
Factors Behind COVID-19-Related Job disruptions and Associated Private Insured Benefits Impact

September Employment Update
October 30, 2020

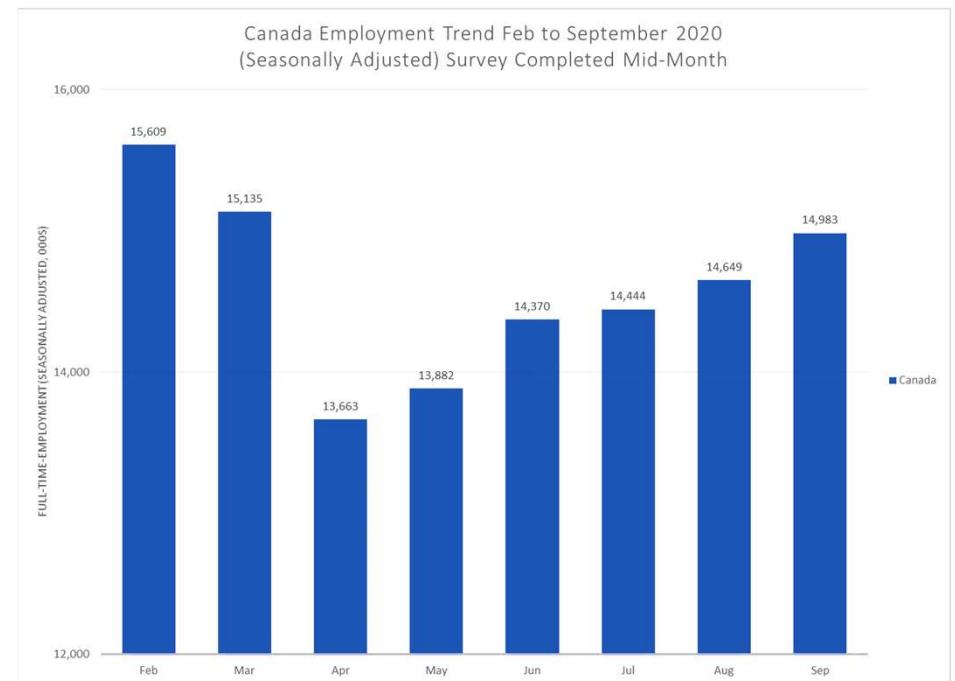


September Employment Report Showed Improved Full-time Job Recovery versus August

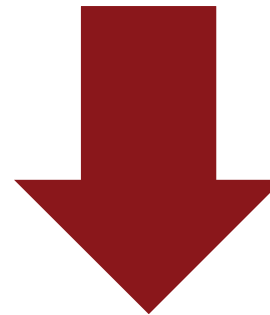
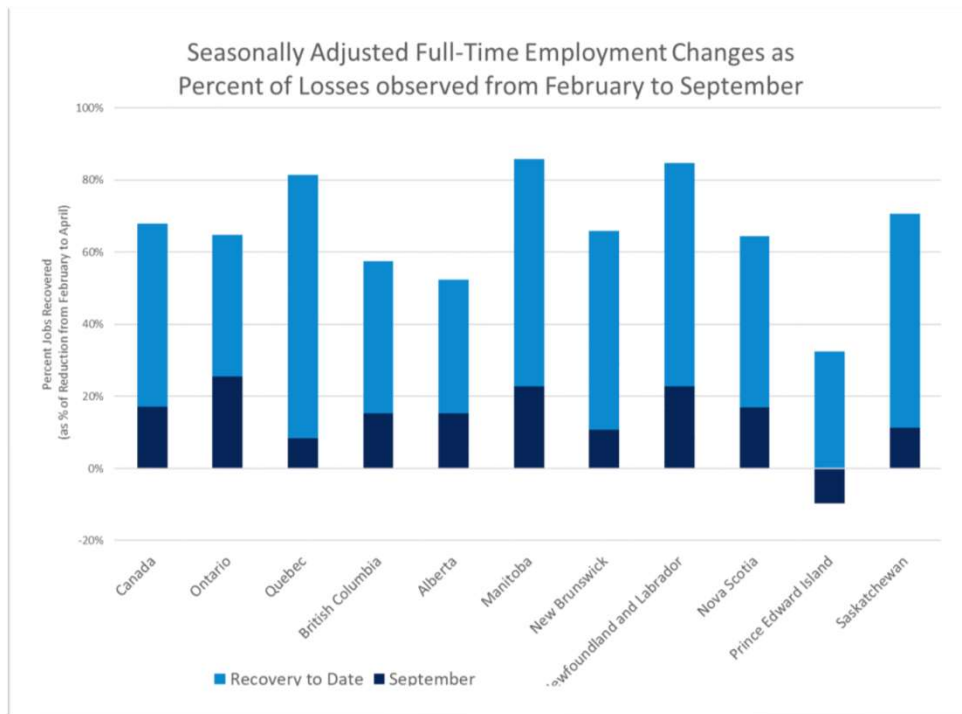
Seasonally adjusted 1.3 million jobs have returned to the economy

