



Claim Trends and Cost Drivers

Where we've been and
what's ahead.

October 19, 2023

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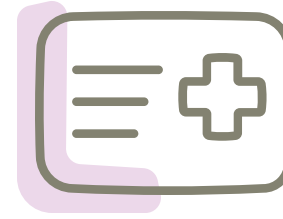
Agenda



Plan Members
tell us about their
well-being



The changing work
landscape &
resources to
support



Overall Claims
Experience

- Disability
- Healthcare
 - Paramedical
 - Drug
- Dentalcare



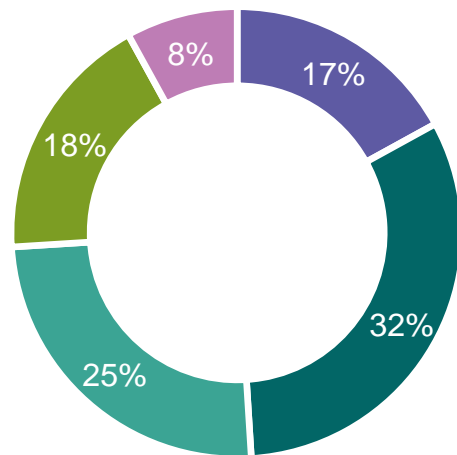
Proactive
strategies to
manage benefits
plan costs

Plan Members Tell us About Their Well-being

2022 Canada Life Health Risk Assessment: 12 638 respondents

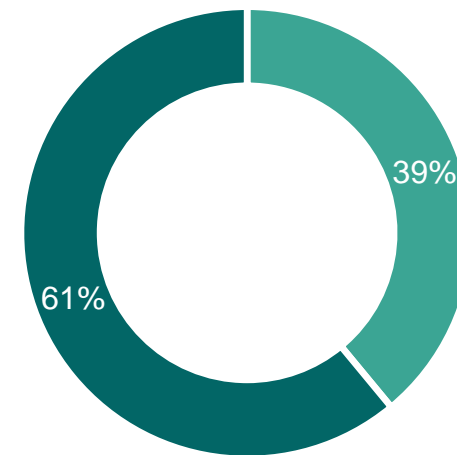
Demographic information on respondents

Age breakdown



■ 18-29 ■ 30-39 ■ 40-49 ■ 50-59 ■ 60+

Gender Breakdown



■ Men ■ Women

Financial Well-being



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

Financial health risk factors

Risk	High/Moderate
Finances	64%

24%

Of respondents are just getting by financially

28%

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

23%

Of respondents say finances control their lives.

Physical Well-being



Physical activity plays an important role in your health, well-being and quality of life. Improve your health by being active as part of a healthy lifestyle.

Physical health risk factors

Risk	High/Moderate
Diet	74%
Physical Activity	64%
Weight	59%
Alcohol	43%

26%

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

56%

Of respondents are overweight/obese.

37%

Of respondents on long-term medication reported not being adherent

Mental Well-being



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

Mental health risk factors

Risk	High/Moderate
Stress	64%
Depression	29%
Social Ties	28%
Anxiety	15%

21%

Of respondents regularly felt nervous and stressed.

13%

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

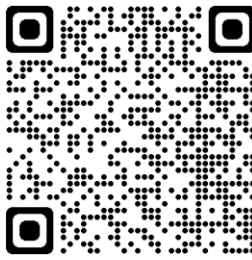
7%

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



“With the pandemic representing the first time all employees in an organization went through a life-altering situation, leaders need to look at their workforces as a new team”

