



FINANCIAL SERVICES
Office of the Treasurer

Group Insurance Plan (GIP) Review

Presentation to CUFA

CONCORDIA

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Context

Why a GIP Review?

Governance

- Never been a GIP review
- BSF/CEBC/BOG⁽¹⁾ informed of the GIP review and process

State of the Plan

- Significant and structural increase in cost
- Inequitable usage
- Highly complex structure

Long-term planning

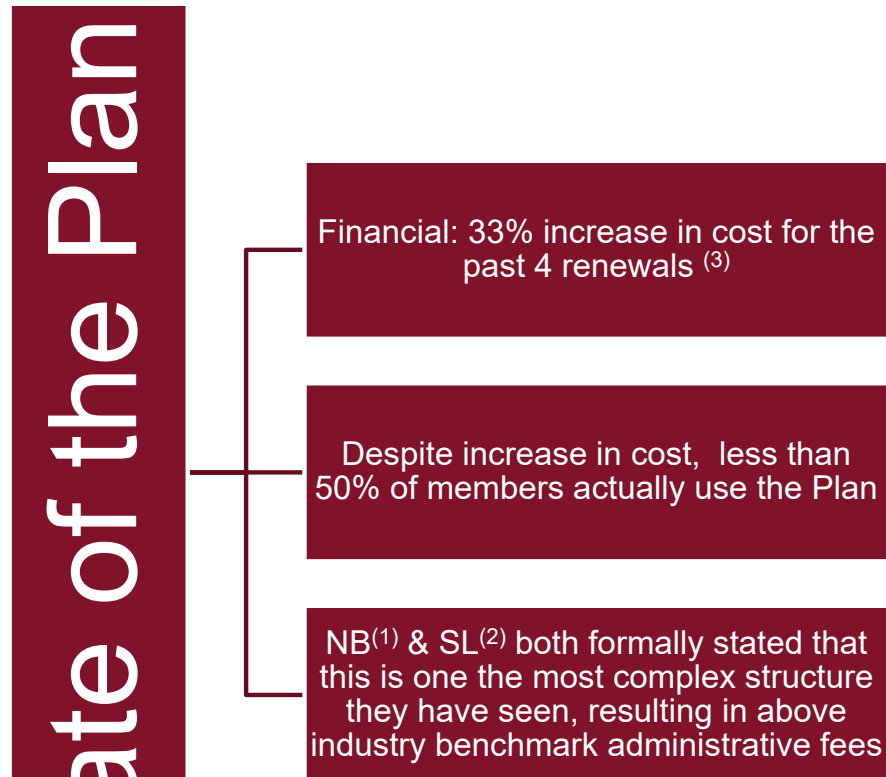
- Support consulting RFP (NB⁽²⁾ – 2016)
- Carrier RFP (SL⁽³⁾ – 2018)
- GIP review (2019 – 2021)

⁽¹⁾ Benefits Sustainability Forum (BSF)/Concordia Employee Benefits Committee (CEBC)/Board of Governors (BOG)

⁽²⁾ Normandin Beaudry, Group Insurance Plan consultant

⁽³⁾ Sun Life Financial, Plan carrier since January 1, 2018

What did we need to Address?



(1) Normandin Beaudry, Group Insurance Plan consultant

(2) Sun Life Financial, Plan carrier

(3) 16.1% of the 33% was funded from the surplus account of the Plan

The GIP Review

What did we Seek to Accomplish?

