



Shaping group benefits:

Employer insights that are helping
guide the plans of the future



Life's brighter under the sun

Sun Life is focused on shaping the group benefits space to help employers like you seize opportunities and meet challenges that lay ahead.

This is a partnership with you. We can't assume we know what your needs are. The "voice of the Client" – your voice – must be our guide-post.

That's why we partnered with Ipsos to survey Canadian employers like you. We asked employers what they are looking to solve by providing a benefits plan. Just as important, we wanted to find out how you see your needs evolving in the coming years.

The survey revealed many important insights that are guiding our way forward. Growing concern around employee mental health is one of them. More access to digital tools to support employee well-being is another. The pandemic has intensified the importance of each. It has also intensified Sun Life's focus on them. For example, I am very proud of our hard work in recent months to bring virtual mental health care solutions to our Clients. This is just the beginning, with much more to come.

The survey results also raise a very important conversation about plan design. It's around balancing everyday health and wellness expenses with providing protection from catastrophic health events. There is a growing emphasis on coverage that is more transactional and offers greater plan member choice. At the same time, we must still ensure employees have adequate protection when they need it most. We are committed to innovating and working with you to find the right balance.

Please read on to learn about these insights and more. Together we will continue to shape the group benefits space to keep your employees healthy and position your business for success in the years to come.



Marie-Chantal Côté

Vice President, Market Development,
Group Benefits, Sun Life



About the survey

Sun Life partnered with Ipsos to conduct an online survey in March 2020 of 591 Canadian employers who offer group benefits. This was just at the start of the COVID-19 pandemic. Respondents represented a range of employer sizes:

2-24 employees

65

25-499 employees

211

500-999 employees

112

1,000+ employees

203

All respondents had a role in choosing an employee benefits provider for their organization. Respondents included CEO/C-suite executives, business owners and senior human resources professionals.

Note about reporting:

The major differences in responses were across size of employer, and this report provides results by employer size. There was less variability across provinces and industry sectors (categorized by SIC Code). However, where there are notable differences, they are called out in the report.



Why offer a plan and what's most important

Taking a broader view

Group benefits plans support good health and all employers benefit from having healthier employees. Employers realize this – it's the main reason they offer a plan. But there are other reasons too. These include attracting and retaining talent and increasing productivity and engagement.

Employers of all sizes responded similarly when asked why they offer a benefits plan. Most are looking beyond a narrow-focused return on investment (ROI) metric. They are looking to the broader, positive impacts that a plan can provide.

Why employers offer benefits plans

(% who say this is a very important reason)

To help keep employees healthy and well



To help attract and retain the talent we need



To help keep employees productive and engaged



To prevent employee presenteeism, absenteeism and disability



To get a long-term financial return on investment



To get a short-term financial return on investment



The importance of attracting and retaining talent

Two industry sectors, *transportation, communications, electric, gas and sanitary services* as well as *services*, were more likely to say they had a benefits plan to help attract and retain talent. Statistics Canada data may provide some insight into why. Several of the sub-sectors that make up these industry categories had among the lowest unemployment rates in Canada in 2019. These include *utilities, professional and technical services*, and *health care*.¹ Employers in these sectors may be under more pressure to attract and retain talent. They are looking to their benefits plans to help differentiate them as employers of choice in the labour market.

Help attract and retain talent

(% who say this is a very important reason)



60%

Transportation,
Communications, Electric,
Gas and Sanitary services



55%

Services

Help attract and retain talent

(% who say this is a very important reason)



