

To: McGill Staff
From: Lynne B. Gervais
Associate Vice-Principal, Human Resources
Date: December 16, 2009
Subject: **REVISION TO HR NOTES OF
NOVEMBER 24, 2009 BENEFITS
COVERAGE**

A. Introduction

FOLLOWING SUBSEQUENT ADDITIONAL STAFF BENEFITS ADVISORY COMMITTEE (SBAC) MEETINGS HELD AT THE REQUEST OF THE FOUR (4) EMPLOYEE GROUPS, THE UNIVERSITY AGAIN CONSULTED ON THE MODIFICATIONS REQUIRED TO THE DESIGN OF THE STAFF BENEFITS PLAN. THE CHAIR DESIGNED AND THE CHAIR OF THE HR COMMITTEE OF THE BOARD AGREED WITH THE NEW MODIFICATIONS. PLEASE FIND BELOW IN RED REVISED NOTATIONS ON CHANGES ANNOUNCED IN THE MEMO OF NOVEMBER 24, 2009. Beginning January 1, 2010, McGill will modify the coverage and costs of its Health and Dental benefit plans. The following note outlines the upcoming changes to the plans and the impact they will have on **all** eligible McGill employees and pensioners.

Background

As the Principal and the Provost have highlighted in their updates on the university's financial situation, modifications to the Health and Dental benefit plans were planned as one way to contain costs. The global financial downturn and the University's commitment to the Minister of Education to balance its budget by the end of 2011 means McGill has had to find new ways to reduce expenses. To meet this challenge, the Provost Task Force on Economic Uncertainty's four (4) sub-committees: Program Delivery; Revenue Generation; Business Efficiencies; Total Compensation, have reviewed numerous options in making adjustments, which have been carefully designed so as to not affect our core mission. (To review the University's plans, please see the recent statements by the [Principal](#) and [Provost](#) www.mcgill.ca/principal/speeches/economic/econstat_110509 and www.mcgill.ca/channels/announcements/item/?item_id=111323). In deciding on the measures taken, one of the key considerations has been to attempt to preserve jobs to the best of our ability and as one of our top priorities and to maintain our competitive position as an employer of choice.

The changes to the Health and Dental benefit plans came out of an extensive consultation process with the Staff Benefits Advisory Committee, and other administrative committees such as the Internal HR Committee, VP Administration & Finance, Executive team, etc., which has representation from McGill's staff, associations and unions. The plans of other universities were also examined, to ensure McGill's benefits package remains competitive with other major Canadian universities and other large provincial and national employers.

McGill staff may see some out-of-pocket expenses rise, but the cost for health and dental coverage will be reduced.

Please find on the next pages a detailed list of changes.

B. CHANGES TO HEALTH PLAN BENEFITS

(Effective January 1, 2010)

- 1. All items not mentioned in this section will continue to be covered at the current benefit levels.**
- 2. The "out-of-pocket maximum" will increase from \$150 to \$500 (single), and from \$300 to \$1,000 (family) annually**

REVISION

- 2. THE "OUT OF POCKET MAXIMUM" WILL INCREASE FROM \$150 TO \$400 (SINGLE) AND FROM \$300 TO \$800 (FAMILY) ANNUALLY.**

What is the out-of-pocket maximum? It is the maximum amount you or your family could pay in one year for your share of health coverage costs. McGill staff and pensioners already pay a percentage of costs incurred – 20% of prescription drug costs, for example, with the service provider paying the remaining 80%. McGill's Health plan will continue to pay 100% of costs once the out-of-pocket maximum has been exceeded – the only change is to the size of the out-of-pocket maximum.

We recognize that this represents a substantial increase in the out of pocket threshold. As we were examining the various possibilities, we took the following into consideration:

- McGill's out-of-pocket maximum has always been more generous than many other plans and remains so.**
- All eligible expenses incurred are used to reach the maximum;** many plans use only drug claims towards the maximum.

- Many group plans tie their out-of-pocket maximum to the provincial drug plan (RAMQ). **RAMQ's maximum is currently set at \$954 per insured person, nearly double McGill's new rate.**
- 3. Generic drugs will be substituted for brand name** when filling a prescription unless the doctor specifies "no generic."
 - 4. The combined maximum amount covered for paramedical services will be reduced from \$600 to \$400 per benefit year.**

REVISION

4. THE COMBINED MAXIMUM AMOUNT COVERED FOR PARAMEDICAL SERVICES WILL BE REDUCED FROM \$600 TO \$300 PER BENEFIT YEAR

- **PARAMEDICAL SERVICES COVERED INCLUDE CHIROPRACTORS, OSTEOPATHS, CHIROPODISTS, DIETICIANS AND ACUPUNCTURISTS. (N.B. MASSAGE THERAPY, NATUROPATH AND PODIATRIST WILL BE REMOVED FROM THE LIST OF SERVICES COVERED).**
- Paramedical services covered include chiropractors, osteopaths, chiropodists, naturopaths, podiatrists, dieticians and acupuncturists **(N.B. Massage therapy will be removed from the list of services covered).**

Physiotherapy, occupational therapy or athletic therapy services remain unchanged, and are covered under a separate maximum of \$750 per benefit year.

Physiotherapy, occupational therapy or athletic therapy services as well as speech therapy are covered under a separate maximum of \$750 per benefit year.

Psychological services remain unchanged, and are covered under a separate maximum of \$1,000 per benefit year.