#1

Affordability and sustainability

- Control current and future costs
- Simplicity of administration

#2

Financial security, equity and universality

- Financial security
- Fairness-equity
- Universality

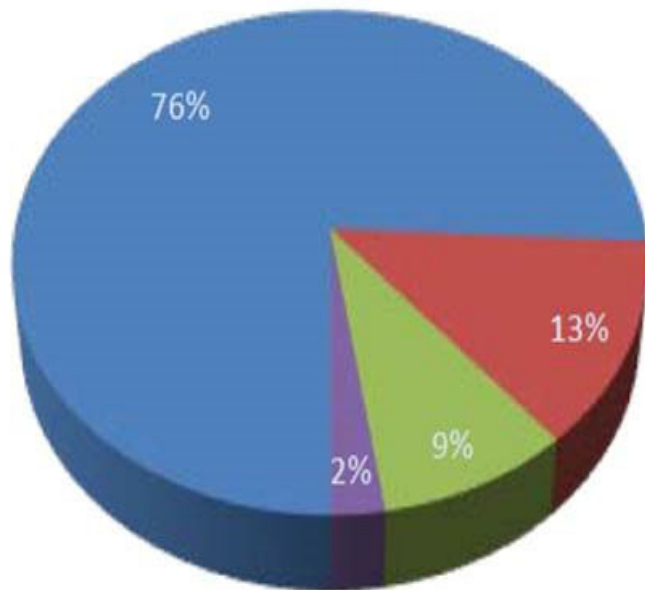
#3

Value for the participants and consider adding flexibility

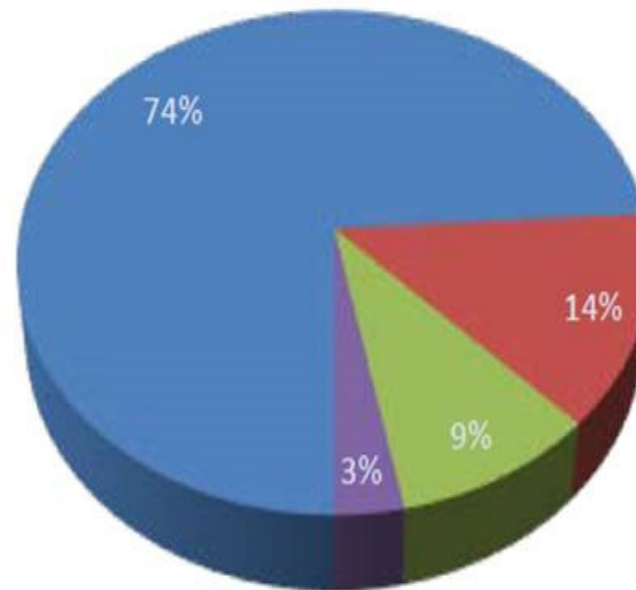
- Easy to understand and optimized perceived value

Past Experience Distribution of the Current Health Plan

May 2020 to April 2021



May 2019 to April 2020



- Pay Direct Drugs
- Paramedical Practitioners
- Medical Services & Equipment
- All Other Claims

Proposed Plan Coverage Health Care

	Current	Proposed
Annual deductible	\$60 for the employee and \$60 for the spouse (not applicable to hospital and travel insurance)	None
Threshold of eligible expenses applies to	Drugs on the RAMQ list or not, some paramedical services and other eligible expenses (all identified with * below)	n.a.
Threshold of eligible expenses	Any eligible expenses in excess of \$2,000 per year per certificate	None
Coinsurance above the threshold of eligible expenses	100%	n.a.
Drugs		
Deductible per DIN	None	\$3
Coinsurance	Eligible drugs: - RAMQ: 80%* - Non RAMQ: 50%*	Eligible drugs: - RAMQ: 80% - Non RAMQ: 80%
Mandatory generic substitution clause	No	Yes (exceptions may apply ⁽¹⁾)
Out-of-pocket maximum	See threshold above	\$900 of paid expenses per adult per year for all eligible drugs

⁽¹⁾ For example, if your healthcare professional confirms there is a documented allergy or intolerance to a non-active ingredient found in the generic but not in the brand

Proposed Plan Coverage Health Care (cont'd)

	Current	Proposed
Hospital		
Short-term	100% (semi-private room)	100% (semi-private room)
Convalescent/Rehabilitation	100% (maximum 60 days)	100% (maximum 60 days)
Paramedical services		
Psychologist and psychiatrist	50%, combined maximum of \$1,500 paid per person per year	80%, combined maximum of \$1,500 paid per person per year Psychotherapist services are added
Occupational therapist, physiotherapist, physical rehabilitation therapist and sports therapist	80%, combined maximum of \$750 paid per person per year*	80%, combined maximum of \$1,000 paid per person per year
Chiropractor, massage therapist (with medical referral), naturopath, osteopath, podiatrist, chiropodist, acupuncturist	50%, max. \$300 paid per person per year per specialist and combined maximum of \$500 paid per person per year for all specialists*	
X-Rays (chiropractor and osteopath)	50%, max. \$25 paid per person per year per specialist*	
Speech therapist	80%, max. \$400 paid per person per year*	80% combined maximum of \$1,000 paid per person per year
Audiologist	80%, max. \$300 paid per person per year*	

