives.



Financial health risk factors

Risk	High/Moderate
Finances	60%

Financial well-being is often overlooked, but it can greatly affect the health and productivity of plan members

Pillars of Health: Physical

27%

Of respondents get less than 60 minutes of physical activity per week

59%

Of respondents are overweight/obese.



23% **21%**

Males

Females

Of respondents drink more alcohol than the recommended amount at least once a month

Physical health risk factors

Risk	High/Moderate
Diet	75%
Physical Activity	65%
Weight	62%
Alcohol	43%

Physical activity plays an important role in health, well-being and quality of life

Pillars of Health: Mental

23%

Of respondents regularly felt nervous and stressed.

14%

Of respondents are unable to stop or control worrying at least half of the time.

6%

Of respondents have had suicidal thoughts in the past 2 weeks.



Mental health risk factors

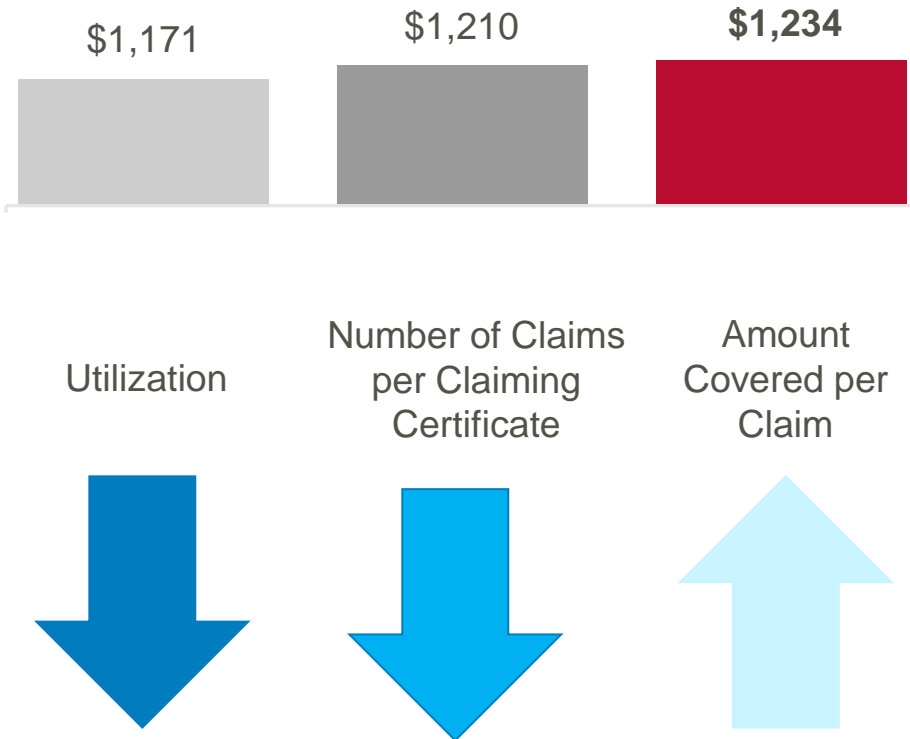
Risk	High/Moderate
Stress	63%
Depression	30%
Social Ties	29%
Anxiety	16%

Psychological well-being is central to a person's health and wellness

Canada Life Trends: Drug Benefit

2019|2020|2021

Average Amount Covered Per Certificate



Since 2019, average amount covered per certificate **increased**.

This is driven by 3 factors:

- **Utilization:** We continue to see a decrease in utilization that was affected by various factors.
- **Number of claims per claiming certificate:** This has decreased relative to 2020.
- **Amount covered per claim:** Overall, amount covered per claim increased since 2019. This is driven by many factors such as prescription costs, provincial and national regulation, coverage eligibility, and patent expiries, and inflation.

