

Retiree Benefits

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Français au verso

Focus on Cost of Retiree Health Benefits



The Standing Committee on Insured Benefits (SCIB) and its Health and Dental Sub-Committee devotes much time and effort to ensure that the health plan for retired employees of the Province of New Brunswick is well-managed and cost-effective.

Special attention has been paid to examining several options with a view to reducing retiree health plan premium costs and keeping them at an affordable level. SCIB has chosen an option for recommendation. The Board of Management has requested that the Office of Human Resources undertake a full analysis of the cost implications and other challenges associated with this option, to be brought forward for consideration later this year.

Your concern with respect to the rising cost of premiums has been heard. SCIB members and the provincial government share your concern. Your suggestions have been taken into account — and very much appreciated.

Your most frequently suggested solution was to provide a “flex” arrangement, whereby retirees could choose the health benefits that best meet their individual needs, and pay accordingly. In addition to the greater cost to administer a flex plan, the overwhelming majority of plan participants consider the drug benefit to be an absolute necessity.

Drugs represented 88% of your total health plan claims (2003-2004), so even if you were to choose the drug benefit only, it could constitute something in the neighbourhood of only a 12% reduction in premium costs.

Compensation and Employee
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Costs are rising for two main reasons: increasing utilization and increasing prices — especially with respect to the drug benefit. Prescription drugs are the fastest-growing component of the Canadian public health care system. Total spending on prescription drugs in Canada is now expected to have reached \$18 billion, representing a growth rate of 10.2% (Canadian Institute for Health Information).

Premium rates will increase for Health during the month of June 2005.

Health Plan	Deductions during the month of May 2005	Deductions during the month of June 2005
Single	\$135.35	\$147.53
Family	\$270.70	\$295.06

There will be no rate increase in the Travel benefit.

Primarily due to the coverage update to the 2003 Dental Fee Guide, the premium rates will increase for Dental during the month of June 2005.

Dental Plan	Deductions during the month of May 2005	Deductions during the month of June 2005
Single	\$18.15	\$20.15
Family	\$36.30	\$40.29



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Plan administrators across Canada — indeed, internationally — have to work very hard to carefully manage benefits and utilization against the threat posed by these growing drug costs. Still, due to the increasing cost of maintaining retiree benefits, even at their present modest level, premium rates must increase. Cost increases to maintain health coverage for retirees have been in the range of 20% to 30%; however this 9% rate increase is considerably lower than that.



Did you know that you can help keep premium rates down?

- the cost and utilization of prescription drugs is the single most important — and most difficult to manage — driver of health plan costs. Maintaining a healthy, active lifestyle can go a long way to reducing the drug utilization levels.
- pharmacists dispense prescription quantities following your doctor's directions. The quantity of some medications is restricted by law; but you can speak to your doctor and pharmacist about receiving a quantity of appropriate medications beyond a one-month supply. This will reduce both your co-pay and overall costs to the plan.
- prescription dispensing fees accounted for \$6 million of your health plan costs in 2003-2004. This reflects in your premium costs. Often, the level of dispensing fees charged by your pharmacy is reflective of the level of service that they provide. However, ask what they are charging. If one pharmacy is charging \$3.00 and another closer to \$10.00 — and they are of equal service and convenience to you — why not consider getting the better price?

Extended Health Benefits Update

Extended health benefits are payable at 80%, to the maximum eligible expense. These benefits have been updated to reflect current industry practices:

- The lifetime maximum eligible expense for the **Insulin Pumps** benefit — when authorized by a physician and deemed reasonable by Blue Cross — has been increased from \$5,000.00 to **\$6,500.00**.
- Under the Prosthetic Appliance benefit, **rental of braces** is now an eligible expense. Due to the more common practice of using range-of-motion braces (post-surgery), the treatment plan for their use may be only temporary.

Blue Cross has a new name

Atlantic Blue Cross Care began operating as **Medavie Blue Cross**, effective March 1, 2005.

You will begin to see the Medavie Blue Cross logo supported by their existing trade names on corporate, marketing and administration materials, as well as on advertising, signage and their Web site (www.medavie.bluecross.ca).

They are still the same Blue Cross; and it will be business as usual.