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British Columbia re-structures PharmaCare drug program



The government of British Columbia has announced sweeping changes to its drug care program.

Effective May 1, 2003, the province's new Fair PharmaCare program will combine its former universal drug and seniors drug care plans to create one geared-to-income program. Under the new scheme, plan deductibles and out-of-pocket maximums will be based on

annual reported income rather than a flat annual fee.

Under the plan, seniors, those born in 1939 or earlier, will have lower yearly income threshold requirements to satisfy plan deductibles and maximums. Deductibles for seniors range from zero to two per cent of family income, compared to zero to three per cent for those born after

1939. Out-of-pocket maximums also range from 1.25 to three per cent of family income for seniors, compared to two to four per cent for other residents.

The BC government website indicates that those age 65 or older will receive the following Fair PharmaCare benefits:

Seniors' Fair PharmaCare program

Net annual family income	Family deductible	Portion PharmaCare pays (once deductible is reached)	Family maximum (after which 100% of costs are covered)
Less than \$33,000	None - Government assists with drug costs immediately	75% of prescription drug costs	Equal to 1.25% of net income
Between \$33,000 and \$50,000	Equal to 1% of net income	75% of prescription drug costs	Equal to 2% of net income
Over \$50,000	Equal to 2% of net income	75% of prescription drug costs	Equal to 3% of net income

Non-seniors will receive the following Fair PharmaCare assistance:

Fair PharmaCare program

Net annual family income	Family deductible	Portion PharmaCare pays (once deductible is reached)	Family maximum (after which 100% of costs are covered)
Less than \$15,000	None - Government assists with drug costs immediately	70% of prescription drug costs	Equal to 2% of net income
Between \$15,000 and \$30,000	Equal to 2% of net income	70% of prescription drug costs	Equal to 3% of net income
Over \$30,000	Equal to 3% of net income	70% of prescription drug costs	Equal to 4% of net income

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SARS benefits update

The federal government has announced that individuals affected by the Severe Acute Respiratory Syndrome (SARS) outbreak may apply for Employment Insurance (EI) Program benefits.

According to Human Resources Development Canada, the agency responsible for the Employment Insurance Program, individuals may claim up to 15 weeks of sickness benefits when they are unable to work due to illness, injury or quarantine. Claimants will not have to provide a medical certificate immediately, nor will they have to wait two weeks to claim EI benefits if they receive sick leave payments from their employer.

Workers infected with SARS while on-the-job may be entitled to Workplace Safety & Insurance Board benefits.

More than 400 people, mostly in the Toronto area, have been diagnosed with this highly contagious disease that is similar to pneumonia. Many others have faced mandatory quarantines in an attempt by public health authorities to contain the spread of the disease. The illness has claimed at least 23 lives to date.

Most insurers are accepting group benefits claims from those either with SARS or who have incurred medical expenses due to a SARS quarantine. While some claims may be paid without an attending physician's statement, provided the member can prove he/she has complied with Ontario Ministry of Health criteria or directives, attending physicians' statements and notice of quarantine by medical authorities are recommended.

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The province's government says the new program will direct more drug care funding to lower income earners, including young families. Up to 280,000 families will pay less for their prescription drugs, the province's Health Services Ministry says. Funding programs for the province's palliative care programs as well as programs funding cancer, transplant, renal, cystic fibrosis, mental health and HIV/AIDS treatments will not be affected.

For plan sponsors, the change to an income-based standard, rather than a single flat fee, is expected to increase drug care expenses as a proportionally greater share of drug expenses will be off-loaded to private extended health care plans.

More information on the Fair PharmaCare plan can be found at www.gov.bc.ca.

Drug overdoses can qualify as accidental death, Court says

The Supreme Court of Canada has ruled that deaths caused by drug overdoses can be considered accidental and therefore open to accidental death claims by victims' estates.

In its March 21, 2003 judgement, the Court ruled that the term "death by accidental means" should cover whether an insured person *expected to die* in the events leading to his/her death.

In considering a case where a British Columbia doctor died after injecting himself with demerol as part of an addiction treatment program, the Court stated that the definition of "accidental means" should not only be confined to the circumstances of death but also include whether the victim *intended* to die through a drug overdose. Lawyers for the insurer contesting the case had argued that

self-injection constitutes a deliberate act, thereby negating the accidental death claim.

In the case in question, blood tests indicated that the levels of demerol in the victim's blood were in the lower range of the lethal scale, suggesting that he "did not willingly take the risk of administering a potential lethal dose of the drug." The Court went on to rule that the victim "simply made a miscalculation concerning how much demerol his body could tolerate", thereby constituting an accident for insurance purposes.

The state of the victim's body when found and his behaviour prior to the accident, both of which overruled the question of suicide, were also factors in the Court's decision.

For plan sponsors, the addition of *intent* into accidental death risk

factors will likely complicate accidental death & dismemberment (AD&D) coverage. Underwriters may adopt more conservative or costly assumptions as they attempt to accommodate a broader and more loosely defined meaning of the term "accident." Contact your Coughlin & Associates Ltd. consultant for more information on AD&D coverage.



Ready to catch the wave?

The coming wave of retirements of aging baby boomers is beginning to grab the attention of both the media and pension planners.

Just how big is that wave? It's huge. Bigger than anything celebrated by the Beach Boys.

