

2018 benefits update for retirees

Your benefits coverage from the PSGIP plays a key role in your healthcare throughout your retirement years. That's why the PSGIP provides health benefits coverage for you and your family.

The PSGIP Trustees, with consultation from the Retiree Group Advisory Sub-committee, recently completed the annual renewal of your retiree benefits program. This notice includes the results of the renewal, including the rate changes effective April 1, 2018.

This is your once a year opportunity to change your Health or Dental plan option for the next year. Take this opportunity to review your choices and make sure you're enrolled in the right plan for you and your family. If you plan to make a change, complete the *Coverage Change Request Form* included with this notice and return it to Johnson Inc. no later than **Monday, March 12, 2018**. Your new coverage takes effect starting April 1, 2018.

2018 rates

Each year we review our benefits program to ensure that contribution rates are adequate to pay expected claims and expenses in the coming benefit year.

As a result of this review, we will see some changes to our Health, Basic and Dependent Life Insurance rates. See the chart below for the changes in rates effective April 1, 2018.

Plan	Under 65	Over 65
Health Plan	5.4% increase in rates	Options 1 to 3 – 14.7% increase in rates Option 4 – 5.4% increase in rates
Dental Plan	No change in rates	
Travel Plan	No change in rates	
Basic Life Insurance	5% increase in rates	
Dependent Life Insurance		
Optional Life	No change in rates	

Member health and dental premium rates are determined by the paid claims of the group. The premium rates must be adequate enough to cover the claims as well as the applicable administration charges. The increases in Health rates and the differences in the rate changes between the Under 65 and Over 65 groups are primarily related to prescription drug costs and can be attributed to several factors:

- The changing demographic for the Over 65 group: There are more participants in the group, which translates to more claims. For 2017, there was a 6% increase in the number of participants in the Over 65 plan and a 4% increase in participants in the Under 65.

IMPORTANT DATES

- **Thursday, February 22, 2018**
Benefits information meeting:
 - Charlottetown – 10 a.m.
 - Summerside – 2 p.m.
- **Monday, March 12, 2018**
Coverage Change Request Form due to Johnson Inc. if you want to change your Health or Dental Plan option
- **Sunday, April 1, 2018**
Your new coverage takes effect

Retiree Advisory Committee representatives

Marcel J.G. Arsenault
Doug Dennis
Aubrey MacDonald
Harry MacDonald
George McCabe
Chander Sahajpal
Don Scott

- In recent years, health care costs have risen dramatically, particularly in the area of high-cost specialty drugs for chronic disease conditions such as Rheumatoid Arthritis and MS. Furthermore, the PSGIP retiree plan has experienced significant increases in claims for Diabetes and Macular Degeneration. Since 2014, claims for Diabetes under the Over 65 group have doubled making it the highest cost category. For Macular Degeneration, claims have more than doubled in the last two years which creates increased cost pressures on our plan.

Overview of rate changes

Here's an overview of the rate changes effective April 1, 2018:

	Under age 65			Over age 65		
	Your current monthly cost	Your new monthly cost	Difference	Your current monthly cost	Your new monthly cost	Difference
Health						
Option 1						
– Single	\$164.05	\$172.91	+\$8.86	\$132.36	\$151.82	+\$19.46
– Family	\$349.37	\$368.24	+\$18.87	\$281.84	\$323.27	+\$41.43
Option 2						
– Single	\$142.75	\$150.46	+\$7.71	\$103.09	\$118.24	+\$15.15
– Family	\$307.32	\$323.92	+\$16.60	\$219.61	\$251.89	+\$32.28
Option 3						
– Single	\$99.22	\$104.58	+\$5.36	\$72.86	\$83.57	+\$10.71
– Family	\$211.29	\$222.70	+\$11.41	\$155.20	\$178.01	+\$22.81
Option 4						
– Single	\$19.99	\$21.07	+\$1.08	\$19.99	\$21.07	+\$1.08
– Family	\$42.61	\$44.91	+\$2.30	\$42.61	\$44.91	+\$2.30

Making changes to your benefits coverage

Each benefit year, you are eligible to change your level of health and dental coverage, without having to provide medical evidence.

If you would like to change your current Health or Dental Plan option, effective April 1, 2018, complete the enclosed *Coverage Change Request Form* and return it to Johnson Inc. **by Monday, March 12, 2018.**

To help you decide which Health option is best for you, follow the steps below to estimate your total annual cost under each option.

Step ①	Estimate your annual health expenses for you and your family.
Step ②	Determine the annual premiums for each option.
Step ③	Calculate the amount you will pay (co-pay/deductible) for your estimated health expenses under each option. Add this amount to your annual premiums.

