

MINUTES OF THE BENEFITS COMMITTEE MEETING HELD ON FRIDAY, NOVEMBER 9, 2007, AT 10:30 A.M., IN THE SENATE ROOM OF THE R.D. PARKER BUILDING

Present: Robert Bourgeois, **Chair**, Jean-Charles Cachon, Wendy Hampson, , Claudette Lefebvre, Judy Leore, Suzanne Radey, Branko Rayakovich, Reza Sina, Ginette Trottier (for Shelley Machum), Ronald Wallingford, Julie Larivière as Observer

Regrets: Colette Brunette, Mary Cornthwaite, Lise Poirier

Guest: Randy Wilson

The Chair of the Benefits Committee called the meeting to order at 10:35 a.m.

1. Approval of Agenda

With the addition of “**audiologist services**” as a new item under **4. New Business**,

It was

Moved: W. Hampson

Seconded: R. Wallingford

THAT the Benefits Committee adopt the amended Agenda.

The Agenda was adopted unanimously.

2. Approval of Minutes of December 7, 2006

With a change to amend the time that the meeting ended to **11:45 am** instead of 10:45,

It was

Moved: W. Hampson

Seconded: R. Wallingford

THAT the Benefits Committee adopt the amended Minutes of December 7, 2006.

The Minutes were adopted unanimously.

3. Business arising from Minutes

3.1 Life Insurance Rates effective May 1, 2007

The Chair advised that there was a 0.4% increase in life insurance rates required by Sun Life effective May 1, 2007. The 0.4% increase will, however, be deducted from the Unrestricted Deposit Account for the period May 1, 2007, to April 30, 2008.

B. Rayakovich indicated that the University is part of a consortium, ULIP, which allows the University to enjoy a good rate. He noted that the period of May 1, 2005, to April 30, 2006, was not a good year as there were 7 deaths during this period. There was \$1,130,000 paid out in claims. There was a deficit of \$827,000. B. Rayakovich noted that the consortium buffers the experience and increases to the rates are limited to no more than 10%.

4. New Business

4.1 Financial Report of the various benefits

Randy Wilson of Manulife Financial was invited to speak and report on the financial situation of the University's accounts.

R. Wilson reviewed the Long Term Disability Premium versus Claim History report. For the year ending June 30, 2007, the University paid \$722,309 in premiums and Manulife paid out \$717,616 in claims. There was no rate change for this period. As at June 30, 2007, there were a total of 22 claims and the Disabled Life Reserve was \$3,606,848.

J. Cachon suggested that a percentage of employee claims be indicated as the University's employee count has been increasing. R. Wilson agreed to add the total number of lives in next year's report. R. Wilson indicated that the number of claims reflects the total number of claims submitted and not the number of employees on LTD at June 30, 2007.

R. Sina requested a breakdown of the number of employees in each employee group that are on LTD. C. Lefebvre indicated that a review of LTD was done for LUFA approximately one and a half years ago and suggested that Dr. d'Entremont, the Vice-President, Academic, may be able to provide him with a copy of the report.

R. Wilson reviewed the EHC Claim Summary. He noted that there was a 21% increase in claims to the health plan. This is due to the enhancements to the plan, including the \$2,000 combined maximum for paramedical practitioners and the addition of new practitioners. Demographics is also a factor in the increase of health claims.

R. Wilson reviewed the Dental Claim Summary. He noted that there was a 13% increase in claims to the dental plan. This is due to the enhancements to the plan, including the yearly maximum which went from \$2,000 to \$2,500 per person, per benefit year, and the orthodontic lifetime maximum which went from \$1,500 to \$2,500 per person.

R. Wilson reviewed the top 10 Drug Therapy Classes by Cost and the Top DINS by Cost. He noted that 65% to 75% of claims in the health plan are for drug expenses. Remicade is the most expensive drug and can cost \$10,000 for one treatment. Remicade was the most costly and most often prescribed drug. He noted that 31 scripts were submitted for a total cost of \$125,000. He indicated that generic drugs are used by the pharmacists unless the physician specifies "no generic substitution".

R. Wilson indicated that the underwriting of the University's health and dental plans are on a refund accounting basis, which means that premiums are paid by the University and expenses are deducted from these amounts which provide a net gain or loss. Manulife shares the gains with the University. When there is a loss, Manulife requires more premiums from the University. He noted that there is also an insurance component which includes out-of-Canada claims which are pooled. He also noted that the drug stop loss component is pooled and that any annual expenses above \$10,000 are absorbed by Manulife.