54%

British Columbia

52%

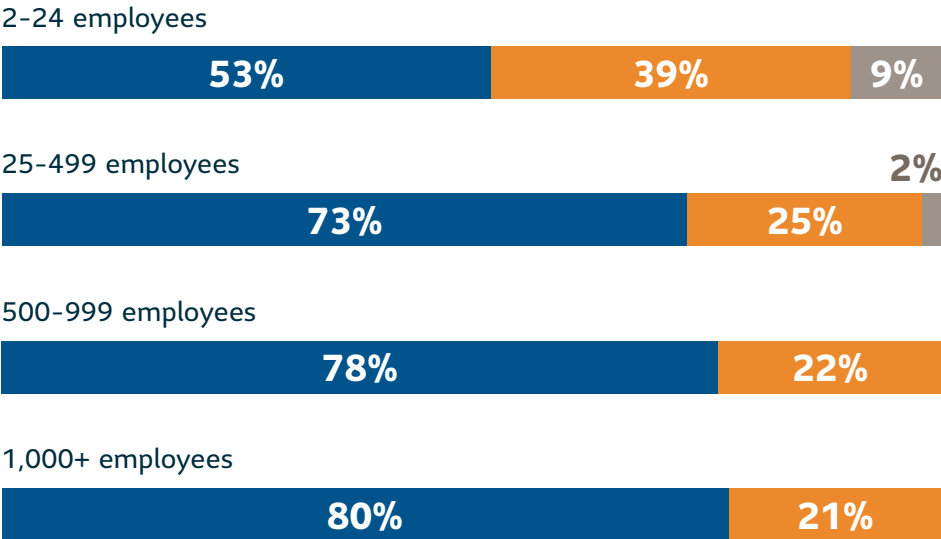
Ontario

^{1,2} Statistics Canada. Labour force characteristics by industry, 2019

ROI does matter

This is not to say financial ROI doesn't matter. Most respondents said they're looking for a financial ROI that goes beyond employee health. This desire for financial ROI increases as the size of the organization increases. One reason for this could be that larger organizations, especially publicly traded ones, are often under more pressure to account for costs. They may also have more of the resources needed to better track and measure ROI.

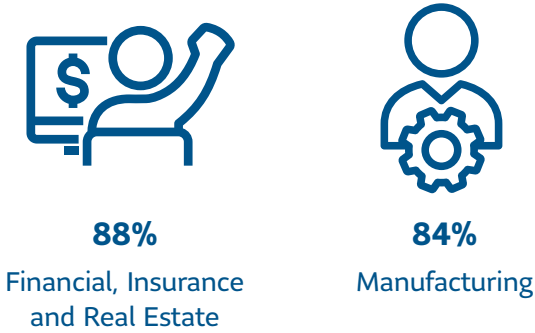
Do employers need a strong financial ROI or is having healthy employees enough?



- Benefit coverage must have a strong financial ROI to be worthwhile
- Having healthier employees is enough
- Don't know

We also saw differences among industries. *Financial, insurance and real estate* and *manufacturing* are more likely to emphasize the importance of ROI. One reason could be that these industries tend to be focused on reporting and metrics, including ROI and productivity. This perspective on their benefit plans may be an extension of that.

Benefits plans must have a strong financial ROI



The everyday vs. the catastrophic

Most plans offer a mix of coverage – coverage for many everyday health costs in addition to protection in case of catastrophic health events. This includes events like a disabling injury or the need for a life saving high-cost drug.

The survey uncovered some interesting insights into how employers value everyday and catastrophic coverage. Employers – especially smaller ones – tend to place more emphasis on covering everyday health expenses like paramedical, dental and vision services.

There are several potential reasons that can help explain this. It's likely easier to see the value in coverage for everyday expenses that promote our health and well-being. It may be more difficult to see the value in coverage for a catastrophic health event that is unlikely to happen. And employers have designed their plans to reflect what employees want. Indeed, in recent surveys, employees point to the coverage of everyday expenses as what they value most in their plans.³

This plays into the role of a benefits plan to attract and retain talent. And of course, it also helps to keep employees healthy and well – the top reason given by employers of all sizes for offering a benefits plan.

What best describes the objective of the benefits plan you provide: protection from catastrophic health events or coverage of everyday health costs?

2-24 employees



25-499 employees



500-999 employees



1,000+ employees



● Coverage for everyday health costs

● Protection from catastrophic health events

³The Sanofi Canada Healthcare Survey, 2018.

Interestingly, larger employers emphasize catastrophic protection more. That could be because they're more likely to have seen catastrophic coverage in action due to their much larger employee base. They may also have larger budgets, allowing them to cover more everyday expenses while also offering catastrophic protection. In addition, they may not have as intense a need to compete for talent. This is a well-documented need among many smaller employers.⁴

Two industry sectors showed notable differences in their emphasis of protection and everyday health costs

Employers in the *financial, insurance and real estate* sectors were more likely to choose catastrophic protection over everyday health costs. Many employers in this sector produce, sell or frequently deal with products related to protection from catastrophic loss. A stronger familiarity with or understanding of protection could be why they are more likely to prioritize it over everyday health costs.

Public administration employers are more likely to emphasize coverage for everyday health costs as a plan objective. This objective is consistent with how plans in this sector are used. As reported in our 2018 *Designed for Health* report, use of paramedical benefits is highest among public service employees.

⁴ Michael Cocolakis-Wordstall, Labour Shortage: Here to stay, Business Development Bank of Canada, 2018.

What best describes the objective of the benefits plan you provide: protection from catastrophic health events or coverage of everyday health costs?

Public Administration

61%

39%

Financial, Insurance and Real Estate

45%

55%

- Coverage of everyday health costs
- Protection from catastrophic health events



An important conversation

So where does this leave employers in valuing protection for catastrophic events? We sometimes discount the importance of catastrophic protection since these events are unlikely to happen. They are distant, abstract and unpleasant to think about. However, while uncommon, these events do occur, and financial protection and health supports can be absolutely critical. Think of the life-saving high-cost drugs that have recently entered the market. Many cost tens of thousands of dollars per year or more. Without coverage, an employee who is in need of one of these drugs may be faced with a devastating financial burden.