Remain 0.6 million below February employment

Recovered 68% of February to April disruptions



September Employment Update – Shows Regional Variation



British Columbia, Alberta, and PEI remain below 60% recovery

- In September PEI had a 10% setback vs prior recovery



Quebec, Manitoba and Newfoundland and Labrador are leading recovery with more than 80% of job losses recovered



Examining Employment Not Adjusted For Seasonality

Unadjusted data presented real job declines in September

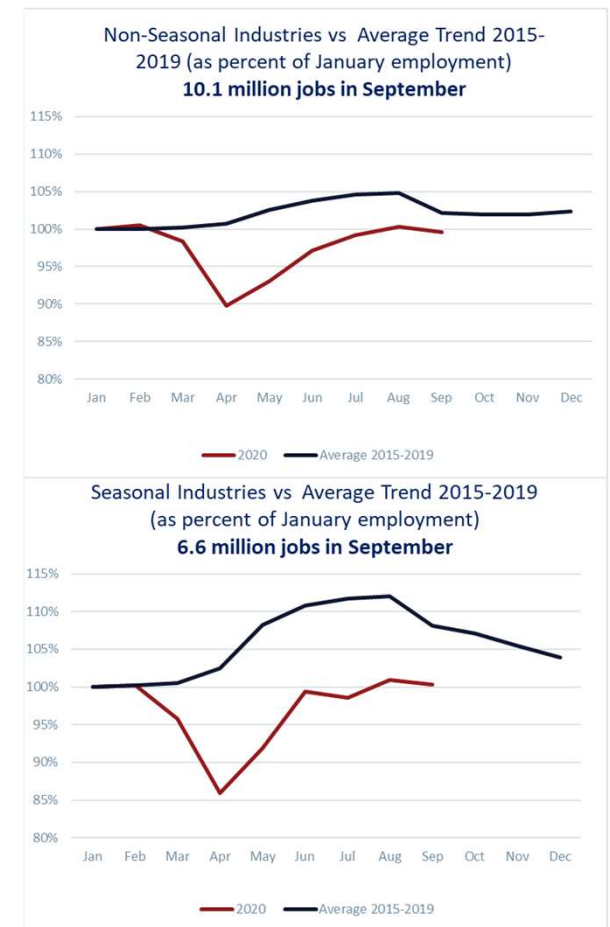
- Declines seasonal related
 - Less decline as a percent of employment than normal
 - Focussed in 15-24 age group
 - Less likely to be associated with benefits
- Real gains were observed in 25+ age groups
- Narrowed gap between 2020 employment and typical employment variances

In September, industries with limited seasonal variance represented:

- 10.1 million FT jobs
- 99.6% of January employment,
- about 2% below normal growth

Industries with high seasonal variance represented

- 6.6 million FT jobs in September and
- 100.3% of January employment, but
- Approximately 8% below typical seasonal variances



COVID-19 Job-Loss Model Objectives

Estimate how many plan members affected by job disruptions



Lost benefits entirely, or



Had increased copayment burden due to
loss of coordination of benefits or lost income.

Implications of Job Disruptions

For those receiving prescription drugs,
COVID-19 Job losses may disrupt ongoing care:



