

July 12, 2013

HBT's Newsletter: *Trust Matters*

The attached July issue of *Trust Matters* includes:

- **Tender for Services Update:**
 - Long Term Disability (adjudication and payment)
 - Group Life
 - Accidental Death & Dismemberment
 - Dependent Life

- **NEW – Client Service Program**

- **HBT Financial Update**
 - Balance Sheet Snapshot of the Trust
 - Balance Sheet Snapshot of the CSSEA and HEABC Employer Pools
 - HEABC Affiliates and CSSEA Pool Deficits
 - Reminder: MSP Employer-Paid
 - Reminder: Maintain your up-to-date Earnings Reporting
 - Exit Levy
 - LTD Claims by Pool (2012-2008)

- **Benefits Administration**
 - Conversion of Group Life Coverage
 - Update on the PBC Transition

- **Key Contacts at HBT**

- **Reminder and Notice ...**
 - [2012 Annual Report](#) and [Annual Report Summary](#) are available online
 - 2014 Contribution Rates Notices – available in October

HEALTHCARE BENEFIT TRUST

Please ensure that this communication is distributed to the appropriate people within your organization.

Update on Tender for Services

LONG TERM DISABILITY (ADJUDICATION AND PAYMENT), GROUP LIFE, ACCIDENTAL DEATH & DISMEMBERMENT AND DEPENDENT LIFE

The Healthcare Benefit Trust (HBT) is committed to excellence in benefit administration and client service. As part of this commitment, I am pleased to report on our process to tender a number of services, I first discussed with you in the February issue of *Trust Matters*.

Services included in this tendering process include: Long Term Disability (LTD) adjudication and payment; Group Life, Accidental Death & Dismemberment (AD&D) and Dependent Life. Great-West Life (GWL) currently provides these services which are managed by our operational governance and client service units.

As you may know, HBT engaged Towers Watson to provide a report on both the market perspective and outcomes of a Request-For-Information from potential service providers. An Executive Summary of their report, including key findings and considerations of the competitive landscape and market perspective, is available for your review upon request.

As in prior years, and as part of our governance program, HBT will also complete an audit of GWL's LTD adjudication decisions. Similar audits were conducted in 2004 and 2007 to ensure the appropriate levels of service and compliance under the terms of the contract with GWL. We have selected the advisory firm Mercer to conduct

the service audit, which will validate that during the period 2008-2012, GWL continued to make key decisions in a consistent manner, in accordance with the specific contract provisions.

Results from the market research completed by Towers Watson, the report from the Mercer audit, as well as the 2012 client satisfaction survey and GWL performance reports, will be reviewed by the Trustees at their regular Board meeting in September. These reports will inform the decision-making regarding a new contract with the incumbent or new provider.

Input from you, our clients and stakeholders, regarding the services provided by GWL, as well as the tendering process, are critical to a successful outcome.

I encourage you to contact me directly at 604.678.8211 or jan.grude@hbt.ca if you have any questions, and look forward to updating you on this and other initiatives in 2013.



Jan K. Grude
Chief Executive Officer

NEW CLIENT SERVICE PROGRAM

As you are aware, Rehabilitation Services at HBT provides support to employers and Great-West Life (GWL) in LTD claims management. We would like to ensure that our client service and communications meet your needs and the needs of your employees.

HBT has initiated a program to collect feedback from both your staff who work directly with the Rehabilitation Services team at HBT and your employees. HBT has engaged the Mustel Group to conduct these surveys via telephone to ensure responses are reported anonymously and objectively. Your opinion matters and we look forward to receiving your feedback.

If you have any questions, please do not hesitate to contact Iris Lama, Senior Director, Rehabilitation Services at 604.678.8510/ iris.lama@hbt.ca or Elisabeth Whiting, Director, Client Service & Communications at 604.678.8739/ elisabeth.whiting@hbt.ca.

analyze
reply
opinion
good
excellent
feedback
value
satisfied
comment
perform
improve
suggestion
effective
survey
measure
efficient
assess
response
comment
improve



Sarah Hoffman
Chief Financial Officer

Reminder...