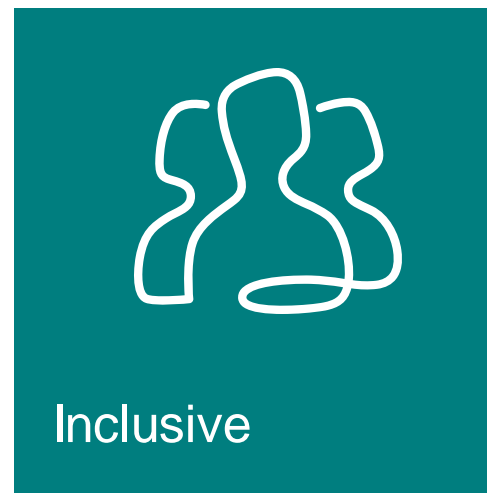
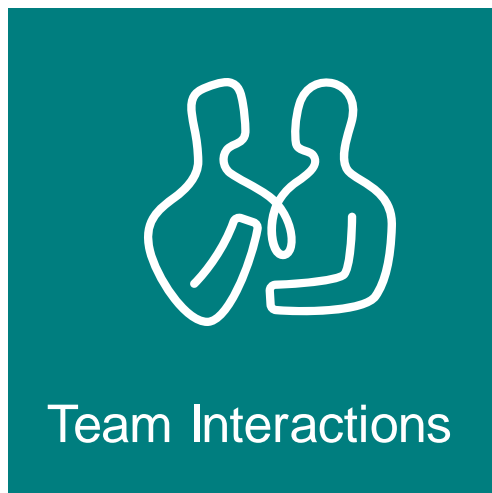
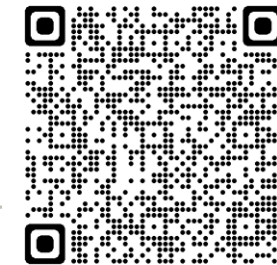
Mary Ann Baynton, Director of collaboration and strategy
for Workplace Strategies for Mental Health



Guarding Minds at Work 10th anniversary

A comprehensive tool to support your journey to a psychologically safe workplace.

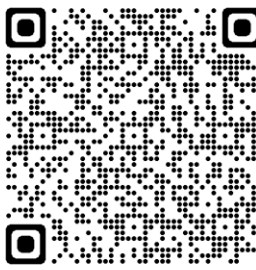
Psychologically Safe Team Assessment



This free online resource developed by Workplace Strategies for Mental Health is now available.

Leaders can gather input from team members about their experiences related to inclusion, team interactions and leadership support.

Use the results, including free tools and resources, to help open up a conversation and improve team cohesion and effectiveness.



Micro-learning Modules for Leaders

- 10-minute modules
- Introductory video
- Knowledge check, tip sheet
- Additional resources
- Accessible versions available

Workplace Strategies for Mental Health

- Free online tools and resources to promote mental health
- Strategies and tools that support success at work for everyone
- Helps employees manage anxiety and stress
- Practical resources for leaders and HR



For 15 years, we've been a leading voice in workplace mental health. In 2021 alone, we invested almost \$1 million in Workplace Strategies for Mental Health.

A woman with dark hair and a hearing aid is sitting at a wooden desk, looking at a laptop. She has her hand to her chin in a thoughtful pose. The desk has a laptop, a smartphone, a notebook, and sticky notes. In the background, there is a bookshelf with books and folders. A large white semi-transparent box is overlaid on the left side of the image, containing the word "Disability" in red text. A solid red square is in the top-left corner of the image.

