Group Insurance Renewal 2017

At its meeting on March 16, 2017, the Board of Regents approved a recommendation of the University Benefits Committee that the group insurance plans be renewed for the policy year beginning April 1, 2017, at the rate actions shown below. The plans are being renewed with no change in benefit levels.

New Bi-Weekly Benefit Rates for 2017–2018

The following rate schedule is effective April 1, 2017. For a more detailed explanation of coverage, please refer to the Employee Benefits Guide at http://www.mun.ca/hr/services/benefits/group.php.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Rate Change</th>
<th>Employee Rate ($)</th>
<th>University Rate ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health - Single</td>
<td>5.5%</td>
<td>5.96</td>
<td>27.16</td>
</tr>
<tr>
<td>- Family</td>
<td></td>
<td>17.74</td>
<td>80.80</td>
</tr>
<tr>
<td>Dental - Single</td>
<td>n/a</td>
<td>6.99</td>
<td>10.49</td>
</tr>
<tr>
<td>- Family</td>
<td></td>
<td>12.80</td>
<td>19.20</td>
</tr>
<tr>
<td>Travel - Single</td>
<td>15.0%</td>
<td>0.67</td>
<td>3.04</td>
</tr>
<tr>
<td>- Family</td>
<td></td>
<td>1.15</td>
<td>5.25</td>
</tr>
<tr>
<td>Basic Life</td>
<td>-9.9%</td>
<td>0.011 / 1,000</td>
<td>0.054 / 1,000</td>
</tr>
<tr>
<td>Optional Life</td>
<td>n/a</td>
<td>0.95 / 10,000</td>
<td>--</td>
</tr>
<tr>
<td>Dependent Life</td>
<td>-9.9%</td>
<td>0.10</td>
<td>0.31</td>
</tr>
<tr>
<td>AD&amp;D - basic</td>
<td>n/a</td>
<td>--</td>
<td>0.20</td>
</tr>
<tr>
<td>- optional</td>
<td>n/a</td>
<td>0.057 / 10,000</td>
<td>--</td>
</tr>
<tr>
<td>- voluntary (S)</td>
<td>n/a</td>
<td>0.067 / 10,000</td>
<td>--</td>
</tr>
<tr>
<td>(F)</td>
<td>n/a</td>
<td>0.114 / 10,000</td>
<td>--</td>
</tr>
<tr>
<td>Long Term Disability</td>
<td>16.6%</td>
<td>0.02737 times bi-weekly salary to maximum of $147.75</td>
<td></td>
</tr>
</tbody>
</table>

Other Benefits to Remember:

- The Special Authorization Appeals Sub-Committee is available to you if you wish to appeal a decision of Medavie Blue Cross to deny coverage of a “Special Authorization Drug”.
- The Employee Assistance Program provided by Shepell offers a comprehensive and confidential suite of services to Memorial’s employees, retirees and family members at no cost, 24 hours a day, seven days a week.
- Benefits and pension continuation for periods of approved leave in excess of 30 days is optional, including maternity/parental/adoption leave. (Exception: NAPE 7850 employees need to refer to their collective agreement for conditions applicable to maternity/parental/adoption leave).
- Employees travelling for longer than 180 days for work related reasons may request an Extension of Travel Health Insurance Coverage.
- Download the Medavie Mobile App.
Rate Changes and the Financial Positions of the Group Insurance Plans

Health and Dental

Memorial’s health and dental plans are administered by Medavie Blue Cross on an “Administrative Services Only” basis. This means that the plans are self-insured under an arrangement whereby Memorial and plan members are responsible for deficits as they arise and, in a similar fashion, they are the beneficiaries of surpluses that might accumulate.

For the past couple of years, claims paid by the health plan have exceeded premiums contributed and the plan has generated annual operating deficits. The deficit for 2016 was $542,000. Despite these deficits, the health plan still retains an overall surplus and this has contributed to rate stability as deficits are paid using accumulated surplus rather than through an additional rate increase. As with the health plan, the dental plan also operated at a deficit for the past year, although to a lesser degree. The dental deficit for 2016 was $21,200.

