



Benefit Plan Challenges for the Employee and Plan Sponsor in 2026

March 2026

What we will discuss

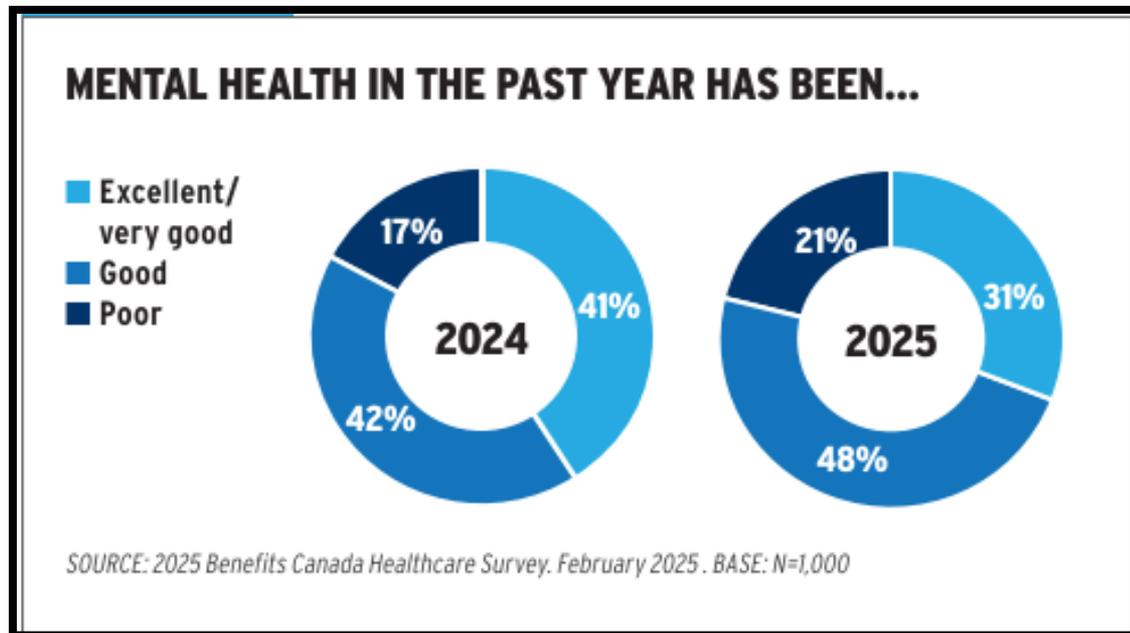
- The last 5 years:
 - Post Covid
 - Increasing health and drug costs
 - Changing Demographics in the workplace
- Employee & Plan Sponsor Challenges
- Future trends & Challenges
- Key takeaways

Life after Covid

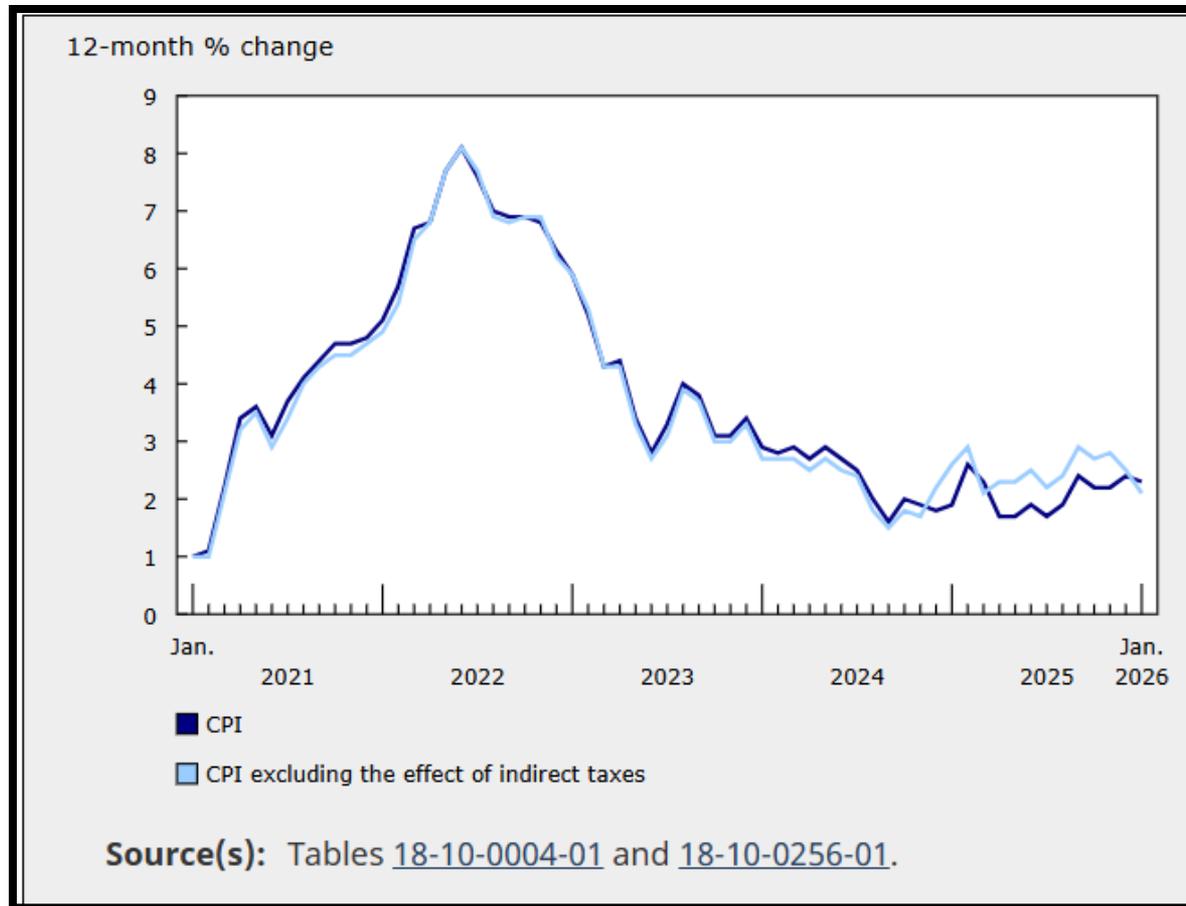
- Increased mental health awareness & support
- Impact of long Covid not fully understood
- Workforce shortages & remote, flexible working & turnover
- World Unrest & tension
- Social Media impact
- Employee financial stress continues to rise
 - CPI peaked in 2022
- Increased drug, dental and healthcare costs

Benefits Canada Mental Health Survey

- 39% of members reported experiencing high to extreme levels of stress daily over the last three months, roughly consistent with 2024 (36%) and 2023 (38%)
- Overall mental health declining– 31% reported mental health as excellent, down from 41% the year prior

