

Report on Health Benefits for Retirees: June, 2015

Background

The Green Shield benefit package for retired faculty, librarians and certain others began in 1989. The premiums must be sufficient to fund the costs of the claims submitted. As our group ages, more services tend to be needed and used. Increased usage and inflation have resulted in higher premiums which are of concern to many members.

Previous Reports and Initiatives Addressing Retiree Health Benefits

Several reviews of our benefits have been carried out by WURA committees over the past 25 years.

- In 2004, an exploration of possible changes was conducted on behalf of WURA by John Meyer and a sub-committee. It concluded that a small reduction in premiums would do little to compensate members for what they would have to give up.
- A comprehensive survey of WURA members' health benefits needs and preferences was conducted by Olga Crocker and a committee in 2006 and analyzed in 2007. Few clear trends emerged. The 2008 Collective Agreement negotiations demonstrated that improving retirees' benefits through WUFA negotiations seems impossible, since retirees are not members of the bargaining unit.
- Since 2007 subscribers' premiums have been subsidized from a Trust Fund for Retired Members (p. 109, 2008-11 Collective Agreement, Letter VII: Executive Education Programs #14), by an amount related to their years of pensionable service and to a three year rolling average of the annual earnings of the endowment fund that produces the Retiree Health Care Subsidy, so the subsidy has varied substantially from year to year. This benefit is primarily due to the persistent efforts of Bill Miller and Dan Britten who pursued this file over a number of years.
- Also the University pays one half of the subscriber premium for the Green Shield Dental Plan for Faculty Retirees at current Ontario Dental Association rates (p. 98, 2008-11 Collective Agreement, Article F:3.b(i)).
- In December 2008 the WURA Executive appointed a sub-committee to explore again the possibility of making improvements to the Green Shield Benefits Plan for Faculty Retirees and the financial implications of changes. Sub-committee members were Mary Louise Drake, Kathleen McCrone (Chair), John Meyer, Ihor Stebelsky, and Barbara Thomas. This committee benefited greatly from the knowledge and expertise of Cheryl Paglione, who was then the Associate Director, Human Resources – Pensions, Benefits

and HR Systems. One meeting was with a representative of Green Shield, who provided documentation about specific usage and individual benefits costs over time.

2009 Report Findings and Recommendations

The faculty retirees' benefits plan supplements OHIP benefits. The Green Shield benefits are integrated with those of OHIP. The faculty retirees' plan provides a valuable combination of insurance and specific benefits. The insurance aspect is very advantageous and is manifest by several provisions, such as:

1. The opportunity to opt into the Drug Benefit portion of the plan at any time is highly unusual. It provides protection for those who require drugs not covered by the Ontario Drug Benefit.
2. Unlimited coverage for semi-private rooms in public hospitals.
3. Unlimited coverage for physiotherapy.
4. Private duty nursing (limit \$10,000 per annum).

These provisions are unusual. The sub-committee considered it important to retain these benefits. For most benefits, the amounts covered seemed reasonable for the premiums we pay.

To reduce the cost of the premiums, options considered were:

- increasing co-payments;
- capping certain benefits that are currently unlimited;
- eliminating certain benefits such as private duty nursing, private and semi-private hospital rooms, and orthodontic services;
- reducing dental check-ups to once every nine months from once every six months;
- reducing travel coverage to 90 days from 180 days;
- bundling certain benefits up to a capped amount;

Recommendations

- That a hearing aid benefit be added at a small additional monthly cost. It allows a \$1,000 claim every five years toward the cost of a hearing aid.
- That the benefit for massage therapy be increased from \$84 to \$300 per year for a small additional monthly cost.
- No other changes were made to the existing benefits.
- That faculty retirees' benefits be reviewed by WURA every five years. The next review would be due in 2014.

In 2010 we polled our subscribers by mail about their usage of the out of country insurance and if reducing the number of **per trip** days from 180 to 90 or 60 days would be problematic for them. Although many supported the reduction of **per trip** days to 90 or 60, it was decided to make no change.