Canada Life Top 10 Therapeutic Classifications

2021 Rank	Therapeutic Class	2021 % of Total Amt	2020 Rank	2020 % of Total Amt	2019 Rank	2019 % of Total Amt
1	Diabetes Treatments and Supplies	13.6%	1	12.7%	1	11.7%
2	Biological-Response Modifiers ¹	9.7%	2	9.8%	2	10.0%
3	Skin Disorders/Acne	7.0%	4	6.5%	4	6.0%
4	Allergies/Respiratory Diseases	6.4%	3	6.8%	3	6.7%
5	Cancer	5.5%	6	5.6%	6	5.3%
6	Cardiac Disease/Blood Pressure	5.4%	5	5.8%	5	5.9%
7	Depression	5.0%	7	4.9%	7	4.8%
8	Gastrointestinal/Ulcers	3.8%	8	4.0%	8	3.9%
9	Central Nervous System Agent	3.1%	11	2.7%	11	2.6%
10	Cholesterol Disorders	2.9%	9	2.9%	10	2.8%
Top 10 Total		62.3%		61.5%		60.0%

Canada Life Top 10 Drugs

2021 Rank	Drug Name ¹	2021 % of Total Amt Covered	2020 Rank	2020 % of Total Amt Covered	2019 Rank	2019 % of Total Amt Covered
1	Humira	3.5%	1	3.8%	1	3.8%
2	Remicade	3.2%	2	3.3%	2	3.5%
3	Ozempic	2.5%	4	1.5%	13	0.8%
4	Stelara	1.8%	3	1.7%	3	1.4%
5	Freestyle	1.5%	5	1.3%	9	0.2%
6	Vyvanse	1.3%	8	1.1%	7	1.0%
7	Jardiance	1.2%	9	1.0%	10	0.9%
8	Janumet	1.1%	6	1.1%	4	0.5%
9	Symbicort	1.0%	7	1.1%	5	0.0%
10	Concerta	1.0%	11	0.8%	8	1.0%
Top 10 Total		18.2%		16.8%		13.1%

Diabetes Treatments and Supplies as a Driver of Cost

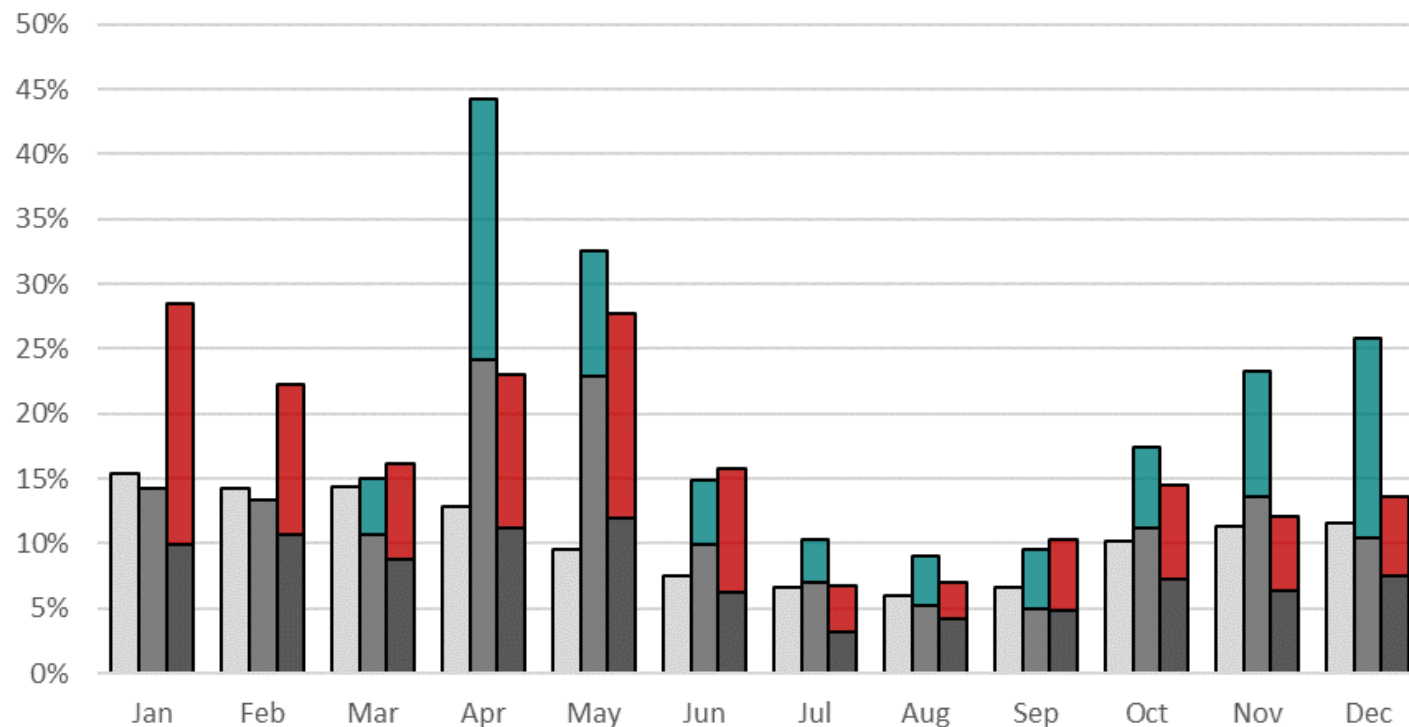
2021 Rank	Drug Name ¹	2021 % of Total Amt Covered for Diabetic Drugs	2020 Rank	2020 % of Total Amt Covered for Diabetic Drugs
1	OZEMPIC	18.6%	1	8.1%
2	FREESTYLE	10.8%	2	10.1%
3	JARDIANCE	8.6%	4	12.1%
4	JANUMET	7.7%	3	9.0%
5	JANUVIA	4.2%	5	4.5%