- 5. The percentage covered for supplies and services (excluding eye exams) will be reduced from 80% to 75%.**
 - Services covered include items such as diagnostic services (MRI's, x-rays, blood tests, lab tests), ambulance services, elastic support stockings, glucometers, and orthotic inserts/orthopedic shoes. (N.B. Some of these services, such as blood tests, are available through the public system free of charge.)
- 6. Emergency out-of-country/province medical expenses continue to be covered at 100% for up to 90 days per trip**

C. CHANGES TO DENTAL PLAN BENEFITS

(Effective January 1, 2010 unless otherwise stated)

- 1. The Dental Plan will continue to cover preventive, diagnostic, and emergency services at 100%.**
- 2. Coverage for implants will be removed.**
- 3. The percentage covered for minor restorative services will be reduced from 100% to 80%.**
 - Minor restorative services include fillings, antibiotic drugs required for the purpose of dental treatment, space maintainers, and preformed stainless steel crowns and related repairs
- 4. The percentage covered for major services will be reduced from 70% to 60% as of January 1, 2010, and from 60% to 50% as of January 1, 2011.**

(N.B. This percentage had been increased only recently, as of January 1, 2007, from 60% to 70%.)

 - Major services include: crowns and repairs to crowns (other than preformed stainless steel), dentures and bridges, and oral surgery

REVISION

- 4. NO CHANGES WILL BE APPLICABLE FOR MAJOR SERVICES IN JANUARY 2010 AND 2011. MAJOR SERVICES REMAIN COVERED AT 70%.**
- 5. The combined annual maximum that the dental plan will pay for services will be reduced from \$2,500 to \$2,000 per person.**

(N.B. The maximum was increased from \$2,100 to \$2,500 in January 1, 2008)

D. CHANGES TO POST-RETIREMENT BENEFITS

1. Eligibility

As of January 1, 2010, **new employees, and current employees with birthdates after 1955, will be required to meet the following criteria** to be eligible for post-retirement benefits:

- Minimum age of 55
- Minimum of 10 years of continuous service
- Participated in the benefits plans for a minimum of 10 consecutive years

Current staff with a birth date of 1955 or before will not be subject to these eligibility criteria.

2. Changes to Dental Plan for Future Retirees

For future retirees, as of January 1, 2011, the **Dental Plan will continue to be included in the post retirement benefits package, but it will be fully paid by the retirees.**

McGill provides a more generous retiree benefits package than most other universities. For those employers that do provide post retirement benefits, most have eligibility service requirements in place and few have dental plan coverage.

REVISION

- 2. AS OF JANUARY 1, 2010, THE DENTAL PLAN WILL BE ELIMINATED IN THE POST RETIREMENT BENEFITS PACKAGE FOR ALL EMPLOYEES HIRED AS OF JANUARY 1, 2010.**

E. CHANGES IN RATES

1. Decrease in rates for Health and Dental Plans

The new MONTHLY contribution rates for employees and pensioners, effective January 1, 2010, will be as follows:

	Health		Dental	
	Present rates	As of 01/01/2010	Present rates	As of 01/01/2010
Single	\$40.49	\$35.43	\$21.75	\$20.48
Family	\$79.76	\$69.80	\$48.64	\$45.80

Plus sales tax of 9% for residents of Quebec

These new rates will also result in a decrease in your taxable benefit for these plans.

REVISION

	Health		Dental	
	Present rates	As of 01/01/2010	Present rates	As of 01/01/2010
Single	\$40.49	\$35.00	\$21.75	\$21.27
Family	\$79.76	\$68.96	\$48.64	\$47.56

Plus sales tax of 9% for residents of Quebec

2. Increase in rates for Long-Term Disability Plan

The Staff Benefits Advisory Committee (SBAC) has completed its annual review of the Long Term Disability Plan. The results of this analysis indicate that current premiums are insufficient to cover the costs associated with the claims.

In order to maintain the financial viability of the plan, an increase in the level of the premiums is required as of January 1, 2010. **The rate will increase slightly from \$0.94 per \$100 of monthly earnings to \$0.987 per \$100 of monthly earnings.** To put this in context, an employee earning \$50,000 per year will pay approximately \$2 more per month as a result of this rate increase.

3. Decrease in rates for Optional Life Insurance Plan

We are pleased to announce there will be a decrease in the rates under the Optional Life Insurance Plan. The rates effective January 1, 2010 will be reduced by 5%. Please refer to the attached Appendix for the new rates.

F. Conclusion

We have worked to adjust the Health and Dental benefit plans so that they both protect the health and well-being of our employees and their families and respects the financial capacity of the university, thus preserving jobs.

The McGill Health and Dental benefit plans will continue to provide excellent coverage and financial protection to supplement your provincial plan.

While we understand no one will welcome these changes, the Health and Dental benefit plans remain competitive with our peer institutions. We would like to thank you for your understanding on these and other necessary measures taken to balance McGill's budget.

We thank the Staff Benefits Advisory Committee representing different employee groups at McGill for their work on this file.

APPENDIX

Optional Life Insurance Premium Rates 2010

<u>Age Group</u>	<u>Monthly Premium Rate per \$1,000 of Insurance</u>
20 - 34	.030
35 - 39	.039
40 - 44	.054
45 - 49	.085
50 - 54	.146
55 - 59	.253
60 - 64	.309
65 - 69	.581
70 - 74	.966
75 - 79	1.505
80 - 84	2.420
85 - 89	3.865
90 - 94	6.079
95+	7.900

Plus 9% sales tax for Quebec residents