

The

INSIDE STORY[®]

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podcast featuring Peter Gove,
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health management.

COMPLETELY INDIFFERENT





MEGA CREDIT, MONSTER MORTGAGES, AND NO BUDGET... STRESSED YET?

FINANCIAL HEALTH HAS A BIG IMPACT ON OVERALL HEALTH

It's the most Canadian of stories—we are a little ways into 2018, but the credit card bills still reflect holiday spending and merrymaking, and most of us shudder at the thought of our bank balances. It's also the time of year when New Year's resolutions are drifting away... typically about eating less and exercising more. However, what about the impact—the *huge impact*—of financial health on overall health? Make 2018 the year you encourage your plan members to add financial wellness to their health management goals. Here's why...

Major source of stress is financial health

In the September 2016 edition of *The Inside Story* when we shared Change4Life® health risk assessment (HRA) data, you may have been as surprised as we were to learn that over 40% of plan members experiencing stress indicated financial health as the source of their stress. As plan members, these people for the most part *have jobs*. Accordingly, we had assumed that financial stress wouldn't show up in the data as such a big deal. Now over a year later with updated Change4Life HRA data, it's clear that financial health is a big deal: of those who reported their stress level as moderate or higher, 50% identified the source as financial stress.

HRA DATA SHOWS HIGH STRESS LEVELS—ESPECIALLY FOR WOMEN



- Over 45% of plan members report their stress level as moderate or severe.
- Of those reporting moderate or severe stress, 50% report financial stress as the cause—second only to work-related stress.
- When considering stress as a risk factor for developing chronic conditions, 47% of plan members have elevated risk related to stress and 42% have elevated risk specifically related to financial stress.

Not only are stress levels high—and to a large part due to financial stress—but more women are stressed than men. And more women than men are specifically stressed about finances.

Fortunately, financial stress is considered a modifiable risk factor—which means that reducing it is within a plan member's control—and in turn, reducing their risk of developing chronic conditions. However, out of 17 online health trackers available on the Change4Life portal, plan members used the savings tracker the least—in fact, they hardly used it at all!

Of course, data like this triggered a research frenzy. We've been busy reviewing the latest findings about the financial health of Canadians to figure out how we can help plan members manage financial stress—and ideally prevent it in the first place. And what we discovered is that it's no wonder so many plan members are feeling overwhelmed by their finances given the state of financial health in Canada these days.

Financially unwell

Statistics reveal that increasingly for Canadians all of the elements are present that lead to poor financial health:



→ **Living paycheque to paycheque:** A 2017 survey of Canadian employees by the Canadian Payroll Association (CPA) indicates that 47% of respondents live paycheque to paycheque. This increases to 51% for generation-Xers (those born between 1965 and 1984) and 55% for millennials (those born between 1982 and 2004). In addition, 41% of survey respondents said that they spend all of—or more than—their net pay.¹ Similarly, a survey done by Ipsos in 2017 found that more than half of survey respondents are living within \$200 per month of not being able to pay all their bills or meet debt obligations.²



→ **High debt levels:** In 2016, Statistics Canada reported that debt levels in Canada are the highest among G7 countries.³ In that recent CPA survey, 93% of employees report carrying some form of debt and 31% report that their debt rose last year.⁴ To provide perspective, in terms of individual debt levels, a 2016 report by Equifax—a consumer credit reporting firm—found that the average Canadian owes \$22,081 in consumer debt, which doesn't include mortgages. And on average, people between the ages of 46 and 55 have the most debt—and those who are in debt are the ones borrowing more and more.⁵



→ **Reliance on credit:** A 2014 survey conducted by the Financial Consumer Agency of Canada (FCAC) shows that 30% of Canadian consumers struggle to cover living expenses. Among those, about half rely on some form of credit to make ends meet.⁶



→ **Using payday loans:** In 2016, the FCAC reported that the proportion of Canadians using payday loans has doubled recently to more than 4% of households.⁷

THE PAYDAY LOAN TRAP...



