



The GSA Health Plan

Information for Graduate Students at Carleton University

January 2013





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Plan Design

Early 2012 – held renewal strategy meetings with GSA/CUSA.
2012 GSA/CUSA goals provided to Morneau Shepell (MS):

- High student expectations
- Rate stability and sustainability
- Streamlined service delivery
- Retain current student fee of \$178 (has not changed since 2007)
- Validate most cost effective insurer financial arrangements
- Implement plan improvements, and use the surplus reserves to protect the student fees from any potential future plan shortfalls.
- Use the surplus funds to protect against the potential negative impact on drug costs caused by the pharmacy changes enacted by the Ontario provincial government.



Plan Design

MS Recommendations to the GSA/CUSA Winter/Spring 2012

- Continue Refund Accounting model with Green Shield:
 - › full disclosure of costs, charges and reserves
 - › surpluses to be kept within Health Plan and used to cover risk of plan improvements, the downloading from the provincial health plan and unexpected claims costs
 - › full interest accounting
- Continue provider cost containment.
- Leverage size to negotiate further discounts for retail, pharmacy and eyewear.
- Presented and reviewed alternative plan design improvements.



Plan Design

MS Recommendations to the GSA/CUSA continued

- Final Sep. 1 improvements:
 - > Dental maximum has increased to \$600.00 per year.
 - > Add vision care benefit of \$150.00 every two years including eye exams
 - > Improve coverage for wisdom teeth to separate maximum benefit of \$500.00 per lifetime. This means that dental coverage has increased in some cases to \$1,100 for 2012/13.
- Continue to promote awareness and usage of the Student Dental Discount Network (SDDN) and the Student Wellness website.
- Develop joint strategy for the on-campus pharmacy and dental clinic.
- Implementation of new administration system (MS' s "Ariel" system) that will provide greater flexibility to GSA/CUSA. The design, testing and training of this system involved input from both student unions.



New GSA Plan Start Up – Insurer Implementation

- On July 30, 2012, CUSA sent a termination letter to Green Shield Canada.
- On behalf of the GSA, we immediately commenced negotiations with the insurers to establish a new arrangement for the GSA.
- The new GSA plan was implemented and separate GSA contracts and financial arrangements were in place for September 1st.
- The Insurers' websites were fully operational by the third week of August. This included the insurer's call center to respond to GSA student inquiries.
- The recommended plan design improvements were implemented.
- The GSA opt out website was completed and the GSA members were able to complete their electronic opt out starting from August 15, 2012



Financial Arrangements with Insurers

- Historically, the health plan for the GSA/CUSA was set up on a fully insured basis.
- Once the plan costs stabilized, GSA/CUSA directed MS to investigate alternative arrangements. Ultimately, the plan was moved to “Refund Accounting”.
- Under the Refund Accounting Model, accrued surpluses are used to stabilize rates, cover losses, improve benefits or accrue to the benefit of student union’s health plan. All charges and reserves are fully disclosed and interest is earned on all reserves held.
- The insurer attempts to recover plan deficits from future plan surpluses. At termination, the insurer – not GSA/CUSA - is responsible for any accumulated deficit.



Financial Arrangements with Insurers

- Comparing Fully Insured versus the Refund Accounting models for the 2011-12 year, in total GSA/CUSA saved over \$540,000.
- Under a Fully Insured model, the insurer retains all surpluses.
- Part of the surplus can be attributed to a positive impact on the costs of prescription drugs and to other provider cost controls maintained by Green Shield.
- The provider controls do not pass on any plan costs to the students.
- The Refund Accounting approach has also been able to reduce the amount of the Ontario Retail Sales Tax (ORST). The 8% ORST is not payable on any plan surpluses.



Explanation of Financial Options Available

Fully Insured (Used by GSA/CUSA prior to September 1, 2009)

- Past experience of a specific group (plus expected inflation) is used to determine the required future premiums.
- No disclosure of plan charges and expenses.
- There is no refund of surplus premiums, nor is the group accountable for any deficit resulting from past experience.
- Method is usually used for small to mid sized groups.
- This type of underwriting is also referred to as Non-Refund Accounting.



Explanation of Financial Options Available

Refund Accounting (Current and Recommended Model)

- Past experience of a specific group (plus expected inflation) is used to determine the required future premiums.
- Full financial accounting completed and all charges are disclosed - surplus or deficit is determined.
- If a surplus occurs, the surplus accrues to the benefit of the GSA health plan (formerly GSA/CUSA health plan).
- Deficits are carried forward and offset by any future surpluses that may be generated. On contract termination, insurer responsible for any accumulated deficit.
- Interest is credited on any surplus funds and reserves held by the insurance company and deficits carried forward are charged interest.
- Implemented for GSA/CUSA effective September 1, 2009.
- Implemented for GSA effective September 1, 2012.



Explanation of Financial Options Available

Administrative Services Only (ASO)

- This also referred to as "Self Insured".
- The insurer assumes no liability for any deficit. Therefore, the Student group is liable for the immediate payment of any deficit.
- The student group is also liable for any claims that occur while the plan is active, even though the claims may not be submitted until after plan termination.
- Most frequently, this method of underwriting is utilized on Health and Dental benefits for very large groups which have already funded substantial reserves.
- ASO usually include some type financial protection, known as catastrophic pooling, to protect the plan.



