

Saint Mary's University Faculty Union Employee Life and Health Trust Report

To: Dr. M. Lamoureux, President, Saint Mary's University Faculty Union
From: Dr. R. J. Konopasky, Chair, Saint Mary's University Faculty Union Employee Life and Health Trust
Date: October 18, 2022
Subject: Saint Mary's University Faculty Union Employee Life and Health Trust: Report

Trustees of the Saint Mary's University Faculty Union Employee Life and Health Trust:

- i.) Chair: Dr. R. Konopasky
- ii.) Trustees: Dr. Francis Boabang, Dr. Nicole Conrad
- iii.) Alternate Trustees: Dr. R. Landes, Dr. J. O'Brien, Ms. S. Wood

History and Goals of the TRUST:

One's total compensation at Saint Mary's University (Employer) is a function of salary *plus* benefits contributions by the Employer *plus* pension contributions by the Employer. Before June 1, 2008, neither the faculty nor the librarians had control of the kind and quality of their benefits. There was an Employer's benefits plan and a Saint Mary's University Benefits Committee, but its mandate and role were no more than advising the President of Saint Mary's University regarding benefits and costs. The administration of the Employer's plan, e.g., setting the Employer's contributions and setting the employees' contributions toward the cost of the plan and whether benefits were added or improved, were solely in the hands of and under the control of the Employer.

The benefits under the Employer's benefits plan were inadequate, for example, there were no orthodontic benefits or counselling benefits; some benefits had caps that were so low, e.g., hearing aids, orthotics, orthopedic shoes, etc., that the benefits were of no practical consequence.

The Saint Mary's Faculty Union (UNION) negotiated the withdrawal of the faculty and librarians from the Employer's benefits plan and the Employer's contribution to the TRUST that would administer an independent benefits plan (Plan). In the first few years the TRUST's goals were modest:

Control of the Plan:

On June 1, 2008, the TRUST assumed responsibility for creating the Plan and contracting with a provider to provide benefits for about 290 – the number fluctuates when members retire and when new faculty/librarians are hired – members of the Plan.

Our current provider is Canada Life, formerly Great-West Life. *Our negotiations for the current contract, that is October 1, 2022, to September 30, 2023, are ongoing.* While we intend to improve the Plan in this contract, we did not commit to adding benefits or improving benefits before the renewal date because there is a chance that the Union will negotiate an increase in Employer contributions to the Plan. We hoped that this increase would allow us to increase benefits but not increase members' contributions.

The purpose of having control of the Plan is to make changes to the contract with the provider if it enhances the lives of our members, e.g., to add coverage for eye surgery in addition to current vision care - eye examinations and glasses - benefits.

Apart from improving benefits, there are times when members question whether their claims have been decided fairly. We have some control over these issues. Members, who think that there has been a mistake or that a claim has been wrongly decided, can make their concerns known and they will be addressed: The TRUST encourages those who work with our members, e.g., Ms. Joyce Strasbourg, CBCG, our consulting firm, to treat each member with respect.

Solvency and capacity to pay premiums:

Control of the Plan is meaningless if the TRUST is insolvent. Were the TRUST to be insolvent, the exercise of withdrawing from the Employer's benefits plan and creating the Plan would constitute a failure. In 2008, the Union's directives were that the TRUST must not fail, that it must be solvent and that it must be able to pay all Plan premiums from its own assets in the case of a lockout or strike for at least six (6) months. We have enough assets to do so. *Faculty and librarians – the Union - can make decisions about the next contract without concern for losing any benefits even if we strike or we are locked out.*

The TRUST endeavors to keep administrative costs low: There is no office for the TRUST. There is no secretary, but we do give the Union's Office Manager a small honorarium for helping us to keep our physical records in the Union office. There is no budget for coffee, entertaining, etc. The Chair of the TRUST has the use of a cell telephone and the use of a laptop.

At this time and for the foreseeable future, administrative costs can be covered by the income earned from the TRUST's assets; none of these administrative costs are paid by members' contributions.

Tax efficiency of the Plan:

We use the bulk of the Employer's contribution to pay for the costs of Health/Dental benefits because using the Employer's contribution in this way does not create a tax liability for members. Were we to use this money to pay for Life Insurance or LTD premiums, it would do so. There is one exception: In the case of members, who have opted out of Health/Dental benefits, we pay their LTD premiums. (You might note that in SMU's benefits plan, the Employer shares the cost of Health/Dental, Life Insurance and LTD premiums: In SMU's plan members pay taxes on the Employer's contributions to Life Insurance and LTD premiums, a tax-inefficient plan.)

Over the summer, the TRUST employed an accountant to analyze the gains in members' take-home pay if a small part of the increase in total compensation in the next contract was used to offset the increased the cost of Health/Dental benefits due to inflation, rather than members receiving the total increase in total compensation as salary, paying income taxes on all of that increase, and then paying the higher Health/Dental premiums with post-tax dollars. This report was delivered to the Union and the Negotiating team.

