

AN IMPORTANT ANNOUNCEMENT FROM THE BOARD OF TRUSTEES OF THE MILLWRIGHTS' HEALTH & WELFARE TRUST FUND FOR ALBERTA

In order to provide Plan Members with the best possible coverage, at an affordable cost, the Board of Trustees regularly reviews the financial position of the Fund.

Over the last three years, some deficit financing has been necessary in order to maintain the existing level of benefits to Members and their families. That deficit financing has been made possible by drawing on the Fund's unallocated reserves. Those unallocated reserves decreased, from \$7.17 million in 2013, to \$5.69 million in 2014, to \$3.83 million in 2015, and to a projected \$1.46 million at the end of 2016. Based on the existing level of benefits, the unallocated reserves will be exhausted by the end of 2017.

These draws on the Fund's unallocated reserves have been required principally due to a fewer worked hours in a softening Alberta economy, in conjunction with a reduced employer contribution rate, increased plan usage, claims inflation, dental plan and retiree benefit improvements, and insurance premium increases.

These draws on the Fund's unallocated reserves can no longer be supported. The Fund must be brought back into a neutral or positive cash-flow position.

The Trustees have, after careful deliberation and exploration of various options, made the following changes to the Plan design effective for claims incurred on and after January 1, 2017:

- ❖ The hourbank maximum for Active Members will be changed over three months, with:
 - a maximum hourbank of 960 hours effective January 1, 2017,
 - a maximum hourbank of 840 hours effective February 1, 2017, and
 - a maximum hourbank of 720 hours effective March 1, 2017.720 hours is equivalent to six months of future coverage.
- ❖ Active Members may make a maximum of three consecutive monthly self-payments to continue coverage, after which they must re-qualify for Plan coverage with employer hours. Active Members must be on the out-of-work board with the Union and be actively seeking Union employment in order to be eligible to make self-payments.
- ❖ A program of prescription drug management will be implemented. That prescription drug management program requires generic drug substitution for brand name prescription drugs, prior drug authorization for certain expensive prescription drugs, and health case management for Members and families with complicated prescription drug requirements.
- ❖ A prescription drug dispensing fee cap of \$10 per script on prescription drugs will be implemented. Any prescription drug dispensing charges above \$10 per script will be the responsibility of Members. Ask your pharmacist if you are unsure of their dispensing fee.
- ❖ Prescription Drugs and Extended Health Care claims (other than medical supplies and equipment) will be reimbursed at 80% of the prescription drug cost or Extended Health Care charge.

- ❖ The annual maximum for Paramedical services, per practitioner (other than physiotherapy, for which there is no maximum) will be \$400 per Member or family member.
- ❖ Medical Equipment and Supplies will be reimbursed at 50% of the cost of the medical equipment or supplies.
- ❖ Massage Therapy and Acupuncture claims will no longer be reimbursed by the Plan.
- ❖ The annual Dental reimbursement maximum will be \$3,000 per Member or family member, for basic and major dental services combined.
- ❖ Basic dental services will be reimbursed at 80% of the 2014 Great-West Life dental fee guide. Major dental services will continue to be reimbursed at 75% of the 2014 Great-West Life dental fee guide.
- ❖ Critical Illness benefits will no longer be provided by the Plan.
- ❖ Long-Term Disability benefits will no longer be provided by the Plan. Members already receiving Long-Term Disability benefits will continue to do so until they cease to qualify.
- ❖ Retired Members, age 65 or older, with 15 or more years of Union Membership at retirement, who started retiree self-payments before January 1, 2017, will pay \$100 monthly for retiree coverage. Retired Members, under age 65, or with less than 15 years of Union Membership at retirement, who started retiree self-payments before January 1, 2017, will pay \$200 monthly for retiree coverage.

The Trustees have made the following change to the Plan design effective February 1, 2017:

- ❖ Active Member self-payments will be \$400 per month.

The Trustees have made the following change to the Plan design effective March 1, 2017:

- ❖ Travel Insurance for Active and Retired Members will no longer be provided by the Plan. If your out-of-country travel extends beyond February 28, 2017, you will need to arrange for alternative travel insurance coverage.

The above Plan design changes are necessary in order for the Fund to continue providing benefits to Members and their families. A strengthening Alberta economy may present future opportunities to improve existing or re-introduce discontinued Plan benefits.

The Trustees will continue to monitor the financial position of the Fund in order to provide the highest level of benefits possible given the available resources. Members are encouraged to continue making prudent decisions when it comes to their health care purchases. That will assist in the long term sustainability of your Plan.

Board Of Trustees
December 23, 2016