Proposed Plan Coverage

Health Care (cont'd)

	Current	Proposed
Out-of-province		
Coinsurance	100%	100%
Lifetime maximum	\$3,000,000	\$3,000,000
Travel assistance included	Yes	Yes
Maximum trip duration	180 days	180 days
Other eligible expenses*		
Coinsurance	80%	80%
Nursing care	\$25,000 paid per person per year	\$25,000 paid per person per year
Diagnostic tests	\$1,000 paid per person per year	\$1,000 paid per person per year
Survivor benefit (Except RAMQ Drugs)	Active members: 24 months Retirees: Lifetime	Active members: 24 months Retirees: Lifetime
Lifetime maximum (excluding out-of-province emergency expenses) ⁽¹⁾	\$1,000,000	\$1,000,000
Termination	Death	Death

⁽¹⁾ RAMQ drugs will continue to be reimbursed up to age 65 if a member reaches the lifetime maximum before age 65.

Proposed Plan Coverage Vision Care

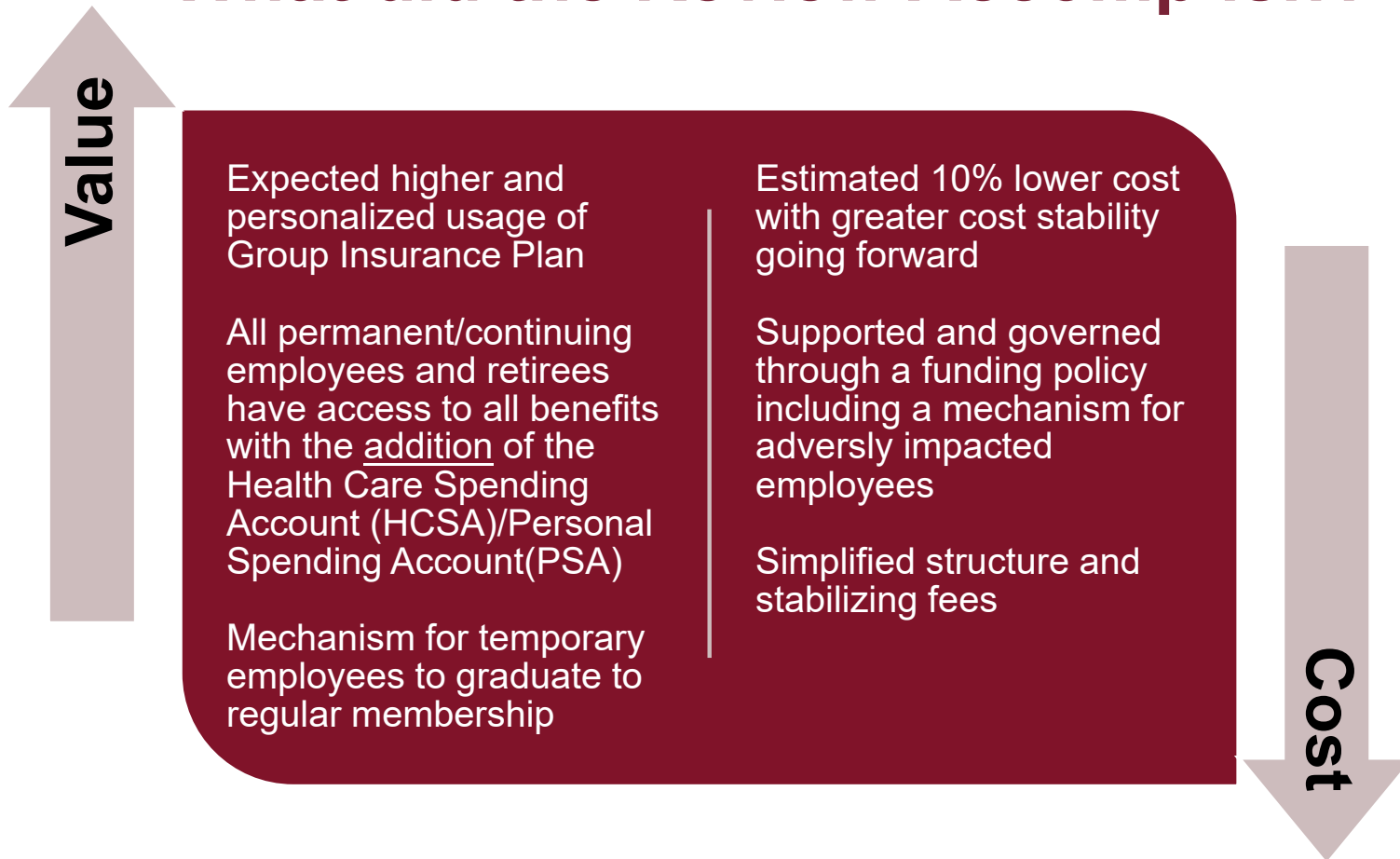
	Current	Proposed
Annual deductible	None	No coverage
Coinsurance	80%	
Maximum and frequency		
Adults		
Eye glasses / Contact lenses / Laser surgery	Covered	
Eye examinations	1 exam per 24 months	
Combined maximum	\$160 paid per 24 months	
Children under 18 years of age		
Eye glasses / Contact lenses / Laser surgery	Covered	
Eye examinations	1 exam per 12 months	
Combined maximum	\$160 paid per 12 months	
Survivor benefit	Active members: 24 months Retirees: Lifetime	
Termination	Death	