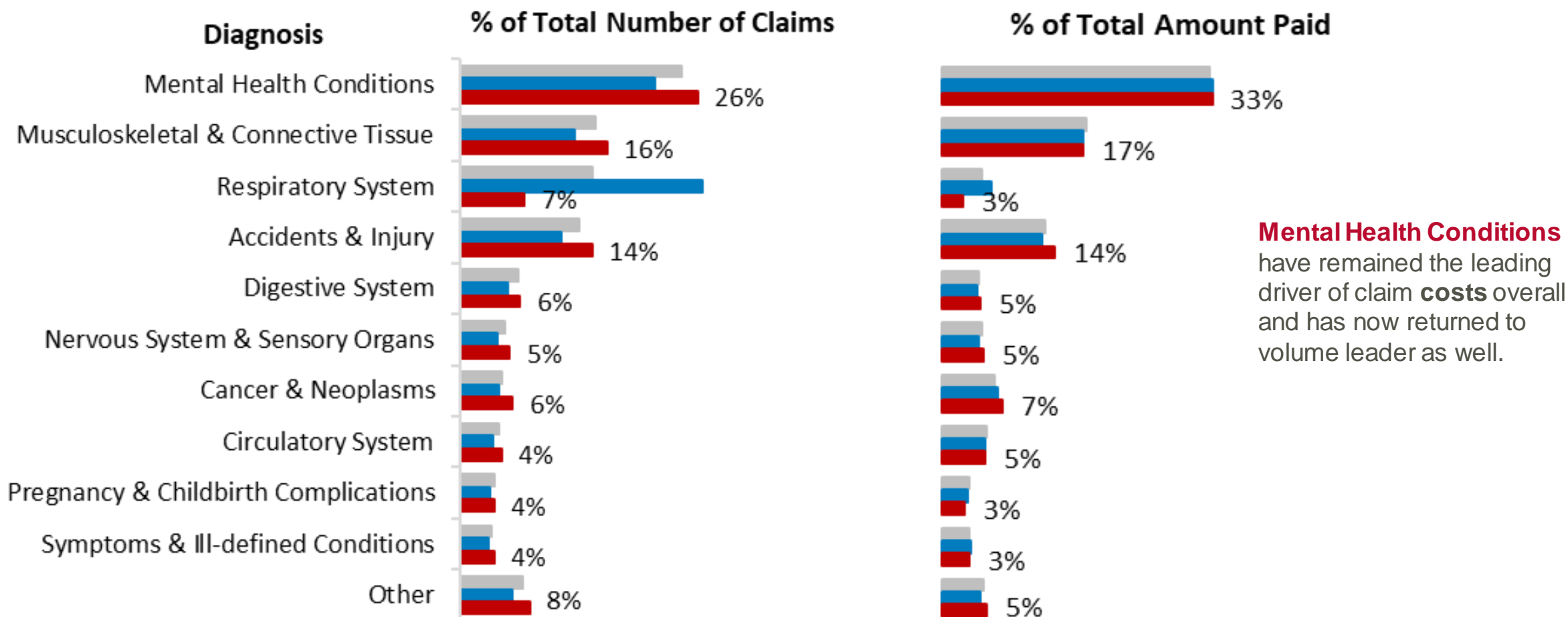
Disability

“Disability management is increasingly more complex due to the rising prevalence of polymorbidity”

