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MEDICAL CANNABIS
AND GROUP BENEFITS
PLAN COVERAGE



With the legalization of recreational cannabis upon us in Canada, our conversation about cannabis use is changing. It's not that legalized cannabis is new to this country. Cannabis for medical purposes has been legal in Canada for quite some time. However, it does generate a very different conversation from recreational cannabis.

It took until the 1990's for major breakthroughs in our understanding of medical cannabis, even though medicinal uses of cannabis date back to 3,000 years. To this day, it is difficult for researchers to study medical cannabis, so our knowledge is evolving more slowly than it is for other drugs. However, since there is growing evidence that medical cannabis provides health benefits to those suffering from specific medical conditions, employers are taking note. In my discussions with Clients, many want to know more about adding coverage for medical cannabis to their plans.

The conversations are wide ranging, and it's clear that there are several factors to consider in offering medical cannabis coverage. These include: consistency with benefits plan goals, employee needs, medical conditions to cover and the related costs.

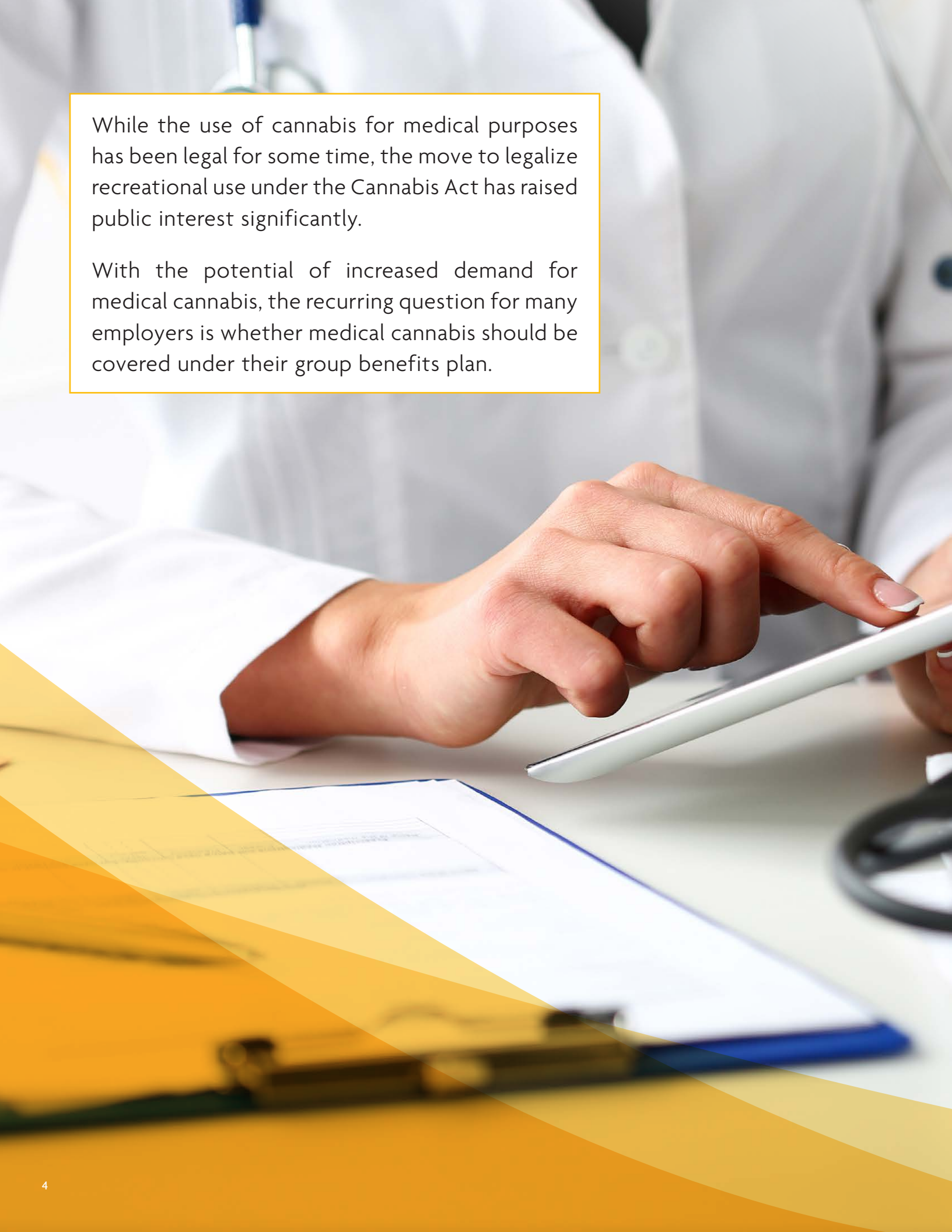
Where to start then? Step one is getting the facts about medical cannabis and understanding what it could mean to your workplace. This paper gives a good overview of the issues associated with medical cannabis and group benefits plan coverage – and is a great place to begin the conversation about whether this optional coverage is right for your organization.