Proposed Plan Coverage

Dental Care

	Current	Proposed
Annual deductible (Single / Family)	\$50 / \$100	None
Coinsurance		
Basic / preventive services	100%	80%
Endodontics / periodontics	100%	80%
Major services	50%	50%
Orthodontics	50%	50%
Maximum		
Basic / preventive services / endodontics / periodontics / majorservices	\$1,750 paid per person per year	\$1,750 paid per person per year
Orthodontics	Adults and Children: \$2,500 lifetime paid per person	Children only: \$2,500 lifetime paid per child
Exam frequency		
Recall exams	6 months	9 months
Complete exams	3 years	3 years
Survivor benefit	24 months	24 months
Termination	Earlier of December 1 st after reaching age 71 or receipt of pension	Age 71 or receipt of pension

What did the Review Accomplish?



Expected increased and personalized usage while lowering cost and making it sustainable for the long-term

Annual HCSA/PSA Amounts Generated from Adjusted Savings

Active Under 65

- Single: \$385
- Single-Parent: \$485
- Couple: \$735
- Family: \$830

Active Age 65 and Over

- Single: \$615
 - Family*: \$1,175
- * Which includes the status of single-parent and couple

Notes:

- 1- At the end of the year, any unused balance in an employee's HCSA/PSA will be carried forward to the next year
- 2- The HCSA/PSA amounts will be reviewed annually by the CEBC in accordance with Concordia's funding policy

