

MAUT Annual Report on SBAC 2014-2015

Representatives:

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1) Health and Dental Rates 2015

Background: Our insurance plans are entirely self-financing – so the premiums we pay are adjusted each year to cover the claims we make. Our premiums cover half of the total cost and the university contributes the other half from the budget. The Staff Benefits Advisory Committee (SBAC), which oversees the plans, contains representatives from the various employee groups as well as the university administration, and the committee is responsible for scrutinizing the overall costs, function, and content of the plans. To ensure rigorous performance, an expert external consultant provides ongoing and detailed analysis of all aspects of the plans, including the costs related to the various categories of claims, the content of comparative plans offered by other employers, the projected costs of new therapies, and comparative administrative fees from other insurance companies. Everything is transparent and there are no hidden expenses. Each year we must review the total of claims from the previous year, consider what is left in our reserve fund, and consider projected increases - mainly in costs for drugs. Our external consultant from Towers Watson provides a detailed analysis of this data and recommends an appropriate premium for the upcoming year. There is usually a slight increase in premiums since costs are continually increasing somewhat in parallel with the Consumer Price Index, but occasionally we have had a decrease (as in 2014) when claims were lower than expected for the previous year. On the other hand, some of the newer “biological” drugs like antibodies to target cancer cells or to combat autoimmune diseases are very expensive, but they can be lifesaving, and our insurance plan is designed to cover them.

Manulife handles administration of the plans, and their fees are monitored in comparison to other firms to ensure that they are charging a competitive rate. (Note that it is essential to have a large and experienced firm take care of claims – McGill does not have the staff or the expertise.) The contract with Manulife could be switched to another company, but this would involve costs in excess of \$100,000 and at present there is no indication that anything could be gained from the added expense and inconvenience to our members from a change in procedures.

In summary, the premiums for our insurance plans are entirely related to the claims, and when premiums go up the University must also pay a higher amount since the cost is shared. Each year the university expense needs to be approved through the BOG, while the employee premiums need to be approved by the various employee groups – all of which are represented on the SBAC. The committee maintains continual diligence to make sure that premiums are kept to a minimum, and everything is regularly scrutinized by an independent expert consultant. There are no hidden or unreasonable costs/fees, and the plan coverage is excellent in comparison to anything else available to our members. MAUT even compared our plan to the one promoted by CAUT and our McGill Health & Dental plan is better.

Premiums for 2015: This year we experienced an increase in premiums in contrast to the decrease last year. This is due to higher claims, the most significant of which are Emergency Claims when out of country and an increase in Large Amount Pooling Insurance that protects us against major claims. The good news is there has been no change in Long Term Disability or Life Insurance rates. The increases per month in employee contributions for 2015 are indicated below and compared to the preceding two years:

	2013	2014	2015
HEALTH PLAN			
Single	\$79.20	\$75.24	\$85.02
Family	\$156.03	\$148.23	\$167.50

DENTAL PLAN			
Single	\$40.85	\$40.03	\$42.03
Family	\$91.35	\$89.52	\$94.00

Below you will find the premiums for each of the plans from 2010-2014 and the proposed premiums for 2015, along with the relative Consumer Price Index (CPI), and increases are moderate for the entire six-year span. The premiums are in line with the ongoing CPI.



2) Membership of SBAC

Currently the composition of SBAC:

- One representative of MUNASA
- One representative of MUNACA
- One representative of SEU
- **Three representatives of MAUT**
- Two representatives of the University Administration
- A Chairperson (ex officio Morty Yalofsky)
- A non-voting Secretary to take minutes of the meetings.

Proposed composition of SBAC:

- One representative of MUNASA
- One representative of MUNACA

- One representative of SEU
- **Two representatives of MAUT**
- One representative of AMURE
- One retiree representative
- Two representatives of the University Administration
- A Chairperson (ex officio Morty Yalofsky)
- A non-voting Secretary to take minutes of the meetings

While the members of SBAC supported these proposed changes in composition the MAUT Executive and Council deemed them unacceptable. This decision was brought back to SBAC and at the present time we retain the original committee composition.