

## New structure for better and more secure benefits

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**BY DENNIS BLATCHFORD**

**HSA PENSIONS AND BENEFITS ADVOCATE**

**Q: I understand there was a presentation on the new health and welfare trust at the recent HSA annual convention. What were the highlights?**

Yes, members of the Joint Health Sciences Benefit Trust (JHSBT) Working Group did a report out at the HSA convention in early May. The session was led by lawyer Tony Glavin, lead counsel to the member-side JHSBT Working Group. He is a principal of Koskie Glavin Gordon in Vancouver, which is affiliated with Koskie Minski in Toronto. They are a nationally recognized firm specializing in employee-side advocacy for pension and benefit plans.

The presentation highlighted the progress to date and some of the key achievements reached during the last 18 months of negotiation. Of particular focus was the trust agreement itself and the relevance of key features of the negotiated trust language. Such features included the JHSBT being an Employee Life and Health Trust (ELHT) rather than the traditional health and welfare benefits trust.

By negotiating the ELHT model, the new plan will be able to take advantage of more favourable tax treatment on investment income, and be allowed to accumulate surpluses and reserves in a manner not permitted under the traditional health and welfare trust model. The ELHT model is a more sustainable arrangement for health and welfare programs only recently permitted under federal statute. These new rules were a concession by the federal government during the near bankruptcy of General Motors in 2009. The new rules only apply to new health and welfare trusts - including our JHSBT.

**Q: What will the ELHT model mean for members?**

The ELHT model gives trustees more flexibility in managing and planning changes and improvements to the benefit plan going forward. Under a yet-to-be determined fixed funding formula (expressed as a fixed percentage of regular straight-time payroll) trustees will be required to operate within a fixed income stream. However, having the tools to create contingencies and reserves as permitted under an ELHT will result in more certainty and stability for the JHSBT in the years ahead. For members, this means they can continue to count on a good quality benefit plan - a high priority for HSA members.

As partners in the JHSBT, trustees for the Health Sciences Professionals Bargaining Association (HSPBA) will have access to financial and claims data information as never before. Full disclosure of this information will allow for better oversight and help shape policies that better serve the needs of plan members. The partnership created by the JHSBT means the HSPBA will finally be on equal footing with the Health Employers Association of BC (HEABC) regarding the benefit plan - just like the Municipal Pension Plan partnership we've had since 2001.

Trustees will be responsible for all aspects of the relationship between the JHSBT and contracted service providers Pacific Blue Cross, Great West Life and the Health Benefit Trust. As owners of the benefit plan data,

the JHSBT can test the market to ensure good value for the services provided. This means there will be competition for our business and an opportunity to see what innovations are available in the benefits field. Like most industries, technology is driving rapid changes in service delivery models world-wide. The insurance and benefits industries are no different and some of these innovations should yield benefits for both consumers and providers of benefit plans.

**Q: I also understand the report-out talked about a surplus being generated by our LTD plan. How does that work?**

Since mid-2006, members have paid 30 per cent of the cost of premiums for the LTD plan. Last July, as part of our due diligence for the JHSBT, HSPBA became aware that LTD premiums began generating surpluses in late 2012. The surpluses were a result of excellent market returns, (the BC Investment Management Corporation manages the funds - the same people managing your pension plan investments) and lower than expected LTD claims experience. Anticipating that this trend would continue - and on the advice of our legal, actuarial and benefit advisors - HSPBA secured an agreement for a Member Premium Trust Account. This account secures and segregates these monies for the exclusive administration for members by the HSPBA trustees once the JHSBT is operationalized in April 2016. While it is difficult to know just how much money this will generate for the Member Premiums Trust Account, we are confident it will go a long way in providing benefit security for HSPBA members right through to the expiry of the current collective agreement in 2019. The parties to the JHSBT (HSPBA and HEABC) then return to the bargaining table.

**Q: Who will be the HSA trustees?**

Ultimately that will be a decision of the HSPBA and HEABC as the parties and appointing authorities for the JHSBT. Interim trustee appointments will include most of the Working Group members who have been working on this project since the beginning of 2014. Subsequent appointments would be for three years with renewals. In my role as the Pension and Benefit Advocate for HSA, and HSA's trustee to the Municipal Pension Plan for 14 years, I am a member of the Working Group and expect to continue in that role. Likewise, my HSA colleagues Alison Hietanen (Membership Services Coordinator - Disability Management) and Jeanne Meyers (Executive Director Legal Services and Labour Relations) plan to continue to serve during these important formative stages of the JHSBT. The fourth appointment is a nominee from the other unions in the HSPBA, and current incumbent CUPE National Representative Troy Clifford is also expected to continue.

• [June 22, 2015 UPDATE - Union trustees named to Joint Benefits Trust](#)

**Q: When will members hear more about the JHSBT?**

Our current thinking is that we need to do a re-enrollment of members before the JHSBT goes live next April. That will mean issuing new pay-direct cards and some type of re-enrollment process. We are actively discussing this issue with our advisors and benefit providers to determine the best approach. When those details are worked out, a communication plan will be rolled out to members and employers to ensure an orderly transition to the new identification system. There will be more information on the re-enrollment in the coming months.

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