With the transition of enrolment and billing activities for Life and LTD products to Pacific Blue Cross, we would like to remind you to maintain your up-to-date earnings reporting. As part of HBT's efforts to ensure accurate invoicing, our Finance department may be performing audits of organizations' enrolments and reporting. These audits will require selected organizations to provide source payroll reports for validation of earnings reporting. Your cooperation with these audits is greatly appreciated.

contact

SARAH HOFFMAN
p: 604.678.8519
tf: 1.888.736.2087
e: sarah.hoffman@hbt.ca

HEALTHCARE BENEFIT TRUST

HBT Financial Update

At December 31, 2012, the Trust was fully funded in aggregate and had a surplus of \$23.5 million.

The significant drivers of this surplus include positive investment performance (6.4% year-to-date) and lower than expected claims costs. The continued payment of deficit recovery and exit levies strengthen the asset position.

BALANCE SHEET SNAPSHOT OF THE TRUST

| (000s) | as at Dec 31 2012 | as at Dec 31 2011 | as at Dec 31 2010 | as at Dec 31 2009 |
|------------------------|----------------------|----------------------|----------------------|----------------------|
| Assets | \$1,192,573 | \$1,056,867 | \$982,051 | \$786,304 |
| Liabilities | \$1,169,102 | \$1,069,182 | \$1,010,875 | \$895,220 |
| Surplus/(Deficit) | \$23,471 | (\$12,315) | (\$28,824) | (\$108,916) |
| Funded Position | 102% | 98.8% | 97.1% | 87.8% |

BALANCE SHEET SNAPSHOT OF THE CSSEA AND HEABC EMPLOYER POOLS (as at December 31, 2012*)

| | CSSEA | HEABC |
|------------------------|----------------|----------------|
| Assets | \$31,336,122 | \$93,712,295 |
| Liabilities | \$48,920,519 | \$127,277,305 |
| Surplus/(Deficit) | (\$17,584,397) | (\$33,565,010) |
| Funded Position | 64% | 74% |

