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GLOBEX UPDATE

Health & Benefits

Events, developments, and opportunities in the international marketplace

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MEDICAL INFLATION COSTS IN CANADA START A DOWNWARD TREND

According to a recent report, employer medical costs are trending lower than global averages. Medical costs in Canada are expected to rise by 6% in 2019, whereas the global norms are around 8%. While the lower trend costs are a welcome sight for employers that provide employee benefits, there are still some challenges that remain. Cost inflation is largely driven by prescription drug therapies and Canada has some of the highest prescription drug costs in the world. While these drug therapies are expensive they are also paramount to an employee benefit package because of the ability to keep employees active and productive. One potential resolution is the formation of a National Prescrption Drug plan but there are still questions as to what form such a plan could take, when it would take effect and more importantly, if all the provinces would agree and participate in such an arrangement.

HEALTH CARE COSTS EXPECTED TO RISE IN APAC COUNTRIES

A recent survey of medical insurers in the Asia-Pacific concluded that employee benefits throughout the region are expected to increase by 7.8% in 2019. The survey found that certain APAC countries like, India, China and Malaysia could see an upward increase of more than 10% in 2019. The cause of the increase can be linked to the high cost of medical technology as well soaring hospital/inpatient and pharmacy costs. In terms of medical conditions, insurers in the APAC region are seeing an increase in cancer and cardiovascular claims and expect a sharp increase in mental and behavioral disorders. Insurers and employers continue to work on benefits solutions to curb rising medical costs by looking at traditional programs as well as considering alternative options such telemedicine, second medical opinion services and other programs that can help to control costs while meeting the benefit needs of their employees.

Sucess Stories

- Assisted several companies expanding into Canada to understand their benefits options and set up competitive benefits programs in this key location.

- Helped US Partner broker demonstrate the value of their global capability by helping their client find a top hospital and medical evacuation provider for VIP experiencing a medical emergency in Europe.

DUTCH GOVERNMENT RULES IN FAVOR OF TAX BENEFITS FOR EXPATS

The Dutch government has passed a resolution that will allow expatriate workers to keep their tax benefits through the end of 2020. In September 2018, the government proposed to cut back on a popular tax break, which has been very important for highly skilled foreign workers because allows them get a tax exemption of 30 percent on their salaries. The government wants to cut the length of time a worker can receive the benefits from eight to five years. So any expat workers whose agreements began after 2016 will likely have their benefits end on Dec. 31, 2020, before their eight-year contracts were supposed to be up. The plan, which is scheduled to take place January 1, 2019, is receiving much backlash as many employees are not certain what they can expect. To ease tensions, the Dutch government issued a new proposal that included a “transition” period for 2019 and 2020, so eligible employees with an existing agreement would not immediately lose their benefits at the beginning of 2019, as proposed under the initial plan.

Recruiting and retaining key talent around the world remains a formidable challenge for HR management. More and more, a company’s success depends on the ability to offer a competitive benefits package while remaining within budget. Globex Partner Brokers can offer their clients access to a range of products, capabilities and resources custom-tailored to helping multinationals optimize their employee benefits around the world. Contact any member of the Globex Health & Benefits Team to learn more.

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