2015 Annual Benefits Report

TAKING CARE OF OUR OWN
IUOE LOCAL 793 PENSION AND BENEFITS PLANS

BUILDING A BENEFITS PLAN
THAT WORKS FOR YOU

We know that our benefits plan plays a key role in the health and security of IUOE 793 members. The Trustees and our expert advisors work hard to keep the plan in good financial shape, and to make sure it continues to meet members' needs. In our most recent member survey, 80% agreed or strongly agreed that the plan offers good value for their money, and 77% said they and their family make full use of the plan.

We want to build on those great results. So we're pleased to report that the plan's excellent financial health has allowed us to make several benefit improvements. Starting September 1, 2015, death benefits increased as follows:

- to $150,000 from $125,000 for active members;
- to $12,000 from $10,000 for spouses and dependents; and
- to $30,000 from $25,000 for retirees.

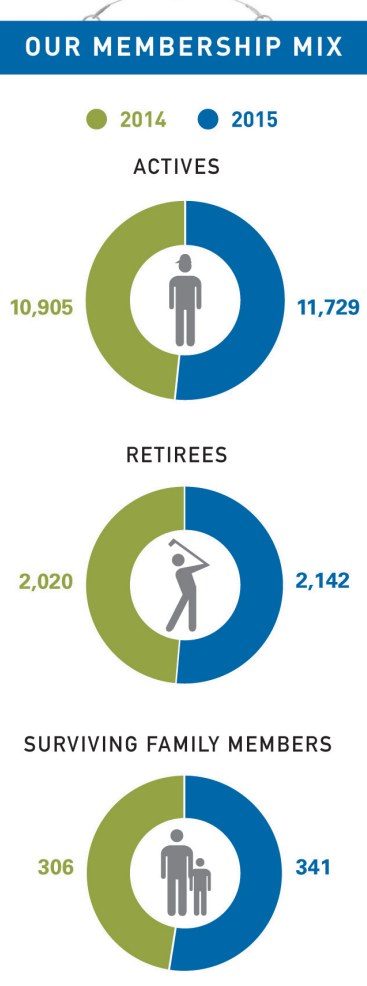
We also made the following improvements, as of January 1, 2016:

- Vision care coverage increased to $600 from $400 every 24 months (every 12 months for family members under age 21);
- Active members will be paid a benefit of $175 per day to cover any wages lost for time off taken for the birth of a child, to a maximum of three days; and
- Retirees are now covered to a maximum of $50,000 for supplementary healthcare expenses, up from $40,000.

It's important to understand that claims for health, dental and accident benefits are all paid directly out of the plan. By doing small but meaningful things – visiting your doctor and dentist regularly to catch health concerns early, and taking prescribed medication exactly as instructed – you can help us ensure the plan continues to be there when you need it most.

Sincerely,
Your Board of Trustees

OUR MEMBERSHIP MIX



WHAT'S INSIDE

- **Financial highlights** – *An update on funding and costs*
- **Most prescribed drugs** – *Top 10 drug claims by cost*
- **Just the FAQs** – *Answers to some frequently asked questions*
- **Your benefits plan team**

FINANCIAL HIGHLIGHTS

An update on funding and costs

Our membership numbers continue to grow at a healthy pace, which means that the contributions we make to the benefits plan have also grown. As a result, the plan's financial position has remained strong.

In 2015, the benefits plan collected an estimated $68.8 million in contributions and investment income, and paid out $58.5 million in benefit claims and plan expenses. By bringing in more money than gets paid out each year, we can consider benefit improvements like the ones we've recently made. We can also maintain a financial cushion to use in periods of lower contributions and/or higher-than-expected claims. We rely on the expertise of Ridgewood Capital Asset Management to carefully invest the plan's money based on investment guidelines established by the Trustees.

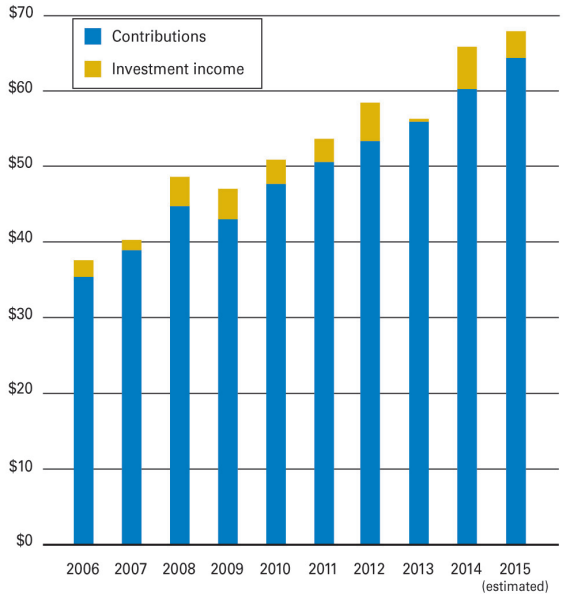
Benefit costs

Our overall plan costs increased by 10.6% in 2015 compared to the previous year. Much of this increase can be attributed to an 8.3% increase in the average number of active and retired members eligible for coverage. The actual cost of benefits provided and number of claims per member have been relatively stable in recent years. However, one area where we've seen increased claims is in paramedical care. This may be due to increased awareness among members of these useful benefits. Our plan covers:

- $1,500/year per member for physiotherapy;
- $800 per year for each of chiropractic services, massage therapy and psychology; and
- $500 combined per year for the services of a registered speech therapist, acupuncturist, osteopath, naturopath, or podiatrist.