Christine Hildebrand Vice President Health & Ability Strategy- Canada Life

STD: Open Claims by Diagnosis

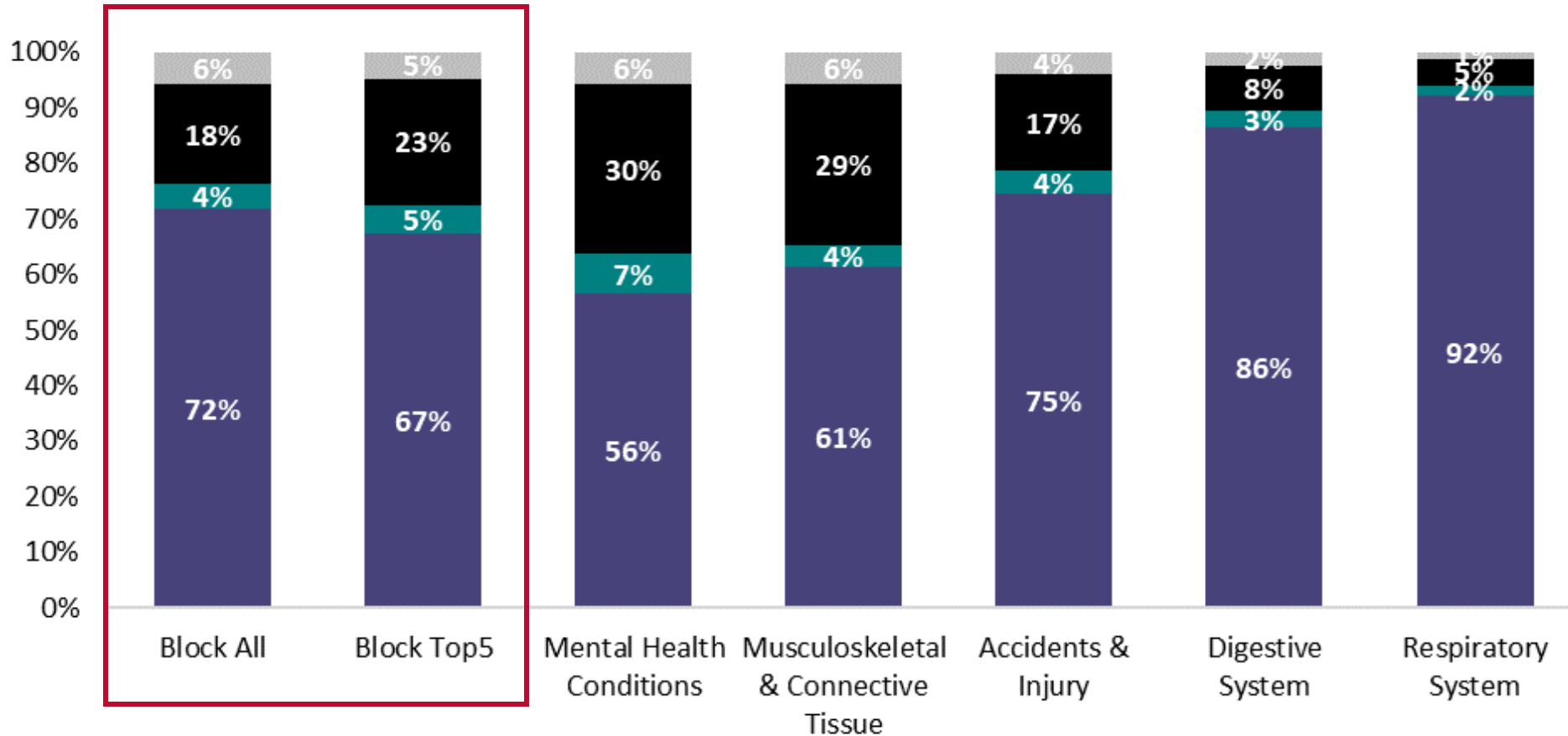
2021 | 2022 | YTD-Q1&Q2 2023



Mental Health Conditions have remained the leading driver of claim **costs** overall and has now returned to volume leader as well.

STD: Closed Claims By Closure Reason

Returned to work/Expected to return to work | No longer satisfies definition of disability
 | Maximum contractual benefit period reached/Maximum age reached | Others

