



# Paramedical Pain Points

By  
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*Demand  
for services  
on the rise  
as employers  
consider  
cost controls*



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ndispensable and beneficial for some but unnecessary and expensive for others, paramedical services are an integral part of most group insurance plans in Canada.

So should plan sponsors, always keen to optimize plan cost management, be concerned about the rise in the use of paramedicals in recent years?

According to data from the latest *Sanofi Canada Healthcare Survey*, paramedical services ranked second, behind prescription medication, in the number of claims submitted for reimbursement. Of all available paramedical services, demand for massage therapy showed the sharpest growth.

In many ways, a growing cultural acceptance of alternative medicines and therapies is driving the rising demand.

And, it doesn't yet appear to be a major source of concern from a cost standpoint.

"For the moment, I don't think the situation is particularly serious, but, of course, all costs can become a problem at some point," says Maurice Doucet, a partner at Morneau Shepell. He notes most well-designed plans already include effective control measures.

Compared to the costs of prescription medications, the amounts set aside for paramedical services pale. At the moment, up to 80% of group insurance costs involve claims for prescription drugs, according to several sources.

"In terms of ratios and volume, medications are the real concern," says Jean-Michel Lavoie, director of pharmaceutical benefits at Sun Life Financial. "We have to be vigilant about paramedical services, but they are not a big problem right now."

At Industrial Alliance, Jacques Parent, vice-president for group insurance, says paramedical services represent 18% of all claims and 16% of costs.

And, says Nathalie Laporte, vice-president for product development, marketing and strategy, group and business insurance, at Desjardins Insurance: "We make sure we have the appropriate cost-performance

ratio with medications but we have yet to reach that point with paramedical services."

### Strict Control Measures

Still, some say stricter monitoring and control measures are necessary to properly manage paramedical services. Pierre Marion, market director at Medavie Blue Cross, says paramedical care is probably the least controlled component in group insurance plans right now. "They should be framed more efficiently, but we'll get there," he says.

Some mechanisms are already in place to keep claims management-efficient, such as maximum reimbursement amounts for professional services. Moreover, insurers are, increasingly, grouping paramedical professionals into different categories, such as physiotherapy, and setting overall maximums for all providers in them.

The last measure was an effort to prevent some types of fraud. "Some professionals have several specialties, and they can issue receipts without necessarily specifying which specialty was used in a treatment," says Doucet. "Control measures are necessary to prevent these types of situations. We have to ensure the relevance of the service being claimed."

But, unlike most healthcare professionals, many providers of paramedical services don't answer to a professional order, something that can complicate monitoring and cost control for insurers. "Professional trainers will become certified naturopaths so they can issue insurance receipts. This is a misrepresentation," says Marion.

"Insurers have to put more effort in controlling paramedical care more efficiently than other plan components," says Parent. For example, there are about 30 associations for massage therapists in Quebec and there's some variation in standards.

"A lot of housecleaning needs to be done on that score, for sure," says



### HEALTHCARE SPENDING ACCOUNTS WORTH LOOKING INTO

Employers seeking to separate basic healthcare coverage from treatments focusing on lifestyle and well-being could consider healthcare spending accounts.

Under such spending accounts, employers deposit a maximum annual amount in order to reimburse employees for a range of

services, thus giving them leeway to select the services they want.

"Employers can potentially cover the healthcare required in a plan and leave the rest in a healthcare spending account, which allows them to separate the most widely recognized treatments from the rest for improved cost

control," says Maurice Doucet, a partner at Morneau Shepell.

But according to the *Sanofi Canada Healthcare Survey*, in the past year, 57% of plan members who had a spending account didn't use it. Those who did spent only 50%, on average, of the funds available.

"Healthcare spending accounts are good, but employees don't use them

enough," says Nathalie Laporte, vice-president of product development, marketing and strategy, group and business insurance, at Desjardins Insurance. "Generally speaking, members don't have enough information," she says. "It's important for sponsors to improve how they explain to members how these accounts work."



**PARAMEDICAL SERVICES** are generally defined as services provided by professionals who aren't covered by the public health system, such as chiropractic services, physiotherapy, massage therapy, naturopathy, acupuncture and osteopathy.

Marion. "We have to make sure these associations have a code of ethics, ongoing training and a sufficient number of hours for initial training, for example." (The number of associations and standards for paramedical care varies from province to province.)

In addition, determining whether or not to reimburse for care provided by professionals in certain associations can lead to complications for plan sponsors.

"There could be some resistance from employees who consulted the same professional for years, but because that person is not a member of the right association, the plan no longer covers the care they provide," says Marion.

Another key to managing costs is communicating effectively with employees covered by the plans. "Member education is paramount. Members have to realize that, the more they use a service, the higher the cost," says Doucet.

### The Doctor's Note

There was a time when some plans required a doctor's prescription for paramedical coverage, a measure that's increasingly less common.

"Access to the healthcare system is difficult. You may have to wait a long time before you get a doctor's appointment," says Doucet.

Parent agrees: "Requesting prescriptions for every service would complicate things. We view paramedical services as a valve in the public healthcare system, which is difficult to access. People will consult these professionals while they wait for their appointments."