Cristina dos Santos

Director, Extended Health Care, Product Development, Group Benefits
Sun Life Financial

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While the use of cannabis for medical purposes has been legal for some time, the move to legalize recreational use under the Cannabis Act has raised public interest significantly.

With the potential of increased demand for medical cannabis, the recurring question for many employers is whether medical cannabis should be covered under their group benefits plan.

Cannabis primer

While the terms “cannabis” and “marijuana” are often used interchangeably, we use the term “cannabis” for medical purposes. It is the proper name of the plant genus and is also the term used in federal legislation.

Key discovery: In the 1990’s, the discovery of the endocannabinoid system (ECS) helped us begin to understand how cannabis works. The ECS is a group of chemical receptors in our brain which signal changes in mood, memory, appetite, inflammation and other functions.¹

Chemicals in cannabis, such as THC and CBD bind to these brain receptors and affect chemical messaging in many parts of the body.

Cannabis contains over 100 chemical substances called “cannabinoids”; only a few of which have been the subject of significant research.

Here are the two cannabinoids that have been the subject of most research so far:²

- **THC** – The cannabinoid delta-9-tetrahydrocannabinol (THC) is the one that produces the euphoric effect or “high” and is a key focus in recreational cannabis production.
- **CBD** – Cannabidiol (CBD) is another cannabinoid and is particularly important for medical uses. Unlike THC, **CBD produces little or no euphoric effect**. It may also block or lower some of the unwanted effects of THC. Different strains of the cannabis plant have different THC and CBD ratios.

Licensed medical cannabis producers are subject to ongoing regulatory oversight for safety, quality and consistency of their cannabis products. They offer products with different THC and CBD concentrations to help better align the product to treatment of specific conditions.

Legalization of recreational cannabis will not impact medical cannabis rules

The Government of Canada has stated that the rules governing medical cannabis - the Access to Cannabis for Medical Purposes Regulations (ACMPR) - will remain unchanged even with the legalization of recreational cannabis.³

The legalization of recreational cannabis means that Canadians wishing to consume cannabis for medical purposes have another legal avenue to obtain it. However, there are important considerations in obtaining cannabis outside of the ACMPR, which include:

- Unlike medical cannabis, recreational cannabis is not an eligible medical expense as currently defined under the Medical Expense Tax Credit, regardless if the cannabis is being used to treat a medical condition or not.⁴
- Employers can consider developing their own human resources policies and practices for cannabis use with respect to the workplace.

¹ Atakan Z. Cannabis, a complex plant: different compounds and different effects on individuals. *Therapeutic Advances in Psychopharmacology*. 2012;2(6):241-254

² About Cannabis, Health Canada (<https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/about.html>)

³ Introduction of the Cannabis Act: Questions and Answers, Government of Canada (<https://www.canada.ca/en/services/health/campaigns/introduction-cannabis-act-questions-answers.html#a11>)

⁴ Government of Canada, Medical Expenses, 2017 (<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4065/medical-expenses-2016.html>)

What is medical cannabis?



In Canada, medical cannabis is any cannabis obtained under the federal government's Access to Cannabis for Medical Purposes Regulations (ACMPR).

To obtain cannabis for medical purposes, a patient must get authorization from a doctor or nurse practitioner, who must in turn have the patient under current treatment. Medical professionals are required to complete a document that contains patient and practitioner information as outlined by the ACMPR.

