



For immediate release

Study reveals significant increase in employee health, drug and disability costs
Few companies have a funding strategy to address the impact of future costs

Toronto, ON, May 10, 2013 – A survey of Canadian financial leaders suggests that employee health, drug and disability costs have increased significantly or are expected to rise. Yet only 15% of those surveyed said that their company has considered a funding strategy to address the impact of these future costs. Drivers such as an aging workforce, the cost related to drug and disability plans, as well as legislative changes were key issues, according to the new research study ***Banking on productivity: Managing employee health costs***, conducted by the Canadian Financial Executives Research Foundation (CFERF) and sponsored by Morneau Shepell.

“Canadian financial executives need to be aware of these emerging demographic and health trends that will have a substantial impact on the bottom line of Canadian businesses,” says Michael Conway, Chief Executive and National President of FEI Canada. “In order to address the perfect storm of factors, CFOs will have a significant role to play in maintaining employee health, while holding the line on costs and ultimately improving productivity.”

The ***Banking on Productivity: Managing employee health costs*** study is based on the results of an online survey of Canadian financial executives that took place in February 2013, and was expanded with insights gathered during an executive research forum that included participants in Montreal, Toronto and Calgary on March 4, 2013. Participants were drawn from a wide range of industry groups and sectors.

The survey found that employee engagement and recruitment challenges stand out as major threats, with 56% and 50% of respondents rating these respective factors as the greatest threats to productivity.

38% of the financial executives surveyed said they were accountable for the human resources (HR) function in their organization and 85% had some type of involvement with HR. All emphasized their role in working with HR to predict and control costs. Health benefits were deemed the greatest cost-related concern by most respondents. Short-term disability was also on the radar of survey respondents concerned about cost.

“The survey indicates clearly that health benefits costs are rising due to various factors such as aging of the workforce. This trend will only increase as new and more expensive drugs arrive on the market,” points out Paula Allen, Vice President of Research and Integrative Solutions at Morneau Shepell. “Companies also need to be aware of the impact of mental health issues on their bottom line. One third of disability claims are mental health related,” she added. “And mental health disability claims are approximately one third more expensive than physical health claims.”

The study also indicates that employers should direct employee health concerns to a third party or consultant, to protect employee privacy and avoid concerns around discrimination. This will help shield employers from liability, as they cannot be accused of discriminating against an employee for health reasons if they are not aware of the issue.

[Click here to read the full study.](#)

About the Canadian Financial Executives Research Foundation

CFERF is the non-profit research institute of FEI Canada. The foundation's mandate is to advance the profession and practices of financial management through research. CFERF undertakes objective research projects relevant to the needs of Canada's senior financial executives in working toward the advancement of corporate efficiency in Canada. For more information, please visit feicanada.org.

About Financial Executives International Canada

FEI Canada is the all-industry professional membership association for senior financial executives. With 11 chapters across Canada and 1,800 members, it provides professional development, thought leadership and advocacy services to its members. The association membership, which consists of chief financial officers, audit committee directors and senior executives in the finance, controller, treasury and taxation functions, represents a significant number of Canada's leading and most influential corporations. For more information, please visit feicanada.org.

About Morneau Shepell

Morneau Shepell is the largest company in Canada offering human resources consulting and outsourcing services. The Company is the leading provider of [Employee and Family Assistance Programs](#), as well as the largest administrator of pension and benefits plans. Through [health and productivity](#), [administrative](#), and [retirement solutions](#), Morneau Shepell helps clients reduce costs, increase employee productivity, and improve their competitive position. Established in 1966, Morneau Shepell serves more than 8,000 clients, ranging from small businesses to some of the largest corporations and associations in North America. With approximately 3,000 employees in offices across North America, Morneau Shepell provides services to organizations across Canada, in the United States and around the globe. Morneau Shepell is a public-traded company on the Toronto Stock Exchange (TSX: MSI). For more information, please visit morneaushepell.com.

-30-

For more information, please contact:

FEI Canada:

Christian Bellavance
416-366-3007 Ext. 5114
cbellavance@feicanada.org

Morneau Shepell:

Cathren Ronberg
416-355-5632
cronberg@morneaushepell.com