Opt Out processing and Administration

- Historically, the GSA and its members paid CUSA and CUSA provided access to a Health Plan Administrator. MS hosted a combined electronic Opt Out website.
- A separate Opt Out site was implemented for the members of the GSA. This site was “live” as of August 15, 2012. Historically the combined GSA/CUSA opt out website had been activated in the middle of August.
- We received the gross GSA registration list from Carleton Administration on October 15, 2012. Once received, we validated GSA members who had used the Opt Out site.
- Opt Out checks were printed and available to members of the GSA on November 7, 2012.



Opt Out processing and Administration

- In addition to the GSA Opt Outs, MS identified that 1,600 students, who were not on the GSA registration list, had opted out on the GSA website on or after August 15th.
- In order to protect the privacy of these students, MS sent individual emails to all of these people – MS had no way to determine if they were CUSA members.
- The email notified the students that they had incorrectly opted out on the GSA site and should contact CUSA, if they were members of this group.
- Throughout the opt out process, both MS and the GSA have received many inquiries from the members of CUSA looking for assistance to opt out of the CUSA plan. All inquiries have been referred to CUSA.



Student Discount Programs

Student Dental Discount Network (SDDN)

- A number of years ago, the members of the National Student Health Network (NSHN) directed staff to leverage the combined purchasing power to negotiate a national discount program.
- Today, the SDDN includes well over 700 dentists across Canada, including over 30 in Ottawa. The number of dentists in the Ottawa area is 300% larger than other programs. Green Shield has recently validated the list of dentists participating in the SDDN.
- All dentists are eligible to join the SDDN and students are free to select any dentist of their choice.
- To participate in the SDDN, the dentist must sign a contract that requires the dentist to discount their standard charges by up to 30%.
- The SDDN contract requires all participating dentists to pass on these discounts to any eligible student who receives treatment from a SDDN dentist.
- To protect the privacy of the students and to enforce the contractual obligations, the SDDN is administered by Green Shield.



Student Discount Programs

Student Pharmacy Discount Program (SPDP)

- Members of the NSHN directed the staff to leverage the combined purchasing power to negotiate a national discount program.
- The NSHN members established several goals:
 - Negotiate a maximum markup for prescription drugs (limits the price pharmacists can charge for a drug cost over Manufacturer List Price (MLP))
 - Negotiate a maximum dispensing fee that can be charged by the pharmacist
 - Expand current discounts for non drug expenses (e.g. food and other retail products).



Student Discount Programs

Student Pharmacy Discount Program (SPDP)

- A preferred pricing arrangement was negotiated with Loblaw.
- A pilot program was launched in Ottawa effective September 2012.
- This program includes:
 - A maximum markup of 8.5% on the drug ingredient cost
 - A maximum dispensing fee of \$8.40 (matches provincial fee in Ontario)
 - A 40% discount of the cost of eyewear
 - The expansion of “Student Discount Days” to provide students with a 10% discount off all in store items (food and other products).
- All students (i.e. All GSA members) are eligible to take advantage of this new arrangement – it is not limited to the students who are enrolled in the student union’s health plan.
- Preliminary reports indicate strong usage of this new arrangement by Carleton students.



Student Discount Programs

Student Pharmacy Discount Program (SPDP)

- In order to evaluate, MS analyzed about 2,600 claims submitted for a student plan.
- The average dispensing fee charged by pharmacists was \$11.77. Therefore, the program represents a reduction of about 29% (\$11.77 versus \$8.40).
- For GSA members, the plan has a dispensing fee limit of \$5.00 per prescription. This means an immediate average savings of \$3.37 for every prescription (\$11.77 - \$5.00 versus \$8.40 - \$5.00).
- The impact of the markup is also very significant. Research compiled by Cubic Health Inc. noted average markups being submitted by pharmacies for reimbursement above the manufacturer list price (MLP) was 19.2% during the 4th quarter of 2011.
- Under the SPDP program, the guaranteed markup will be limited to 8.5%.
- In summary, this will have a major impact on reducing the costs of prescription drugs and eyewear for the GSA members. Further, it will create greater stability and sustainability of the student health plan fees.



Student Discount Programs

Student Vision Discount Program (SVDP)

•Currently, through the NSHN program, members of the GSA are eligible for discounts that include the following:

- **The Bay** – up to 33% off the regular cost of prescription eyeglasses
 - **Sears Optical, LensCrafters and Pearle Vision** - 30% off the regular cost of prescription eyeglasses and 20% off the regular price of non-prescription sunglasses and eyewear accessories
- Lasik MD** - 10% discount off the price of laser vision correction (up to a maximum of \$150 CDN) and \$200 CDN discount on any Zyoptix Custom LASIK procedure.
- New – The National **Loblaw Optical** program – 40% discount off the regular cost of lenses and frames and 10% off contact lenses. This program is being implemented in Ottawa and is currently available at select stores as listed on the GSA website.

Who We Are...What We Do

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