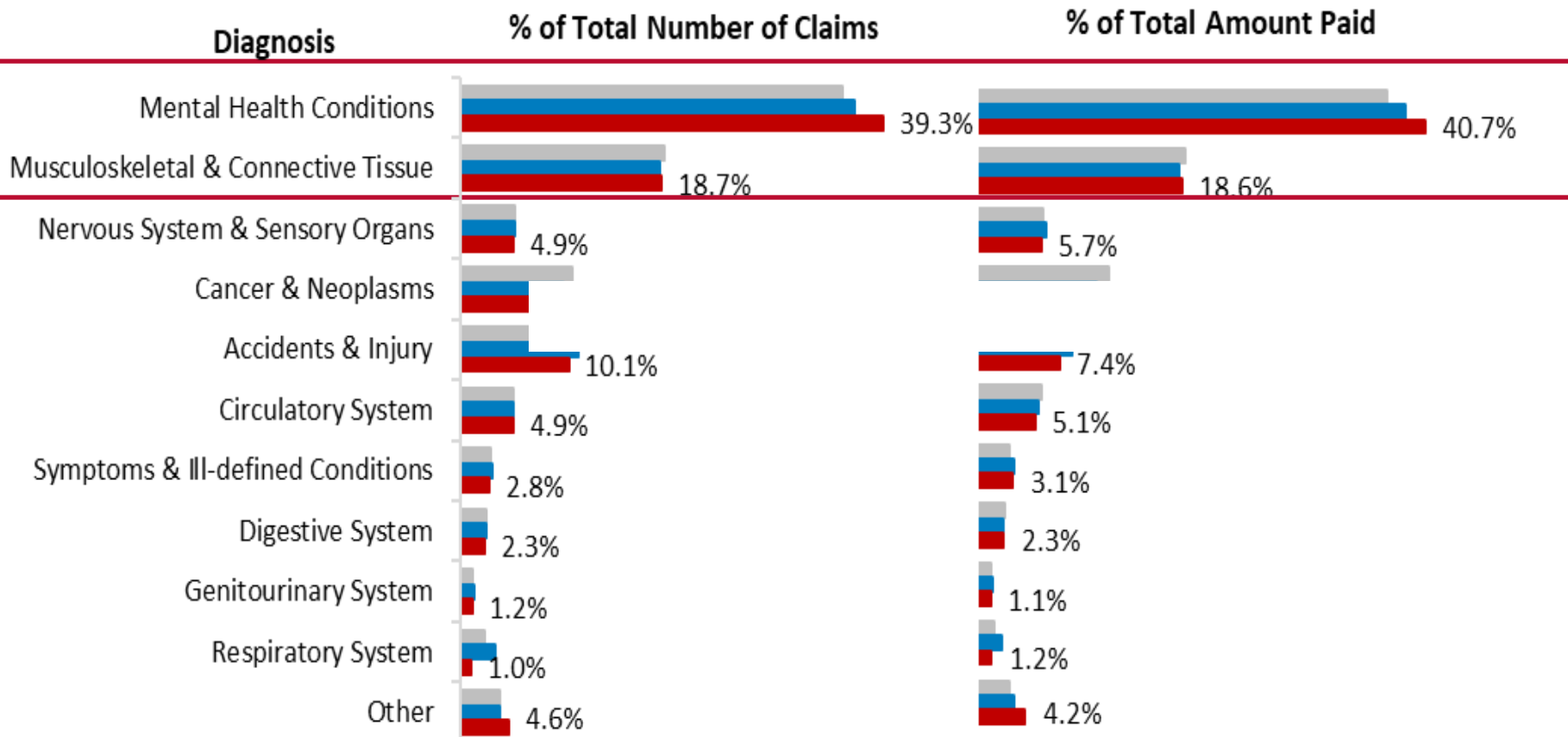


In comparison with **previous years**, we have seen consistent percentages in **return to work closures** across all diagnostic categories year over year.

In addition, there is an increase of 4% in claims returning to work at our **block level**.

LTD: Approved Claims by Diagnosis

2020 | 2021 | 2022



Mental Health Conditions have remained the leading diagnostic category and is increasing as a percentage of **both claims and paid costs**.

Musculoskeletal & Connective Tissue claims are the second-ranked cause of LTD claims and total costs.

Proactive strategies to manage plan costs & healthy outcomes



Ensure awareness of wellness resources /explore new approaches



Check in regularly with employees working from home



Review/Enhance your Health & benefits plan



Maintain contact with employees who are off work



Provide education resources on ergonomics



Invest in mental health prevention strategies



Have defined policies to support accommodation



Promote leader & team training

For a discussion on Canada Life's case management strategies reach out to your local account executive or organizational health consultant.

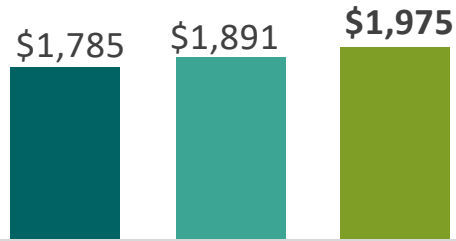


Healthcare

Healthcare Benefits: Overall

Average Amount Covered per Member

2020 | 2021 | 2022



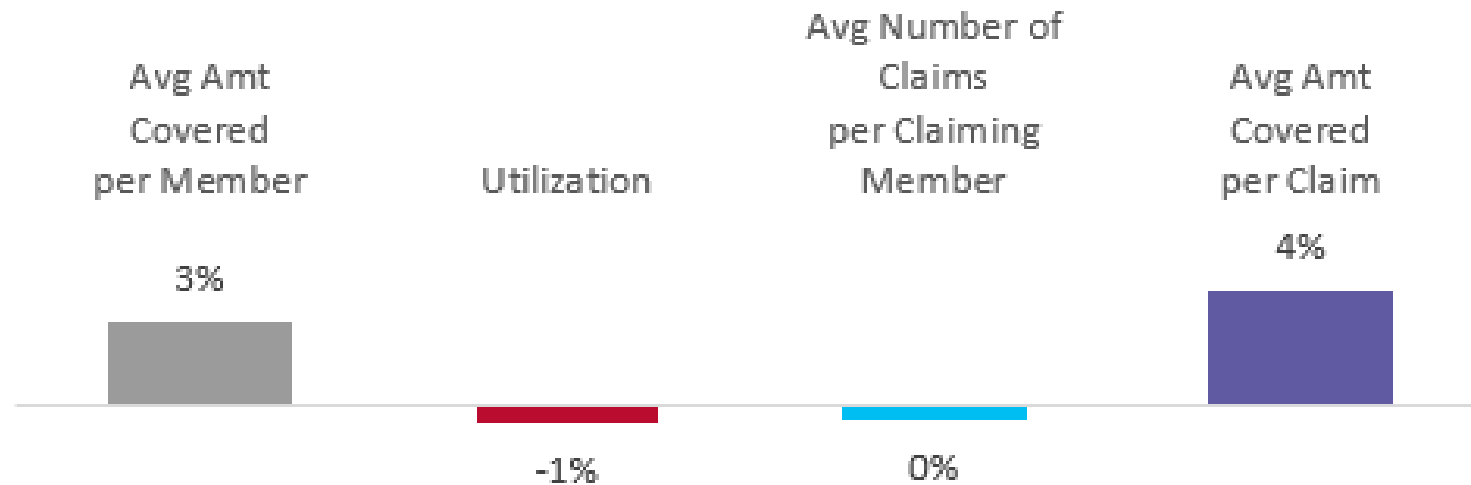
The average amount covered per member continues to **increase**