When determining your level of coverage, don't forget to take into account the various provisions and limitations of the Health Plan. You also need to consider your level of comfort regarding coverage for expenses that cannot be foreseen. See the *Your Retiree Benefits Options At-a-Glance* on page 4 of this notice for a brief summary of coverage under each Health and Dental option.

EXAMPLE: Under age 65 with family coverage

Step 1 Estimate your annual health expenses for you and your family.

Expense	Description	Calculation		Total cost per year
Prescription drugs	– 30 prescriptions per year (15 per retiree, 15 per spouse) – Average cost per prescription = \$200	30 x \$200	=	\$6,000
Eye glasses	– 2 pairs at \$250 each (1 pair for retiree, 1 pair for spouse)	2 x \$250	=	\$500
Physiotherapy	– 10 visits at \$80 per visit	10 x \$80	=	\$800
		Total	▶	\$7,300

Based on these health expenses, the annual cost for each of the Health options at the family level would be calculated as follows:

	Option 1	Option 2	Option 3	Option 4
Step 2 Annual premium	\$4,419	\$3,887	\$2,672	\$539
Step 3 Co-pay/deductible				
– Prescription drugs	\$900	\$1,240	\$1,500	\$6,000
– Eye glasses	\$340	\$340	\$340	\$340
– Physiotherapy	\$160	\$160	\$160	\$160
Annual out-of-pocket cost	\$5,819	\$5,627	\$4,672	\$7,039

Consider your personal situation – it may be similar to the example above, or it could be quite different. If your average cost per prescription is higher because you are on a higher cost medication, the drug costs can add up very quickly. Estimate your medical expenses for the year and follow these steps you will have a general idea of your total annual cost under each of the options. This will help you decide which option is best for you.

More information

For more information about your benefits, visit the PSGIP website at www.mybenefitplan.ca or by consulting the Benefits Summary for Retirees. You can also contact Johnson Inc. for benefits information at 902-628-3537 (or toll-free at 1-800-371-9516) and Great-West Life for questions about claims at 1-800-957-9777.

Benefits information meetings

To learn more about the upcoming benefits and rate changes, attend an information session on February 22nd (weather permitting).

Thursday, February 22, 2018
10 a.m. to 12 p.m.

Delta Prince Edward Hotel
Henry Johnson Room
18 Queen Street
Charlottetown

Thursday, February 22, 2018
2 p.m. to 4 p.m.

Loyalist Lakeview Resort & Conference Centre
Empire II Room
195 Heather Moyse Drive
Summerside

If there is a storm on February 22nd, the meetings will be postponed to Friday, February 23rd and an announcement will be made on radio channels CFCY (FM 95.1), K-Rock (FM 105.5), Ocean (FM 100.3) and SPUD (FM 102.1).

Your retiree benefit options at-a-glance



Health and Dental Plans

Health Plan	Option 1	Option 2	Option 3	Option 4
Prescription drugs	80% reimbursement of the first \$150 per eligible drug expense, and 100% reimbursement thereafter (\$500 lifetime maximum per person for vaccines)	You pay an annual* deductible before drug coverage begins: \$200 single \$400 family <hr/> 80% reimbursement of the first \$150 per eligible drug expense, and 100% reimbursement thereafter (\$500 lifetime maximum per person for vaccines)	You pay the first \$50 per eligible drug expense, and 100% reimbursement thereafter (\$500 lifetime maximum per person for vaccines)	Coverage for vaccines only: 80% reimbursement, to a \$500 lifetime maximum per person
Hospitalization	No coverage (Options 1, 2 & 3)			100% reimbursement of the difference between a ward and semi-private room <hr/> 80% reimbursement of the difference between a semi-private and private room
Eye exams	80% reimbursement, for one eye exam once every two calendar years (every calendar year for children under age 18)			
Eye glasses or contact lenses	80% reimbursement, to \$80 once every two calendar years (every calendar year for children under age 18)			
Medical services and supplies	80% reimbursement, to specified annual maximums (includes paramedical services and private nursing care)			
Ambulance services	100% reimbursement of the first \$50 of eligible expenses per calendar year, and 80% reimbursement thereafter			

* April 1 to March 31

Dental Plan	Plan A	Plan B
Coverage	Basic services only 80% recall exam once every 5 months 80% maintenance services (e.g., fillings, oral surgery and periodontic and endodontic care)	Basic and Major services 80% recall exam once every 5 months 80% maintenance services (e.g., fillings, oral surgery and periodontic and endodontic care) 50% Major restorative services (e.g., dentures, crowns and bridges) to a maximum of \$500 per year