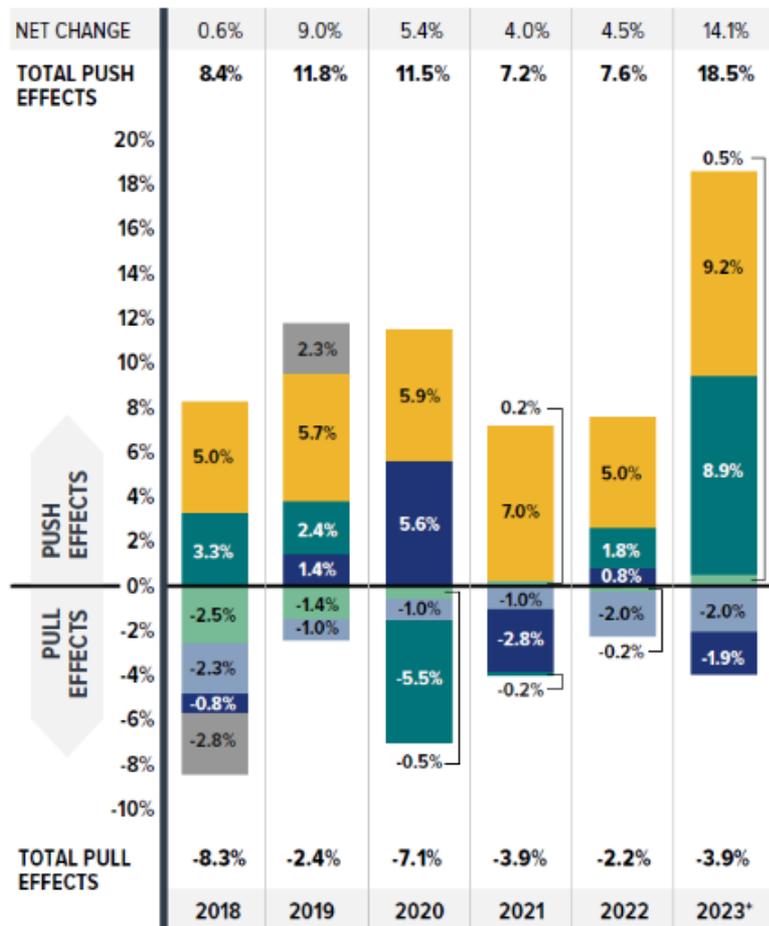


Financial Stress - The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services



Increasing costs - Private Drug Plan Cost Drivers

Overview of drug cost drivers



- Drug Mix – increased use of higher cost drugs

- Demographics – rebound post pandemic

- Price change – had very small impact

- Substitution – generics and Biosimilars

- Volume – drug use per claimant

Demographics- Rise of Gen Z in the Workforce

- Born between 1997 and 2012
- Now the 19-29 yr olds, 17% of workforce in 2021
 - Digital Connectivity
 - 47% say social media negative impact to mental health
 - Covid 19 Lockdown
 - Disrupted school years
 - Climate anxiety
 - Almost half report climate anxiety
 - Financial concerns
 - Over 50% report anxiety, depression & mental health due to financial stress

Demographics – Gen Z at Work

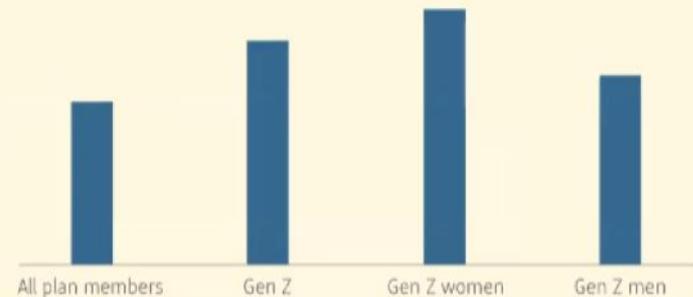
- Value employers that support inclusion and mental health
- Prioritize work-life balance
 - 31% don't want a promotion
 - 41% interested in promotion, but not a manager
- Want to make a difference – social justice & sustainability
- Look for flexibility, entrepreneurship and collaboration, less on hierarchy, promotion and organizational prestige

Gen Z – Sun Life

What our data shows: mental disorder LTD claims

- Mental disorder claims represent a much higher proportion of Gen Z LTD claims
- 50% of Gen Z long-term disability claims are for mental disorders
- 60% of Gen Z women's long-term disability claims are for mental disorders
- Mental health figures more prominently in Gen Z's overall health profile

Proportion of long-term disability claims that are mental disorders
(new approved claims)



Sun Life data, 2024

Gen Z – Sun Life

What our data shows: depression drug claims

- Gen Z depression drug claims are growing **2X faster** than the plan member base
- Gen Z men's claims are growing the fastest

Growth in depression drug claims per covered plan member (2021-2024)



Sun Life data, 2021-2024

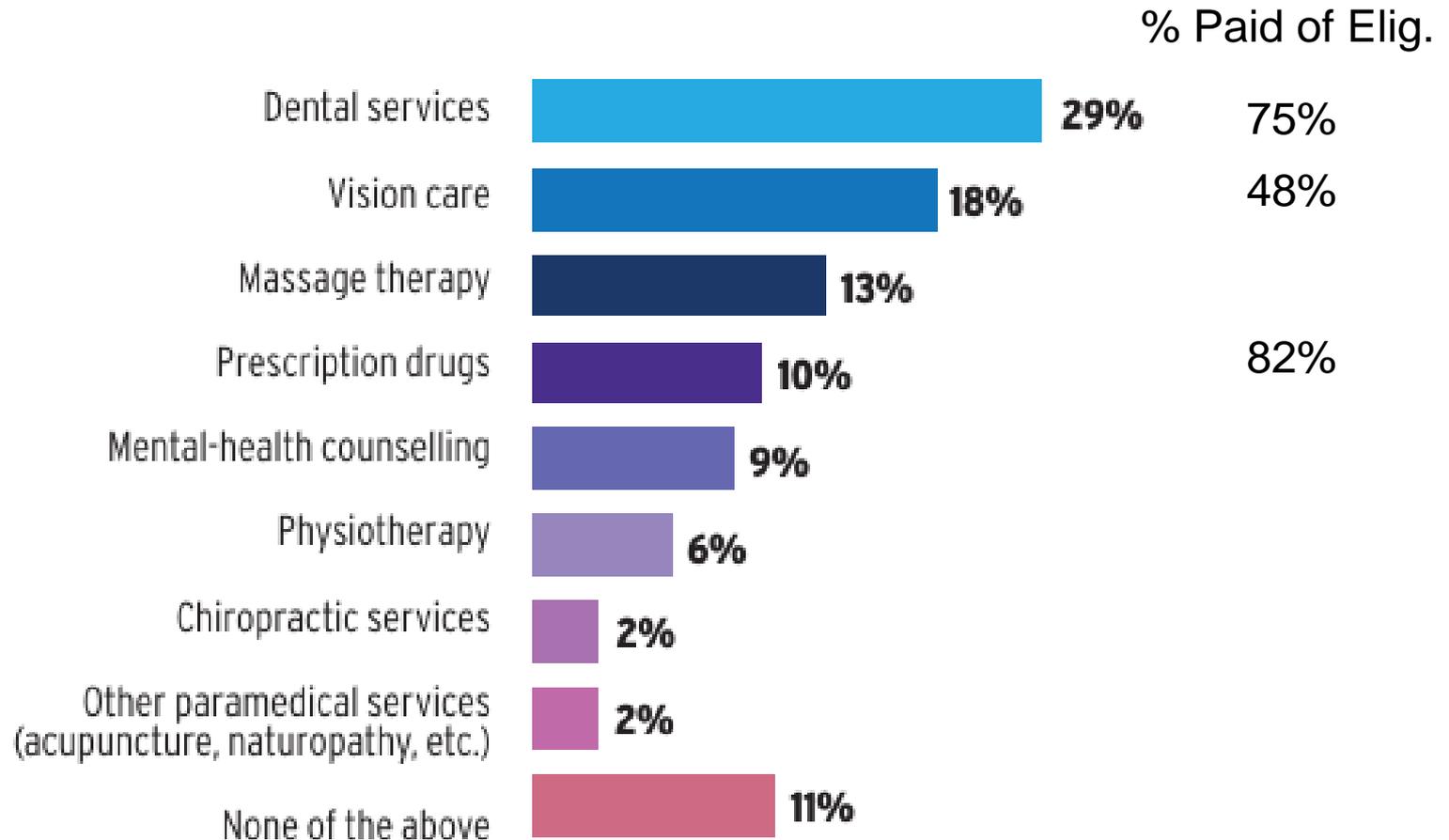
Demographics

- Younger employees want personalized & flexible benefit solutions
- Younger employees expect more from the benefit plan
- Boomers continue to decline