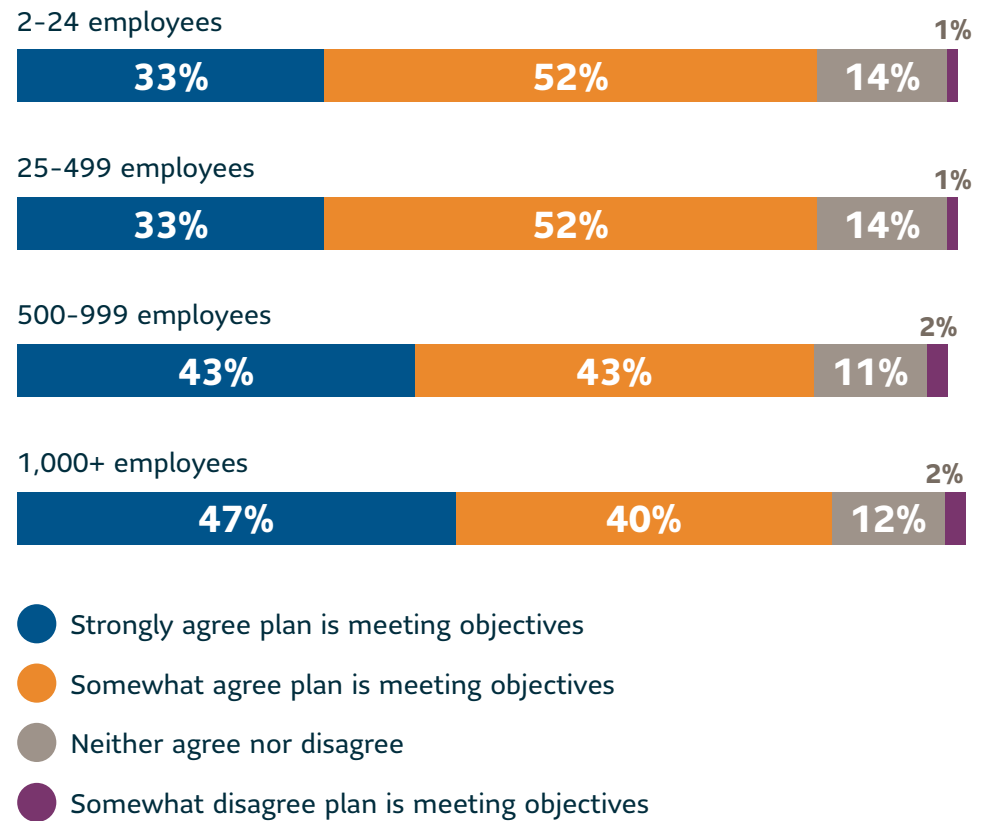
This raises an important conversation. There is a balance to be achieved between the two types of coverage. By having this conversation, we can ensure that the balance is not tipped and that the plans of the future continue to protect employees when they need it most. Insurance carriers, consultants and advisors are there to have these important conversations with employers to make plan design choices that achieve the right balance for them.





Whatever their plan objectives, a large majority of employers somewhat or strongly agree that their plan is meeting expectations.

Are benefits plans meeting their objectives?



Looking to the future

Customizability and choice

As noted above, a majority of employers say that their plan is mostly meeting expectations. Many, if given the opportunity to redesign their plan, would simply enhance what they already provide. But there is also strong interest in providing more customizability and choice for employees.



These considerations are included in the top three priorities when redesigning plans

	Providing more of the benefits we currently offer	More customizability and choice for the employee	Providing new and innovative coverage options	Cost savings for the organization	Providing more return on investment for our organization
2-24 employees	67%	50%	63%	64%	48%
25-499 employees	69%	61%	51%	62%	56%
500-999 employees	61%	65%	64%	55%	56%
1,000+ employees	62%	65%	62%	56%	55%