This is driven by 3 factors:

- **Utilization:** Remains relatively consistent year-over-year.
- **Number of claims per claiming certificate:** Consistently increasing year-over-year. The rate of change was greater in 2022, compared to 2021. This may be due to the COVID-19 lockdowns in 2021 and regaining more similar experience levels in 2022.
- **Amount covered per claim:** Consistently increases year-over-year. The rate of change was greater in 2021, compared to 2022. This is mainly due to large out of country claims occurring in 2022

Healthcare: Mental Health

Change in Mental Health Drug¹ Claims from 2021 to 2022

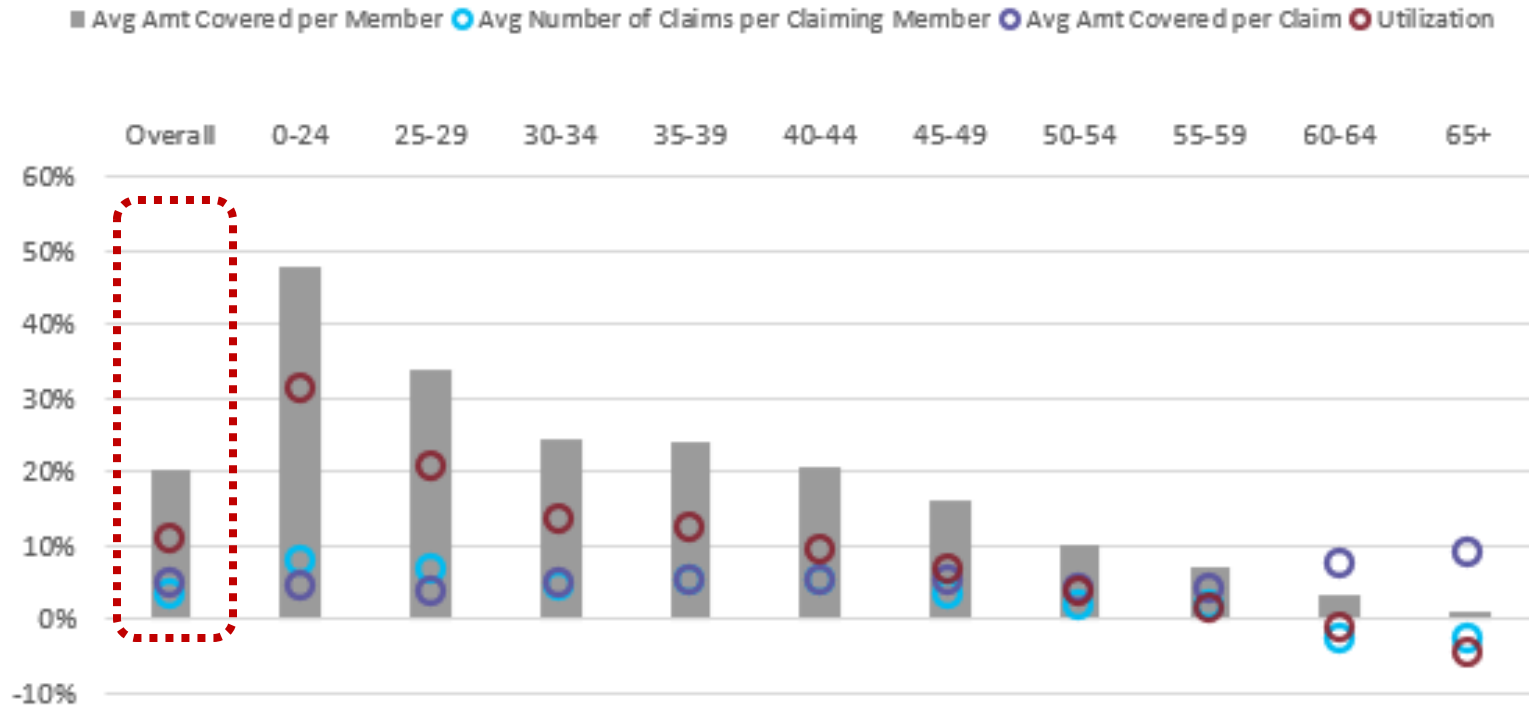


Drug

- The average amount covered per member for mental health drugs increased which was driven mainly by an increase in the average amount covered per claim.
- Utilization dropped slightly as claims see some mean reversion after the surge in claims due to COVID-19.

