

Joint Committee on Benefits Administration

**The Fairmont Vancouver Airport Hotel
Vancouver International Airport
U.S Departures Level
The Eagle Room**

**May 23, 2000
1:00 pm - 3:05 pm**

MINUTES

In attendance: David Piasta, Doug Fletcher, Debbie Svedic,
Jim Blake, Ellen Woods, Denis Kielly, Carolyn Parry,
Stuart Monteith

Absent: Randy Dewar

Recorder: Gae Sellstedt

1. Call to Order

The meeting was called to order at 1:15 pm

2. Approval of the Agenda

Add two items to the Agenda:

- Letter from the Chair of the Legal & Taxation Work Group
- Schedule of future meetings

The Agenda was accepted as amended.

3. Approval of the Minutes of the meeting of April 27, 2000

➤ Changes to the Work Groups as follows:

- a) Remove Jim Blake from the Investment Work Group
- b) Add Ken Browning from North Island College to the Investment Work Group
- c) Remove John Wilson from the Plan Design Work Group
- d) Add John Wilson to the Service Providers Work Group
- e) Add Ellen Woods and Doug Fletcher to the Plan Design Work Group

The Minutes were accepted as amended.

4. Business Arising out of the Previous Minutes

i) AD&D Status

The Colleges were to respond to Wm. Mercer Limited by today. S. Monteith will update G. Dalcourt.

ii) Population of Committee Members re Work Groups

See 3 above re changes to previous Minutes.

iii) Update from Chairs of Work Groups

Investment Work Group

David Piasta reported that, to date, two meetings have been held with the Mercer specialists, one of which was an education session. The next step will be to establish an investment policy which David will begin to draft. There is a need to do more research and talk to other groups about the fiduciary responsibility and due diligence required. The group will look at other investment policies to see what kind of experience they've had.

Plan Design Work Group

Debbie Svedic reported that they have held two meetings and have completed Stages 1 & 2. Fatima DiBiase agreed to provide costs for the current model. The Work Group will look at several plan designs. The next meeting is scheduled for June 9.

Communications Work Group

David Piasta reported on behalf of Carolyn Parry, the Chair. He stressed the importance of the Work Group acting as a conduit for the other Work Groups. He advised that the Communications Work Group would not create the material but only distribute the material provided to them. David Piasta will be responsible for communication with CIEA, Randy Dewar will be responsible for communication with the BCGEU and Carolyn Parry will be responsible for the employer's component.

The intent of the Work Group is to send out one document with all three signatures so that the communications will have "same look, touch & feel".

The Chairs of each Work Group are to communicate with Carolyn Parry after each meeting. It was also noted that once a communication is developed, it will go to the members of the JCBA before distribution.

To facilitate the communication going out, the Work Group may develop a format to "fill in the blanks". Communications will go out primarily by e-mail.

Legal & Taxation Work Group

Doug Fletcher reported that the Work Group met on May 11 and talked about their objectives. The Work Group has completed Stage 2 and has delivered a "due diligence" letter to Guy Dalcourt, Executive Director of PSEA. They are well into Stage 3 by identifying existing trust models. Jim Lewis provided three different models from the following organizations that have agreed to help:

- BC Transit
- Health Trust
- BCTF

There may be an overlap between Legal & Taxation, Plan Design and the Investment Work Groups and it was agreed that when the Work Groups need to engage various people, Mercer will coordinate the meetings in order to meet the needs of all of the work groups at one time.

Service Providers Work Group

Ellen Woods reported that they met on May 12 and spent the first part of the meeting identifying current service providers and their functions. They considered all potential required providers and what the roles and responsibilities would be for desired attributes. There will be cross-overs to other work groups and when they next meet on June 12th, they will be looking at sample requests for proposals and templates. The following areas have been assigned, two to each person for research:

- Claims Adjudicator
- Plan Administration
- Rehab and Disability Management
- Trustee Liability Insurance
- Trust Arrangement
- Investment Manager
- Trust Company
- Communication Material
- Actuary

v) Savings

Jim Blake prepared a draft of the definition of "savings". The Committee debated whether or not the savings would be limited to the institutions involved in the JCBA. Some comments:

- If the JCBA creates plans that are overall less expensive to the employer, there will be other savings realized, ultimately overall to institutions;
- Savings should go back to the faculty because of the commitment under the Common Agreement;
- There may be more savings in some institutions than others and savings should be spent collectively;
- Savings must be identified in quantitative terms;
- Anything JCBA endorses is considered savings for faculty at this point in time;

- Savings must be calculated over a fixed term - e.g. LTD premiums set for a two year period. This may get more difficult in the future if experience continues to trend unfavourably;
- AD&D is a good example of identifying savings as it won't be eroded by bad experience. Depending on where the savings are applied, they may be inflationary or capped (i.e. increasing co-insurance would be inflationary; hearing aid benefit would be capped)
- Question of pooling vs. individual - intent of Common Agreement is pooled savings in benefits. This may not be difficult with AD&D but may present a problem of pooling LTD experience with everyone. Some institutions will resist moving to a provincial pool. Objections may come from CFO's but may be overcome if they are approached pro-actively instead of reactively.
- How will money be collected? Concern that colleges will say they're in a deficit even though they've saved money. Auditor would say it's an obligation under the Common Agreement.
- Possibility of setting a fixed premium per employee. The institutions would remit that amount, per month to a trust. At the end of the term, whatever hasn't been spent, is savings. There would need to be an inflationary factor built in to cover costs of benefits that are not capped i.e. prescriptions/dental.

The Committee asked S. Monteith to find out per capital benefit costs by institution throughout the system. The Committee agreed that December, 1999 and January 2000 would be appropriate dates. S. Monteith advised he would have the information available by mid week following the meeting.

S. Monteith cautioned the Committee members that this approach will not work without critical mass.

D. Piasta will create a position paper on savings based on the discussion. It will be an on-going working document.

vi) Succession Planning

There was no further discussion.

vii) Letter from Chair of Legal & Taxation Work Group

The letter was prepared for purposes of due diligence. The Committee accepted the letter as submitted.

viii) Schedule of Next Meeting Dates

The next meeting is scheduled for June 27 at 8:30 am and has been moved to the BCGEU offices at 4911 Canada Way, Burnaby, BC.

The August meeting will take place at CIEA on Monday, August 21 from 8:30 am - 2:00 pm. The Committee will look at fall planning schedules at that time. Please note that PSEA will not be able

to provide support for this meeting. Gae has advised both Jim Blake and David Piasta.

ix) JCBA Expenses

The Committee asked PSEA to provide a report of expenditures to date for the next meeting.

There being no further business, the meeting adjourned at 3:05 pm.