Employee Challenges

- 39% reported high stress levels
- 25% poor financial health
- 44% overdue to see a Physician
- 50% of those with care giving responsibilities felt overdue to see a doctor
- 59% dealing with at least one chronic condition
- 18-34 yr olds reported high to extreme level of daily stress

What employees would like more of



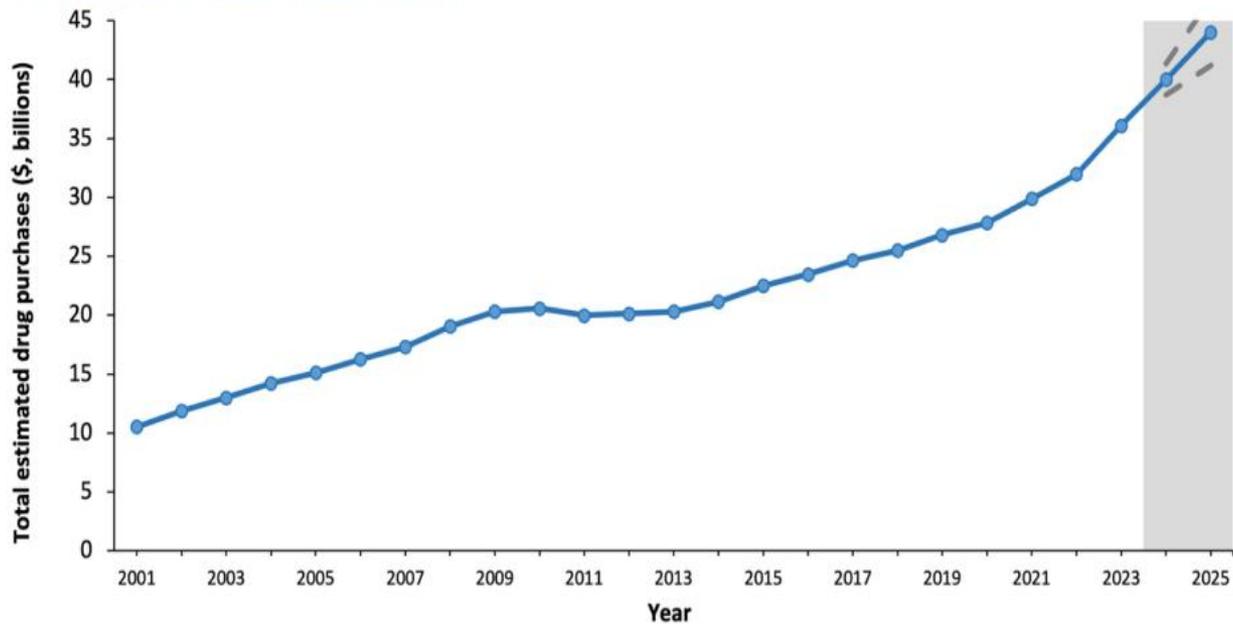
Source: Benefits Canada Healthcare report

Plan Sponsor Challenges

- Increased drug spending & impact of Specialty drugs
- Aging workforce and increasing health and drug costs
- Mental Health & increased disability claiming
- Plan sponsors underestimate employee chronic conditions at 38.5%
- Impact of weight loss drugs (if applicable)

Retail Drug Spending

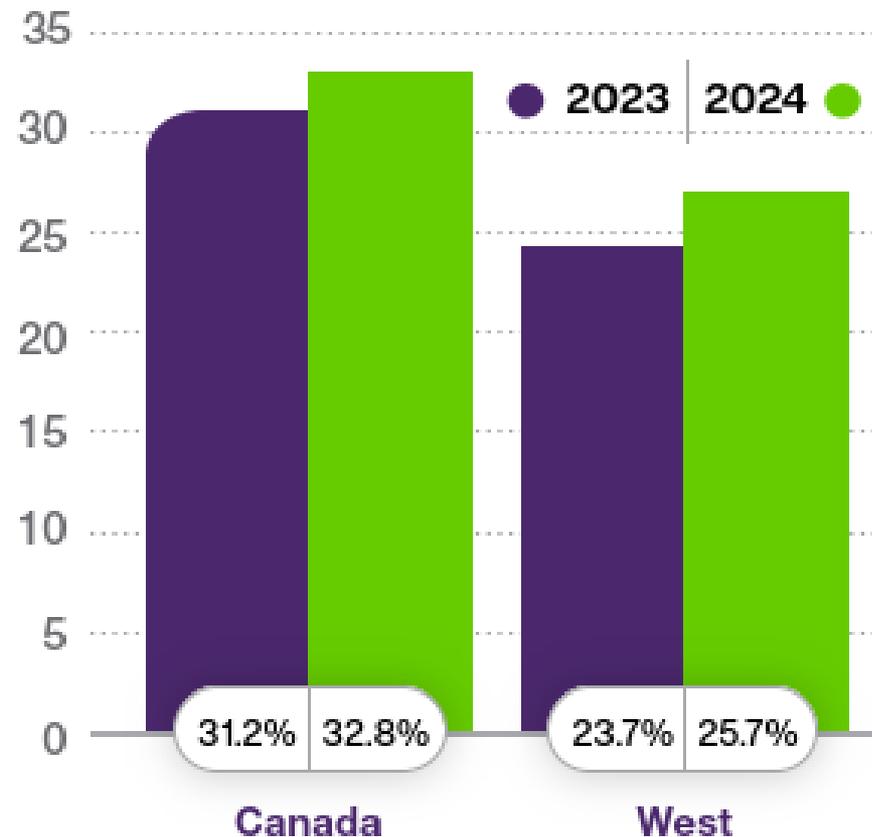
Figure 1: Total Medication Purchases in Canada for the Retail Sector From 2001 to 2023 and Projected to 2024 and 2025