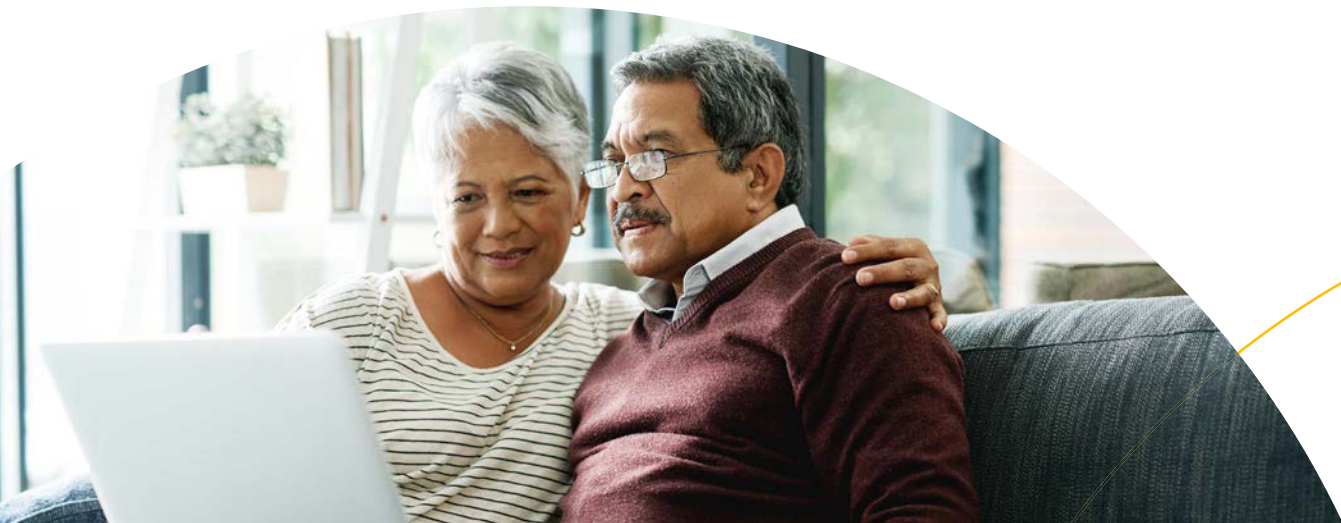
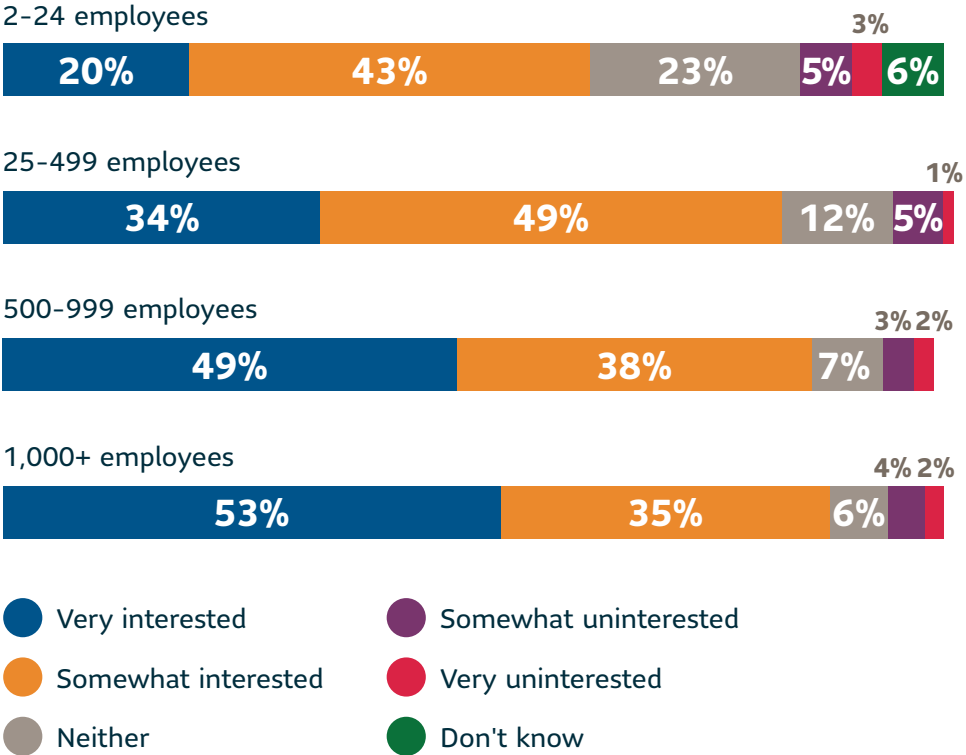
Emphasizing spending accounts

A key finding of the survey was the strong interest in shifting away from traditional plans to designs that place greater emphasis on spending accounts.

Spending accounts increase coverage customizability and choice for employees. They also can provide greater cost certainty for employers. The employer controls how much money is placed in the accounts. And this cost doesn't rise based on incidence or health care cost inflation as it does with traditional plans.

Before our research began, we anticipated that smaller employers would be most interested in this type of shift. From our conversations with smaller employers and past research, we know that cost certainty is a high priority. The customizability and choice provided by spending accounts can also help with attracting and retaining talent. But it is larger employers in this survey who showed the most interest.

Interest in shifting away from a traditional plan design towards defined dollar spending accounts





Interest in shifting way from traditional plan design towards defined dollar spending accounts

Financial, Insurance and Real Estate



Manufacturing



Retail Trade



- Very interested
- Somewhat interested
- Somewhat uninterested
- Neither

Notable differences in interest among industry sectors

The *financial, insurance and real estate* sector had a significantly higher proportion of employers who were very interested in shifting away from traditional plan designs. This interest could be partly due to this group’s already high adoption of spending accounts and flex plans.⁵ Further insights into the plan designs of employers by industry sector can be found in Sun Life’s 2018 *Designed for Health* report.