Healthcare: Mental Health

Change in Psychology Claims from 2021 to 2022



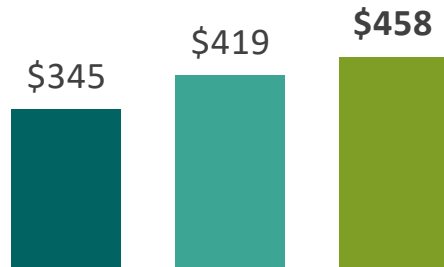
Psychology

- The average amount covered per member for psychology increased by 20% in 2022. This is mainly driven by an increase in utilization.
- However, the rate of the increase is less than what was experienced in 2021. This is likely due to mean reversion after the surge of claims due to COVID-19.
- Plan members under 30 years old continue to experience the largest increases in claim frequency for psychology services.

Healthcare: Paramedical Services

Average Amount Covered per Member

2020 | 2021 | 2022



The average amount covered per member continues to **increase**

This is driven by 3 factors:

- **Utilization** and **the average amount covered per claim** continue to increase year-over-year.
 - Inflationary pressures are driving the increase in the cost per claim.
- **The number of claims per claiming member** remained flat in 2022. This is likely due to mean reversion after the surge of pent up demand in 2021.



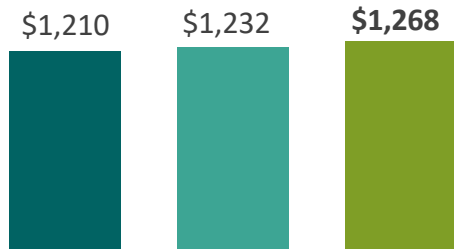
Drug



Healthcare: Drug Benefit

Average Amount Covered per Member

2020 | 2021 | 2022



The average amount covered per member continues to **increase**

This is driven by 3 factors:

- **Utilization** has remained flat in 2022. This is likely due to the backlog in demand, related to the surgical procedures caused by COVID-19 in 2020, being released in 2021 then regaining more of the usual utilization levels in 2022.
- **Number of claims per claiming certificate** increased slightly relative to 2021.
- **Amount covered per claim** has increased in recent years. This is driven by many factors such as inflation, prescription costs, provincial and national regulation, coverage eligibility, and patent expiries.

Drug trends: Top Therapeutic classifications in 2022

Top 10 Therapeutic Classifications

2022 Rank	Therapeutic Class	2022 % of Total Amt Covered	2021 Rank	2021 % of Total Amt Covered	2020 Rank	2020 % of Total Amt Covered
1	Diabetes Treatments and Supplies	15.0%	1	13.6%	1	12.7%
2	Biological-Response Modifiers ¹	8.3%	2	9.7%	2	9.8%
3	Skin Disorders/Acne	7.2%	3	7.0%	4	6.5%
4	Allergies/Respiratory Diseases	6.7%	4	6.4%	3	6.8%
5	Cardiac Disease/Blood Pressure	5.2%	6	5.4%	5	5.8%
6	Cancer	5.0%	5	5.5%	6	5.6%
7	Depression	5.0%	7	5.0%	7	4.9%
8	Central Nervous System Agent	3.8%	9	3.1%	11	2.7%
9	Gastrointestinal/Ulcers	3.6%	8	3.8%	8	4.0%
10	Cholesterol Disorders	2.8%	10	2.9%	9	2.9%
Top 10 Total		62.8%		62.3%		61.5%

- **Diabetes Treatments & Supplies** continues to experience strong growth and remains the most costly therapeutic class for the third year in a row.
- **Central Nervous System Agents** continue to experience strong growth and gain share of the total amount covered.