Once the patient receives authorization, there are three choices for obtaining cannabis:

- Register with a Health Canada licensed producer of cannabis for medical purposes
- Produce (grow) your own personal cannabis
- Designate another person to produce cannabis for you

Access to Cannabis for Medical Purposes Regulations, Justice Laws, Government of Canada (<http://laws.justice.gc.ca/eng/regulations/SOR-2016-230/>)

What's the difference between medical cannabis and legal recreational cannabis?

Medical cannabis is not a particular kind of cannabis or “strain”, nor is recreational cannabis.

The main difference between the two types of cannabis comes down to the regulations that govern them.

- Medical cannabis is any cannabis obtained under the federal Access to Cannabis for Medical Purposes Regulation (ACMPR), and used for medical purposes only.
- Legal recreational cannabis is any cannabis obtained under provincial regulations for recreational use that will come in effect when recreational cannabis becomes legal. Cannabis obtained in this way is intended for recreational purposes.
- Cannabis obtained outside of these regulations is illegal.

Introduction of the Cannabis Act: Questions and Answers, Government of Canada (<https://www.canada.ca/en/services/health/campaigns/introduction-cannabis-act-questions-answers.html#a11>)

Those who choose to register with a licensed producer must submit the documentation filled out by the health care practitioner directly to the producer. Licensed producers must follow strict production standards set out by Health Canada to ensure the quality and safety of their products.

Individuals wishing to produce their own cannabis or produce on behalf of someone else must meet regulations outlined by the ACMPR.

Under the ACMPR, there are limits to the amount of cannabis a person can possess. The regulations limit possession to the lesser of a 30-day supply or 150 grams of dried cannabis (or the equivalent amount if in another form). As a reference point, there is approximately 0.8 grams of tobacco in a cigarette. Licensed producers may supply cannabis in three forms, either as fresh, dried or cannabis oil.

How medical cannabis can help manage health conditions

Despite its legal status for medical use in Canada, cannabis is not an approved Health Canada therapeutic product. While physicians are aware of typical dose ranges for medical cannabis, there are no clinical practice guidelines for medical cannabis dosing at this time.

Current evidence supports the use of cannabis for some serious medical conditions where usual treatments have not been effective:⁵

- **Palliative care** – Cannabis may be useful in alleviating a variety of symptoms encountered in a palliative care setting, such as nausea and vomiting associated with chemotherapy or radiotherapy (whether palliative or during treatment/recovery), anorexia/cachexia, and severe pain.
- **Cancer** – Many cancer patients experience pain. Symptoms may be severe, impacting quality of life and the ability to carry out daily activities. Cannabis may provide relief to patients suffering from moderate to severe cancer-related pain or nausea/vomiting that is not fully relieved by traditional pain medications.
- **Wasting syndrome and loss of appetite in HIV/AIDS patients** – Wasting syndrome occurs in those with advanced HIV/AIDS and refers to significant loss of body weight, including muscle. The use of cannabis correlates positively with an increase in food consumption, caloric intake, and body weight.
- **Multiple Sclerosis (MS)** – Cannabis may be useful for treatment of spasticity and neuropathic pain in patients with multiple sclerosis. Spasticity is the continuous contraction of muscles that causes stiffness or tightness – and can cause pain and interfere with movement and speech. Neuropathic pain is typically a shooting or burning pain associated with nerve damage or a malfunctioning nervous system.
- **Rheumatoid Arthritis** – An autoimmune disease characterized by joint destruction chronic pain, functional impairment and additional complications, including cardiovascular and pulmonary disease. Research has shown that cannabis is useful for treating pain associated with rheumatoid arthritis, which has not responded to standard therapies.

⁵ Based on Sun Life's review of guidance provided by Health Canada, physicians' licensing authorities and national medical professional organizations

Risks of cannabis use

While cannabis can have medical benefits, it also comes with limitations and risks.⁶

The immediate effects of cannabis use can last six hours or longer. Over the short-term, there can be several potential side effects, including:

- **Impaired physical ability.** Cannabis use can slow reaction times and harm coordination, and using cannabis while driving or operating equipment can result in a serious accident.
- **Impaired mental ability.** Cannabis use can reduce attention span and impair memory and the ability to learn and make decisions.
- **Impaired mental health.** Cannabis use may cause anxiety or panic, and can trigger a psychotic episode.