Interest was also notably higher among *manufacturing and retail trade*. Demographics could be one driver, as workforces in these sectors are younger on average.⁶ Previous surveys have shown that interest in flexibility and choice in benefits plans is strongest among younger plan members.⁷

⁵ Designed for Health, Sun Life, 2018
⁶ Statistics Canada. Labour force characteristics by industry, 2019
⁷ Sun Life Generations Survey, 2016

A balanced approach

A shift towards a plan design that puts greater emphasis on flexibility and choice should not mean abandoning foundational health coverage, or coverage for unexpected, significant health events. **It comes back to the important conversation about balance.** As we look to developing new, innovative benefit offerings, this conversation is critical. It's one Sun Life will continue to lead into the future.

Spending accounts are certainly one way to add choice and flexibility. But there are also other important innovations that can be added to traditional coverage. These can provide more choice, while also ensuring coverage is there when an employee needs it most. An example is virtual cognitive behavioural therapy programs reimbursed under extended health care plans. These provide choice beyond traditional therapy models and can help employees take action earlier in improving their mental health.





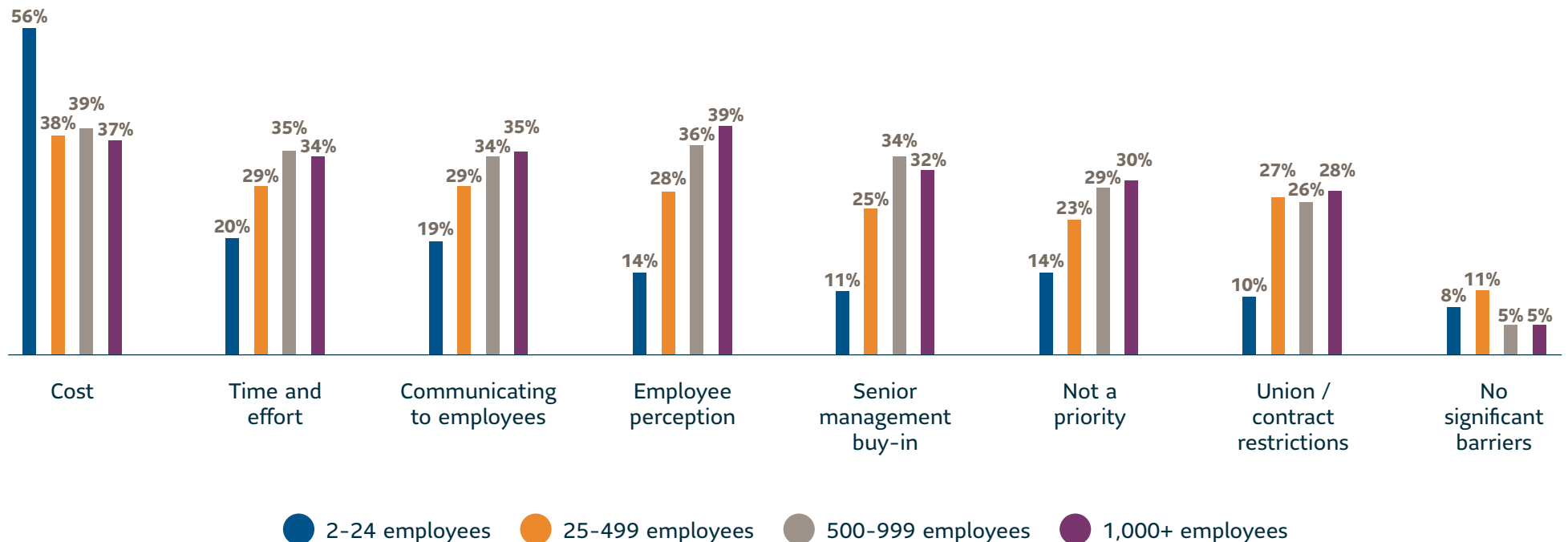
Overcoming barriers to change

Barriers to change often exist. Making changes to a benefits plan is no exception. Adding a benefit, let alone a fuller plan design change, can have challenges.

We asked employers about the barriers they face in making benefit plan changes. Cost is a key one. However, administration and managing employee perceptions are also key barriers to overcome – especially among larger plan sponsors. Employers don't want employees to perceive a change as a takeaway.

This is an area where advisors or consultants can help. They have extensive experience in helping implement plan changes. This includes helping make a business case for a new benefit, administration support and communicating benefit changes to employees.

Barriers to making changes to group benefits plans



A better understanding of organizational health risks

Employers are gaining an appreciation of the importance of understanding the unique health needs of their organizations. Many now understand there is no one-size-fits-all approach to reducing workplace health risks.