Drug trends: Top Drugs in 2022

Top 10 Drugs

2022 Rank	Drug Name	2022 % of Total Amt Covered	2021 Rank	2021 % of Total Amt Covered	2020 Rank	2020 % of Total Amt Covered
1	Ozempic	4.5%	3	2.5%	4	1.5%
2	Humira	2.4%	1	3.5%	1	3.8%
3	Remicade	2.4%	2	3.2%	2	3.3%
4	Stelara	1.8%	4	1.8%	3	1.7%
5	Vyvanse	1.7%	6	1.3%	8	1.1%
6	Freestyle	1.5%	5	1.5%	5	1.3%
7	Jardiance	1.3%	7	1.2%	9	1.0%
8	Concerta	1.2%	10	1.0%	11	0.8%
9	Symbicort	1.2%	9	1.0%	7	1.1%
10	Janumet	0.9%	8	1.1%	6	1.1%
Top 10 Total		18.9%		18.2%		16.8%

- **Ozempic** is now our #1 most costly drug as it has continued to grow in popularity since entering the Canadian market.
- **Humira** and **Remicade** have decreased in the percentage of total amount covered in recent years as more provinces have implemented a biosimilar switching program.
- **Vyvanse** and **Concerta**, which have similar uses, have both experienced strong growth in recent years.

2022 Hot Topics

Diabetes Treatments and Supplies as a Cost Driver

2022 Rank	Drug Name ¹	2022 % of Total Amt Covered for Diabetic Drugs	2021 Rank	2021 % of Total Amt Covered for Diabetic Drugs
1	OZEMPIC	29.6%	1	18.6%
2	FREESTYLE	10.0%	2	10.8%
3	JARDIANCE	8.5%	3	8.6%
4	JANUMET	6.0%	4	7.7%
5	TRESIBA	3.8%	6	4.0%
6	JANUVIA	3.2%	5	4.2%

- **Ozempic** remains the #1 Diabetes treatment, as it has been for a few years now. It now accounts for almost 30% of all Diabetes Treatments and Supplies. Ozempic is a non-insulin injection that helps to lower blood sugar levels in adults with type 2 diabetes².
- **Ozempic** increasingly dominates all Diabetic Treatments and Supplies as all other options have lost share of the total amount covered.

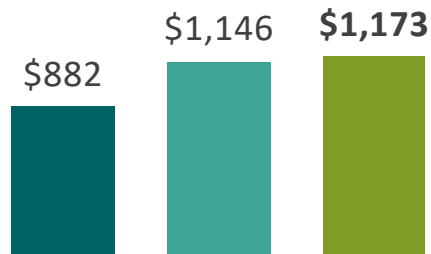
A photograph of a man with a mustache and tattoos on his arms, wearing a blue t-shirt, carrying a young girl on his shoulders. The girl is wearing a white t-shirt with a floral pattern and black leggings with white polka dots. They are outdoors in a grassy area with trees in the background. The man is smiling and looking up, and the girl is leaning her head against his. A white rectangular box is overlaid on the left side of the image, containing the text 'Dentalcare'.

Dentalcare

Dentalcare: Overall

Average Amount Covered per Member

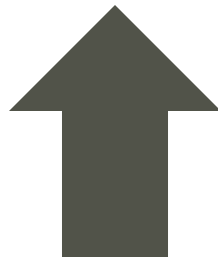
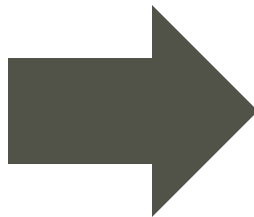
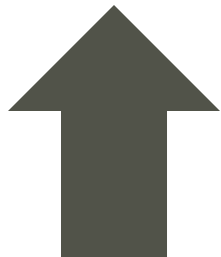
2020 | 2021 | 2022



Utilization

Number of Claims
per Claiming
Certificate

Amount
Covered per
Claim



The average amount covered per member continues to **increase**

This is driven by 3 factors:

- **Utilization** increased slightly compared to 2021.
 - **Number of claims per claiming certificate** remained the same as 2021.
 - **Amount covered per claim** increased slightly compared to 2021, mainly driven by inflation.
-
- Note that the large increase in the average amount covered per member in 2021 was mainly due to dental offices being closed for a portion of 2020 due to COVID-19.

Proactive strategies to manage health benefits plan costs



Optimal plan design is generally best determined with a deep understanding of the philosophy and objectives of the drug program – **establish philosophy and objectives for your drug plan**

- Example philosophy benchmarking against industry competitors (more of the same) or inspire change?
- Example objectives: attract and retain vs. reign in spending



Engage the plan and its partners to determine the best options for optimal management of benefits and to align with philosophy and objectives – **develop a comprehensive drug plan strategy**



Create opportunities to deliver a new and improved benefit program that will support members needs today and into the future – **ongoing analysis and monitoring of trends**

October 19, 2023



Thank you

