

UNITE HERE Local 47 Health Care Fund

Suite 202, 411 Dunsmuir Street | Vancouver, BC V6B 1X4 | Toll Free: 1-855-541-4747 | Fax: (604) 632-9930

MEMO

January 1, 2023

RE: Adjustments to the Health Care Plan

The funds in the health care plan are used to pay for claims made by covered members. To ensure the plan's long-term sustainability, the Board of Trustees and their benefits consultants regularly review the coverage levels and claims made under the plan. The data has shown that more and more, a small number of plan members are using very high amounts of certain benefits. For example:

- The cost of massage therapy has nearly tripled over the last number of years while the number of plan members has stayed approximately the same. Only about one third of plan members use massage therapy and more than 80% of those members make claims for very typical amounts. Massage therapy makes up more than 75% of the cost of practitioners under the plan (totalling more than \$750,000 per year) but only a small number of plan members are causing most of this cost.
- Most health care plans don't provide any coverage for erectile dysfunction drugs like Viagra or Cialis. Based on recent usage data, only 96 plan members made claims for these types of drugs but the cost to the plan was more than \$850/member/year.

The Trustees have determined that certain changes to the plan are needed. This plan provides a very high level of coverage and certain coverage levels must now be adjusted. The Trustees always balance providing the best coverage possible for members and their families with making sure the plan has enough money to keep providing coverage for everyone into the future. The plan is making the following changes:

- The short term disability plan is currently integrated with the federal Employment Insurance (EI) sickness benefits, providing 45 weeks of benefits in total for members who become disabled. It was recently announced that EI sickness benefits will change from a maximum of 15 weeks to 26 weeks. The plan's short term disability benefit will be adjusted to pay 1 week of short term disability, then 26 weeks of EI sickness benefits, then 18 weeks of short term disability. Plan members will still receive a total of 45 weeks of benefits in total. This change was made effective December 18, 2022 – the same date that EI sickness benefits changed.
- The maximum for erectile dysfunction drugs is being reduced to \$500/year effective January 1, 2023.
- There will be a separate maximum for massage therapy of \$1,200/year/plan member and \$600/year/spouse and/or dependent child effective January 1, 2023. The coverage for all other paramedical practitioners (such as physiotherapist, chiropractor, etc.) will remain unchanged. This change will provide members who use a moderate amount of massage therapy with sufficient coverage without eroding the maximum of all other paramedical practitioners, while making the plan more sustainable.

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- Currently the maximum age for dependent children is 21 or 25 if the child is in post-secondary education. Effective April 1, 2023, the maximum dependent age for those not in school will change from 21 to 19. The maximum age of 25 for those in post secondary education will remain at 25. Any dependents who have reached age 19 as of the effective date of this change will be grandfathered.

The Board of Trustees believes that these changes are necessary to continue providing a high level of benefit coverage to our plan members and families and to support the ongoing health of our plan. These changes will help to keep up with the rising costs of the plan and lessen the chance that further changes need to be made in the future. The Board of Trustees will continue to carefully monitor the health care plan.

We appreciate your cooperation in keeping the health care plan protected.

Trustees of UNITE HERE Local 47 Health Care Fund