Data is critical. What are baseline measurements of employee health? What do employees identify as their most significant health risks? How are absence and disability rates trending? What are the primary causes of absence and disability leaves?

The survey revealed that many employers want to know the specific health risks that are impacting their employee population. With that knowledge, they can take steps to reduce those risks. Sun Life can help you identify the steps to do this. (See *Data and analysis* section on this page.) While smaller employers lag somewhat, there is overwhelming interest in digging deeper on organization-specific health risks.



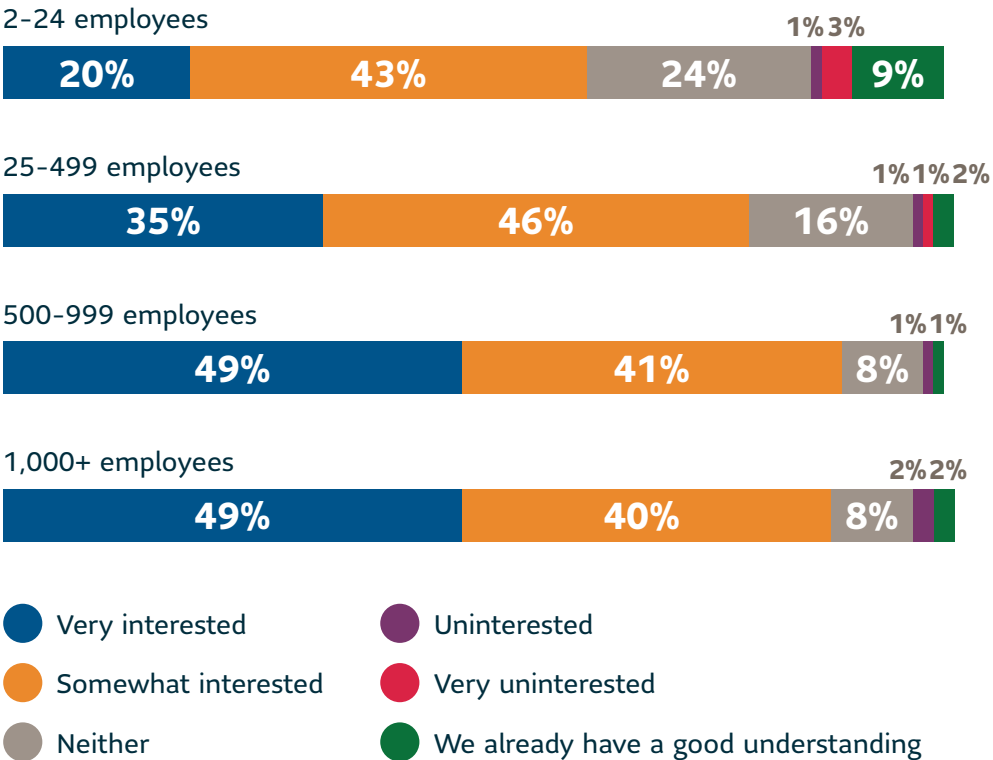
Data and analysis when you need it

Sun Life's *Integrated Health Insights Report* can give you a full analysis of your employee and organizational health data. The analysis gives actionable insights and recommendations to help set, measure and achieve your organizational health and wellness goals.

To learn more about this and our Organizational Health Consulting services visit sunlife.ca/workplacementalhealth.

What's most striking is that across the overall sample **only 2% of employers indicated they have an understanding of the health risks for their employees**. A greater percentage of smaller employers (9%), though, say that they understand those risks.

Interest in gaining a better understanding of the health risks impacting employee population





Organizations are poised to reduce health risks

Both employee mental health and employee wellness initiatives are priorities across all business sizes. Most employers intend to invest in these areas in the next two years. Many intend to make significant investments.

Priority level over the next 2 years

Employee Wellness Initiatives

2-24 employees



25-499 employees



500-999 employees



1,000+ employees



Employee Mental Health Initiatives

2-24 employees



25-499 employees



500-999 employees



1,000+ employees



● A strong priority – we will be making a significant investment

● Not a priority – we will be making little/no investment

● Somewhat of a priority – we will be making a moderate investment

● I don't know if we will be making an investment in this or not

Focusing on mental health

Many organizations say they will invest in workplace mental health over the next two years. This ranges from 73% of small employers to 96% of large employers.

It's a timely investment. We completed our survey just as the pandemic was emerging. We believe the need for mental health supports will be even greater in 2021.

Recent Sun Life polling found that 60% of Canadians reported the COVID-19 pandemic was impacting their mental health.⁸ Of equal concern is that our polling found that many of those experiencing mental health difficulties are not seeking professional or social support. The reasons for not seeking support include cost, not knowing where to go for help and self-stigma/embarrassment.

We're seeing an intensifying of concerns among the employers we speak with. Many are taking action around employee mental health – and larger employers in particular are planning significant investments.