J. Cachon inquired as to whether LUFAs can communicate with R. Wilson at Manulife during negotiations to obtain accurate information. R. Wilson indicated that he takes his directives from Laurentian University. The Chair advised J. Cachon that he would take this matter under advisement.

R. Wilson indicated that the Health Account incurred a deficit of \$52,222. The Dental Account incurred a surplus of \$21,229.

4.2 Rate changes

Dental The dental rates were increased by 5% effective November 1, 2007. However, the increase should have been implemented October 1, 2007. The University will instruct Manulife to deduct the 5% increase to the rates for the month of October 2007 from the Unrestricted Deposit Account for an approximate cost of \$4,000.

Extended Medical The extended medical rates were increased by 15% effective November 1, 2007. However, the increase should have been implemented on October 1, 2007. The University will instruct Manulife to deduct the 15% increase to the rates for the month of October 2007 from the Unrestricted Deposit Account at an approximate cost of \$21,676.

Hospital Care The hospital care rates were increased by 15% effective November 1, 2007. However, the increase should have been implemented on October 1, 2007. The University will instruct Manulife to deduct the 15% increase to the rates for the month of October 2007 from the Unrestricted Deposit Account at an approximate cost of \$1,700.

Long-Term Disability Plan There is no increase to the LTD rates effective November 1, 2007.

4.3 Long Term Disability coverage for employees 65 and over

R. Wilson indicated that Manulife does not provide LTD coverage for employees 65 years of age and over. Health, dental, and life coverage is provided, but LTD coverage is viewed as high risk. Insurance carriers are not legally required to continue benefits.

R. Sina asked R. Wilson to confirm that an increase to the maximum LTD coverage to **\$10,000** per month from \$5,000 would result in a decrease to the rate. R. Wilson indicated that it would depend on the demographics of the participants.

4.4 Reimbursement of Dental Expenses

R. Sina indicated that a faculty member was not reimbursed for all of his dental expenses incurred in Quebec. C. Lefebvre indicated the challenge in processing the reimbursement occurred with the procedure codes used in Québec. Once the faculty member's service provider was able to provide Manulife with comparable codes, Manulife did process the reimbursement based on the Ontario fee guide. R. Wilson indicated that each province has different ODA rates and that the University's plan is subject to Ontario rates. If services are obtained in a province other than Ontario, the Plan member must absorb the difference in cost.

4.5 Financial Report of the RHBP and Participation Rates to June 30, 2007

R. Bourgeois reviewed the Financial Statement for the Retirees Health Benefit Plan from July 30, 2006, to June 30, 2007, and noted that the fund balance at year end was \$1,033,063.31. C. Lefebvre reviewed the RHBP Eligibility and Subsidy Payments as of November 1, 2007, report and noted that the total participation rate is 41% for the year ended June 30, 2007. C. Lefebvre noted that this rate will increase as claims are still coming in for this period. She also noted that “older” retirees might not be submitting claims as they may not be aware of the benefit whereas “newer” retirees are provided with information on the Plan at termination of employment.

4.6 RHBP and official receipts

W. Hampson indicated that a retiree was denied reimbursement for the purchase of vitamins and eyeglasses which were purchased over-the-counter. C. Lefebvre noted that the RHBP is administered in a similar way that the group benefits plan is administered. Vitamins are not covered under the group plan. C. Lefebvre noted that if the retiree submits a script together with an original receipt which contains the required information (i.e. name, date, amount), the expense would be eligible for reimbursement. It was agreed that the wording in the RHBP Policy would be reviewed to ensure that the wording properly reflected when over-the-counter drug, except vitamins, would be eligible. This item will be re-tabled at the next meeting.

4.7 Addition of audiologist services

W. Hampson noted that a LUSU member brought to her attention the fact that hearing aids are covered under the health plan while audiologist services are not covered. B. Rayakovich indicated that OHIP covers the audiologist exam if the individual is referred by a physician. R. Wilson will look into what the cost would be to have this expense covered by the health plan. The item will be re-tabled at the next meeting.

5. Next meeting

There was no date scheduled for the next meeting. The Chair indicated that the Committee would meet twice a year as per the Terms of Reference.

The meeting ended at 12:05 p.m.

Material distributed at the meeting:

- Manulife Financial, Long Term Disability Premium versus Claim History & Other Information
- Manulife Financial, EHC Claim Summary
- Manulife Financial, Dental Claim Summary
- Manulife Financial, Top 10 Drug Therapy Classes by Cost
- Manulife Financial, Top 10 DINS by Cost