And, according to Statistics Canada, it will swamp some sectors within nine years.

While every industry will feel the crunch within 20 years, some sectors, such as education, already have workforces that are older than average. According to the government's fact gathering agency, the average age of educators is 44.3 years, while education workforce managers have an average age of 47.6 years. The median retirement age for education sector workers is 56.4 years.

"About half the education workforce is likely to retire within 12 years and half its managers within nine years,"

a February 2003 Statistics Canada release says.

Although not as immediate, the health care sector is also vulnerable to mass retirement. Statistics Canada data states that the average age of health care workers is 42.0 years, while its median retirement age is 61.8 years, giving it a 20-year window to prepare for the inevitable workforce exodus.

Since the education and health care professions tend to have higher education and experience requirements, these sectors are particularly vulnerable to disruption, the release says. It goes on to suggest that managerial occupations will also likely to be among the hardest hit by the retirement wave. As many as 90 per cent of managers surveyed had 10 or more years of experience in their jobs while 55 per cent were 40 years of age or older. The pending loss of at least half of

those with both experience and leadership skills will likely have a dramatic impact on the workforce.

Other industries facing the wave: forestry, mining and oil and gas, where 58 per cent of workers are age 40 or older. Communications and utilities, each of which has an average age of 41.1 and a median retirement age of 57.8, were also cited as wave-prone.

Retail trade and consumer services were listed as the most protected from the pending retirement exodus. The average age in those sectors was 36.1 with over one-third of their workforce under the age of 30.

For plan sponsors, these data underline the need to prepare -- and fund -- adequate succession and pension programs while the opportunity exists. Your Coughlin & Associates Ltd. consultant can help your organization develop the appropriate pension, retirement savings and employee benefits programs for employees

Amendment to recover operating costs invalid, Court rules

The Ontario Court of Appeal has overruled an attempt by the City of Toronto to recover the internal administrative expenses involved in the administration of its municipal workers' pension plan.

In a February 2003 ruling, the Court overruled a city bylaw that amended the pension's terms in a way that required plan trustees to pay the city's internal plan administration costs.

The defined benefit pension plan was established in 1956. Under the

original terms of the pension plan, trustees were responsible for receiving member contributions and managing investments. The maintenance of employee records and other administration was assigned to the city's retirement committee. By attempting to apply the amendment retroactively, the city attempted to revoke the trust agreement and fetter the discretion of the plan's trustees, the Court said.

For municipal plan sponsors in Ontario, the ruling reinforces the

strength of the administrative terms of pension plans that pre-date the establishment of the Ontario Municipal Employees Retirement System (OMERS.) For other plan sponsors, the ruling serves as a reminder that the courts are prepared to uphold the commitments outlined in trustee plan expense clauses, even when those commitments date back almost 50 years.

WSIB accepts claim for work-related skin cancer

The Ontario Workplace Safety Insurance Appeals Tribunal has ruled in favour of a construction worker seeking Workplace Insurance & Safety Board (WSIB) benefits for skin cancer.

The ruling recognizes that skin cancer is a work hazard for those who work outdoors.

The case involved a 63-year-old construction worker with 30 years of construction experience who developed basal cell carcinoma on his face on two occasions, both of which required extensive surgery.

The case is expected to generate more appeals for compensation benefits from outside workers diagnosed with skin cancer.

According to the Canadian Cancer Society, 3,900 new cases of melanoma, the deadliest form of skin cancer, are reported each year. A total of 804 people died of the disease in 2002, the Society says.

PPN update

Capital Rx Pharmacy at 273 Bank Street, Ottawa, and **Kanata Drug Mart**, of 64 Stonehaven Drive in Ottawa, have joined the Coughlin & Associates Ltd. Preferred Provider Network.

The former **Glaser Pharmasave**, now **Shoppers' Drug Mart**, of 24 Prescott Street, Kemptville, is no longer a member of the PPN.

Fast facts

The province of Saskatchewan has passed legislation protecting deferred profit sharing plan (DPSP), registered retirement savings plan (RRSP) and registered retirement income fund (RRIF) assets from claims by creditors. Bill 23, which came into effect on March 4, 2003, extends creditor protection to these funds provided they remain registered. Regular debt collection rules apply on de-registration or early withdrawal of the funds.

The Financial Services Commission of Ontario has endorsed the Canadian Association of Pension Supervisory Authorities (CAPSA) policy allowing plan sponsors to communicate electronically with pension plan beneficiaries. Both members and administrators may still elect to send or receive pension documents in hard copy format.

A study sponsored by Quebec's Ministry of Health shows surprisingly high levels of high blood pressure among teenagers. Up to 25 per cent of 16-year-old boys and 13 per cent of girls had elevated blood pressure, which can lead to hypertension. Similar rates were found among 13-year-olds. Hypertension is a leading cause of heart disease and stroke. While the study focused on Quebec children, there is no major reason to believe that similar patterns do not exist in other areas, the study noted.

Employer pension plans account for 71 per cent of total retirement savings assets, *Statistics Canada* says.

The mortality gap is steadily narrowing. According to *Statistics Canada*, data from 2000 indicates that the life expectancy of Canadian women is now 82 years compared to 76.7 years for men. Since 1979, male life expectancy has increased by 5.4 years compared to 3.2 years for women.

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