

To: Staff of McGill University

Subject: Benefits Update

Each year, the financial health of the benefit plans is analyzed and the contribution rates paid by plan members and the University are reviewed to ensure the sustainability of the plans. The results of the analysis have been reviewed with the Staff Benefits Advisory Committee (SBAC) and approved by the HR Committee of the Board.

Below are the contribution rates that will come into force on January 1st, 2018 as well as some tips to help control and reduce the cost of the plan.

1. Contribution Rates for Benefit Plans

A. Supplemental Health Plan and Dental Care Plan

We have excellent news: plan contributions made by employees and the University in 2017 were sufficient to cover all claims paid. This means that only a very small increase to match annual rises in health care costs (mainly due to new drugs entering the market) will be required. Note that the increase is well below the average expected rate of inflation for all benefit plans in Québec.

Effective January 1, 2018, the rates per pay for active employees will be as follows (and will be matched by the University):

| | Supplemental Health Plan | | Dental Care Plan | |
|---------------|--------------------------|-----------------|------------------|-----------------|
| | Current Rate | As of January 1 | Current Rate | As of January 1 |
| Single | \$21.84 | \$22.40 | \$11.37 | \$11.40 |
| Family | \$43.04 | \$44.13 | \$25.33 | \$25.50 |

Plus 9% sales tax for Quebec residents, 8% for Ontario residents.

B. Long-Term Disability (LTD) Plan

In 2013, a review of the LTD Plan revealed an accumulated surplus. This was used to decrease contribution rates by 5% effective August 1, 2013 and guarantee these lower rates until December 31, 2015.

As there was still a surplus remaining, we were able to maintain those lower rates through 2016 and 2017. However, the latest Plan review indicates that contribution rates must now be increased – from \$0.901 per \$100 of monthly earnings to \$0.991, as of January 1, 2018. This is still below the average contribution of 1% among LTD plans in Québec.

Here is an example of what this increase will mean for your bi-weekly pay:

| Annual Salary | Current Rate | Rate as of January 1 |
|---------------|--------------|----------------------|
| \$30,000 | \$10.40 | \$11.43 |
| \$60,000 | \$20.79 | \$22.87 |
| \$100,000 | \$34.65 | \$38.12 |

C. Optional Life Insurance Plan

In 2013, a review of the Optional Life Insurance Plan revealed an accumulated surplus which was used to decrease contribution rates by 25% effective August 1, 2013, and guarantee these rates until December 31, 2017. A recent Plan review indicates that in order to remain sustainable, the contribution rates must be increased by 15% as of January 1, 2018. The rates are available at <https://www.mcgill.ca/hr/benefits/insurance/rates>.

Eligible employees are automatically covered under the Basic Life Insurance Plan. The University pays the full cost of that Plan.

2. Travelling outside of Quebec? Make sure you're covered!

Before you leave, familiarize yourself with the limitations of both RAMQ and your health plan coverage while you are away. For more information, visit <https://www.mcgill.ca/hr/benefits/insurance/travel/emergency-assistance-active-staff>.

3. Flu Shots

Active McGill staff under age 65 who are members of the University's Health and/or Dental Plans can receive the flu vaccine free of charge at the [Medisys](#) downtown clinic. Dependents under age 65 who are covered under their plans are also eligible. For more information, visit <http://www.mcgill.ca/hr/benefits/seasonal-flu-vaccine-0>.

4. Use your benefits wisely – it's your money!

As in many large organizations, McGill's supplemental health and dental plans are self-insured. This means that the University and its eligible employees each pay 50% of contributions to the plans, and are responsible for its cost as well. If the total cost of claims increases or decreases, the contributions required of McGill and its employees go up or down accordingly. Contribution rates are almost entirely based on Plan usage and projected inflationary trends in health and dental costs (e.g. the anticipated introduction of expensive new drugs), so it's in everyone's interest to minimize costs.

Here are some ways you can help keep costs down:

1. Choose generic drugs

Prescription drugs are the biggest drain on our Health Plan, accounting for approximately 65% of claims. Generic drugs are generally just as effective as brand-name ones – and far less expensive. If you're using brand-name drugs, ask your doctor whether a generic equivalent would work for you. Remember, if you file a claim for a brand-name drug where a generic equivalent exists, you will be reimbursed as though you had purchased the less expensive generic equivalent, unless your physician has specified that only the brand-name version is necessary. For more information, visit <https://www.mcgill.ca/hr/benefits/insurance/health-dental/health>.

2. Shop around

Did you know that as of September 15, Quebec pharmacists must provide a detailed invoice when you buy prescription drugs? Specifically, your bill should itemize:

- the price of the drug (determined by the government)
- the distributor's margin (middle-man fees)
- the pharmacy's professional fees (profit margin/mark-up)

Only the professional fees will vary from one pharmacy to another – inform yourself and shop around for the best drug prices.

3. Purchase drugs for a 90-day period

If you take certain drugs regularly, inquire whether purchasing three months' worth at a time would reduce the "professional fees" and generate savings for both you and the Plan.

4. Healthy habits go a long way

Prevention is the simplest way to reduce claims and enjoy a healthy life. McGill's Health and Well-Being program offers tools and tips to help you eat healthily, exercise regularly, handle stress, prevent illness and more. Learn more at <https://www.mcgill.ca/hr/benefits/health-well-being>.

5. Questions?

If you have any questions about the information in this document, contact the Human Resources Service Centre at 514-398-4747 or hr.hr@mcgill.ca.

Diana Dutton
Interim Associate Vice-Principal (Human Resources)

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