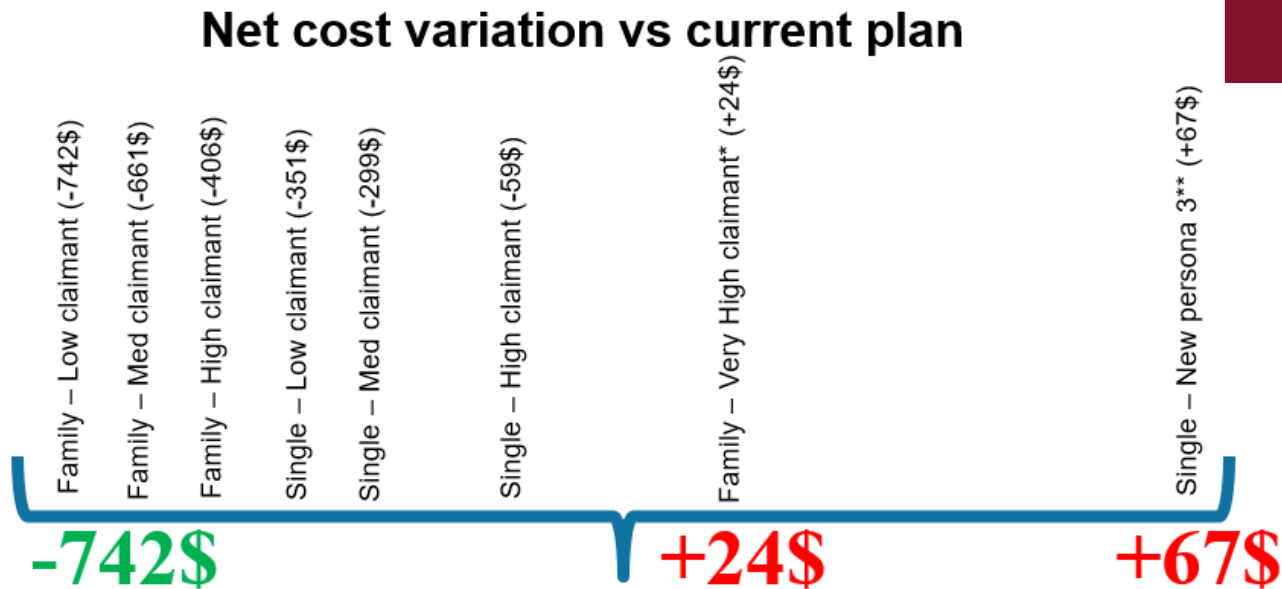
Summary of personas – Under age 65

8 personas were created to include :

- Low claimants
- Median claimants
- High claimants
- Very high claimants

Conclusions:

- High users remain protected at essentially the same cost
- Low to mid users, and particularly families, get to increase their usage and personalize their needs at no cost



*This is a very high claimant persona with \$100,000 in claims (increase in cost represents 0.02% of claims)

**This is a persona that illustrates high claimants who are claiming more than existing high claimants. 36 HC claims = \$9,000 (increase in cost represents 0.7% of claims)

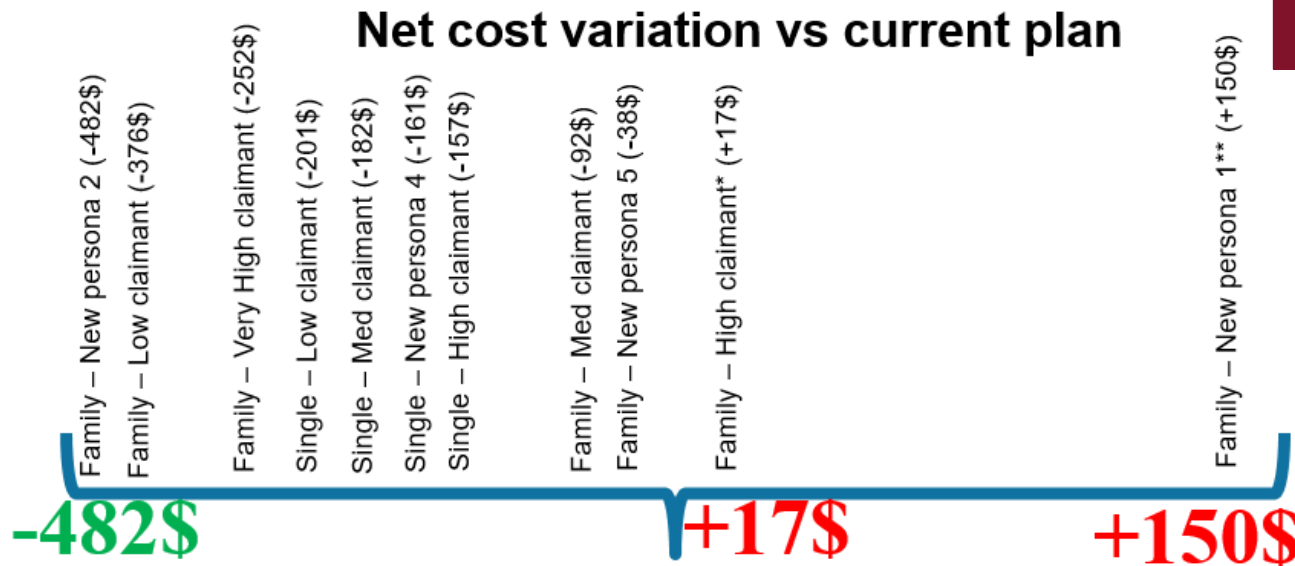
Summary of personas – Over age 65

11 personas were created to include :