Source: Canada's Drug Agency

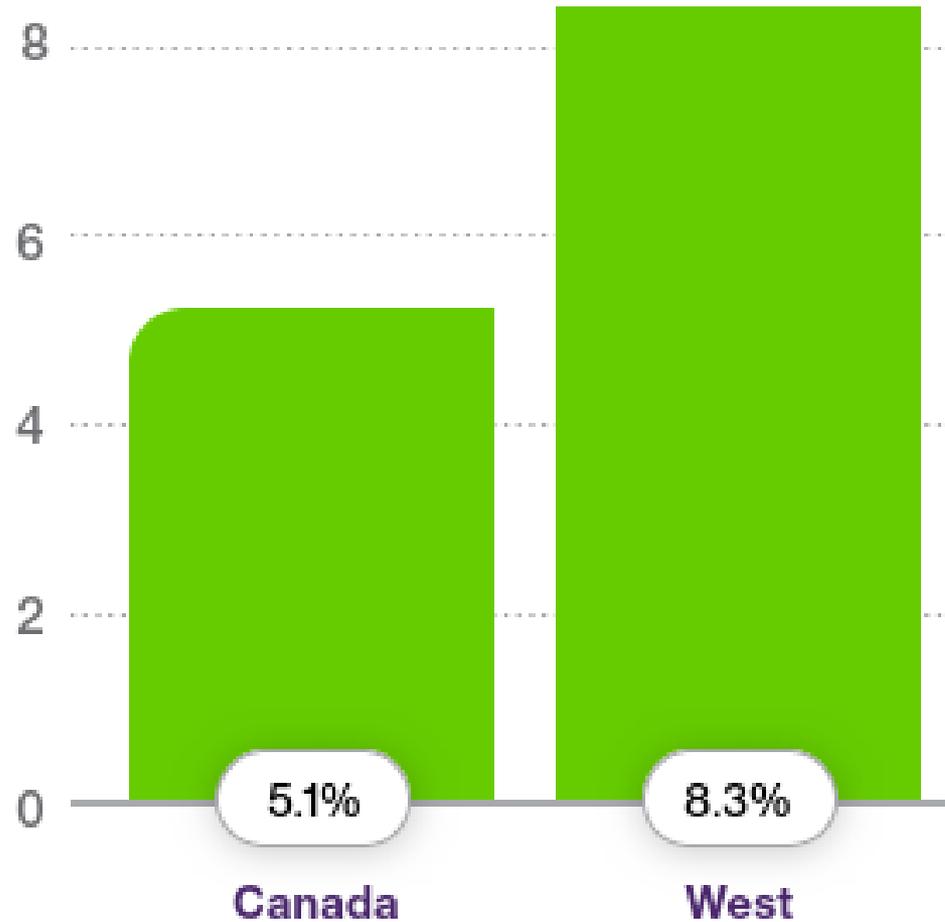
Specialty Drugs – Share of eligible Amount

- High cost, brand name drugs, typically require prior authorization
- SK Drug Plan assistance is critical in reducing plan costs



Source: TELUS Drug Trends Report 2025

Growth of Specialty Drugs



Source: TELUS Drug Trends Report 2025

Disability Management Innovations

- Health Care System Navigation
 - Improving access and awareness to care
- Virtual Care
 - Access to practitioners virtually
 - Improved access
 - Lowers stigma & costs
 - Some insurers piloting virtual IME's

Future Trends & Challenges

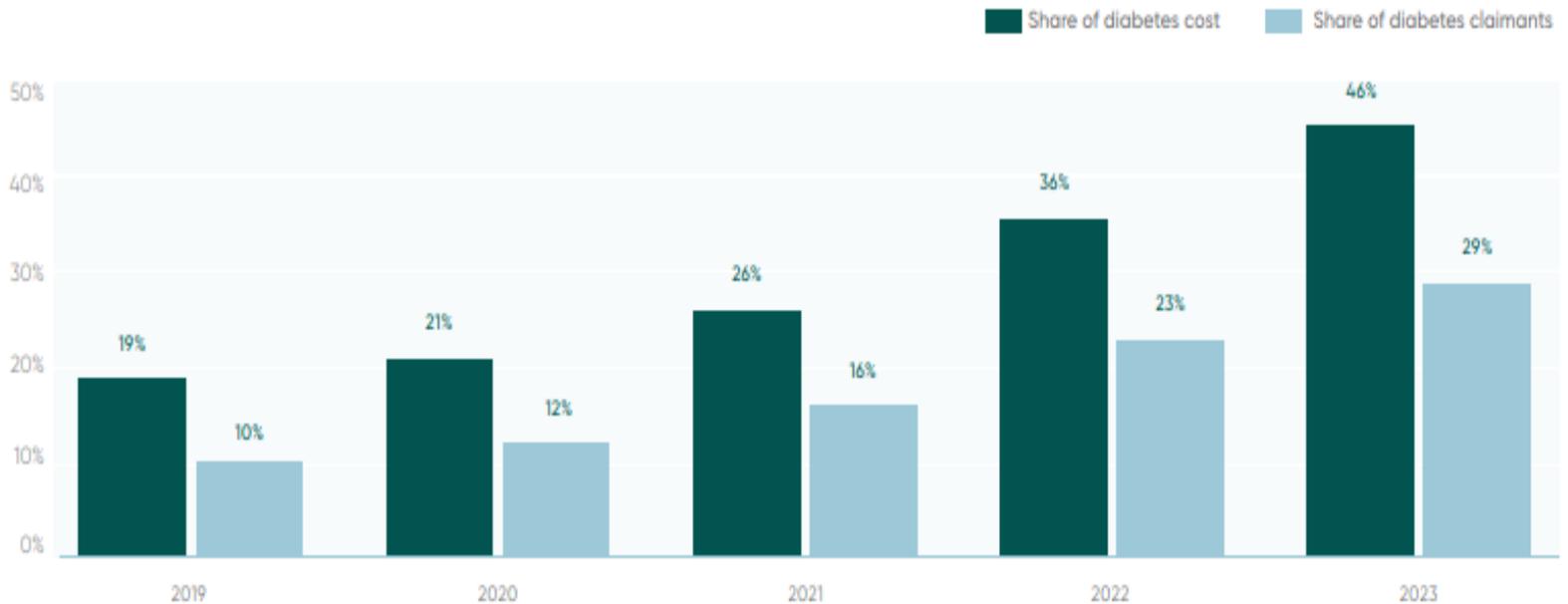
- Increased drug costs
- Emergence of weight management drugs
- Rise of chronic conditions
- Disability Management Innovations
- Women's Health
- Virtual Health
- Changing demographics
- Drug pipeline
- National Pharmacare
- Pharmacist prescribing
- Nurse Practitioners
- Fraud Prevention
- AI
- Well- Being Initiatives
- Benefit Plan Communication

Increased drug costs

- There will be some help from generic GLP-1 drugs (Ozempic, Victoza & Wegovy)
- Drug plan expenditures expected to increase 8% to 12% in the next few years
 - 5.8% for 2024, 10% expected for 2025
 - More claimants and more claims per claimant
- New Diabetes and Weight Loss drugs
 - Mounjaro gaining popularity
- Specialty drugs
- Trade & Tariff uncertainty
 - Impacting supply chain and increasing costs

GLP-1 Growth

GLP-1 agonists share of diabetes drug costs and share of diabetes claimants, 2019 to 2023



Source: Greenshield Drug Trends Report 2024

Weight Management Drugs

- Category rose from 54th in 2016 to 17th in 2024 (TELUS Health)
- Wegovy patent to expire in 2026
- Growth is expected in weight loss drugs
- Stats Can: 30.2% Canadians are obese and 35.5% overweight in 2023

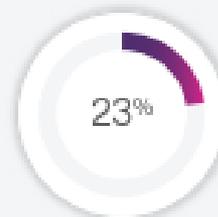
Weight-management drugs (average weight loss)