How much of a priority is investing in employee mental health over the next 2 years?

2-24 employees



25-499 employees





500-999 employees



1,000+ employees

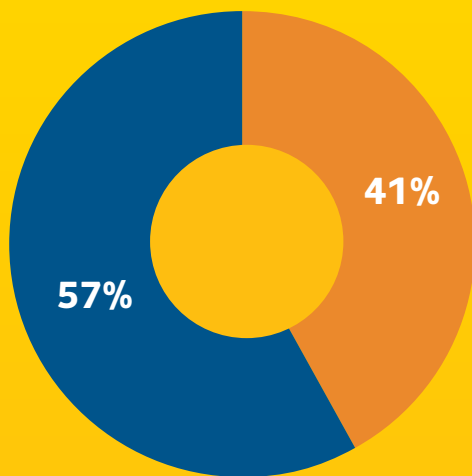


-  A strong priority – we will be making a significant investment
-  Somewhat of a priority – we will be making a moderate investment

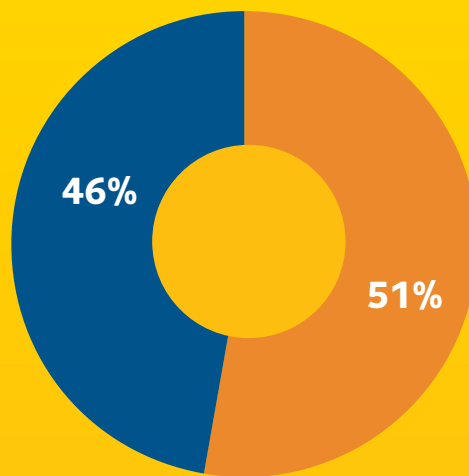
⁸The survey is based on findings of an Ipsos poll conducted between May 8 and May 11, 2020





How much of a priority is investing in employee mental health over the next 2 years?



Manufacturing



Retail Trade

-  A strong priority – we will be making a significant investment
-  Somewhat of a priority – we will be making a moderate investment

The *manufacturing* and *retail trade* sectors are more likely to indicate an intention to invest in mental health initiatives. The increasing prevalence of mental health issues in those sectors could be driving this. In Sun Life's analysis of mental health disability claiming trends (published in *Designed for Health – A focus on mental health disability claims*), these sectors had among the highest incidence of claims. Their workforces also tend to be younger on average. Our analysis revealed the most pronounced growth in workplace mental health disability claims is among those 35 years and younger.

Breaking down barriers to mental health treatment

A benefits plan can play a crucial role in breaking down barriers to mental health treatment. These barriers can range from cost, to the availability of therapists, to self-stigma.

Sun Life and the The Canadian Psychological Association (CPA) have partnered to make recommendations around the breadth and level of coverage needed to help ensure employees can access psychological services. Recommendations include:

- **Larger maximums for treatment.** Many plans cap their coverage for mental health practitioners at \$500 or \$1,000 per year. Often this is a combined maximum – shared with other services like chiropractic care. This typically falls far short of what therapists require to treat someone experiencing a mental health issue. Many employees will not contemplate seeing a therapist knowing that significant out-of-pocket expenses may result.

The CPA recommends a standalone maximum of between \$3,500 to \$4,000 per year. This amount provides coverage for 15 to 20 sessions. This is the number of sessions required to achieve a therapeutic outcome for people suffering from depression or anxiety.⁹ In our experience, few employees need to use the higher maximum amounts. But those that do are assured of adequate treatment – and a better chance of returning to good health.

- **Remove the need for a physician's referral to access psychological care.** As a self-regulated profession, psychologists can accept self-referrals and can function independently of medical oversight. The requirement for a physician referral serves an administrative purpose only. This can place a further barrier to plan members receiving care.
- **Support the delivery of tele-psychology services.** The pandemic has underscored the importance of having the ability to provide virtual care in place of a face-to-face meeting. Research shows that care can be delivered effectively over the phone or by video-conference. It is important that psychologists and their patients have the option to decide how best to continue their therapeutic relationship.



⁹The Canadian Psychological Association, 2020

Exciting innovations in mental health treatments



From pilot to launch

Sun Life recently completed pilots of two solutions to support plan member mental health. The pilots, conducted in partnership with leaders in the field of mental health, were industry firsts.

- **Pharmacogenomics.** Sun Life partnered with the Centre for Addiction and Mental Health (CAMH). This pilot used pharmacogenomics testing as part of our disability management process for mental health claims.
- **Online cognitive behavioural therapy (CBT).** Sun Life partnered with MindBeacon Health for two pilots. The first applied online CBT to our disability claims management process. The second pilot made online CBT available to plan members through their extended health care (EHC) plans.

One key insight was that intervening early produced greater symptom improvement and earlier return to work outcomes.