- Ozempic remains the #1 Diabetes treatment as it was in 2020 and now almost makes up 1/5th of all Diabetes treatments and Supplies. Ozempic is a non-insulin injection that helps to lower blood sugar levels in adults with type 2 diabetes
- Despite having only a moderately high cost per claim, the total covered amount and number of claims for this type 2 diabetes medication have doubled in the last year. The number of people claiming this drug is now almost 3.5x the number claiming in 2019

Disability Benefit: Respiratory and COVID-19 STD claims

STD accepted claims by diagnosis as a % of total accepts

2019 Respiratory | 2020 Respiratory | 2021 Respiratory | 2020 COVID-19 | 2021 COVID-19



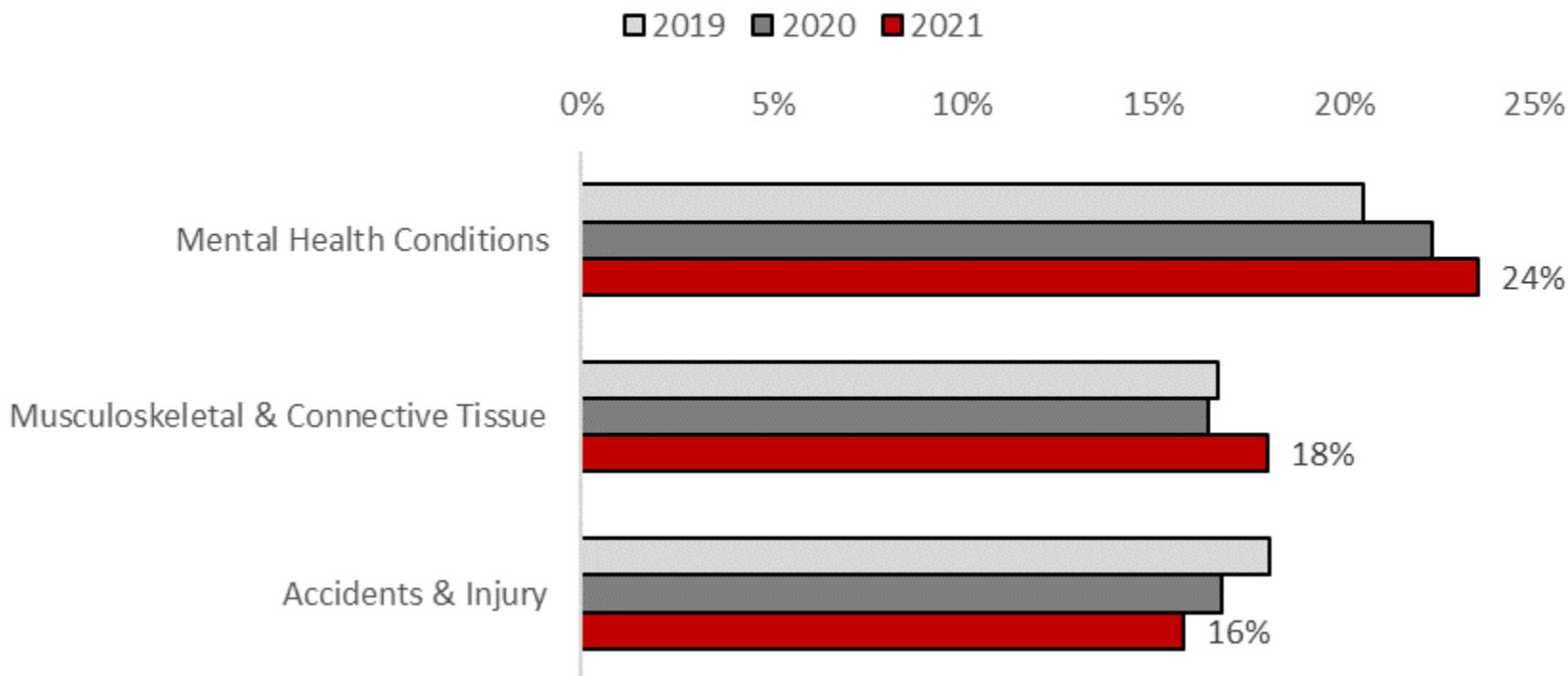
STD DURATIONS (IN WEEKS)