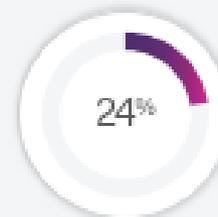
Wegovy



Zepbound



CagriSema

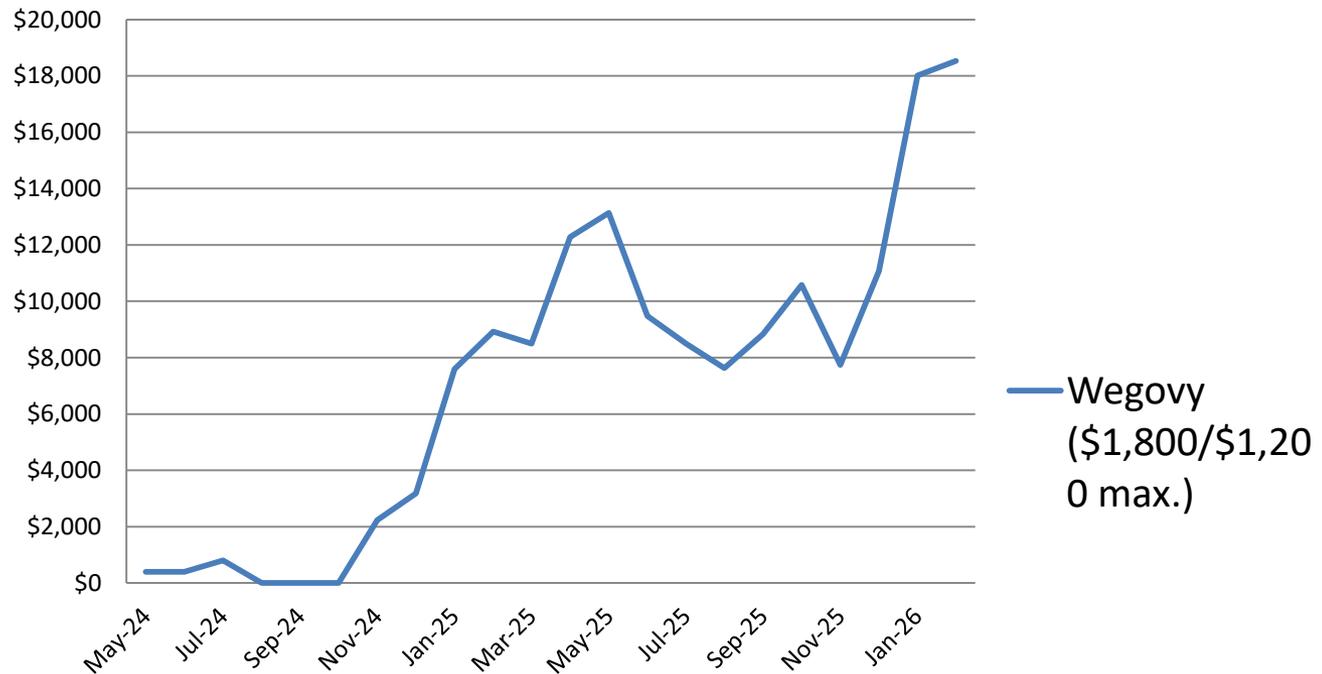


Retatrutide
(brand name pending)

Source: TELUS Health Drug Pipeline 2025

Wegovy – Actual Example

Monthly Submitted Amount



Chronic Conditions – Benefits Canada Survey

- 59% of members dealing with a chronic condition
- 34% multiple conditions
- 77% older than 55 had a chronic condition
- 20% - Depression & Anxiety
- 14% - High Cholesterol
- 14% - High Blood Pressure
- 10% - Diabetes

Chronic Conditions – Actual Case

Top 5 of 21 reported Conditions by paid amount

- Diabetes (11.6%)
- Depression (9.8%)
- Attention Deficit Disorder (9.0%)
- Asthma/COPD (7.5%)
- High Blood Pressure (6.6%)

Combined 44.5% of paid amount

Disability Management Innovations

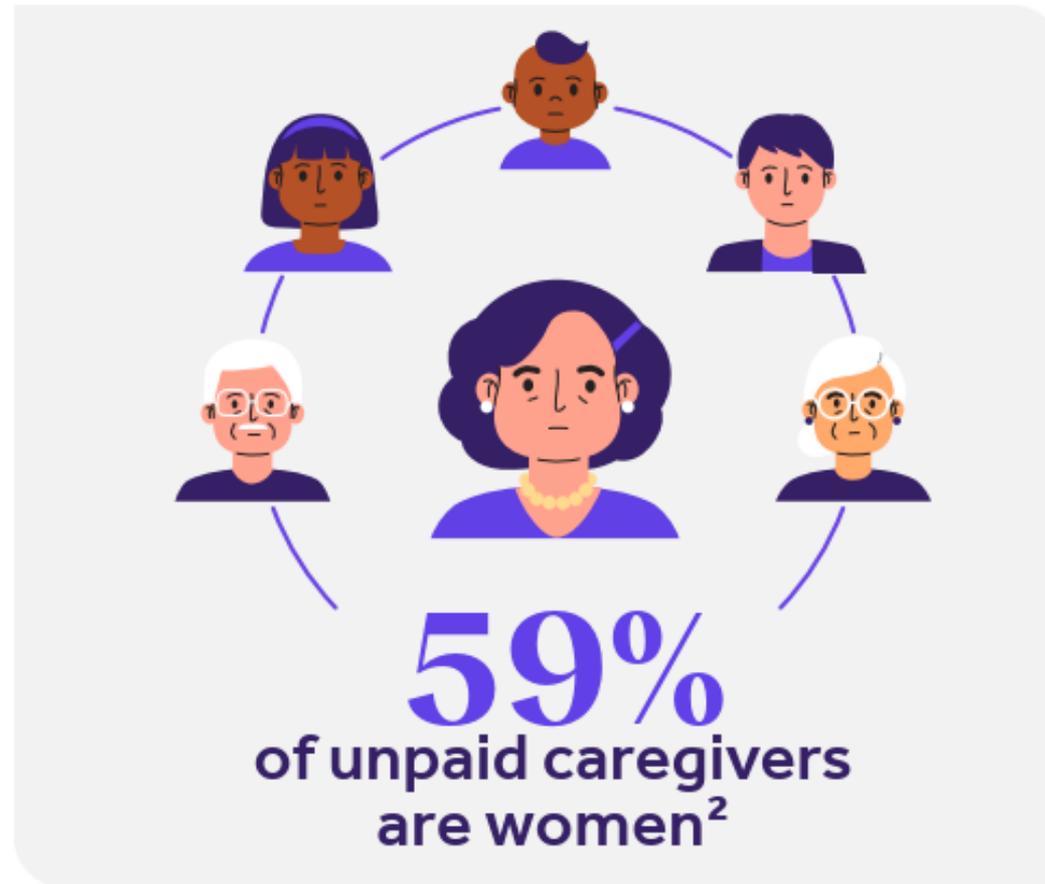
- **Pharmacogenomics**
 - DNA testing to identify the best drug
- **Cognitive Technology (AI)**
 - Disease research to manage large data
 - 2nd Opinion programs
- **Digital Health Solutions**
 - Access services & support
 - Provider Search
 - Smart drug shopping

Women's Health – Actual Case

EHC Utilization for Women

- Mental health drugs: 25% of women under 40 and close to 33% of women over 40
- Cardiovascular health impacting women
 - CV Drug claiming - 25% of females over 40
- Conditions that disproportionately impact women compared to men:
 - Depression
 - Thyroid disorders
 - Increased disability days
- Need for Menopause Support & Education

Women's Health



Source: Teladoc Health

Women's Health Support

Support women's health inside and outside the workplace

- Understand how your benefits plan coverage meets women's health needs
- Identify ways to address coverage gaps
- Set targeted, measurable, and realistic objectives
- Strengthen your workplace culture
- Expand your knowledge of women's health issues
- Provide resources for employees