You need \$300 to fix your car. You get a \$300 payday loan for two weeks.

Over the two weeks, you'll pay (as an example, depending on where you live) \$63 in charges. So now you owe \$363.

This is equivalent to a yearly interest rate of 546%. Yes, you read that correctly, 546%!

If you don't make your payment, you're charged (depending on where you live) a \$40 penalty. So now you owe \$403.

Initially you didn't have \$300, and now you owe \$403 that you probably don't have.¹¹

What now? If you don't repay your loan by the due date, you continue to accumulate interest.

And there could be other serious consequences—the payday lender could call your friends, family, or employer to try to collect the money. The lender could sue you or sell the loan to a collection agency, which affects your credit rating. Also, the lender or collection agency could seize your property or take money directly from your paycheques.

If you need money immediately, the Financial Consumer Agency of Canada recommends looking into cheaper ways of borrowing. For example, a loan from family or friends, a cash advance on a credit card, a personal loan or line of credit from your financial institution.



→ **Low savings:** In the recent CPA study, 47% of the employees who responded reported that they are only able to save 5%—or less—of their earnings. As result, they are not prepared for unforeseen emergencies. In terms of saving for retirement, almost three-quarters of respondents reported saving only 25% or less of what they think they'll need to retire.⁸

All this doom and gloom translates into financial stress for Canadians—which also means plan members. For example, similar to the Change4Life HRA statistics, the recent CPA survey found that 39% of employees surveyed feel overwhelmed by their level of debt. In addition, nearly half wish they hadn't racked up so much debt, and nearly 40% regret the debt accumulated in the past year.⁹ Adding to the stress is that many feel ashamed and embarrassed of their finances. Gloomy indeed, but just how did we get here?

