



DUPUIS LANGEN  
FINANCIAL MANAGEMENT

# The Benefit Brief

*The employee solutions newsletter for the clients and friends of Dupuis Langen*

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## Designing a Wellness Plan that Works

Source Data: Heenan Blaikie 2011 Working Solutions Conference

The value of wellness plans as a means of engaging employees and reducing claims and absences is widely accepted. Each organization has the power to proactively shape the workforce through wellness programs. A wellness program that is effective will engage employees, and save the company money. In the USA, on average a \$1 investment in wellness yields \$3 of savings in disability costs. In some cases, the returns are as high as \$17 for each \$1 spent.

One of the most important principles of designing a wellness plan is creating a culture where employee and employer have mutual respect for one another. Here are some tips to keep in mind when designing a wellness program:

**Identify the Objective of the Program:** For example, you may aim to have employees lose weight, stop smoking, or become fit;

**Design a Program that is Voluntary** – You cannot force employees to participate, nor would you be successful in engaging employees if you could;

**Communicate Directly with Employees** – In unionized environments, employers are sometimes wary of directly approaching employees; in this situation you can and should be in direct contact with employees;

**Design a Program Where Everyone Can Do Something** – Creating a program centered on weight loss would exclude thin people; creating a program centered on smoking cessation would exclude non-smokers. It's important to make sure there is a way for everyone to participate.

**Consider Offering Rewards for Participation** – Prizes for reaching milestones, or simply for participating are a good way to encourage participation. Consider offering wellness items like water bottles, mountain bikes, pedometers etc. as prizes that support the cause.

**Be Creative to Encourage Participation** – Some organizations offer exercise or cooking classes during lunch hour; on days when employees participate, they receive paid extended lunch hour breaks to accommodate the class.

The most common offerings among those with a wellness program are screening and treatment initiatives such as health screenings (76 per cent), flu shot programs (73 per cent), smoking cessation programs (67 per cent), and health risk assessments (62 per cent), says an International Foundation of Employee Benefit Plans (IFEBP) poll. The 'Value-Based Health Care Baseline Benchmarking Survey: Multiemployer and Public Employer Plans' found among 51 per cent of all multiemployer funds and 80 per cent of public employers offer wellness initiatives. The presence of disease management programs varies by sector.

Remember, there is no single wellness plan that works for every organization. Be sure to design a program that works for YOUR organization.

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## What's depression costing you?

A recent Canadian study finds \$33 billion per year is lost in the workplace from employees suffering from emotional disorders. Dr. Robert Wilson, presenter at The Canadian Health and Wellness Innovations Conference in Las Vegas, hosted by the International Federation of Employee Benefits Plans, got the room's attention when he revealed this astounding number during his presentation on behaviour modification methods.

"The number of folks that [are] away on disability benefits is staggering," he says. "And we understand that over half of them are away from work because of problems related to psychological disorders."

Depression is one of the top psychological disorders for those on leave. In less than 10 years, the World Health Organization predicts depression will be the second-leading cause of disability in the world, Wilson told the audience.

Typically, depression is treated with medication, which Wilson admits is appropriate for some instances. Yet in many cases there are more effective ways to treat the illness—such as cognitive behaviour therapy (CBT).

Wilson says in Canada, treating depression with CBT would cost \$2,000 to \$2,500. However, few plans have that much coverage for psychological treatment—they usually have \$1,000 in coverage. One audience member admitted his plan only had \$500 coverage, which he realized at the conclusion of Wilson's presentation was grossly inadequate.

The cost of treating someone with medication for depression can range from \$1,800 to \$3,500 a year, depending on the medication. It's not uncommon for people to be on this medication for several years and off on disability for the same amount of time.

Doing the simple math, it seems obvious that CBT should be the first line of treatment for depression, one that would likely save employers thousands of dollars in disability claims, drug costs and lost productivity. From this standpoint alone, why isn't it? Well, there are several reasons.

First, he said, most plans don't cover the full extent of therapy and plans generally provide more coverage for medication. Therefore, that's what is generally prescribed. Second, medication is the easiest form of treatment. Last, there is a lack of awareness around its effectiveness. One person in the room—a trustee of the benefits plan—was hearing about this type of treatment for the first time. It's unlikely he was the only one.

"It's not to say that medication doesn't make you feel a bit better," Wilson says. "Often times, there's a placebo effect. It works because you feel you are doing something about the problem." He adds studies have shown that CBT is more effective since it gives people new skills to cope with their problems. The only skill taking medication will help you master is opening a pill bottle.

When drug plan management and rising costs are such a concern for employers, shouldn't other options be considered? Employers need to take a hard look at their plan data, find out where their money is being spent and come up with alternative savings methods. This sounds like it might be one of them.

Source: Benefits Canada

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## Case Study: Wronko v. Western Inventory Service Ltd. (2008)

Previous decisions have been interpreted such that employers can make unilateral changes to employment contracts upon reasonable notice. But the Ontario Court of Appeal found that an employer cannot unilaterally amend the terms of an employee's contract of employment. In *Wronko v. Western Inventory Service Ltd.*, the Court found that if an employee refuses to accept an employer's offer to amend the terms of his or her employment contract and the employer allows the employee to continue working, the terms of the original employment contract remain in force. By allowing the employee to continue working, the employer acquiesces to the employee's refusal to amend the employment contract.

Darrell Wronko's original employment contract with Western Inventory Service contained a termination provision that provided for the payment of two years' salary upon termination. In 2002, Western demanded that Wronko sign a new employment contract that would reduce his entitlement upon termination. Wronko refused to sign the contract and was insistent that his original contract remain in force. In response, Western informed Wronko that it was giving him two years' notice of the amendment to the termination provision. Wronko continued to work but did not agree to the amended termination provision. In 2004, Western sent Wronko an employment contract that contained the amended termination provision. Western informed Wronko that if he did not accept the new terms and conditions of employment, Western would no longer have a job for him. Wronko refused to accept the new employment terms and pursued a wrongful dismissal claim.

The case will have significant implications for employers that are considering the implementation of fundamental changes to employee benefits and compensation arrangements. To change the terms of an employment contract when an employee refuses to accept the variation, an employer must terminate the employee with proper notice and then offer the employee re-employment on the varied terms.

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