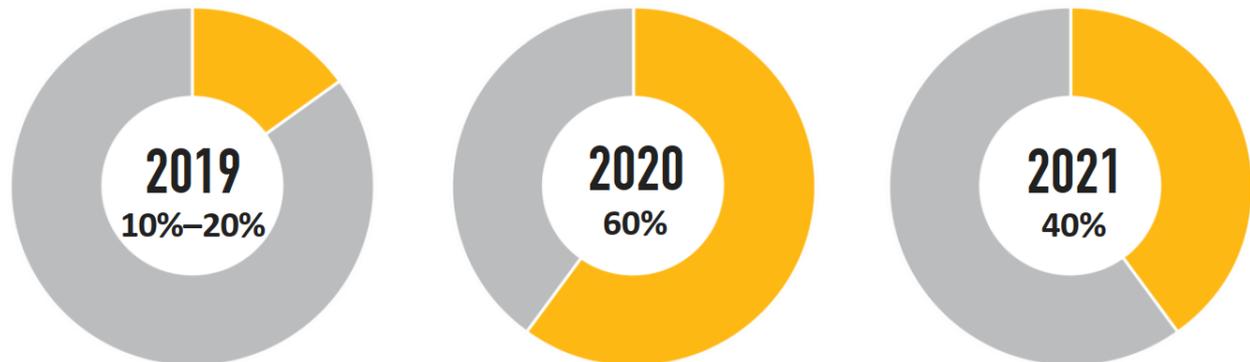
Nurse Practitioners

- Menopause support

Virtual Health

- Access to health professionals virtually
- Covid really drove utilization in 2020

Virtual care use in Canada



Source: Canadian Medical Association

Virtual Health

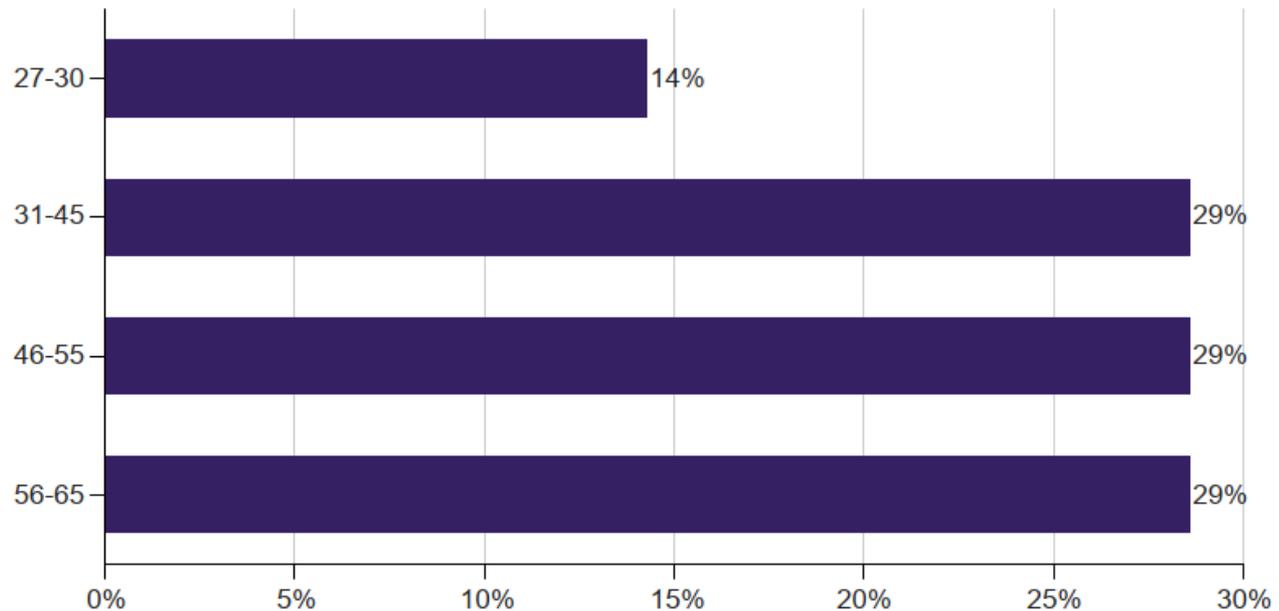
- SK slower to adopt than other provinces
- StatCanada survey in 2023
 - SK results
 - 65% had seen a physician in-person in the past 12 months
 - 2.1% had a virtual appointment only
 - 32.5% used both
 - 10.6% virtual only in BC
 - Canada at 37.2% for both
 - Not just health – EAP providers have used virtual visits
 - Actual case: only 12.7% of EAP visits were in-person

