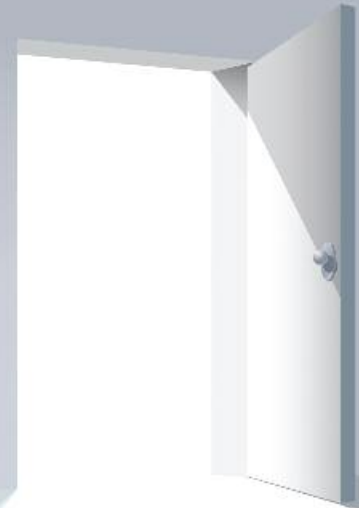


THE INSIDE STORY[®]

DECEMBER 2009 / JANUARY 2010 | GREENSHIELD.CA



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Ready, set, go...

Here's a heads up for 2010

Financial crisis... government scandals... H1N1... time to put 2009 behind us and look ahead to 2010—but look ahead to what? With the broad range of expertise at Green Shield Canada—everything from pharmacy experts to claims experts to communication experts—we decided to put our heads together to give you a heads up for 2010.

As we conducted 2009 post-mortem meetings to ensure continual improvement in 2010 and gathered around the crystal ball to predict what the future may hold in 2010, a few main themes emerged:

#1 New Year's Resolution for 2010: Shift plan member mindset

The reality is that we could all be looking at more cost sharing to ensure the long-term sustainability of publicly and privately sponsored health plans, so it is in everyone's best interest to focus on plan member education—so that the bite of reality doesn't leave scars. Whether plan sponsor, plan advisor, or health service provider, we must make plan member education our most important New Year's resolution. 'Employee accountability', 'shared responsibility', 'personal choice'—whatever industry buzz words come to mind, a key message for 2010 is the need to continue to help plan members understand their role and responsibility as healthcare consumers.

Plan member education is a 2010 "must do". As discussed in the April

2009 Inside Story, plan members need plan sponsors to help them understand their role and responsibility as a healthcare consumer/buyer/customer:

1. Explain to plan members how benefit plans work; how we all pay one way or another.
2. Make the costs of each benefit as transparent as possible to the plan member.
3. Show plan members how it is in their best interest to shop around to learn all the options and price points available.

Not only does showing the value of benefits potentially engage the plan member in taking a closer look at their usage, it also highlights opportunities. Through education, plan members realize how it is in their



best interest to control costs. They realize that not only can they get the most of their plan, but they can also save themselves money if their plan has an element of cost sharing built in. For example, the new attitude would be, "If I have to pay 20% out-of-pocket, I should shop around for the best price." To help you get into the educator role for 2010 and keep the behaviour change ball rolling throughout the year, be sure to download the complete April Inside Story issue at greenshield.ca

The continuing saga of the 2010 drug reform: More questions than answers



As the Alberta Pharmaceutical Strategy moves through Phase 2 (announced October 2009), the rest

of Canada is shifting into "wait and see mode" as each province waits to see what can be learned from the Alberta experience. Questions around the water cooler in 2010 are sure to include:

- Alberta: "Will Alberta's efforts to shift to a new reimbursement model mean that any private plan savings on generics could be offset by the government possibly OR potentially becoming the payor of last resort?"
- Ontario: "With the Ontario Ministry of Health getting set to reveal the details of the generic pricing review in April 2010, will generic costs be reduced as low as 35% to 45% of the brand price? And will private plan pricing remain

unregulated or will this be the end of two-tier pricing?"

■ Other provinces: "Will the Ontario review combined with the new Alberta strategy trigger a renewed round of discussions among all provinces? How will each province react?"

■ And overall, "With drug reform taking various approaches across the country, will the new model include additional charges for clinical pharmacy services, and will there be pressure for private plans to also cover these additional charges for clinical pharmacy services?"

At this point, there is only one answer to all of these questions: "to be determined". Although not a very satisfying answer, "TBD" is the reality of the day. As 2010 unfolds, our goal is to provide more answers than questions.

DIY (Do It Yourself): old news

HSEDIFY (Have Someone Else Do It For You): latest trend



With its roots in home improvement projects, we witnessed the “Do It Yourself” (DIY) craze grow in leaps and bounds across numerous industry sectors with people becoming “DIYers” in just about everything: DIY wine makers, DIY real estate agents, DIY dog trainers, DIY jewelry designers, and even DIY surgeons (okay, that’s a stretch, but certainly the Internet has turned many of us into armchair medical professionals.)

However, heading into 2010 we are also seeing “Have Someone Else Do It For You” (HSEDIFY) services thrive as plan members enjoy the ease, convenience, and time savings of having someone else do the work for them. For instance, in terms of claims submission, opting for the health service provider to “do it for you” has clear advantages. The health provider simply submits the claim online directly to the carrier and immediately knows what is covered—no paperwork—or any kind of work for that matter for the plan member. During 2010, we are sure to see new technological advances fuel new HSEDIFY services.

**Keeping informed by taking a closer look—
we made it our mission.**

Stay tuned...