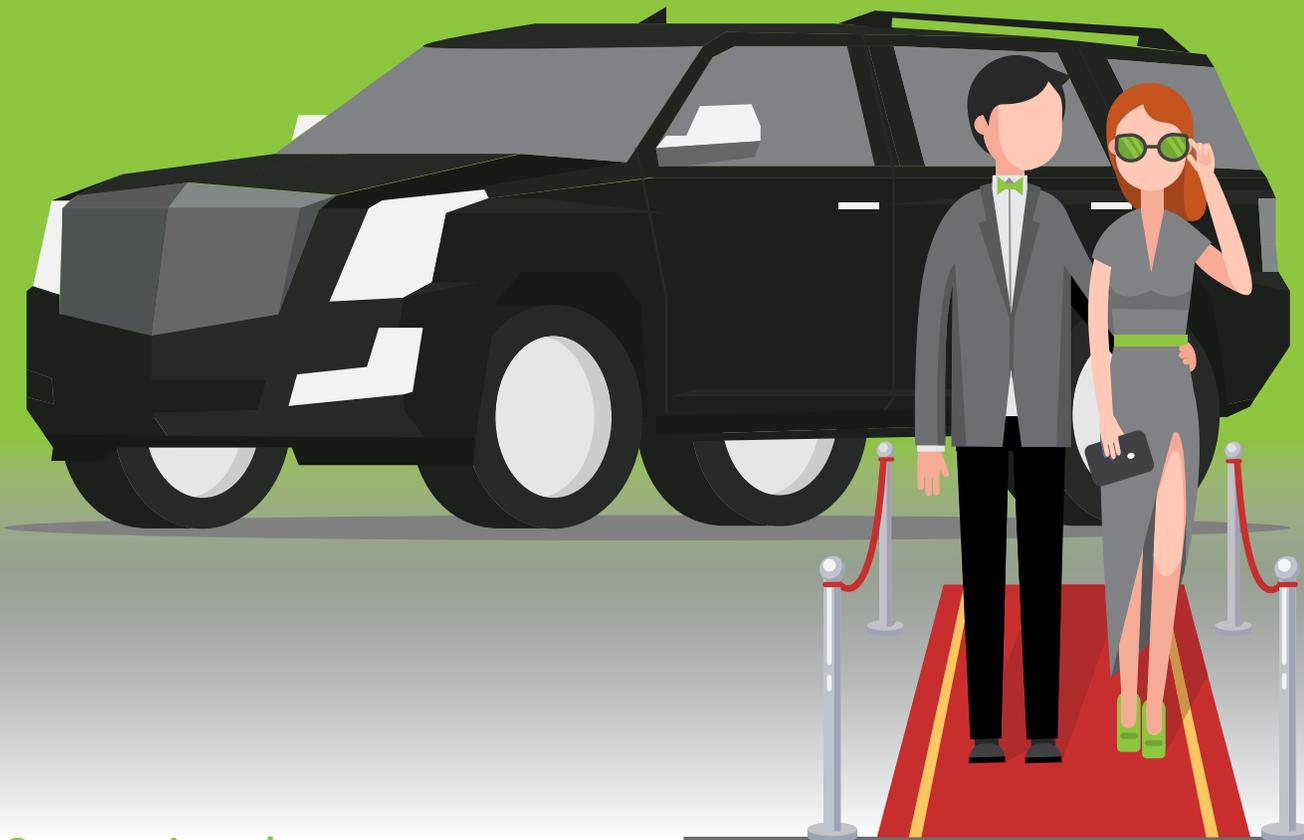


What's driving financially unhealthy trends?

So why are Canadians increasingly nearer financial ruin than financial stability? Why is it that—as reported by a CIBC 2016 poll—among those incurring new debt, 32% cited managing day-to-day expenses beyond their monthly income as the primary reason for accumulating more debt?¹⁰

To some degree, the poor financial health of many Canadians—and the corresponding high financial stress levels—can be attributed to things out of our control. Things like uncertain economic conditions after the recent global financial crisis and, in some regions of Canada, skyrocketing housing and rental prices. For example, in most cases, pay raises have been modest or non-existent. In addition, more and more workplaces are opting for non-traditional employment models like temporary, contract, part-time, or freelance workers; all of which have less job security than a more traditional nine-to-five gig.

Although some financial stress is the result of factors outside our control, a lot of our financial issues are within our control—and are actually self-inflicted.



Consumption culture

Bigger and bigger homes, more and more clothes, high-end cars, and dream vacations—we want it all. And then we want more of it all. But what is driving this compulsion to spend, spend, spend? Research indicates that all this spending isn't about meeting basic needs, but rather, it's about filling voids in our lives, and advertising is a big influencer. And now advertising is mightier than ever—not only has the online world ramped up the amount of budget-breaking temptations we are exposed to, but also advertising can now be highly targeted to specific potential buyers.

And then there is also the issue that social media presents another spending trap for people as they try to keep up with the Joneses (or rather, the Kardashians). For example, an American study found that one in eight Americans is willing to take on \$1,000 or more in debt to buy things that help depict them as leading an extravagant lifestyle.¹²

Another study seems to demonstrate both the phenomenon of increased exposure to ads and increased social pressure to keep up with the image of peers online. In five experiments, researchers found that just five minutes of browsing Facebook immediately lowered self-control regarding making purchasing decisions—just five minutes! Overall, users who spend relatively long periods of time on Facebook—and have extensive online social networks—are likely to have lower credit scores and more credit card debt than those who use Facebook less and have weaker networks.¹³

TOP SEVEN REASONS THE CREDIT COUNSELLING SOCIETY SEES FOR FINANCIAL TROUBLE

Interestingly, numbers two and four are especially within our control.

1. Unemployment/underemployment
- 2. Excessive use of credit or using credit for living expenses**
3. Injury/illness
- 4. No budget/lack of financial education**
5. Separation/divorce and family expenses
6. Failed business/used credit for business expenses
7. High housing costs

Enticed by low interest rates... and now stung by rising ones

The sustained low-interest-rate environment of the past several years made it easy for Canadians to take on more debt when they probably shouldn't have. For example, although housing is extremely expensive in some markets, people took on exceedingly high mortgages to get that dream house or investment property. Over-extending also applied to consumer loans because apparently everyone "needs" a high-end fancy-pants car. Now compounding the problem of big debt loads is that interest rates have started to rise. This means even higher mortgage payments. How will people cope with the higher payments? Cash advances on credit cards? Payday loans? Credit card payments redirected to mortgage payments? Clearly, it's all a vicious cycle of increasing financial pressure and deteriorating financial well-being.

