



CHRISTIAN SCHOOLS
INTERNATIONAL

CSI Canada Insurance Plan & Trust Fund

UPDATE

Date: April 6, 2005

To: Participating Boards and
Covered Employees

From: Howard Van Mersbergen
Executive Secretary Treasurer

- Results of Competitive Bids
- September 2005 Premium Rates/Projections
- Occupational Coverage
- Plan Structure for 2005/2006
- Cost Containment
- Plan Design Changes
- Contact Information

Results of Competitive Bids

Manulife will be our new insurer as of September 1, 2005. As you may know, CSI Trustees have a policy of putting out our group insurance contract for competitive bids approximately every 5 years. We waited a bit longer this time, because of all the consolidation activity that has been happening amongst the insurers. The request for proposal went out in December to every qualified group insurer, and some other claim-paying companies. On your behalf, we wanted to look at every possible alternative. The Trustees reviewed the results at their March meeting, and Manulife was their choice.

In group insurance, benefits fall into two categories. The life insurance, accident insurance and long-term disability insurance are the high risk claims, where we are part of a large pool. The premium rate is the most important issue, and Manulife has lowered our life (including optional life) and accident rates.

The health and dental benefits, on the other hand, are more stable from year to year and our rates are set to cover our own claims and expenses. The growing membership in the plan has allowed us to move to a higher level of experience-rating, and that helps reduce expenses. In this context, what we are looking for is very good administration from the insurer, to make sure the claims are paid accurately and fairly, and very low expense charges. Manulife's expenses were below those of Sun Life, and they are guaranteed for three years.

As an aside, it is possible for any insurer to 'low-ball' a client in order to acquire the contract. However, the inadequate rates never last for more than a year or two, because no insurer is in business to lose money. The Trustees needed assurance that the package we were acquiring represented the lowest *sustainable* costs for our members. They are convinced this objective has been achieved. Lowest *rates* for life, accident and disability, and lowest *expenses* for health and dental. This is a winning combination.

No. 294

(More)

BOARD of TRUSTEES: Leo Smit, President • Diane Stronks, Vice-President • Heiko Oegema, Secretary • Stuart Bakker, Treasurer
Howard Van Mersbergen, Executive Secretary-Treasurer • Theo Meester • Jack Vanden Pol • Henry Venderveen • Jean Weening

3350 East Paris Ave. SE, Grand Rapids, MI 49512-3054 p.800-635-8288 p.616-957-1070 f.616-301-2149 w.www.CSionline.org

Sun Life was a close second. They have served us well for many years, under the names of Mutual Life and Clarica, before the latest amalgamation. We will be sorry to part company with the many good people that we have worked with there. But, they know and we know that this contract will be rebid in the future, and they will have the chance to recapture it.

We have already started work with Manulife and Sun Life on the transition plans.

Fortunately, with all of today's technology, there should be very little disruption for you. When you get back to your schools after summer break, you will find a kit that will contain new materials for you. There will be a new drug payment card, some instructions about how to access and use the Manulife web site, instructions about where to send claims incurred before and after September 1, and, perhaps, a new plan book (there may not be enough time for this, but we will try).

Although we have agreements to duplicate almost all of our existing coverages, there are minor deviations:

- Coverage for out-of-province emergency expenses will be available for absences of up to one year. Previously, this was two years.
- For those in the retiree plan, the lifetime maximum benefit of \$50,000 is unchanged. There will no longer be an annual reinstatement of any portion.

It is also likely that there will be a few small challenges in the first few months. For example, some drug that was covered by Sun may not be on Manulife's list and will have to be added. We are working to minimize this, and hopefully it will not impact you.

September 2005 Premium Rates/Projections

The Trustees have been observing for the past few years the way that the provinces have continued to amend their Medicare plans, usually by delisting services and deleting coverages. As you know, the group health and dental insurance benefits have to wrap around the provincial Medicare plans. And, in some provinces where schools can opt out of workers' compensation plans, we have to allow for that as well. A third factor that varies by province is premium taxes. The increasing differences in the government plans have meant that what the Plan has to cover is really quite different from province to province.

Up until now, we have only adjusted rates by province to account for the higher premium taxes in Ontario. But, because of the increasing differences in provincial plans we now need to incorporate these additional differences into our rates.

Based on this and the quote from Manulife, the forecast for September looks like this:

Rate Projection By Province	Limited Benefit Plan*		Basic (Full) Plan*	
	Standard Plan	Flex Plan	Standard Plan	Flex Plan
Alberta	+1% to +2%	-3% to -4%	+2% to +3%	0% to +2%
British Columbia	+1% to +2%	-3% to -4%	+2% to +3%	0% to +2%
Manitoba	+1% to +2%	-3% to -4%	-1% to -2%	-2% to -3%
Ontario	0% to +2%	-2% to -4%	+8% to +10%	+5% to +9%
Prince Edward Island	+1% to +2%	-3% to -4%	-2% to -4%	-3% to -5%

* The Limited Benefit Plan includes Life, Accidental Death & Dismemberment, Short Term Disability and Long Term Disability. The Full plan includes the Limited Benefit Plan as well as Health and Dental coverage.

Occupational Coverage

With the change to Manulife and the refinement of the rates provincially, the supplemental occupational insurance is no longer needed. Beginning September 1, 2005, occupational claims will be covered by the Plan. Where an expense related to an occupational injury is eligible under a workers' compensation plan, Manulife will pay any eligible portion under their plan that is not paid by the workers' compensation plan. Where an expense related to an occupational injury is not eligible under a workers' compensation plan, Manulife will pay the full portion that is eligible under their plan.

Plan Structure for 2005/2006

The current plans will continue to be offered next year. Schools can choose between the Standard Plan and the Flexible Benefit Plan.

Cost Containment

More and more schools are moving from the Standard Plan to the Flexible Benefit Plan to help manage health care costs. Focus group participants selected the Flexible Benefit Plan as the preferred choice from amongst various cost control options. Schools in this plan can choose from among Flex Plan 1, Flex Plan 2, and Flex Plan 3, or a school can let each employee choose from among the three Flex Plans. For additional details, contact the CSI-Canada Insurance Plan Office at 800-635-8288, ext. 230.

Plan Design Changes

The Trustees reviewed the plan designs to determine whether any changes should be made in September. The latest delistings and deletions from provincial Medicare plans figured prominently in the discussions, and the following changes to our plans were agreed:

- Vision Care. For those schools that take our vision care plan, eye examinations will now be included within the \$200 limit.
- Physiotherapy. A \$500 annual maximum will now apply to the Standard and Retiree health plans. The coverage under the flex plans does not change.

A new 'managed formulary' for our prescription drug benefit was considered. While this was felt to be consistent with the survey results from two years ago, the decision was to wait since the technology is still new and largely untested. The basic idea is that the plan will encourage people to use the lowest priced drug that could address their condition, rather than the latest and most expensive. This option will be monitored.

The Trustees are exploring the idea of adding an optional healthcare spending account to the plan. This arrangement would enable a school to set cash into an account for each covered person, so that employees could pay for things not covered by the main plan. It is a very interesting and very tax-effective concept. Should the Trustees decide healthcare spending accounts are feasible and beneficial, they would likely be made available in September 2006.

Contact Information

As always, we welcome your thoughts. You can reach me by phone at 800-635-8288, ext. 226 or by e-mail at hvanmersbergen@csionline.org.