	2019	2020	2021
Respiratory Average Durations	1.9	2.6	2.4
COVID-19 Average Durations	-	2.0	3.2

The increase in COVID-19 average duration is a **reflection of elapsed time and longer COVID-19 duration claims closing at the maximum benefit period.**

Disability Benefit: Impact of COVID-19 on STD

STD accepted claims by diagnosis as a % of total accepts
(excluding respiratory claims)

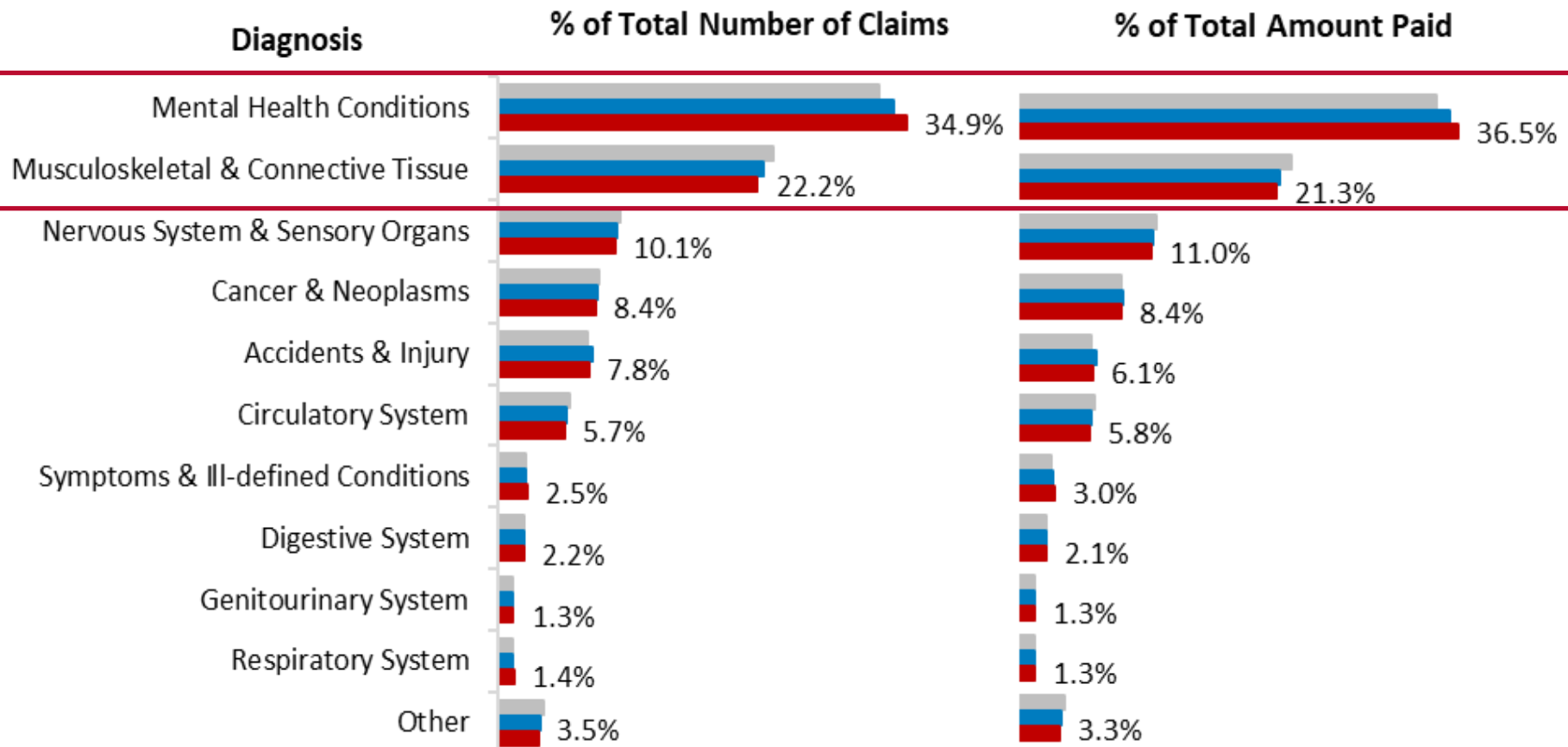


In 2021, Mental Health conditions saw an overall increase in claim volume. There's a decrease in proportion for **Depression** and **Anxiety**, and an increase for **Adjustment Reaction** and **Acute Reaction to Stress**.

The 2021 increase Musculoskeletal claims may be due to **physical environment changes, WFH endurance, and delays in accessing treatment for conditions**.

LTD: Open Claims by Diagnosis

2019 | 2020 | 2021



Mental Health Conditions has been the leading diagnostic category for many years and is increasing as a percentage of **both claims and paid costs**. The top Mental health-related conditions are **Depression, Anxiety and Adjustment reactions**.

Musculoskeletal & Connective Tissue claims are the second-ranked cause of LTD claims and total costs. Musculoskeletal claims consist of **Spinal disorders, Osteoarthritis and Fibromyalgia**.

Top Therapeutic Classes Canada Life block 2020

