

March 5, 2019

Susan Belmore-Vermes
Director, Group Benefits Solutions
Health Association Nova Scotia
2 Dartmouth Road
Bedford, NS B4A 2K7
susan.belmore-vermes@healthassociation.ns.ca

Dear Susan,

Re: 2019 Central Zone Benefit Renewal

We are writing to provide our official response to the Central Zone Benefit Renewal which has been presented to us by Lynette Johnson and Corinne Carey.

We understand that effective July 1, 2018 the administration of the Central Zone benefit plan moved to the Nova Scotia Health Authority. Further, upon transfer NSHA funded a cash float of \$2.5 million dollars to ensure the prompt payment of claims by Great West Life.

It has been explained to us that Great West Life requires a reserve of \$2.5 million dollars to ensure prompt payment of claims. This reserve is required due to the delay in remittance of premiums from Central Zone to NSHA.

As of November 30, 2018, the plan ended the period with a surplus of \$2,994,885. It is our opinion that the \$2.5 million dollar reserve required by Great West Life to pay claims has been met. Further, a residual amount of \$494,000 is remaining.

The Benefit Renewal as presented showed a small increase in health premiums (0.4%) and a small decrease in dental premiums (0.6%). NSHA has proposed the collection of an addition 6.4% on top of the required premiums to recover its investment in the Plan. Further, this recovery is anticipated to take 2 years.

Unfortunately, we do not agree with the recovery of this investment in this manner. The results of the Plan changes made in 2018 have not been fully realized and we do not believe the recovery is required at this time.

Further, we do not agree to any of the "opportunities to mitigate the renewal" as presented in the Renewal or subsequent email.

Our recommendation is that the health and dental premiums are to be adjusted as per the renewal without the 6.4% recovery of the NSHA float. Further, we recommend that

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the Central Zone benefit committee meet in May or June of 2019 to review the claims experience and the current status of the ASO funding level. Finally, a written agreement will be reached between NSHA and NSGEU on any funds that arise in excess of the \$2.5-million-dollar float repayment to NSHA, this is inclusive of the Great West Life reserve requirement.

Sincerely,

A handwritten signature in black ink, appearing to be 'JM', followed by a long horizontal line extending to the right.

Jason MacLean
President, NSGEU

JM/lb