As outlined in our Corporate Mission, “As Canada’s only national not-for-profit health and dental Benefits Specialist, we *take a closer look* at each customer’s specific issues to find answers that lead to real, bottom line savings and practical business solutions.”

Accordingly, no matter what is predicted for 2010, we’re ready—ready to support you, not matter what the issue. We will continue to keep a close eye on these emerging themes as well as new developments so you will be as informed as we are. “We respond to customers as mission critical”—it’s what we do.



Looking ahead, the winning strategy is “all for one and one for all”.

Health care spending is rising at an alarming rate—we need to take action because increased pharmaceutical utilization and rising costs in Canada could have a crippling effect in the future. Challenges are met in many ways, but strategic alliance is our winning strategy for 2010. We need to unite as a cohesive industry and collaborate with each other—with all stakeholders in both the public and private sectors—to ensure that we remain accessible, that our products remain affordable, and that outcomes are appropriate. Throughout 2010, these principles should become our guiding star:

Focus on the common good...

■ Collectively, as Canadians, if universal health care is going to remain a societal foundation, we all need to care—the ‘it’s all about me’ attitude needs to become a thing of the past. No matter what role we each play in the industry, we need to continue to only access the health care system when we really need it—so it will in fact be there when we need it.

Emphasize value...

■ It seems to be human nature to value things that we have subjectively identified as having perceived value. The measure of perceived value usually comes in the form of having to work for it, or having to pay for it. People appear less likely to be conservative shoppers if someone else is picking up the tab. No matter what role we each play in the industry, we need to continue to educate that we *all* pay for health care one way or another.



Advocate for the healthcare industry...

■ Drug manufacturers, governments, physicians, pharmacists, private plan stakeholders, patients and plan members—we all need to work together toward joint solutions—solutions that require *all stakeholders* to be more communicative, more transparent, and committed to our universal healthcare system. No matter what role we each play in the industry, we need to continue to advocate for a transparent healthcare system that adequately rewards contributors for proper behaviour while offering a cost-benefit approach to funding that has measurable results.

The sum of the parts is greater than the whole

Synergy is defined as the interaction or cooperation of two or more organizations, substances, or other agents to produce a combined effect *greater than* the sum of their separate effects—precisely the results we will achieve by working together. Isolationist thinking focused on our separate corporate and personal issues and goals will not successfully meet the challenges of 2010. ‘All for one and one for all’ is the mantra we each need to embrace—for everyone’s sake.

■ **Life expectancy = increasing.**

The costs of prescription drugs, extended healthcare benefits and overall healthcare are all headed in one direction: up.

■ **Unhealthy lifestyles and chronic disease = increasing.**

Unhealthy lifestyle practices (e.g., smoking, over eating, substance abuse, sedentary) are major contributors to chronic diseases like diabetes and heart and lung diseases. In turn, there is an associated increase in the need for prescription drugs.

■ **Private medical care (including private clinics) = increasing.**

An evolving definition of what is ‘medically necessary’ leads to an opening for private health care providers to offer services not traditionally considered necessary.

■ **Patient awareness = increasing.**

Increased awareness of health care issues and treatment options has created a more demanding patient.

■ **Private plan costs = increasing.**

With pending drug reforms, government reimbursement models are evolving and changing the way governments pay for drugs leading to increased costs for private plans.

The word on the street:

Here's what our experts are saying about 2010...



On technology:

"Although throughout 2010 capabilities will expand for plan members to submit claims online themselves, I think an important message for plan members is to make sure to consider all of their options. For example, speaking from the plan member perspective, I find it difficult to beat the convenience of online provider submitted claims—not to mention that the claims are processed in real time so I know exactly what will be paid. Having my dentist, optometrist, and physiotherapist submit my claims directly means no work for me—no paperwork, no hassles—I don't have to do anything at all... and then direct payment appears in my bank account, you've got to like that!"

Steve Moffatt, Vice-President, Sales & Marketing



On consumerism:

"A great way to encourage cost-conscious behaviour is by bringing the hidden costs out of hiding and revealing how benefit plans and the public health care system actually work in dollars and cents. For example, plan sponsors could share their organization's actual facts and figures with plan members to show exactly what the organization is up against as they try to design a plan that meets member needs within a limited budget. Shifting the plan member mindset will gradually shift behaviour—like plan sponsors can suggest ways for plan members to talk to their doctors about prescription options. Plan members can also learn to shop around for providers with lower costs, especially if there is an element of cost sharing built into the plan. Also, depending on how 2010 unfolds, if plan sponsors need to make some hard decisions about the current plan design, revealing the actual facts and figures to plan members can be a very effective way to communicate changes because it provides a solid rationale. And, if an even more aggressive approach becomes necessary, plan sponsors could consider building financial incentives into the plan and even designing the plan so that plan members pay less for lower cost choices versus higher ones."