Active Employees	Rank	Drug Therapeutic Class	% of Total Amount Covered	Average Amount Covered per Claiming Employee
	1	Diabetes Treatments and Supplies	14%	\$1,499
	2	Biological-Response Modifiers ¹	11%	\$19,578
	3	Skin Disorders/Acne	8%	\$337
	4	Allergies/Respiratory Diseases	7%	\$331
	5	Cardiac Disease/Blood Pressure	6%	\$244
Disabled Employees	Rank	Drug Therapeutic Class	% of Total Amount Covered	Average Amount Covered per Claiming Employee
	1	Cancer	20%	\$12,899
	2	Diabetes Treatments and Supplies	7%	\$1,853
	3	Biological-Response Modifiers ¹	6%	\$16,435
	4	Depression	6%	\$429
	5	Multiple Sclerosis	5%	\$21,876

- Disabled employees have an average annual amount covered for drugs approximately 6 times the average amount covered for an active employee
- **Cancer, depression, and multiple sclerosis** are included in the top five drug therapeutic classifications for **disabled employees** as they are **costly and common among disabled employees**. These conditions result in a disability claim more often compared to allergies, skin disorders, or blood pressure conditions.

¹ **Biological-response modifiers** are drugs that are used to treat certain autoimmune disorders, including rheumatoid arthritis, Crohn's disease and psoriasis. Both biologic drugs and traditional therapies are included within this therapeutic classification.

