

# TEAM Pay and Benefits Committee Report

Darlene Buan and Bob Linsdell  
June 20, 2011

## Health and Insurance Plans

- **JBC Meeting:** The Joint Benefits Committee meeting was held on June 15, 2011. Darlene Buan and Bob Linsdell attended.
- **Blue Cross Health Plan**

Between March 1, 2010 and February 28, 2011, the surplus increased by \$143,000, taking the cumulative balance to \$400,000. Our intention was to utilise the surplus for plan improvements and/or to lower premiums. However, we are informed by MTS and the consultancy firm, Strata, that Blue Cross had given the surplus to charity.

Previous annual Financial Experience reports (compiled by the consultant) have stated that the surplus from year-to-year is cumulative, that it will be carried forward and that it will earn interest into the next year. The 2010/2011 report makes the same statement, but then adds: "Due to the current underwriting arrangements, Manitoba Blue Cross has ownership of the surplus".

The contract arrangement between MTS and Blue Cross was established many years ago and the details of the financial contract have not been provided to the unions. It's not clear what MTS knows about the details of the arrangement. MTS did say that it is a non-refund plan.

Committee members are not ready to walk away from the \$400,000 surplus generated largely from union member premiums. The Company appears to be lacking enthusiasm to press Blue Cross as they are a major customer. It was pointed out that Great West Life is also a major customer, and it's not fair that employees pay out of their own pockets to retain a customer. Before the unions look at establishing a plan with another provider it was agreed that the following actions are taken:

1. Reduce plan member premiums to prevent a new surplus, and hold off on any plan improvement as Blue Cross consistently overestimated the costs, causing the surplus to grow.
2. Have MTS Legal investigate the plan text regarding the surplus.
3. Unions investigate if we have influence with the Blue Cross Board.
4. Look at changing to a self-insured plan with Blue Cross and negotiate to get as much of the \$400,000 back as possible.
5. Challenge Blue Cross to put their position in writing.
6. Put our position in writing to Blue Cross.

As of July 1<sup>st</sup>, the plan premiums will be reduced by 5%.

- **Employee and Dependent Group Life Insurance**

In Q1 of this year plan premiums increased by 20%. The increase requirement was

identified between JBC meetings, allowing insufficient time to consider our options. It was agreed that a meeting will be scheduled for Q4 of 2011 to review the plan status earlier than last time.

- **Dental Plan**

The dental plan has a surplus; the exact amount is not being shared at this time as the MTS Treasurer wants to look over the numbers first. It is known that around six months ago the surplus was over a million dollars and growing, and perhaps as much as 1.5 million dollars.

MTS Finance is recommending a contribution holiday. The unions would like to see the annual limits on dental work increased to keep pace with inflation. With such a significant surplus, both may be possible. MTS is floating the idea that the limits be raised over several years. The unions want to see the numbers that justify dragging this out. A full increase would raise the limit from \$1,250 to \$1,500.

The dental plan is a self-insured plan, and the plan administrator, Great West Life, does not have ownership of the surplus.

### **MTS DB Pension Plan**

- **Pension Committee Meeting**

- The next Committee meeting is June 21<sup>st</sup>.
- Bob Linsdell has asked that the following items be addressed at the meeting:

Letters of Credit:

- Do we have confidence in the provider?
- If MTS is sold, what happens to the letters of credit?
- What happens in bankruptcy; is the payout protected from other creditors?

Meeting Minutes:

- Can they be provided within a month of having a meeting in future?
- Can electronic copies of the final/amended minutes be provided following approval at each meeting?
- Can the last eight sets of approved meeting minutes be provided to committee members (in electronic format)?

Plan Text & Governance Documents:

- Can these documents be provided to committee members in electronic format?

- **Pension Lawsuit**

- Appeal Status: The appeal hearing was held December 13<sup>th</sup> – 15<sup>th</sup>, 2010. No decision has been rendered at this time. Decisions on cases of this complexity have been known to take up to a year.

### **MTS DC Pension Plan**

- **Pension Committee Meeting**

- The next Committee meeting is June 21<sup>st</sup>.