There are also several long-term risks associated with habitual cannabis use, which include:

- **Lung damage.** Because cannabis smoke contains many of the same harmful substances as tobacco smoke, cannabis smoking can lead to long-term lung damage.
- **Dependence and addiction.** An estimated 9% of those who use cannabis in their lifetime will become addicted.
- **Mental health issues.** Using cannabis regularly over time is associated with an increased likelihood to experience anxiety, depression, psychosis, and schizophrenia. Stopping use can improve outcomes.

Use of cannabis in adolescents or young adults under the age of 25

There is growing evidence that cannabis use which begins for those under 25 years of age can cause long-term adverse effects on the developing brain, including increased risk of some mental health conditions. The specific cause is not fully understood, but it is considered to be due to cannabis effects on brain development.⁷

Medical cannabis: consider any responsibility to accommodate

Whether or not you choose to cover medical cannabis under your group benefits plan, you may want to consider obtaining legal advice to understand any responsibility to accommodate employees who are using medical cannabis obtained under the ACMPR as medical treatment. The circumstances of an employee's use of medical cannabis as medical treatment can be unique and may need independent consideration and thought.

⁶ Your Cannabis, questions answered. Get the honest facts. Government of Canada (<https://www.canada.ca/en/services/health/campaigns/marijuana-cannabis/health-effects.html>)

⁷ Cannabis and Canada's Children and Youth, Position Statement, Canadian Paediatric Society, 2017

Key considerations: adding medical cannabis to your group benefits plan

In early 2018, Sun Life Financial became the first major Canadian insurer to offer medical cannabis as an option under the extended health care benefit.

Employers determining if adding medical cannabis coverage to their benefits plans is right for them should consider the following:

1. Would adding medical cannabis coverage address a need in your employee base?

The health profiles of employee populations can differ and like some health benefits, cannabis may be more or less suited to your workforce.

2. Does your organization risk backlash if you don't cover medical cannabis?

As cannabis acceptance increases with the upcoming legalization of recreational use, and as evidence for its medical use grows, you may face internal pressure from employees and other stakeholders if you don't offer coverage.

3. Do you have the communication resources in place to explain coverage details?

Medical cannabis coverage will be offered by carriers, according to a set of rules. Good internal communication is essential to avoid claims for recreational or non-qualified medical purposes, for example – and avoid employee frustration and confusion if a claim is denied. This is something Sun Life can help support you with.

The cost of medical cannabis coverage can be significant. If you intend to add this coverage, make sure cost control measures are incorporated. These include:

- Coverage only for conditions for which there is sufficient evidence (based on expert medical review) that cannabis may have a therapeutic benefit
- A prior approval process to ensure the claim aligns with medical needs
- Coverage limits, like coinsurance and yearly maximums, that encourage good consumerism and limit claims exposure
- A claims process that requires an itemized receipt from an ACMPR licensed producer

The potential cost of adding medical cannabis to your plan

While cannabis is relatively inexpensive when used occasionally, the costs can mount when it's used regularly for medical treatments – and can vary significantly depending on the dosage, the type of cannabis product, the frequency of use and the length of the treatment. That said, the intention is that medical cannabis may be able to provide a net savings to the employer by helping to reduce absence and disability or potentially displace other costlier therapies.

Assuming an average price of \$9 per gram of dried cannabis⁸, here are two plausible scenarios with estimated costs for a single patient:

- **Chemotherapy:** Assuming a patient needs 1 gram of cannabis each day during treatment, with a treatment period of six months, the total cost for the treatment would be about \$1,700.
- **Pain relief for a chronic condition:** With ongoing chronic pain management for conditions such as cancer, MS or HIV/AIDS, the annual cost of treatment, assuming daily use of 2 grams of cannabis, would be about \$6,600.

⁸ Average price per gram charged by licenced producers was \$9,13 on June 22, 2018 as reported by CannStandard

What is the best coverage option for medical cannabis?