The Sanofi survey also noted the marked increase in the use of paramedical services among employees' family members, especially for massage therapy. "While this situation does in fact raise some questions, it does not necessarily fall outside the group insurance framework. What is offered to the employee is also offered to the employee's family," says Marion.

"The well-being of family members is also important," says Doucet, who nevertheless urges some caution.

"We have to be cautious about the potential for abuse. I've seen situations where a member reaches his maximum, then the member's spouse reaches her maximum, followed by the kids. That's quite a coincidence."

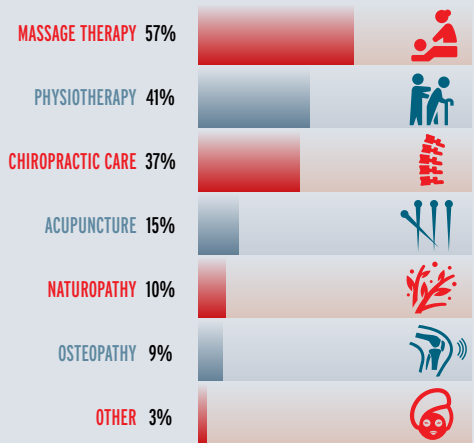
Even if some people believe stricter drug management should also apply to other plan components such as paramedical services, Marion recommends plan sponsors to work out their strategies in advance.

"Efficient cost control involves a range of measures that are applied, which, all told, have a significant impact on the member's experience," he says.

"In the end, the decision [to implement stricter controls] is up to employees and employers."

## DEMAND FOR PARAMEDICAL SERVICES

Percentage of plan members who used paramedical services in the last year.



Source: 2015 Sanofi Canada Healthcare Survey

### Are the Services Relevant?

Besides the cost and control issues, some stakeholders regularly question the relevance of offering paramedical services in group insurance plans. Despite the debate, many experts note employees continue to view those services as valuable.

"We have to keep in mind that younger employees also want to see the value in their plans, and, given their low consumption of prescription medications, they are looking for paramedical services," says Laporte.

"While some paramedical services do not necessarily have a clearly demonstrated therapeutic value, they are still prized by employees."

Doucet agrees it's about individual perception. "There are specialties that no one questions, like physiotherapy. People who have had good experiences with other specialties put a high value on the treatment they received, while those who doubt the service's medical value may see it as an unnecessary expense."

He does concede the direct link between paramedical care and a reduction in absenteeism or increased productivity can be difficult to quantify. "For services that are more closely related to well-being and lifestyle, the perception is more about overall compensation; the rewards offered to employees."

When insurers develop their health insurance plans, do they take the scientific and medical value of paramedical services into account?

Marion notes the industry hasn't yet reached the point where it can look at scientific studies to



determine whether naturopathy, for example, has a genuinely positive impact on people's health. "At the moment, the most effective way to ensure the quality of care and their value-add to employee health is to evaluate the professional associations," he says.

### It's All About Objectives

Perceptions of value notwithstanding, group insurance plans and any related control measures must meet the objectives of the plan sponsors.

"It's all about objectives," says Laporte.

"For some employers, an insurance plan is a form of compensation or reward. For others, the sole purpose of a plan is to maintain their employees' good health. There is a wide range of possibilities between these two extremes."

Competition is also a factor, as employers strive to offer coverage based on the market. "If the sole objective is to maintain good employee health, the relevance of paramedical treatments is a worthwhile question, but it rarely comes up," says Laporte.

As a result, plan sponsors must first ask if they're reimbursing employees for services that don't align with the objectives they've set for themselves.

"I'm not sure employers want to cover everything that touches on health and well-being, even if the demand for pet therapy is there," says Marion.

While large corporations can develop plans as they see fit, many small- and medium-sized businesses have to make do with predetermined coverage. In

addition, companies must handle the decision to cover a particular paramedical service or not deftly.


"Employees will ask why one professional is covered while another is not," says Doucet. "Sponsors must be able to clearly explain the reasons behind their decisions. If not, some members could end up criticizing the entire plan."

Marion says employees are generally understanding as long as employers and sponsors take the time to explain the reasons behind changes in coverage. "But withdrawing benefits is also very difficult to do," says Marion.

Sponsors should also take into account the sociodemographic profiles of their employees in each organization. An employer with much younger employees may place more emphasis on paramedical care, for example.

"The idea is to invest in productivity by giving employees the benefits they need for optimum performance," says Laporte.

"If the services improve employee health and help boost productivity, it's a worthwhile investment. Group benefits is all about compromise," says Doucet.

It seems massage fans can relax. For the time being, at least, they're likely to remain part of the group benefits offering. 

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Before joining our team as conference editor, Lauren served as an event planning intern at the non-profit organization, Journalists for Human Rights. Her primary areas of responsibility included press, public and sponsor outreach.

Prior to working for Journalists for Human Rights, she served as an editorial intern at Canadian Family magazine.

Lauren now brings her talents and editorial rigour to agenda development for Canadian pensions, institutional investments and workplace benefits-related events.

Lauren holds a Bachelor of Journalism from Ryerson University.