When recommending rate adjustments in the health and dental plans, the University Benefits Committee takes into consideration the level of surplus in each plan and the expected cost increases for the upcoming year. Where warranted, surplus will be used to offset rate adjustments. For the health plan, the committee recommended a 5.5 per cent rate increase in line with the expected claims cost increase for the upcoming year. For the dental plan, the committee recommended no change in the rating in recognition of both the plan’s surplus position and projected dental claims costs.

Travel Health

The travel health plan provided by SSQ Insurance is a fully insured plan with rates determined based upon the experience of the plan as a whole. Since the plan was introduced in 2010, cumulative claims for Memorial plan members have exceeded the premiums paid and rate increases have been necessary. The plan’s loss ratio for the prior year was 202 per cent whereas the loss ratio measured from inception was 140 per cent. A rate increase of 15 per cent is required for the 2017-18 policy year.

Basic Life

The basic life plan is underwritten on a refund basis which means that where surplus is generated it is available to the plan to stabilize rates. The rate setting process employed by Manulife Financial takes into consideration the previous five years of plan experience and, based upon this, a reduction of 9.9 per cent has been applied for the 2017-18 policy year.

Dependent and Optional Life (Employee Only and Spousal/Dependent Child)

The dependent and optional life plans are fully insured plans with Manulife Financial and therefore have no provision for surplus or deficit accounting. Based upon the positive experience of the dependent life plan, a rate reduction of 9.9 per cent has been applied. No rate change is necessary for the optional life insurance plans.

Accidental Death and Dismemberment (AD&D)

The AD&D plans are fully insured plans provided by SSQ Insurance. No rate changes are necessary for the AD&D plans.
Long Term Disability (LTD)

Financial experience and rate increase:

The LTD plan is also administered by Manulife Financial on a refund accounting basis. For the past three years, the LTD plan has operated at a deficit as a result of a higher number of claims and longer duration claims. For the 2016 accounting year, the deficit was $863,000 and for the previous two years, 2014 and 2015, the cumulative deficit was $2,555,000. These deficits have been paid by using available LTD plan surplus. In addition, surplus was used to subsidize the LTD rate for the past six years leading to rates that were substantially lower than they might otherwise have been if employees were paying the required experience based rate under the plan. As a consequence of the 2016 operating deficit, the LTD surplus reserve is now fully depleted.

In recognition of declining surplus levels and emerging LTD experience, the University Benefits Committee began recommending rate increases in 2015 to gradually close the gap between the rate employees were paying and the required rate. While these increases were being implemented, the rate was still being subsidized with surplus. As the LTD plan no longer has available surplus, a rate increase of 16.6 per cent is required for the 2017-18 policy year to close the remaining gap in the rate and bring it to the required level based on the experience of the plan.

How does today’s LTD rate compare to previous rates?

Despite rate increases in recent years, the LTD rate today remains below the rate that was in force 10 years ago in 2007-08. This comparison must be viewed, however, in the context of plan design changes that have occurred over these years which have resulted in improvements to the level of insured salary. As insured salary has increased, the amount of premium paid by some employees has increased in line with the incremental insurance coverage.