Limited financial literacy

Although people may be stressed about their finances, they may not know what they can do to improve their situation, or where they can turn for help. For example, the recent CPA survey found that 26% of respondents feel earning more is the best way to improve financial well-being, compared to just 19% who think spending less is the way to go.¹⁴ This may reflect a lack of knowledge regarding other options out there—options like budgeting.

Budgeting is considered a financial-literacy basic; research from the U.S. found that budgets help people prioritize expenses and that that they are especially helpful for people experiencing financial stress.¹⁵ However, results from a FCAC 2014 survey found that only 46% of Canadians have a budget.¹⁶ And a CIBC poll reported an even lower number in 2016: only 26% of respondents planned to actually create a household budget.¹⁷

And yet another distressing finding: a 2017 Ipsos poll found that approximately 60% of respondents said they don't totally understand how interest rates affect debt repayments.¹⁸ It's this lack of financial literacy that can lead to taking on more and more high-cost debt.

So what's the bottom line regarding financial stress? The outcome is the same as other kinds of stress—high stress is a risk factor for both physical and mental health issues.

FINANCIAL LITERACY DEFINED

The FCAC describes financial literacy as having the knowledge, skills, and confidence to make responsible financial decisions.

- **Knowledge** refers to an understanding of personal and broader financial matters;
- **Skills** refer to the ability to apply that financial knowledge in everyday life;
- **Confidence** means having the self-assurance to make important decisions; and
- **Responsible financial decisions** refers to the ability of individuals to use the knowledge, skills, and confidence they have gained to make choices appropriate to their own circumstances."²¹

Research shows that those who are more financially literate are more likely to accumulate wealth and save for retirement, as well as refrain from high-cost borrowing. So how financially literate are we? In a 2017 survey by the Canadian Securities Administrators, 51% of respondents failed the general investment knowledge test.²²

A downward spiral

Like all stress, when financial stress is chronic, it's a serious problem. For example, a Finnish study that reviewed 33 peer-reviewed studies concluded that "indebtedness has serious effects on health."¹⁹ This finding is mirrored in a Canadian and an American study that found high debt relative to assets is associated with higher perceived stress and depression, worse self-reported general health, and higher diastolic blood pressure.²⁰ Peter Gove, GSC's innovation leader, health management, elaborates, "Stress due to financial worries can lead to a downward spiral of increasingly severe levels of anxiety and depression with serious thoughts of hopelessness and despair. And it's very difficult to deal with your depression when you are faced with serious financial challenges." (Don't miss Peter discuss financial health in this Inside Story's companion podcast.)

To gain additional insight into the consequences of financial stress, we contacted Cynthia Hastings-James, co-founder of BestLifeRewarded Innovations, which provides the technology that powers our Change4Life portal. Cynthia explains that "if your financial world is in disarray, it's extremely challenging to focus on improving other aspects of your health. You are likely overwhelmed and preoccupied to the point where your financial issues overshadow all other aspects of your life." Other health issues are neglected and so is work: In the recent CPA survey 50% of employees reported feeling that financial stress affects their job performance.²³ Clearly, we need to help plan members address financial health, but how?

Becoming physically fit and becoming financially fit—they have a lot in common

Addressing financial stress is just like addressing other areas of health—it requires behaviour change. As Cynthia explains, "Just like helping plan members adopt healthy lifestyles, it's important that behaviour change initiatives take a personalized approach by tailoring strategies to each plan member's specific financial situation and motivators."