We're excited to announce that these solutions are now part of our EHC plans. Pharmacogenomic testing is now an optional benefit. Online CBT, when overseen by a qualified practitioner, is a standard eligible expense. Plan members can now take action to improve their mental health before it severely affects their ability to work.



Mental Health Navigator

In addition to the above innovations, we've partnered with Teledoc Health's Best Doctors to offer their Mental Health Navigator. This service is now part of our EHC benefit.

A Navigator can guide the employee to the best care for them. This includes:

- Gathering the employee's history – including treating physicians, institutions, etc.
- Setting up an appointment with a psychologist or psychiatrist
- Coordinating an expert review of the employee's file.

At the end of the process, the employee receives an expert report and clinical plan. They can share this report with their treating physician.



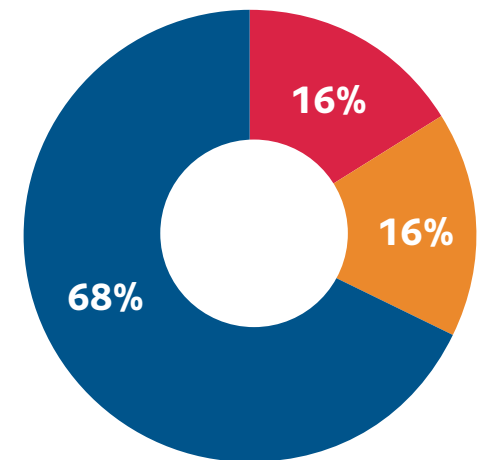


The rise of digital health solutions

Digital health has hit a tipping point. From wearables that track our steps to apps that can help us think more positively – digital health is mainstream. This is an area COVID-19 has also accelerated. For example, the adoption of virtual doctor visits has likely been brought forward by several years due to the pandemic.

Employers are on board. Our survey found that a majority of employers who offer wellness programming offered digital health services. Many who didn't offer these services planned to begin offering them in the next two years.

% of employers that offer digital health solutions



- Yes
- No
- Not yet, but we plan to in the next 12-24 months

Base: Those who offer their employees a wellness program

Digital health comes in different forms

Supports offered to employees can include any combination of:

- Health information
- Wellness incentives and trackers
- Assessment tools
- Support for existing or emerging health conditions and more.

There is a strong consensus about the benefits of digital health among employers who offer it. Larger businesses are more likely to strongly agree that digital health solutions positively impact employee health.

Among those who don't offer digital health solutions, the survey found that most would pay a fee for them.

% strongly/somewhat agree with benefits of digital health solutions

We believe it will result in a return on investment (ROI)

88%

90%

91%

It positively impacts employee health and well-being

90%

86%

87%

It is a convenient way to offer wellness programming to our employees

84%

89%

88%

It is something our employees value and use

82%

89%

90%

It is something our employees want

77%

87%

87%

It is a "one stop" solution for wellness, we don't need to offer much else in the way of wellness to our employees

36%

37%

38%

25-499 employees 500-999 employees 1,000+ employees





Lumino Health – a digital health hub for all

Sun Life's [Lumino Health](#) is a free resource available to all Canadians, 24/7, with a wealth of content on health issues. This includes:

- A section dedicated to mental health and support. For example, the Stress and Anxiety Guide is a tool to navigate resources (practitioners, services, information) for mental health.
- A new library of articles related to COVID-19, with a full section on Virtual and Home Health
- A search tool that makes it easy to find health-care providers, with access to over 150,000 health professionals
- The Lumino Resources & Offers section that includes exclusive discounts on health-care solutions.



24/7 access to health-care support

Lumino Health Virtual Care, powered by Dialogue, offers employees immediate, virtual access to qualified health-care professionals wherever they are in Canada.

- Employees connect to the service through a mobile app or using a computer.
- The service triages the employee before providing direct access to a care manager, nurse or physician.
- Employees can also connect with mental health professionals and get referrals for additional mental health support.



Aligning your plan design to needs and purpose

A group benefits plan is a significant investment – but the reasons for offering one vary by organization. It could be part of an attraction and retention strategy. Or it could form a foundation for promoting good health – and improving productivity. Many employers offer a group benefits plan for a combination of reasons.

Is your plan design still aligned to your purpose? Health trends are most often gradual. But significant change can creep up over time, and the pandemic has accelerated many trends. The

increasing incidence of mental health issues is a prime example. And innovations in technology are changing the playing field and moving the needle on best practices.

If you're looking to review your plan design, Sun Life and your plan advisor are here to help. We have the product expertise, data analysis capabilities, and health knowledge you need. We can help ensure you've aligned your plan to your organizational purpose and the health needs of your employees.



Life's brighter under the sun

Group Benefits are provided by Sun Life Assurance Company of Canada,
a member of the Sun Life group of companies. MC-9085-E 10-20 lj-jf