- Low claimants
- Median claimants
- High claimants
- Very high claimants
- High frequency of claims

Conclusions:

- High users remain protected at essentially the same cost
- Low to mid users, and particularly families, get to increase their usage and personalize their needs at no cost



*This is a high claimant persona with \$7,000 in claims (increase in cost represents 0.2% of claims)

**This is a persona that illustrates a retired family member with \$6,000 in drug expenses for each adult, the \$6,000 of each consisting of 12 different prescriptions, half of which must be renewed monthly (for a total of 192 claims). (increase in cost represents 1.3% of claims)

Active CUFA Members

Group Benefits Provisions – Active Members

Proposed structure

Regular Members	Temp. Members	
FT	FT	
Basic + Optional Employee + Optional Dependent Life Insurance	LTA-2 Visiting Scholars* Resident appointments* Research professors*	LTA-1 Visiting Scholars* Resident appointments* Research professors*
Optional AD&D	SL+STD	SL+STD
Sick Leave	LTD (limited duration)	
Long-term Disability	Health Care (Main)	Health Care (RAMQ equivalent)
Health Care (Main)		
Dental Care		
HCSA/PSA	HCSA/PSA	

Notes:

- End of coverage for active members:
 - Life (Basic & Opt) and LTD = Age 65, retirement or the end of employment contract; Dental Care = December 1st following age 71 or retirement or the end of employment contract
 - Health Care, HCSA/PSA, Sick Leave and STD = Retirement or the end of employment contract; Optional AD&D = Age 70 or retirement or the end of employment contract
- LTA-1 = First contract for 5½ or 9 ½ months or 5½ or 9 ½-month contract after working somewhere else during the waiting period due to the 36-month max
- LTA-2 = 12-month contract or 5½ or 9 ½-month contract after continually working for Concordia during the waiting period due to the 36-month maximum

* Visiting scholars, Resident appointments and Research professors may fall in LTA-1 or LTA-2 category coverage depending on their contract duration and history

Demographic statistics– Active Members

Number of employees by age group ⁽¹⁾

		Age groups								Total	Average age
		20-29	30-39	40-49	50-59	60-64	65-69	70-79	80-89		
Regulars Members	Number	0	128	286	270	106	74	80	17	961	53
	% of total	0%	13%	30%	28%	11%	8%	8%	2%	100%	
LTA-1	Number	1	27	26	5	1	2	0	0	62	42
	% of total	2%	43%	42%	8%	2%	3%	0%	0%	100%	
LTA-2	Number	0	20	21	10	2	0	0	0	53	43
	% of total	0%	38%	39%	19%	4%	0%	0%	0%	100%	
Visiting Scholars	Number	0	0	0	0	0	0	0	0	0	0
	% of total	0%	0%	0%	0%	0	0%	0%	0%	0%	
Resident appointments	Number	1	6	6	2	1	0	0	0	16	42
	% of total	6%	38%	38%	12%	6%	0%	0%	0%	100%	
Research professors	Number	0	0	0	2	0	0	0	1	3	63
	% of total	0%	0%	0%	67%	0%	0%	0%	33%	100%	
Total	Number	2	181	339	289	110	76	80	18	1,095	52
	% of total	0.2%	16.5%	31.0%	26.4%	10.1%	6.9%	7.3%	1.6%	100%	