Burden of Illness¹: Total Amount Paid for a Condition

Rank	Condition	% of Total Drug Amount Paid	% of Total STD Amount Paid ²	% of Total LTD Amount Paid ²	% of Total Drug & Disability Paid ²
1	Mental Health	8%	35%	39%	31%
2	Musculoskeletal Conditions	9%	34%	28%	24%
3	Cardiovascular Conditions	13%	6%	7%	8%
4	Cancer	8%	7%	9%	9%
5	Neurological Conditions	7%	3%	9%	8%
6	Diabetes	14%	0%	1%	4%
7	Respiratory Conditions	7%	7%	1%	3%
8	Dermatological Disorders	9%	1%	1%	3%
9	Eye-Ear-Nose-Throat Disorders	4%	2%	2%	2%
10	Other Gastrointestinal Disorders	4%	3%	1%	2%
Top 10 Total		83%	98%	98%	94%

- **In 2020, mental health was the main driver of cost to plan sponsors.** Mental health conditions account for over a third of the total long-term disability amount paid and 31% of the total drug and disability amount paid.
- The top 2 conditions, **mental health and musculoskeletal conditions**, account for **more than half** of all drug and disability spend.

¹ The **burden of illness** section, which includes drug, LTD and STD data, is not calculated on the same subset of enrolment data as the remainder of the study.

² **Disability amount paid** is referring to the amount charged to plan for LTD benefits. This is used for disability data as it best aligns with the timing of Drug amount paid.

A Look Ahead

- Record inflation can persist and increase the price of drugs that are already high cost
- Mental Health will continue to be the lead cause of disability absences (STD and LTD)
- Musculoskeletal, secondary cause and highly influenced by public health shortages and wait times

A Look Ahead

- Avoidance of or delay in preventative screening due to COVID-19 could increase the number of Diabetes cases over the next 2 years along with Diabetes complications many of which could have been prevented
- Avoidance of or delay in preventative screening due to COVID-19 could increase the number of Cancer diagnoses and treatments required

A Look Ahead

- Surgery backlogs in all Canadian provinces has and will continue to put pressure on disability claim duration
- The lasting health effects of a Covid-19 and new variants diagnosis remain unclear ('Long Covid')

Canadian Group Insurance Industry Drug Payments in 2020

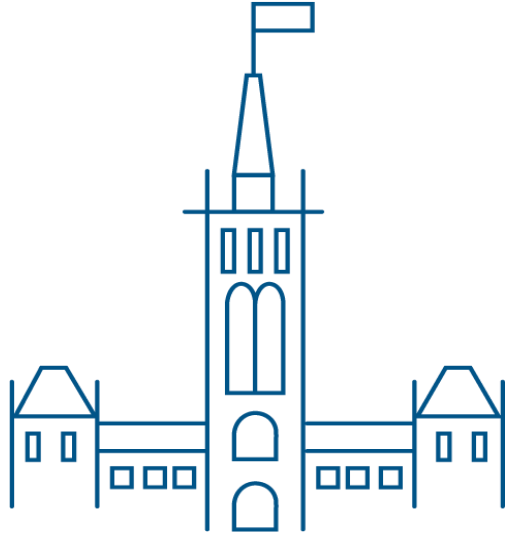


\$12.5 billion spent on
drugs through benefit plans



CLHIA members paid out over
\$650 million for Canadians for
rare diseases drugs in 2020

National Pharmacare – Different Models



Federally Mandated System

Governments absorb private sector costs to cover everyone, including those who currently have workplace benefit plans.



Enhanced Mixed System

Governments ensure that all Canadians who do not have access to a workplace benefit plan have coverage under public plans.

National Pharmacare – Liberal/NDP Alliance

- On March 22, PM Trudeau and NDP leader Jagmeet Singh signed a Confidence and Supply Agreement
- NDP agreed to support governing Liberals on confidence and budgetary matters until June 2025
- In return, Liberals committed to move forward on a number of NDP priorities, including national dental care and pharmacare

National Dentalcare & Pharmacare

Current system works well for many

Although there are gaps that leave some with limited or no coverage

Stability for Canadians

New solutions should enhance coverage for Canadians that need it most, not reduce coverage for those that have it

Ambitious timelines

National dental care in place for kids under 12 by 2022 (household incomes under \$90,000)

Passing of National Pharmacare Act by end of 2023

\$1.7B annual budget

Program is not meant to replace private coverage but instead used to fill the gaps offering to those who are currently uninsured



Thank you and
questions