Wendy Murkar, Vice-President, Claims Administration



On drug reform:

"The assumption that generic is always cheaper will no longer be valid as we move through 2010. Although in the past this was typically the case, in the future we will see brand name companies continuing to find ways to compete on price with the generics—and this competition is good for plan sponsors. A good example is ranitidine (Zantac™). It is used to treat heartburn and acid reflux and has been off patent for years. In August 2008, the brand name product price dropped to half the cost of generics, and remains the cheapest version of the drug today. Other drugs such as salbutamol inhalers (Ventolin™) for asthma, and glicazide (Diamicon MR™) for diabetes have also used a strategy of competing against generics, leading to lower costs on these drugs for plan sponsors."

Mark Jackson, Provider and Professional Services Liaison

Comings and Goings in 2010: *In the drug world, that is...*

2010

It's too bad that predicting when drugs will go off patent and when new ones will enter the market isn't as simple as gazing into a drug-world crystal ball. In reality, numerous factors influence drug comings and goings. Everything from legislative changes to legal issues to the internal workings of the pharmaceutical industry makes predicting what the future holds for brands and generics a complicated "guesstimate". Here is the word on the street to date...

Comings...

- No blockbusters like the Lipitors of the past appear to be coming down the product development pipeline in the immediate future.
- Bulk of new development will likely be in biotechnology drugs with expensive products for very small markets.
- This could mean an increase in costs for plan sponsors.

Goings...

- Prevacid (treatment of stomach acid) and Norvasc (treatment of high blood pressure): originally predicted to come off patent in 2010 and 2011 respectively have already come off patent.
- Lipitor (treatment of high cholesterol): predicted to come off patent in 2011 but Lipitor could be as early as July 2010.
- This could mean savings for plan sponsors.

So now the question becomes, what will be the net effect of these comings and goings for plan sponsor costs? Once again, the answer is TBD so stay tuned.



More Comings and Goings in 2010: *In the GSC world that is...*



December 2009:

A fond farewell to David Garner,

President and Chief Executive Officer, Green Shield Canada

With 20 years dedicated to Green Shield Canada, David leaves us with a strong legacy of record revenue growth (from just under \$200 million in 1990 to almost \$1.2 billion projected for 2009) and invaluable insight concerning the critical importance of keeping true to a solid vision. His leadership established the Green Shield Canada brand in the marketplace with a reputation for industry-leading technology and innovation. David's focused approach propelled Green Shield Canada forward while establishing a solid foundation that will serve us well for years to come. On behalf of the entire staff at Green Shield Canada, we extend a heartfelt thank you to David for his years of

hard work, dedicated service, and range of contributions to both Green Shield Canada and the industry. Please join us in wishing David all the best for a well-deserved, healthy, and enjoyable retirement...

Giving: a part of David that became a part of us

We are indebted to David for his leadership, strategic thinking, and strength of purpose as he supported our advocacy efforts. With our Board of Directors, he acted as our voice in the health care and benefits industry and established us as a catalyst for charitable organizations to help those most in need.

January 2010

A warm welcome to Steve Bradie

our new President and Chief Executive Officer

We are pleased to announce that Steve Bradie, our current Executive Vice-President and Chief Operating Officer will become our new President and CEO. Operating out of both the Toronto Executive Office and Windsor Head Office, Steve will take over David's responsibilities, working closely with the Chair and the Board of Directors to lead

our corporate strategy, values, and operational guidelines. Steve will capitalize on his 20+ years of Green Shield Canada experience to guide and build the company throughout the years ahead. Retiring CEO David Garner remarks "I take great pride and comfort in knowing Green Shield Canada will be in the very capable hands of Steve Bradie".

Snapshot of David's service at Green Shield Canada

- **1990 – 1994:** Vice-President, Sales and Marketing
- **1994 – 2004:** Executive Vice-President and Chief Operating Officer
- **2004 – 2009:** President and Chief Executive Officer



David Garner, left, with Steve Bradie.

Snapshot of Steve's service at Green Shield Canada

- **1987 – 1996:** range of progressively senior positions in the Finance, Human Resources, and Claims Administration Departments
- **1996 – 2004:** Vice-President, Claims and Administration.
- **2004 – 2009:** Executive Vice-President and Chief Operating Officer

NEWS AND EVENTS

Green Shield Canada has exciting introductions...

We are also pleased to announce the following appointments to the GSC Sales Teams:

- Danielle Edwards, Senior Account Executive, Toronto
- Stephanie Seabrook, Senior Account Executive, Toronto
- Trisha Arcand, Client Service Representative, Vancouver
- Giovanni Follegati, Client Service Representative, Toronto
- Andrew King, Client Service Representative, Vancouver
- Marnie Elliott, Client Representative, Toronto

Winner of the draw for an iPod shuffle



Congratulations to **Lina Yip**, of Port Coquitlam, B.C., the winner of Green Shield Canada's monthly draw for an iPod shuffle. Through this contest, one name will be drawn each month from plan members who have registered for Plan Member Online Services for that month. To learn more, visit greenshield.ca.

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