(1) Information as of January 2022

Summary

- **CUFA members** are segregated, like for the overall Plan, between regular and temporary employees
- **LTA/Visiting Scholars/Resident appointments/Research professors** are temporary positions and will retain the health plan (coverage varies according to contract duration and history), which is the most used and impactful benefit for the majority of them for the duration of their employment
- **Resulting savings** from benefits that have been removed/revised (i.e. health, dental, life insurance and LTD) **have been reinvested to the regular members of CUFA** through the HCSA/PSA
- **For any temporary members of CUFA** who sustain employment more than five years (e.g. Research professors), the new Plan has an automatic mechanism to **graduate them to regular employees** for the full gamut of the University's GIP benefits

Conclusion

Conclusion

- Current financial trend of the Group Insurance Plans is **structural and unsustainable** and requires the **use of significant surplus amounts** to cover deficits
- The HCSA /PSA model and its modifications allow to not only provide **better cost controls** going forward but doing so while the usage can be significantly increased thereby also **adding value** to the members from both benefit and financial perspectives
- The **GIP financing policy** will act as our governance tool in order to seek to maintain our global objectives and guiding principles of the review
- A **transition plan** can be offer to the current temporary employees of CUFA for the next three years to smooth out the impact over time



Next step

Next step

- Agreement with the union for a proposed date of implementation of January 1, 2023

Appendices

Appendix A

Proposed Plan Coverage

Proposed Plan Coverage

Added/Removed Benefits – Active CUFA Members

	Health	HCSA/PSA ⁽¹⁾	Vision	Dental	Basic Life	Opt. EE Life	Opt. Dep Life	Opt ADD	Sick Leave	STD	LTD
Regulars Members		✓	X								
LTA-1	X ⁽⁷⁾		X	X	X	X	X	X	X ⁽⁸⁾	✓ ⁽⁵⁾	
LTA-2		✓	X	X	X	X	X	X	X ⁽⁸⁾	✓ ⁽⁵⁾	X ⁽⁹⁾
Visiting Scholars	✓ ⁽²⁾	✓ ⁽³⁾							✓ ⁽⁴⁾	✓ ⁽⁴⁾	✓ ⁽⁶⁾
Resident appointments	Same as for LTA-1 or LTA-2 depending on their contract duration and history										
Research professors	Same as for LTA-1 or LTA-2 depending on their contract duration and history										

(1) HCSA/PSA = Health Care Spending Account / Personal Spending Account

(2) Main plan (LTA-2 contract category) or RAMQ Equivalent Plan (LTA-1 contract category)

(3) Only offer for LTA-2 contract category

(4) SL + STD (at 85%) (STD limited based on contract duration)

(5) Full SL replaced by SL + STD (at 85%) (STD limited based on contract duration)

(6) LTD limited based on contract duration (only offer for LTA-2 contract category)

(7) Replaced by RAMQ Equivalent Plan

(8) Full SL replaced by SL + STD (at 85%) (STD limited based on contract duration)

(9) Standard coverage replaced by limited duration

Note: For health (including drugs) and dental benefits, the provisions of these benefits have been revised to reflect, among other, market standards (revised maximum, etc.)



Equality for all regular employees and increased health access for temporary employees
Possibility to graduate to regular membership if employment continuance sustains. Transition plan can be exploited as well

Proposed Plan Coverage - Premium Costs: Health and Dental

Full-time			
	Current monthly cost for Health and dental premiums	Proposed monthly cost for Health and dental premiums with monthly HCSA	
	Employee	Employee	HCSA
Under 65			
Single	\$92.70	\$92.70	\$32.08
Family	\$214.52	\$214.52	\$69.17
Single-parent	\$128.44	\$128.44	\$40.42
Couple	\$178.69	\$178.69	\$61.25
65 and over			
Single	\$46.06	\$92.27	\$51.25
Family	\$106.35	\$193.85	\$97.92

LTA-2			
	Current monthly cost for Health and dental premiums	Proposed monthly cost for Health premiums with monthly HCSA	
	Employee	Employee	HCSA
Under 65			
Single	\$92.70	\$66.39	\$32.08
Family	\$214.52	\$142.66	\$69.17
Single-parent	\$128.44	\$82.88	\$40.42
Couple	\$178.69	\$126.03	\$61.25
65 and over			
Single	\$46.06	\$65.96	\$51.25
Family	\$107.35	\$121.99	\$97.92