RESOURCES AND TOOLS FOR PLAN MEMBERS

Encourage your plan members to take control of their financial health by checking out the new additions to the Change4Life portal in March including:

- Self-assessment of financial concerns
- Personalized report card and action plan
- Resources like "Twelve ways to get out of debt," "Eight debt control options," and "How to fix and re-establish your credit for free"
- Tools like a Savings Tracker and even webinars

And these organizations offer a range of free ways for plan members to improve their financial literacy and take action to address their financial issues:

- Financial Consumer Agency of Canada
- Credit Counselling Services of Atlantic Canada Inc.
- The Credit Counselling Society
- Prosper Canada

In addition, Cynthia emphasizes the need to take a small-steps approach, “For example, if a doctor tells someone that if they don’t lose 50 pounds, they may have a heart attack; this may cause action paralysis or trigger the infamous ‘won’t happen to me’ syndrome. Similarly, with financial ill-health, if someone is told that if they don’t pay off their debt they will lose their home, they may become even more immobilized. We need to ensure that financial well-being resources are engaging, timely, and accessible.”

So we also asked Cynthia, what are some of the small steps that can help address financial stress? “You help them take small steps by leveraging proven behavioural models and providing targeted, rewards-based action plans. Make sure you cover the fundamentals—like how to budget and the importance of saving for a rainy day. Helping people with the basics makes taking action feel much more doable. And just like with other health issues, you also need to bring in prevention. The idea at first? Let’s focus on getting you out of debt, then let’s start figuring out ways to start saving so you can get ahead of the game. Of course, rewarding people for engaging in these tools doesn’t hurt either.”

Speaking of tools and resources...

Encourage your plan members to check out the new financial well-being modules on the Change4Life portal. And hopefully, your plan members will add financial wellness to their health management goals this year!

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BRITISH COLUMBIA'S FAIR PHARMACARE TO REDUCE OR ELIMINATE DEDUCTIBLES

British Columbia's Fair PharmaCare helps British Columbians—based on income—with the cost of eligible prescription drugs, as well as certain medical supplies and pharmacy services. Fair PharmaCare has announced its intention to reduce or eliminate deductibles. As of January 2019, families with net annual incomes between \$15,000 and \$30,000 will have no deductible on prescription drugs. In addition, families with a net income below \$45,000 will have a lower deductible. The government is also eliminating co-payments for families that have a family member 79 years and older with a net income below \$13,750. Ideally, the Fair PharmaCare changes will help ensure low-income families get the drugs they need, which should also help improve health outcomes.

If you have plan members in B.C., your GSC plan reimburses eligible drug costs up to the amount of the Fair PharmaCare plan's deductible for eligible prescription drug expenses. Once the deductible is met, Fair PharmaCare pays for all or some of the expenses for the rest of the year. If no deductible, GSC covers only the eligible amounts not fully paid by Fair PharmaCare.

What does this mean for your plan? Plan sponsors who have plan members in B.C. may see some savings, especially if they cover retirees. Otherwise, there should not be any impact on most GSC plans since the majority of our plan members will be outside of the targeted net household income thresholds.

For more information, visit <https://news.gov.bc.ca/releases/2018HLTH0011-000186>.

NEW MEDICAL MARIJUANA GUIDELINE HIGHLIGHTS NEED FOR SOLID SCIENTIFIC EVIDENCE

A new medical guideline—*The Simplified Guideline for Prescribing Medical Cannabinoids in Primary Care*—conveys that there is some modest scientific research for use of medical marijuana (MM) for some specific conditions including nerve pain, palliative cancer pain, spasticity related to multiple sclerosis or spinal cord injury, and nausea and vomiting from chemotherapy. However, the study also states that “the evidence for medical cannabinoids is unfortunately sparse in many areas and very frequently downgraded by serious bias, limiting the ability to provide clear guidance.”

From a medical standpoint, the implication is that primary care physicians should hold off prescribing for conditions where the evidence is not yet adequate. In addition, although the guideline indicates limited evidence supporting the use of MM, it describes some side-effects that are common and consistent, including sedation, dizziness, and confusion.