Source: StatCanada

Virtual Health – Actual Case

- Implemented Jan. 1st 2026

Utilization by age

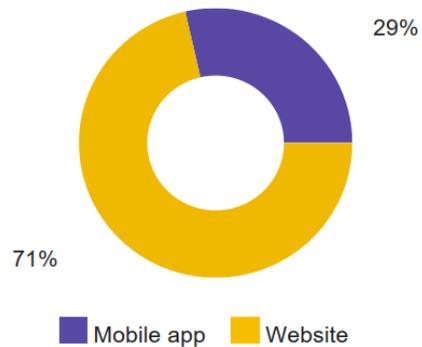


Source: Teladoc Health

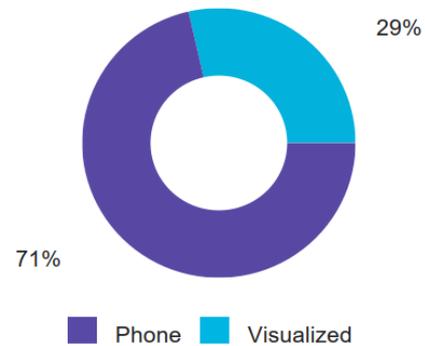
Virtual Health – Actual Case

- Implemented Jan. 1st 2026

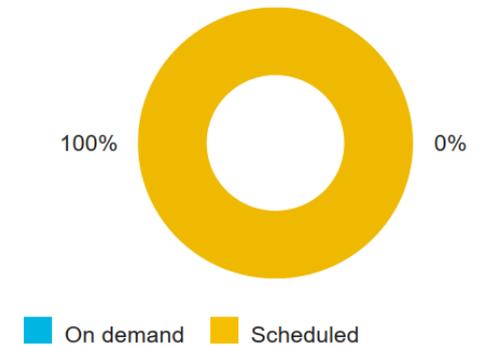
Visit request method



Visit method



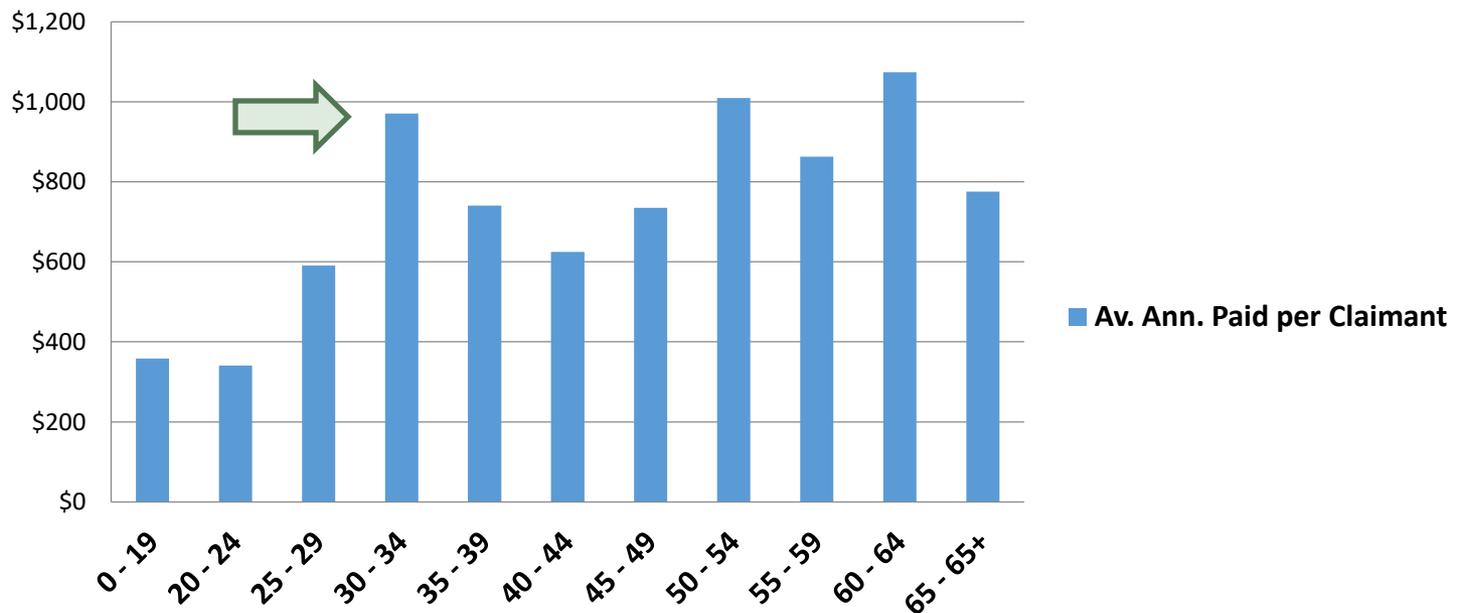
On demand vs. scheduled



Impact of Demographics

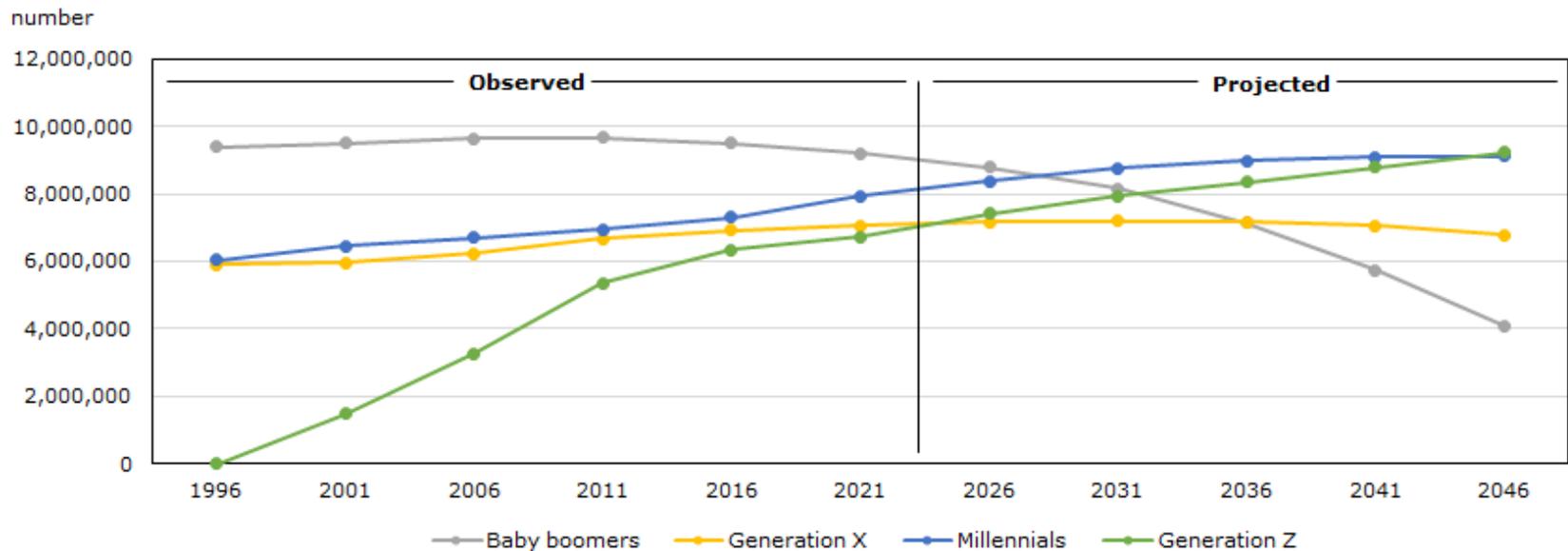
Aging employees and increased drug and health costs

EHC Paid by Age Band



Demographic Shift

Chart 1
Millennials are expected to outnumber baby boomers by 2029



Note: Data for 2026 to 2046 are population projections from the M1 medium-growth scenario and are based on the 2016 Census. For reasons of comparability, the Census net undercoverage has been removed from the projected populations presented in this graph.

Sources: Statistics Canada, Census of Population, 1996 to 2021. The custom population projections are based on the Population Projections for Canada (2018 to 2068), Provinces and Territories (2018 to 2043). Statistics Canada Catalogue no. 91-520-X.

In 2026:

Baby Boomers: 62-80 Gen X: 46-61 Millennials: 29-45 Gen Z: 14-28

Demographic differences

- Gen Z's: mental health, flexible work & mobile
- Millennials: work-life balance, family planning & mental health
- Gen X: healthcare stability, financial security & eldercare
- Baby Boomers: traditional health coverage, drugs & retirement

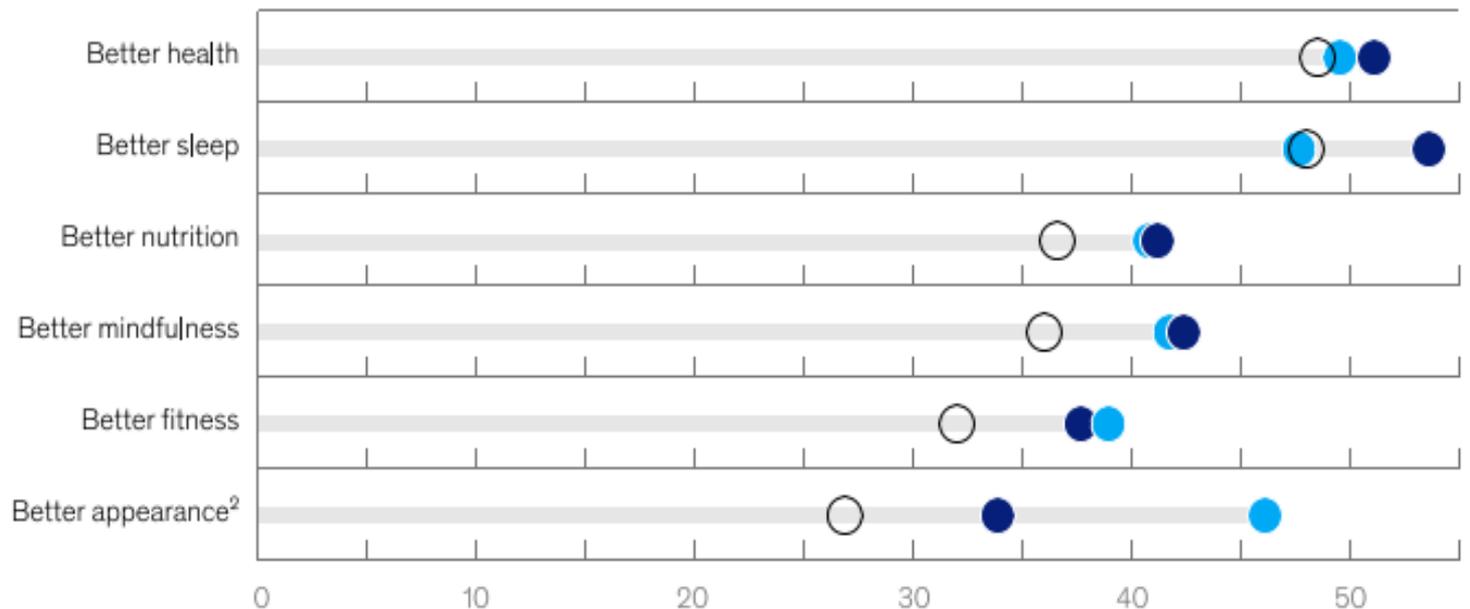
Demographic wellness priorities

Prioritization of wellness attributes, US,¹ % of respondents who consider attribute a very high priority