Benefits that enhance the lives of our members:

Our first benefits plan in 2008 was similar to the Employer's benefits plan. Then, steadily, albeit conservatively, we added benefits and improved benefits. For a time, our Plan was significantly better than *their* plan. The Employer improved benefits to come close to our Plan, but then it stopped doing so. Recently, the Employer has improved some benefits and boasted that their Plan is better than our Plan. We disagree, e.g., our Life Insurance is 3 times salary, SMU's plan, 2 times; our LTD is for own occupation, not a comparable occupation and continues to age 71, SMU's plan is for comparable occupation and stops at age 65; our fertility drug maximum is \$5000, SMU's, plan \$2000; our vision care is \$450/2 years, SMU's plan \$200/2 years; our cataract surgery is \$2000/eye, SMU's, \$0.00; our basic dental is not capped, SMU's plan is capped at \$2500, which includes major dental restoration; our Orthodontic benefit is 75% of cost up to \$6000/life time, SMU's plan, 50% of cost to \$2000/life time, etc.

We are reviewing SMU's coverage of counseling services. We have initiated a report of a line-by-line comparison between the plans and will make this available to the Union.

Since June 1, 2008, the TRUST has steadily improved, or added benefits to the benefits plan. Recently, the TRUST added coverage (Telus' Telemedicine) which offers medical consultation and, potentially, obtaining a prescription, obtaining a test requisition, etc., without having to attend a physician's office.

What follows is not a list of all the improvements since June 1, 2008; rather, it is a list of only recent improvements.

- On October 1, 2020, recognizing that some dentists were adding the cost of PPE to dental visits, the TRUST added dental coverage of \$10.00 for this expense in the dental care budget.
- On October 1, 2021, we raised the cap for major dental restoration from \$1000 to \$2000.

- On October 1, 2021, we raised the cap for vision care from \$300/2 years to \$450/2 years.

Recently, we added the benefit of payment for cataract surgery of \$2000/eye with a lifetime benefit of \$4000.

- As of January 1, 2023, members will have the *choice* of increasing life insurance for their partners from \$10,000 to \$20,000 and dependent children from \$2500 to \$5000 with a low rate/\$1000. We will try to extend this coverage to age 90 even after the member retires.
- On October 1, 2020, the TRUST increased the volume of Life Insurance of members, who are 65 years of age or older, to make them similar to the volume of Life Insurance of younger members:
 - i.) Age 65-69: Volume increased from 60% to 63% (of 3 times salary to \$300,000)
 - ii.) Age 70-73: Volume increased from 40% to 45% (of 3 times salary to \$300,000)
 - iii.) Age 74-80: Volume increased from 30% to 35% (of 3 times salary to \$300,000)
- On October 1, 2021, the term of Life Insurance policies for active members and retirees was extended: All can retain their Life Insurance policies until age of 90 without the requirement of a medical exam.
- On October 1, 2021, Life Insurance policies for retirees was increased from \$50,000 to \$60,000.

The Trustees continue to grapple with the issue of drug benefits for members who are 65 years of age or older. Currently, members lose their drug benefits in our plan at age 65. To offset this loss of benefits each member, for whom drug benefits were terminated, has an 160598 HCSA of \$400, apart from and in addition to the 160597 HCSA of \$450 that can be used only for drug related expenses, e.g., Nova Scotia Pharmacare premiums. If the active member has Family coverage and if their spouse/partner has lost this benefit, then there is a separate HCSA of \$400 that can be used only for drug related expenses, e.g., Nova Scotia Pharmacare premiums.

We don't think that this is good enough. Dalhousie's benefits plan covers its members for drug benefits for as long as they are working. We can do the same and it's the right thing to do. Were we to make this change, it would be implemented on April 1, 2023, and before Nova Scotia Pharmacare premiums are invoiced. (When this improvement is implemented, members would no longer receive the additional 160598 HCSAs.)

The TRUST reminds members that they can claim and be reimbursed for their health and dental premium payments against their 160597 HCSAs, which is part of their Plan, up to the amount of their HCSAs. To do this, please obtain a receipt for these payments from Ms. Strasbourg, CBCG (Canadian Benefit Consulting Group), at jstrasbourg@canben.com.

As Chair of the TRUST, I acknowledge the helpful perspective and judgment offered by Dr. Nicole Conrad and Dr. Francis Boabang, (Voting) Trustees, and the helpful commentary and advice of the Alternate Trustees, Ms. Sally Wood, our longest standing alternate Trustee, and Dr. James O'Brien.

R. Konopasky Ph.D.
Chair, Saint Mary's University Faculty Union Employee Life and Health Trust