<table>
<thead>
<tr>
<th>Year</th>
<th>Maximum Monthly LTD Benefit ($)</th>
<th>Maximum Insured Salary ($)</th>
<th>LTD Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1, 2007</td>
<td>4,500</td>
<td>74,311</td>
<td>2.808%</td>
</tr>
<tr>
<td>April 1, 2008</td>
<td>4,500</td>
<td>74,311</td>
<td>2.667%</td>
</tr>
<tr>
<td>April 1, 2009</td>
<td>5,500</td>
<td>90,826</td>
<td>2.535%</td>
</tr>
<tr>
<td>April 1, 2010</td>
<td>5,500</td>
<td>90,826</td>
<td>2.282%</td>
</tr>
<tr>
<td>April 1, 2011</td>
<td>5,500</td>
<td>90,826</td>
<td>1.825%</td>
</tr>
<tr>
<td>April 1, 2012</td>
<td>5,500</td>
<td>90,826</td>
<td>1.460%</td>
</tr>
<tr>
<td>June 1, 2013</td>
<td>7,500</td>
<td>123,853</td>
<td>1.460%</td>
</tr>
<tr>
<td>April 1, 2014</td>
<td>8,500</td>
<td>140,367</td>
<td>1.460%</td>
</tr>
<tr>
<td>April 1, 2015</td>
<td>8,500</td>
<td>140,367</td>
<td>1.878%</td>
</tr>
<tr>
<td>April 1, 2016</td>
<td>8,500</td>
<td>140,367</td>
<td>2.347%</td>
</tr>
<tr>
<td>April 1, 2017</td>
<td>8,500</td>
<td>140,367</td>
<td>2.737%</td>
</tr>
</tbody>
</table>

Will upward pressure on LTD rates continue?

Experience under LTD plans is in large part related to demographics. In an aging population, like that of Memorial, it would not be unexpected to see a higher incidence of disability claims. Indeed, this has been borne out in the plan’s experience over the past number of years. However, the incidence of claims can be volatile and past experience is not necessarily an indicator of what the future will hold for the LTD plan. Experience can vary significantly from one year to the next depending on the number and nature of individual claims.
The University Benefits Committee, which represents employee groups from across the university community, monitors the financial position of the LTD plan, its year to year experience and the competitiveness of the underwriting arrangement. The Committee gives careful consideration to the impact that rate increases have on employees and works diligently to balance this against the income protection goals of the LTD plan.

Health and Benefits Snapshot (past year)

**Employee and Family Assistance Program**
24/7 access through www.workhealthlife.com or call 1-877-890-9052
Top programs and services available
1. Personal counselling
2. Legal
3. Financial
4. Health and well-being
5. Child/youth care

Utilization rate of **16.6%**

**Health Care**
Top extended health claims
1. Vision - $716k
2. Massage - $437k
3. Physiotherapy - $398k
4. Chiropractic - $252k

**Health claims paid $9.7 million**

**Dental Care**
Tip: Prior to any major dental work being commenced, request a predetermination

**86%** of total dental spend is on basic services

**Dental claims paid $3.4 million**

**Life Insurance and LTD**
44% increase in life insurance claims over the prior year
10% increase in LTD claims over the prior year

**Health Corner:**

**MORE THAN HALF OF AN AVERAGE PERSON’S DAY IS SPENT BEING SEDENTARY**

*Driving ● Working at a Computer ● Watching TV*

**THE DANGERS OF PROLONGED SITTING:**

- Muscles are more likely to pull, cramp or strain
- Fatigue and tension in the back and neck muscles
- Decreased fitness
- Reduced heart and lung efficiency
- Digestive problems

Try to achieve an ideal seated position to prevent musculoskeletal injuries

- The top of your screen should be at eye level
- The chair should completely support your thighs
- Your legs should be bent in a 90- to 110-degree angle
- Your feet should be flat on the floor
- Make sure you relax your shoulders
- Your forearms should be parallel to the floor
- The chair should have a backrest that supports your lower back
Take time throughout your work day to get up and move around. Try these simple stretches below:

Other tips to reduce sitting time:
Stand while talking on the phone ● Organize your workspace so things aren’t within an arm’s reach ● Schedule walking meetings ● The more liquid you drink, the more often you’ll have to get up to use the washroom ● Use a small glass, you will need to get up for refills ● Stretch, stretch, stretch ● Aim for 10,000+ steps a day ● Walk to a colleague, don’t email ● Start a walking club ● Read reports standing up ● Take the stairs even if it’s just the last 2 floors ● Park farther away

Sources: https://www.participaction.com  
http://www.flyong6.com/band  
http://www.ccohs.ca

Don’t forget, your EAP provider Shepell can give you access and assistance to many more resources. Please visit https://www.workhealthlife.com or call 1-877-890-9052.