Require applications to public programs

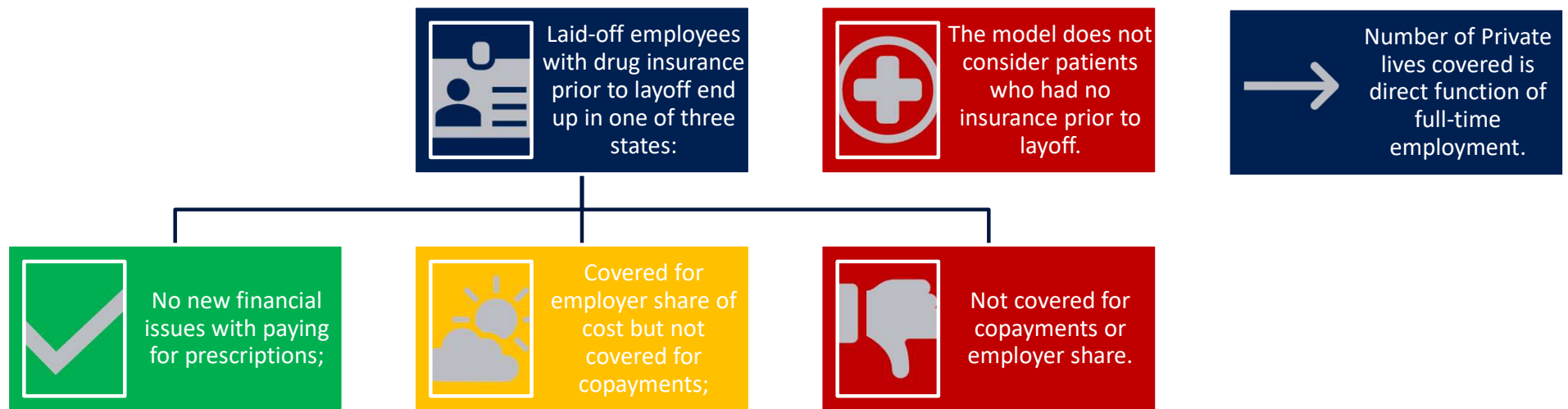


Some drugs may not be covered by public plans, or



Different clinics involved in treatment delivery.

COVID-19 Employment Model Methodology



How Do Job Gains Impact Members and Enrollment?

CLHIA Reported - 98.5% of 27,000,000 lives retained benefits in August

Updated Model Projections*

Full-Time Employment Changes and Benefit Impacts	March	April	May	June	July	August	September
Results: Canada: Both sexes: 15 years and over; Seasonally Adjusted							
Loss of Coverage: Not covered for employer share of cost or copayments	-	0.8%	2.7%	2.0%	1.8%	1.5%	1.0%
Increased need for copayment assistance: (Loss of income or coordination of benefits)	1.8%	6.7%	4.3%	3.1%	2.9%	2.4%	1.6%
Shaded Zone: Many employers reportedly extended benefits during March-April shutdowns minimizing early effects							

- In August, model estimated 1.5% (~400,000) of previously covered beneficiaries with loss of benefits
- Improved FT recovery in September, translates to
 - 143 K fewer lives with loss of coverage;
 - 226 K fewer lives with increased copayment assistance needs
- On a national level model projects:
 - ~1.0% (approximately 0.24 million lives) of previously covered lives remain subject to loss of private coverage.
 - ~1.6% (approximately 0.44 million lives) continue to be affected by reduced ability to cover copayments

*Model assumptions: 67 % retention of benefits post layoff, 25% COB;

Implications of Private Coverage Loss Vary By Province

Modified CLHIA Assumptions: 98.5% of Lives not affected

Provincial	Lives Covered*	Estimated Peak Lives Affected	Estimated September Lives Affected (Percent)	Public Fallback Plans
Canada[^]	27 Mn	703,061	241,085 (0.9%)	
Provinces With Limited Provincial Support for Those Losing Benefits: Cumulative Affected: 60,648				
Ontario	65% of 89,774	203,342	58,353 (0.8%)	Ontario Drug Benefits Trillium (drug \$ >4% of income)
Newfoundland and Labrador	0.4 Mn	9,405	2,296 (0.6%)	Access program
Provinces with Limited Provincial Support Due to High Deductibles and/or Lack of In-year Income Adjustments: 17,459				
Manitoba	1.0 Mn	20,094	3,046 (0.3%)	Manitoba Pharmacare
Nova Scotia	0.7 Mn	21,659	7,011 (1.0%)	Family Pharmacare
New Brunswick	0.7 Mn	14,397	5,898 (0.9%)	NB Drug Program
PEI	0.1 Mn	2,403	1,505 (1.4%)	Catastrophic Drug Program
Provinces with Broad Provincial Drug Programs: 162,977				
Ontario OHIP +	35% of 89,774	104,752	31,421 (0.8%)	OHIP+ for <25 without private coverage. 35% of Ontario <65 is <25
Quebec	5.6 Mn	122,386	39,244 (0.7%)	Québec public drug regime
British Columbia	3.4 Mn	90,136	48,940 (1.3%)	Fair PharmaCare
Alberta	3.4 Mn	101,185	40,516 (1.2%)	Non-Group plan is most suitable for newly unemployed. 4 month waiting period, but employers can bridge by covering during layoff
Saskatchewan	0.6 Mn	13,301	2,857 (0.5%)	Variety of plans – seniors, children, low income, etc.

Conclusions

- Private insurance maintained coverage levels despite pandemic impact
- Impact of seasonal job increases exaggerated seasonally adjusted job “losses” (jobs not hired)
- Provincial programs provide supplemental assistance options for many (Gaps in Ontario and Newfoundland)*
- Many affected by pandemic job disruptions returned to work and associated prescription drug coverage

*Source: Understanding the GAP, A Pan-Canadian Analysis of Prescription Drug Insurance Coverage, Conference Board of Canada, December 2017