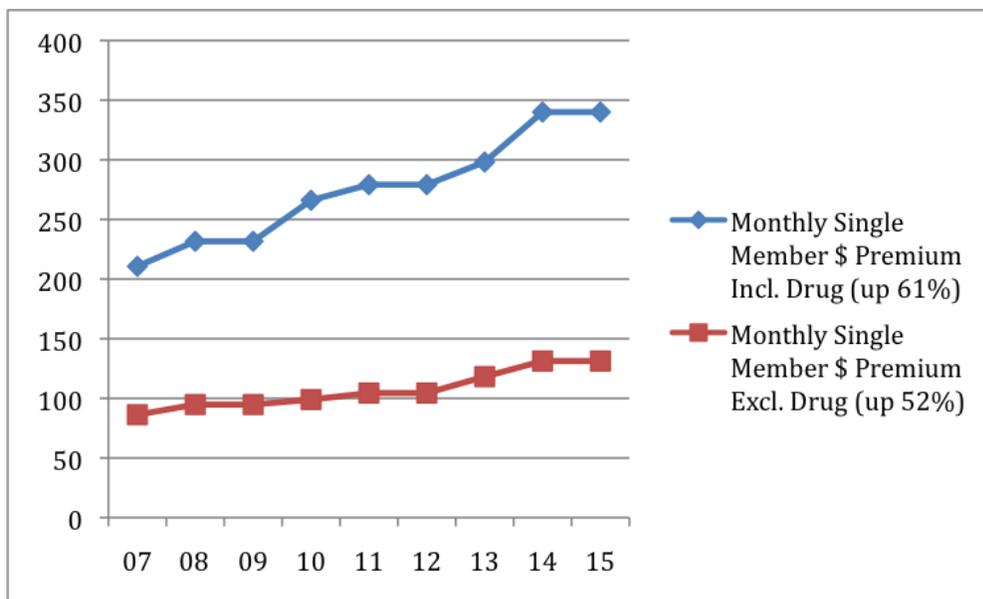
2015 Report Findings

In July 2014, members of the WURA Pension and Benefits Committee: Johanna Foster, Ihor Stebelsky, Barbara Thomas (Chair) began the task of reviewing the current status of our health benefits, following the recommendations of the 2009 report. We were greatly assisted by the ever willing Cheryl Paglione, Director of Employee Services. We also met with two representatives from Green Shield.

Our review showed increasing usage of certain health benefits by retirees whose mean age is now 75.5 years. Since premiums are determined in large part by our usage, premiums are increasing. We were also looking to achieve some cost savings without unduly affecting the services needed by our members.

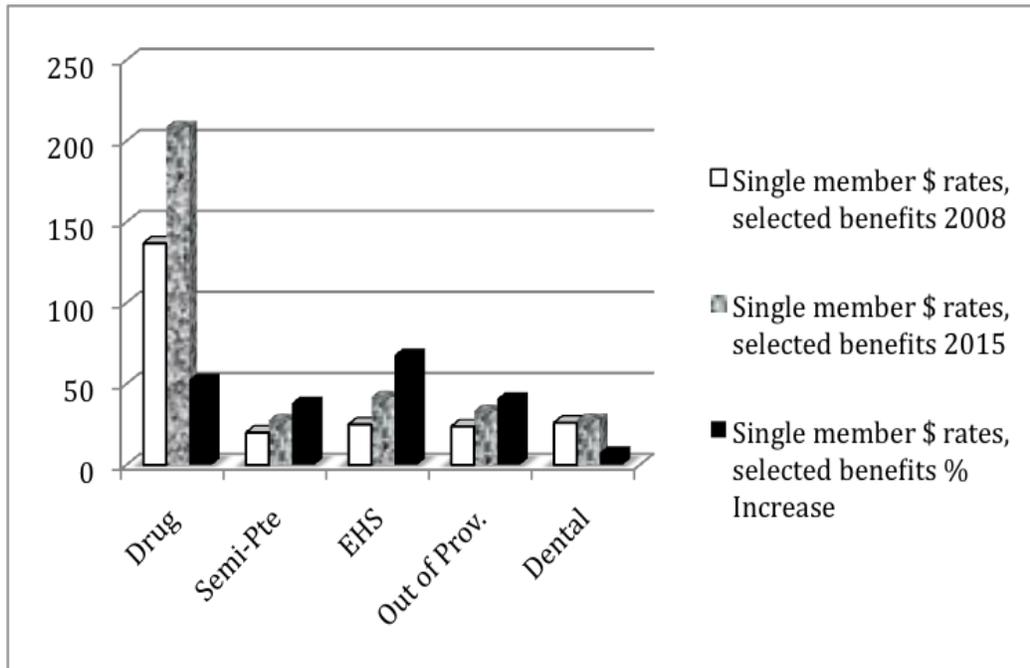
Figure 1 shows that from May 2007 to May 2015, the monthly premium rate for all benefits **excluding** drugs for a Single Subscriber has increased 52% (\$86.24 to \$131.27). It is important to note that on three occasions (2008-2009; 2011-2012; 2014-2015) the rates have held constant from the previous year. As noted earlier we improved our benefits in 2010 by adding a hearing aid allowance and increasing the massage therapy benefit. This figure also shows that from May 2007 to May 2015, the monthly premium rate for all benefits **including** drugs for a Single Subscriber has increased 61% (\$210.66 to \$340.00).