Medical cannabis can be reimbursed under a **Health Spending Account (HSA)** as long as the patient obtains their medical cannabis supply according to the ACMPR (Access to Cannabis for Medical Purposes Regulations).

Offering medical cannabis as part your **Extended Health Care (EHC)** plan – the option introduced by Sun Life in early 2018 – has two significant advantages over HSA coverage:

- **More comprehensive coverage** – funds in HSAs are often quite limited and might not be adequate to cover the needs of a plan member who is seriously ill. Maximums can be set in EHC plans to ensure more comprehensive coverage is there for plan members who need it.
- **Greater control** – limit coverage to medical conditions where there is sufficient clinical evidence of cannabis showing therapeutic benefit. Sun Life has developed an effective and convenient prior approval process to accomplish this. There are no such controls available with HSAs.

How Sun Life’s coverage works:

To obtain reimbursement for medical cannabis, Sun Life plan members must follow the ACMPR process as well as obtain prior approval from Sun Life Financial.

Have your medical practitioner complete and submit the Sun Life **prior approval** form at steps 2, 3 or 4.



ACMPR Step 1

Consult with a health care practitioner

ACMPR Step 2

Obtain a medical document completed by your health care practitioner

ACMPR Step 3

Register and order with a licensed producer

ACMPR Step 4

Delivery of your cannabis for medical purposes

Once your approval has been received, submit your claim to Sun Life for review

Access to Cannabis for Medical Purposes Regulations, Justice Laws, Government of Canada (<http://laws.justice.gc.ca/eng/regulations/SOR-2016-230/>)



Engage your workforce



Whether or not you choose to cover medical cannabis under your group benefits plan, the heightened awareness due to the legalization of recreational cannabis is an opportunity to clearly set your organization's policies on cannabis and other drug use.

The legalization of cannabis may not have entirely changed our cultural landscape, but it has shifted society into some uncharted territory. Employers have a key role to play in providing clear education and guidelines on cannabis – and expectations for it in the workplace.

Legal recreational cannabis: what you need to know

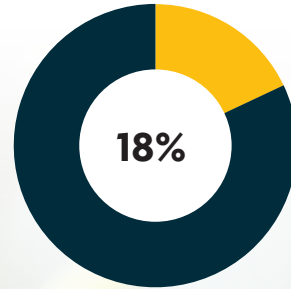
Cannabis in the workplace is already a reality. In Health Canada's 2017 survey on cannabis use in the country – 18% of Canadians over the age of 25 had used cannabis in the last month. Of these, 20% had used it before or at work in the last year, with 8% of users reporting using before or at work at least weekly.⁹

Since legalization may increase the use of recreational cannabis, employers are wise to get ahead of the curve in terms of addressing cannabis use in their workplace.

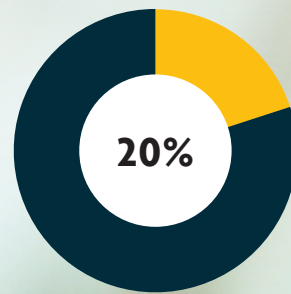
Here are actions you can take today:

- Provide general education about the risks of cannabis use and safety issues due to impairment. Employee on the job safety, especially in safety sensitive workplaces like construction, should be at the forefront of this messaging.
- Review, and, if necessary, revise your code of conduct and substance use policies to ensure they properly address cannabis use.
- Educate people managers about your substance use and accommodation policies, to ensure that proper steps are followed to help prevent an incident or claim.

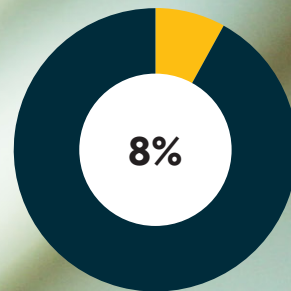
⁹ Canadian cannabis survey, 2017 – Summary, Health Canada (<https://www.canada.ca/en/health-canada/services/publications/drugs-health-products/canadian-cannabis-survey-2017-summary.html>)



Canadians over the age of 25 report having used cannabis in the last month



Cannabis users who report using cannabis before or at work in the last year



Cannabis users who report using cannabis before or at work at least weekly

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