LTA-1			
	Current monthly cost for Health and dental premiums	Proposed monthly cost for Health premiums with monthly HCSA	
	Employee	Employee	HCSA
Under 65			
Single	\$92.70	\$31.35	n/a
Family	\$214.52	\$62.43	n/a
Single-parent	\$128.44	\$62.43	n/a
Couple	\$178.69	\$62.43	n/a
65 and over			
Single	\$46.06	n/a	n/a
Family	\$106.35	n/a	n/a

-  : Amounts in green are amounts available to the member (not a premium paid by the member) through the HCSA/PSA that can be used to get a reimbursement
-  : Amounts in red are amounts paid by the member

Important note: This is for illustration purposes only and based on premiums effective Jan 1, 2022 (will need to be adjusted to premiums effective on implementation date)

Appendix B

HCSA and PSA Eligible expenses

HCSA Eligible Expenses

A Health Care Spending Account (HCSA) can be used to cover **medical, hospital and dental** expenses that are eligible under the Income Tax Act (Canada) and are not paid, or not paid in full, under the group plan, the spouse's plan or any government-sponsored plan.

- ✓ portion of expenses not covered by a health or dental benefits plan such as deductibles, coinsurances or amounts over plan maximums
- ✓ premiums for health or dental benefits
- ✓ drugs or other preparations when prescribed by a qualified medical practitioner or dentist.
- ✓ services performed by a qualified medical or dental practitioner.
- ✓ payments to a hospital or another facility such as nursing home, special school, institution or other place
- ✓ for care and training of a mentally or physically impaired individual
- ✓ remuneration for a full-time attendant, or for the cost of full-time care in a nursing home of a mentally or physically impaired individual. Condition must be certified by a qualified medical practitioner
- ✓ emergency services or referred services outside of the person's province of residence
- ✓ eyeglasses, contact lenses or laser eye surgery when prescribed by a qualified medical practitioner
- ✓ medical devices, supplies or equipment when prescribed by a qualified medical practitioner
- ✓ **And much more ...**

PSA Eligible Expenses

With a personal spending account, employees will benefit from a broad range of expenses in one inclusive list.

- ✓ Fitness services
- ✓ Fitness equipment
- ✓ Health products and services
- ✓ Education and personal development
- ✓ Work-life balance
- ✓ Safety initiatives
- ✓ Green living
- ✓ Professional services
- ✓ Insurance premiums (including pet insurance)
- ✓ **And much more ...**

Appendix C

The GIP Financing Policy

Purpose of the GIP Financing Policy

- Establishing a **framework** for the sound financial management of the Group Insurance Plan
- Documenting the Sponsor's **intentions and objectives** for the orderly funding of the Plan
- Establishing **guidelines** for the adoption of proper adjustments to plan components (indexation...).



Overview of GIP Financing Policy

- **Section 1:**

- Main features of the Plan
- Cost sharing provisions
- Demographics
- Financial situation of the Plan



- **Section 2:**

- Sponsor's intentions and objectives for the Plan

Overview of GIP Financing Policy (cont'd)

- **Section 3:**

- Guidelines for adoption of proper adjustments to Plan components based on financial situation
 - Any adjustments to the components of the Plan, including indexation, will be aligned to the financial health and more specifically in relation to the overall objective of the funding policy which is to maintain a stable and sustainable cost over the medium and long terms. The process will be an annual review, as part of the recurring renewal process of our insurance policies, in relation to the current financial state and its claims experience as well as its technical forecast incorporating inflation expectation and other elements such as identified in section #5 and #6 of the Funding Policy structure.



Overview of GIP Financing Policy (cont'd)

- **Section 4:**

- Guidelines for events during the year
 - New hire
 - Termination
 - Retirement
 - ...and other applicable events affecting allocation of annual HCS/PSA amount



Overview of GIP Financing Policy (cont'd)

- **Section 5:**
 - Describe and formalize methodology process/ technical analysis for renewals
- **Section 6:**
 - Risk management
 - Establishing a risk tolerance threshold to which it would trigger a review (determine if structural or transitory)
 - Periodic communication awareness plan related to responsible consumption and strategies
 - Annual experience measurement and analysis
 - Management guidelines for use of GIP surpluses and deficit recovery