○ Overall average (n = 3,700)

● Gen Z (n = 321)

● Millennials (n = 998)



Source: McKinsey & Company, Future of Wellness Survey

Demographics

Newcomers to Canada making big impact

- within the next 13 years almost 50% of children will be 2nd generation
- Similar to their parents, second-generation Canadians are more likely to hold university degrees and pursue higher education in STEM (Science, Tech, Engineering & Math)
- share their parent's entrepreneurial spirit
- similar to non-immigrants when it comes to economic priorities such as obtaining work-life balance

Impact: desire flexible, inclusive, and digitally accessible benefit plans

Source: TD Economics - Offspring: How Canadians Born to Newcomers Are Shaping Canada's Future and Environics Institute – Perspectives of 2nd Generation Immigrants

Drug Pipeline

New treatments & technology advancements coming at a fast rate

Private plan impact:

- Attention Deficit Hyperactivity Disorder (ADHD) – Medium impact
- Weight Management – High impact
- Migraine – Medium impact
- Plaque Psoriasis – Unknown impact

Public Plan impact:

- Alzheimer's
- Cancer, Inflammatory, Blood Disorders & Rare Diseases

Drug Pipeline

Generics & Biosimilars for 2026+

- **GLP- 1's – Ozempic and Wegovy**
 - Generic versions will have a big impact on costs
- **SK Drug Plan – Phase I Biosimilar program began in April 2024**
 - Shift from Biologics to Biosimilars
 - Phase 2 occurred Feb 2026
 - Biosimilars are versions of high cost biologic drugs, reducing cost substantially

National Pharmacare

- **SK has not reached an agreement with the Federal Gov't**
 - Many provinces willing to talk, but concerns about long term funding and flexibility
- 4 Provinces have signed agreements (BC, MB, PEI & Yukon)
 - Universal access to initial medications targeted:
 - Diabetes
 - Contraception
 - Each province has a different agreement
- Impact on private plans: once we understand the savings, plan sponsors will likely look at plan expansion

Pharmacist Prescribing

Increasing scope for Pharmacists

- Currently about 30+ ailments/conditions
- Late 2025 Strep Pilot Project expanded to 22 pharmacies
- SK Chronic Care Pilot project:
 - Asthma
 - Diabetes
 - COPD
 - Obesity
 - Heart Failure & Hypertension
- This expansion will increase claims costs as access & awareness increases

Nurse Practitioners

Nurse practitioners (NPs) are registered nurses who have additional education and nursing experience, which enables them to:

- Autonomously diagnose and treat illnesses
- Order and interpret tests
- Prescribe medications
- Perform medical procedures

Nurse Practitioners

	Nurse Practitioner	Family Physician
Act as most responsible provider	✓	✓
Order X-rays and act on results	✓	✓
Order blood work and act on results	✓	✓
Prescribe medications	✓	✓
Prescribe narcotics	✓	✓
Prescribe Methadone/Suboxone	✓	✓
Manage chronic conditions such as high blood pressure or diabetes	✓	✓
Perform procedures such as stitches, casts, specialized injections, mole removal, etc.	✓	✓
Order/perform screening tests such as pap smears, prostate exams, etc.	✓	✓
Refer to specialists	✓	✓
Drivers Medical	✓	✓
Disability forms	✓	✓
WCB injuries	✓	✓

Nurse Practitioners

- Work with Family Physicians and other health care
- SK Health launched new contracts for NP's in 2025 to provide primary care, medically necessary services (no fee)
 - Min. of 1,680 hrs per year and min. 800 patients in 2 years
 - 23 contracts as of March 2026
 - Npower+Health (Regina)
 - Nero's House (S'toon)
- You can see a non contracted Nurse Practitioner on a fee for service basis
 - \$125 for 30 min consult
- Insurers will only reimburse NP costs if you have a Health Spending Account or a Flexible Spending Account
 - Insurers will not pay for expenses that are covered by the Province

Fraud Prevention

AI assists insurers & plan sponsors

- Prevention
 - Identify unusual claim patterns
- Preparedness
 - Awareness and resources for plan members & providers
- Response
 - Analysis of claims submission & documents
 - Delisting providers
- Recovery
 - Recover funds & learn for future

AI and Benefit Plans

- Manage data
 - Claims, risk & pricing
- Streamline processes
 - Underwriting & marketing
- Enhance customer interactions
 - Call centre
- Fraud Prevention
- One Insurer uses internal form of ChatGPT for 100% of employees
- Physicians using AI for reports

AI and Benefit Plans

“Customer service agents used to manually document calls and dig through policy documents for answers in real time. Now, AI summarizes calls automatically and supports agents with a “knowledge agent” tool that scans thousands of pages of policy documents in seconds, pinpointing the exact coverage details relevant to a customer’s question”

Wellness & Well-being

- Rise in chronic conditions & mental health issues
- Obesity rates increasing
- Challenging for an Employer
 - Want to provide physical, mental and financial solutions
 - Costly
 - Return on Investment often difficult to measure
 - Difficult to suit all generational needs

Wellness & Well-being

One size does not fit all

- Maximalist optimizer
 - Gen Z & Millennials, digital savvy, experiment
- Confident enthusiast
 - Fitness obsessed
- Health traditionalist
 - Older, simplicity, practicality & healthy eating
- Health struggler
 - Stressed about health and struggle with motivation
- Wellness shirker
 - Less interested in health, will do the minimum

Wellness & Well-being

Many employers/plan sponsors provide:

- Financial Wellness
 - Pension
 - Financial resources
- Mental Health
 - Employee Assistance Programs
 - Resources and Certified Mental Health First Aid
 - Flexible work and paid time off (Work/Life Balance)
- Physical & Wellness
 - Flexible or Fitness Spending Accounts
 - Wellness Committees
- Benefit Plan
 - 2nd Opinion
 - Telemedicine

Wellness & Well-being

Future trends

- Women's Health
- Wearable technology
- Nutrition
- Sleep
- Weight Management
- Mindfulness
- Work/Life Balance
- Wellness Retreats

Benefit Plan Communication

Workplace communication has changed!

- Traditionalists (pre boomers) – face to face, telephone Typewriter!
- Boomers – telephone & conference calls
- Gen X – email & texting
- Millennials – smartphone, web meetings
- Gen Z – social media, instant messaging & video conferencing

Plan sponsors will want to have a variety of communication methods for all generations

Key Takeaways

- Mental Health will continue to be a challenge for employees and plan sponsors
- Expect disability, health and dental costs continue to increase
- Understand employees' diverse needs
 - Generational priorities & communication preferences
- Look at designs/products to enhance employee experience
- Expect increased employee focus on benefits
 - Increasing role in attraction/retention
- Understand your plan with key metrics
 - Position of knowledge
- Get help with your plan if you don't have the expertise or time
 - Help is not a cost, it will save you money



Thank you , it has been a pleasure!
...Randy