

**SAINT MARY'S UNIVERSITY FACULTY UNION
HEALTH AND WELLNESS TRUST FUND**

IMPROVING BENEFITS

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Overview:

When SMUFU accepted the administration of benefits for faculty members and librarians in June 2008, we “inherited” a plan that offered too few benefits, and for which too many of the existing benefits had low “caps”.

We have implemented some improvements to LTD and Life Insurance without increasing rates of insurance. Notices were sent in the winter term.

The Saint Mary’s Faculty Union’s (Executive) has approved improvements in the plan that involve increased costs without increasing premiums. Other changes/improvements will be implemented on September 1, 2014.

**Improvements to health/dental benefits, with no increase in premiums,
to be implemented on September 1, 2014:**

1. Increase coverage for hearing aids from \$500 every 5 years to \$1000 every 5 years.
2. Improve coverage for the services provided by Chiropractors, Osteopaths, Physiotherapist, and Podiatrists. The total benefit will be \$500 per (kind of) practitioner per calendar year.
3. Offer coverage for psychological services at 75% coinsurance to a calendar year maximum of \$1,500 and a lifetime maximum of \$3,000 per person.

**Improvements to orthotics, vision care, and orthodontic benefits, with no
increase in premiums,
to be implemented on September 1, 2014:**

The Trust will pay for improvements to the Health/Dental plan between September 1, 2014 and September 1, 2015, costs estimated at about \$38,000, from the accumulated surplus. These payments will reduce Trust assets, but the reduction in assets is manageable, and safe.

The Trust paying for part of the costs of these benefits does not create a taxable benefit for members.

There will be an increase in costs of the Health/Dental plan as a result of inflation at the annual renewal. The increase is estimated to be about \$40,000. The Trust will also pay for these additional fees from the accumulated surplus until September 1, 2015. After September 1, 2015, these additional fees will need to be covered either by an increase in the University contribution to the Health/Dental Plan (to be negotiated in the next round of collective bargaining) or by increasing member's premiums if the Union is unsuccessful in negotiating an increased contribution from the University.

A. Orthotics

Current Plan Design: \$70 Lifetime Maximum

Proposed Plan Design: \$200 every 24 consecutive months

September 1, 2015 increase in Health/Dental
Premium:

Single: approximately \$0.26 per pay period*

Family: approximately \$0.70 per pay period*

* These are the costs of improving this benefit. The Trust will pay for these costs between September 1, 2014, and September 1, 2015.

B. Vision Care

Current Plan Design: \$200 every 24 months; every 12 months for children under age 18

Proposed Plan Design: \$300 every 24 months; every 12 months for children under age 18

September 1, 2015 increase in Health/Dental Premium:

Single: approximately \$0.51 per pay period*
Family: approximately \$1.38 per pay period*

* These are the costs of improving this benefit. The Trust will pay for these costs between September 1, 2014, and September 1, 2015

C. Orthodontic Services

Current Plan Design: No Coverage

Proposed Plan Design: 75% Coinsurance to a calendar year maximum of \$1,500 and a lifetime maximum of \$6,000 per covered person (including Adults and Dependent Children)

September 1, 2015 increase in Health/Dental Premium:

Single: approximately \$3.07 per pay period*

Family: approximately \$5.28 per pay period*

* These are the costs of improving this benefit. The Trust will pay for these costs between September 1, 2014, and September 1, 2015

Improvements to Life Insurance with increased rates of insurance to be implemented on September 1, 2014

Plan: Basic Coverage is three times salary to a maximum of \$300,000. Coverage reduces to 60% of Basic Coverage at age 65 and remains at 60% of Basic Coverage until age 69. (For those who were 65, or 66 on January 1, 2014, and who had higher coverage before the change was implemented, the higher coverage remains what it would have been under the old plan until the member becomes 67. At age 67, the member's coverage is 60% of Basic Coverage

Termination: Age 70

Additional coverage.

For members between 70 and 73 years of age, coverage will be 40% of Basic Coverage.

Termination: Age 74

Immediate increase: The current rate of \$0.330/\$1000 (annual salary) will increase to 0.350/\$1000 (annual salary).

(If one's current Life Insurance is \$300,000, one would pay about \$3.00 more per pay period. Members with less than \$300,000 in Life Insurance would face a smaller increase.)

Members will pay slightly higher rates for Life Insurance immediately upon the changes taking effect on September 1, 2014. The Trust will not pay any part of these increases because to do so would create a taxable benefit for members

Fairness:

This proposal will provide all members with substantial immediate improvements in their Health/Dental benefits, the most expensive of which is orthodontics, followed by vision care. Members will not pay any more for Health and Dental premiums in the first year after the changes take effect (until September 1, 2015). These extra costs will be paid from the accumulated surplus of the Trust. In September 2015, the shortfall between costs and contributions by the employer and members will have to be closed by either increasing employer contributions, or increasing Health/Dental premiums. (The other option is to reduce benefits.)

The changes in life insurance will provide needed life insurance for our members who are now remaining as employees after the age of 69 until and including age 73, Life Insurance ending at age 74.