

DATE: July 13, 2018

FILE: 530-01

TO: Chair and Directors
Comox Valley Regional District

Supported by Russell Dyson
Chief Administrative Officer

FROM: Russell Dyson
Chief Administrative Officer

R. Dyson

RE: Health Benefit Options for the Board of Directors

Purpose

This report is to consider the health benefits (benefit) options for Comox Valley Regional District Directors beyond the age of 70 years at the request of Director Ericksson.

Recommendation from the Chief Administrative Officer:

THAT the Comox Valley Regional District not increase the age criteria for health benefit entitlement for Board Directors to “age 80 or retirement”.

Executive Summary

Optional benefit changes to the age restriction for the Directors of the Comox Valley Regional District (CVRD) Board has financial implications. Our current benefits carrier, Pacific Blue Cross (PBC), has provided a quote for expanding the age criteria for the Directors benefit plan coverage to “age 80 or retirement”

- The increased age range places an increased financial burden on the CVRD for future Directors who are not yet determined. Regardless of age, the financial burden will be in place with the additional costs being experienced by Directors and the CVRD.
- The costs to proceeding with a change in age criteria is approximately \$20,000 in 2019 with anticipated increases each year afterwards in line with industry standards for benefits provisions to age 80 or retirement. The benefit to proceeding would include increasing the age range for service and therefore allowing more Directors to opt into benefits coverage after the age of 70.
- Not proceeding would maintain the existing benefits package at current costs.

Prepared by:

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Background/Current Situation

In response to requests for benefits coverage for Directors beyond the age of 70 years, staff pursued quotations for the higher age parameter with PBC. The current benefit plan is summarized in Appendix A attached. It includes extended health, dental, vision and life insurance options. Cost differentials are as follows:

Directors' eligibility for benefits is currently based on a "to age 70" criteria. Costs for the entire benefits package range from a Director's contribution rate of approximately \$1,425.00 per year for family coverage and approximately \$700.00 per year for single coverage. PBC was approached to provide a financial quotation increasing the age criteria to "to age 80 or retirement".

Should the CVRD opt into the "age 80 or retirement" criteria for Directors the cost increases for all participants in the group, regardless of age. If the decision to increase the age range for coverage to "age 80 or retirement", the family benefit plan coverage would increase to \$3,400.00 annually per Director (\$1,700.00 payable by the Director/ \$1,700.00 payable by the CVRD). Single coverage would be slightly higher at \$900.00 per year, depending on age and noting escalating life insurance premiums as age progresses.

The financial impact on the CVRD would depend on the number of Directors participating in the plan, their ages, family status and what benefits are chosen. Based on half of the Directors opting in at the higher rate in 2019, and assuming 2017 dollars quotations remain constant, the cost increase to the CVRD would be approximately \$20,000 in the 2019 financial year.

Note: Premiums for the benefits listed are cost shared at a level of 50 per cent paid by the Director and 50 per cent paid by the CVRD. Staff propose this cost split remain the same for the next election cycle. Given inflation potential, costs are likely to increase after 2019.

Policy Analysis

As part of the Director's Remuneration and Expenses review, Bylaw No. 236 provides parameters for an independent review of these costs on a predictable cycle.

Options

1. Continue with the existing age criteria as set out in our Pacific Blue Cross plan being "up to age 70".
2. Expand the age criteria to "age 80 or retirement" and accept the increased financial cost to the benefit packages for all members of the Directors group within the Pacific Blue Cross Pacific Blue Cross plan

Financial Factors

An estimate of the financial impact for the increases are:

- Changing Benefits eligibility to "age 80 or retirement" \$20,000

Legal Factors

Of note in this discussion is recent case law from Ontario surrounding benefits entitlement for individuals beyond age 65. An individual had his health and dental benefits declined at age 65 and he filed an application with the Human Rights Tribunal in Ontario (HRTO) arguing that this action amounted to age discrimination, and was in violation of the Canadian Charter of Rights and Freedoms. The HRTO found that having benefits provided beyond age 65 is not cost prohibitive to employers and it is up to the employers involved to show that these costs would be prohibitive. Given this, declining benefits after age 65 was deemed to be in contravention of basic human rights principles. This has been appealed in Ontario and the decision will then makes its way through the court structure through case law application.

This decision sent reverberations across the legal landscape, as clearly it is a matter of time before age restrictions around benefit entitlement will be challenged nation-wide. As far as the CVRD Director's benefits package impact is concerned, we are providing benefits at a cost as quoted by our benefits carrier. This is in line with future entitlements and well beyond what present entitlements are within BC.

Intergovernmental Factors

There is the potential impact for other local governments of benefit entitlements being used as comparatives for future consideration in each region.

Interdepartmental Involvement

This report was created by the Human Resources department.

Attachments: Appendix A – Benefits for Elected Officials



Benefits Summary for Elected Officials

Medical Services Plan (MSP)

Until the current MSP model expires in BC (Jan 1, 2019) premiums for MSP are cost shared 50 per cent by the Director and 50 per cent by the Comox Valley Regional District. Coverage will commence the first of the month following receipt of the application by the payroll department. The employer's portion of the MSP premium is a taxable benefit to the Director.

Pacific Blue Cross

Effective July 1, 2018 our benefits provider is Pacific Blue Cross. The Elected Officials are offered extended health, dental, vision, orthodontics and life insurance options. Premiums for the benefits are cost shared between the Director and the CVRD at a 50/50 division. The levels of benefits are summarized below with the corresponding cost effective July 1, 2018.

Benefit	Level of Coverage	Cost for Director (approx.)
Extended Health	As per descriptor in booklet. Prescription drugs reimbursed at 100% after \$25 annual deductible is reached	Premium: 50/50 per month Family 98.03 Single 28.56
Dental	100% Basic, 50% Major As per fees in BC Dental Association Fee Guide	Premium: 50/50 per month Family 130.93 Single 46.66
Vision	\$250 every 24 months for employees and dependents including one eye exam every 24 months	Premium : 50/50 per month Family 17.05 Single 7.79
Life Insurance	Basic Life \$50,000 <i>Up to Age 80 (option)</i>	Premium : 50/50 monthly 0.285 per \$1,000 gross pay (to age 70)
Optional Life Insurance	In addition to basic life. If for spouse, payment is 100% paid by the Director	
Personal Accident Insurance	Cost borne by CVRD – insurance of \$125,000 for each Director while doing work of a Regional Director	