



Staff Report

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Report To: General Government Committee

Date of Meeting: April 19, 2021

Report Number: LGS-015-21

Submitted By: Rob Maciver, Director of Legislative Services

Reviewed By: Andrew C. Allison, CAO

By-law Number:

File Number:

Resolution#:

Report Subject: Retiree Health Benefits

Recommendation:

1. That Report LGS-015-21 be received for information.

Report Overview

At the Council meeting held on March 1, 2021, Staff were directed to report back on the increased cost and coverage including out of country travel coverage, for retiree health benefits.

1. Background

Retiree Benefit Coverage

- 1.1 Retiree benefits provide eligible employees the following benefit coverage from date of retirement to age 65: extended health benefits, including prescription drugs, vision care, paramedical services and out of country travel, dental, and life insurance.
- 1.2 CUPE Local 74 and Clarington Fire Fighters Association Local 3139 have specific provisions for retiree benefits in each of their Collective Agreements outlining eligibility criteria. Non-affiliated staff have the same eligibility criteria as both groups.

Out of Country Travel Claims/Costs (active and retired employees)

- 1.3 In order to protect the benefit plan against the impact of any unusual claims occurring outside of Canada, a pooling arrangement is included for these claims. The full amount of each claim is removed from the Municipality's claims experience when determining rate renewals. Thus, protecting future rate increases against any unusual out of country claims. This would include any claims resulting from COVID-19 related illnesses.
- 1.4 Out of Country Travel claims as a percentage of all extended health claims for the last three years are as follows: 2017/2018 – 0.7 per cent, 2018/2019 – 0.2 per cent, 2019/2020 – 2.4 per cent. This includes claims for active and retired plan members for all groups.
- 1.5 Sun Life applies a pooling charge for this arrangement. This charge is determined based on Sun Life's overall out of country claims costs on their entire block of business.
- 1.6 Sun Life provides an overall premium rate for extended health benefits. They estimate that based on their entire book of business the cost of Out of Country Travel benefits for a single retiree is anywhere from \$24 - \$36 per year. They have not implemented any additional charges for Out of Country Travel because of the COVID-19 pandemic.

Travel Advisories and Travel Restrictions

- 1.7 On March 13, 2020, the Government of Canada put an official global travel advisory into effect advising against non-essential travel outside Canada. This advisory remains in effect. This advisory does not restrict Canadians from travelling outside of Canada.

- 1.8 In addition, all travellers arriving into Canada, 5 years of age or older, are required to show a negative COVID-19 molecular test result taken within 72 hours of their scheduled time of departure or prior to crossing the border into Canada.

2. 2020 Benefit Renewal

- 2.1 Through Council Resolution #C-437-20 (Report COD-019-20) the renewal for the Health Benefit Program with Sun Life was renewed through to November 1, 2021.
- 2.2 The renewal included an overall 4.4 per cent net decrease in cost of the benefit program. Extended health coverage claims, which includes Out of Country Travel, had a reduction of 7.7 per cent in total claims costs resulting in a 12 per cent decrease in premiums for this category.

3. Current Situation

- 3.1 Travel advisories remain in effect with on-going requirements to quarantine upon return to Canada and to provide a negative COVID-19 molecular test result taken within 72 hours prior of return. These factors may influence retiree members' decisions to travel out of Canada, as they have active members.
- 3.2 Sun Life has not implemented additional charges relating to Out of Country travel benefits.
- 3.3 It is anticipated that the 2021 Health Benefit Program renewal will also be impacted by the ongoing COVID-19 pandemic as it was in 2020. Many service providers have yet to return to pre-pandemic service levels. At this time, it is too early to determine if the impacts will result in decreased premium rates as they did for the 2020 renewal.

4. Concurrence

This report has been reviewed by the Director of Financial Services/Treasurer who concurs with the recommendation.

5. Conclusion

It is respectfully recommended that this report be received for information.

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Interested Parties:

There are no interested parties to be notified of Council's decision.