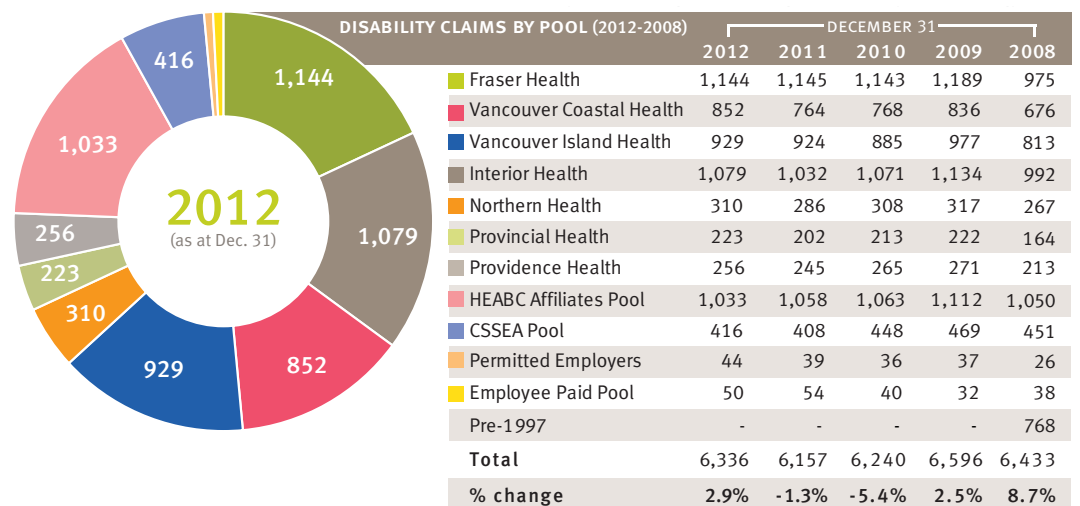
*excluding receivables

HEABC AFFILIATES AND CSSEA POOL DEFICITS

| | as at Dec 31 2012 | as at Dec 31 2011 | as at Dec 31 2010 | as at Dec 31 2009 |
|-------|----------------------|----------------------|----------------------|----------------------|
| CSSEA | \$18 mil | \$17 mil | \$14 mil | \$18 mil |
| HEABC | \$34 mil | \$32 mil | \$30 mil | \$52 mil |

Long Term Disability Claims

The total Long Term Disability claims paid in 2012 was \$161,490,918, a 6.0% increase from 2011. The number of disability claims in 2012 was 6,336, a 2.9% increase from 2011.



If you have questions about this data or would like additional information regarding LTD claims incidence, please contact Maria Howard, Senior Director, Benefits Design and Reporting at 604.630.1468 or maria.howard@hbt.ca.

Conversion of Group Life Coverage

Employees who cease to be covered for all or a portion of their Group Life benefit because of any of the reasons shown below may convert their benefit to an individual life insurance policy without being required to provide medical evidence of insurability:

1. Termination of employment (including retirement*).
2. Change to an ineligible status.

Conversion is not available to employees who commence an unpaid leave of absence. Employees on unpaid leave can elect to self-pay their group coverage.

Employees should be advised that the conversion option must be exercised and received by Great-West Life within 31 days from the date of the employee's termination of coverage. The 31 day period cannot be extended. Any conversion applications received after 31 days will not be eligible.

The maximum amount that can be converted prior to age 65 is \$200,000. The maximum amount that can be converted after age 65 is \$50,000 (subject to Plan provisions).

Group Life conversion forms are available on HBT's website at www.hbt.ca.

**The conversion option at retirement does not apply to Community Social Services provincial agreements.*

Exit Levy

Under the terms of the Trust Agreement, organizations that terminate participation with HBT have always had an obligation to pay their share of any deficit that exists at the time of termination. This exit levy is in place to ensure the LTD benefits for disabled employees continue to be provided, and to ensure that active member organizations are not burdened with the financial obligations of terminated members.

With the full support of the government, HBT is providing a payment plan option for the payment of exit levies for terminated members. The payment plan allows the Trust to be funded appropriately and equitably while minimizing the financial impact on organizations that have an exit levy due.

PBC Transition

As part of our efforts to make our systems more efficient and cost-effective, HBT has been transitioning clients to Pacific Blue Cross (PBC) for Life and Disability enrolment, earnings reporting and billing.

As at March 15, 2013, we have successfully transitioned all 383 of the Affiliate organizations with 14,836 active employees transitioned into PBC's ACES system.

We are continuing with the planning phase of the transition to PBC for each of the Health Authorities. The HBT project team continues to work closely with PBC and the Health Authorities on all aspects of the transition and our objective continues to be to initiate this phase of the transition by year end.

HBT and PBC have been in close collaboration since day one of this initiative and we are committed to seek all opportunities to continuously improve processes and deliver cost-effective solutions to all HBT clients.

Transitioned organizations should now contact the PBC Transition team at 604.419.2746 or hbtadministration@pac.bluecross.ca for all enrolment, earnings reporting, and billing inquiries.

ANNUAL REPORT & ANNUAL REPORT SUMMARY



In addition to the full 2012 Annual Report, we have introduced an Annual Report Summary, providing a high level overview of the financial and actuarial performance of the Trust including:

- » overall claims experience and utilization;
- » a snapshot of the funded position;
- » key strategic initiatives and achievements;
- » the Statement of Net Assets; and
- » the Statement of Changes in Net Assets.