To develop the guideline, a committee of 10 conducted an in-depth review of clinical trials involving MM. The guideline was also peer reviewed by 40 people, including doctors, pharmacists, nurses, and patients. In most cases the number of randomized studies involving MM is exceedingly small. And if research exists, it is often low quality in terms of issues like scope or execution.

Overall, the committee feels that better research is necessary. “Better research” means randomized controlled trials that follow a large number of patients for longer periods of time—this kind of solid scientific evidence is essential to guide how the medical community approaches MM and medical recommendations.

What does this mean for your plan? In the December 2017 edition of *Follow the Script*[®], GSC announced that we will cover MM for chronic neuropathic pain, spasticity due to multiple sclerosis, and nausea and vomiting due to cancer chemotherapy. This will be a standalone benefit requiring prior authorization for all claims. As always, we have crafted our new MM approach based on the best scientific evidence currently available. Keep a lookout for the March 2018 issue of *The advantage*[®] for more details and don't miss episode three of our podcast which focuses on MM.

For more information, the guideline is available at www.cfp.ca/content/cfp/64/2/111.full.pdf.

ALBERTA DENTAL FEE GUIDE UPDATE

As outlined in the December 2017 issue of *The Inside Story*, the Alberta Dental Association and College introduced a new dental fee guide effective January 1, 2018. Since that time, the College has also released a specialist fee guide.

A high-level analysis by the Canadian Life and Health Insurance Association indicates that the specialist fees are approximately 19.5% higher than the general practitioners fee guide in Alberta. As this is well within expectations, GSC will be adopting this specialist fee guide as we do for all other provinces, recognizing that specialist fees are generally 20% higher than the general practitioners guide.

AND THE WINNER IS...

Congratulations to Sheri Hermary of Parkland Fuel Corporation in Calgary, AB! Sheri is the annual Change4Life Grand Prize Draw winner of a \$5,000 mindfulness prize package which we got to hand-deliver to Sheri at home.

To be eligible for the prize, Sheri tried out GSC's new Mindfulness Program, so we wanted to ask her what she thought of it. Here's what she said:

"I was a little skeptical at first but I do think there were a lot of benefits I have taken from it. It was the questions at the end of the lessons that were most beneficial for me, when they tied everything together. Reading those and answering the questions was when I had more of the 'ah-ha!' moments."

We hear you, Sheri! While mindfulness may bring out your inner skeptic, we did our homework when creating our Mindfulness Program and believe strongly in the benefits it can have for our plan members.

Are you interested in promoting GSC's Mindfulness Program within your own organization? Great! We've created this convenient **website** that houses all of our promotional materials for the Mindfulness Program.

And while our Grand Prize Draw comes around just once a year, don't forget that Change4Life users are winning thousands of dollars in rewards every month—just for taking steps towards better health.



*March
Haiku*

Yes, we spend too much
And it creates much distress
Check out Change4Life

OUT & ABOUT... *Events not to miss*

CPBI Western Regional Conference 2018

April 11–13, 2018 – The Rimrock Resort Hotel, Banff, Alberta

www.cpbi-icra.ca/Events/Details/Southern-Alberta/2018/04-11-CPBI-Western-Regional-Conference-2018

Leila Mandlsohn, GSC's pharmacy strategy consultant, will deliver a presentation explaining the ideas behind Value-based Pharmacy.

Benefits Canada's 2018 Benefits & Pension Summit

April 16–17, 2018 – Ritz-Carlton Hotel, Toronto, Ontario

<http://www.benefitscanada.com/conferences/benefits-and-pension-summit>

Ned Pojskic, GSC's leader, pharmacy & health provider relations, will participate in a panel on medical marijuana.

FITBIT WINNER

Congratulations to **M. FORTUNATO**, of **STONEY CREEK, ON**, the winner of our monthly draw for a Fitbit. Through this contest, one name will be drawn each month from plan members who have registered for Plan Member Online Services for that month.



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London	1.800.265.4429	Montréal	1.855.789.9214
Toronto	1.800.268.6613	Atlantic	1.844.666.0667
Calgary	1.888.962.8533	Customer Service	1.888.711.1119