Figure 1: Single Member Monthly \$ Premium-All Benefits Incl Drugs & Excl Drugs 2007-2015



The **increases** in premium rates for a Single Subscriber for selected benefits are shown in Figure 2. Drug, 52.51%; Semiprivate rate, 39.24%; Extended Health Services, 67%; Out of Province, 40.91%; Dental, 7.56%. Note that 50% of our dental premium is paid by the University of Windsor.

Figure 2: Single Member Monthly \$ Premiums and % Increase over 7 years for Selected Benefits



In the course of our discussions, we discussed options such as:

- Introduction of more co-pays
- Bundling services
- Picking and choosing modifications according to usage data
- Setting maximums
- Making no changes

A 2015 CURAC questionnaire, to which some WURA members responded, indicated that health benefits are a concern for retirees and that they are reasonably satisfied with the Green Shield plan. The premium rates and services covered by each institution vary widely. Some unique features of our Green Shield plan are the choice to opt into the drug plan, payment by the University of one half of the subscriber premium for the dental plan and the availability of the Retiree Health Care Subsidy.

Conclusions

In April, 2015 we were advised that there would be no increase in premiums for 2015/16. In addition, the Retiree Health Care Subsidy for 2015/16 had increased substantially, resulting in

reduced monthly premiums for retirees. In light of these developments, we recommended no changes to the existing benefits. We did however recommend another review of the health benefits in five years (2020).

Subsequent to our deliberations, Cheryl Paglione advised that the 2016/17 out of country premium rate for the existing 180 day per trip coverage will increase as follows:

- Single increases from \$33.48 to \$40.18 per month
- Couple increases from \$66.96 to \$80.35 per month

Out of Country Per Trip Day Coverage

This particular benefit is one that we have reviewed and considered modifying a number of times. With the aging demographic of our subscribers, many are unable to travel. Some have asked if this benefit could be changed in order to reduce their premiums. In light of the 2016/17 increases and since it is only a very small number of retirees who actually travel out of country for 180 days at a time, it seems appropriate to consider reducing the **per trip** day coverage. For example, in 2016/17, a single subscriber under the current plan would pay a new rate of \$40.18 per month (an increase of 20%).

If the plan is changed to reduce the **per trip** day coverage to 90 days, the subscriber would pay \$32.36 (a decrease of \$7.82 or 19% compared with the new rate of \$40.18 per month).

For those few subscribers who have been using the 180 per trip day coverage, they would have to return home before their 90 days are up and then again leave the country for another 90 days.

Recommendations:

1. That the out of country **per trip** day coverage be reduced from 180 days to 90 days effective May 1, 2016. This will result in a 19% decrease in monthly premium costs for out of country insurance (\$32.36 instead of \$40.18 per month for a single subscriber).
2. That another review of the health benefits be carried out in five years (2020).

Procedures Recommended

1. Assuming acceptance of the report and the recommendations by the WURA Executive, we will ask Human Resources to mail the report and recommendations to subscribers to Green Shield Plan for Faculty Retirees, excluding those who subscribe only to the Dental Plan. Along with the report, a ballot will be enclosed to enable subscribers to signify their approval or rejection of the proposed change, along with instructions that the ballots are to be returned to HR by a specific date in September. Ballots will need to be coded for security purposes.
2. Ballots will be counted by one member of HR staff (Cheryl Paglione or delegate) and one member of WURA Executive.
3. A copy of this report will be included in the next WURA newsletter.

Respectfully submitted,

WURA Pension and Benefits Committee,

Johanna Foster, Ihor Stebelsky, Barbara Thomas (Chair)