Both reports are available on HBT's website at www.hbt.ca or by contacting Elisabeth Whiting, Director, Client Relations & Communications at 604.678.8739 or elisabeth.whiting@hbt.ca.

reminder

MSP EMPLOYER-PAID

As communicated in previous issues of *Trust Matters*, HBT no longer reimburses employers for 50% of MSP premiums for LTD claimants under the provincial healthcare agreements.

Employers should no longer be invoicing HBT for 50% of MSP.

Employers are to issue T4s in early 2014 for the 2013 MSP payments.

Key Contacts

ENROLMENT AND INVOICING

HEALTH AUTHORITIES

- **BENEFITS ID#** https://apps.hbt.ca/_login.aspx
- **ENROLMENT SUPPORT AND INVOICING**
FHA, NHA, VIHA: colleen.young@hbt.ca
IHA, PHC, PHSA, VCHA: susanna.pau@hbt.ca

ALL OTHER MEMBER ORGANIZATIONS

BENEFITS ID# | ENROLMENT SUPPORT | INVOICING

ADMINnet at PBC: www.pac.bluecross.ca or email hbtadministration@pac.bluecross.ca or 604.419.2746

BENEFIT ADMINISTRATION & RATES

- **HEALTHCARE**
Wendy Fullerton, Client Consultant
Benefits Administration
wendy.fullerton@hbt.ca;
604.678.8316 | 1.888.736.2087
- **COMMUNITY SOCIAL SERVICES**
Toni Sulpher, Client Consultant
Benefits Administration
toni.sulpher@hbt.ca;
604.678.8775 | 1.888.736.2087
- **FLEX BENEFITS**
flexhelpdesk@hbt.ca;
604.678.6449 | 1.877.678.6449
- **BENEFIT PLAN DESIGN**
604.736.2087 | 1.888.736.2087

MEMBER CONTACT UPDATES

Darren McKnight, Manager Operations
darren.mcknight@hbt.ca;
604.678.8512 | 1.888.736.2087

CLAIMS ADMINISTRATION

- **EARLY RETIREMENT INCENTIVE BENEFIT (ERIB)**
Mia deMercado, Senior Claims Administrator
mia.demercado@hbt.ca;
604.678.8217 | 1.888.736.2087
- **CLAIMS REVIEW COMMITTEES**
Mia deMercado, Senior Claims Administrator
mia.demercado@hbt.ca;
604.678.8217 | 1.888.736.2087
- **CLAIMS ADJUDICATION**
Darren McKnight, Manager Operations
darren.mcknight@hbt.ca;
604.678.8512 | 1.888.736.2087
- **FORMS**
Christine Fenske, Team Lead Operations
christine.fenske@hbt.ca;
604.678.8287 | 1.888.736.2087

employee base changing or exit levy questions ...

- » Sarah Hoffman, Chief Financial Officer
sarah.hoffman@hbt.ca;
604.678.8519 | 1.888.736.2087
- » Tony Green, Controller
tony.green@hbt.ca;
604.678.8928 | 1.888.736.2087

general feedback or questions ...

Elisabeth Whiting, Director, Client Service & Communications
elisabeth.whiting@hbt.ca;
604.678.8739 | 1.888.736.2087

rehabilitation services or employee referrals ...

rehabilitationservices@hbt.ca;
604.630.1456 | 1.888.736.2087

HBT MAIN SWITCHBOARD

604.736.2087 | 1.888.736.2087

HEALTHCARE BENEFIT TRUST

JULY 2013

2014 CONTRIBUTION RATES NOTICES

AVAILABLE ... OCTOBER 2013

TRUST MATTERS is a Client Service & Communications publication.
HBT news and updates are available on our website at www.hbt.ca.

If you have questions or concerns, please contact:
Elisabeth Whiting, Director, Client Service & Communications
elisabeth.whiting@hbt.ca;
604.678.8739 | 1.888.736.2087

www.hbt.ca
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