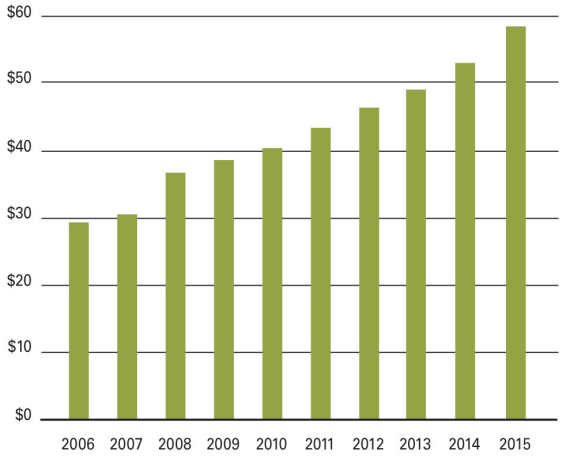
CONTRIBUTIONS AND INVESTMENT INCOME

(in millions)

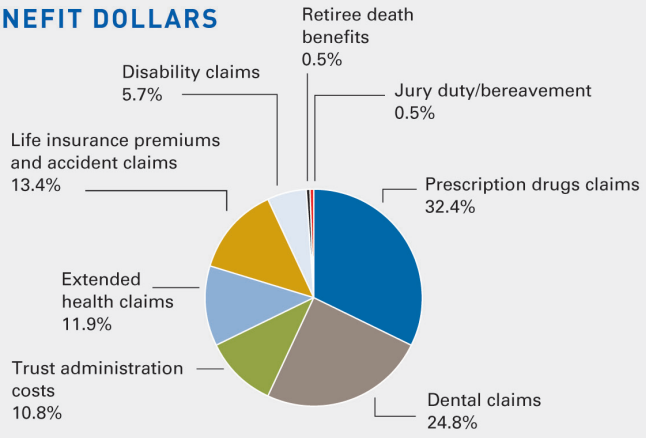


BENEFIT COSTS

Claims and plan expenses
(in millions)



HOW WE SPEND OUR BENEFIT DOLLARS



As of January 1, 2016, our plan pays dental care claims based on the 2015 Ontario Dental Association Fee Guide. Please let your dentist know this. If he or she uses a more recent version of the guide, you'll have to pay the difference.

MOST PRESCRIBED DRUGS

Top 10 drug claims by cost

Prescription drugs are the largest cost driver for our plan – as they are for most group benefit plans. In particular, a growing number of high-cost specialty drugs are being approved for sale in Canada. Some of these specialty drugs (like Harvoni and Solvadi listed below) target specific conditions. These drugs, depending on your circumstance, may be more effective than traditional drug treatments – but at a significantly higher cost. The table below lists the top 10 drugs among active members, in terms of cost to our plan. These drugs accounted for about 20% of the plan's total drug bill in 2015.

Drug	Amount reimbursed	Purpose
Harvoni	$821,851	Used to treat hepatitis C
Sovaldi	$498,147	Used to treat hepatitis C
Remicade	$382,777	Used to treat certain types of arthritis, ulcerative colitis, Crohn's disease and psoriasis
Humira	$382,603	Used to treat certain types of arthritis, Crohn's disease and psoriasis
Methadose	$204,095	Used to relieve pain and treat addiction to certain drugs
Advair	$198,728	Used to treat asthma and chronic obstructive pulmonary disease
Cymbalta	$196,552	Used to treat depression and diabetic peripheral neuropathy
Crestor	$188,352	Used to treat high cholesterol
Enbrel	$163,856	Used in the treatment of certain types of arthritis and psoriasis
Lantus	$155,213	Used to treat high blood sugar in people with diabetes

JUST THE FAQs

Got a question about your benefits coverage? You'll find answers to most general questions in your benefits plan booklet. The benefits staff at the Union Office is also happy to answer any questions you may have. Here are a few of the most popular questions we've been asked recently:

How much does our plan pay for orthotics?

Our plan covers a maximum of $300 per person, per calendar year for orthopaedic shoes, arch supports, moulds or orthotic devices. To qualify, your ***custom-made*** orthotics must be ***prescribed*** by a doctor, chiropodist, or podiatrist as medically necessary treatment for a foot condition. Chiropractors are not foot specialists, and therefore are not able to prescribe or make orthotics. The plan does NOT cover commercially made orthotic products sold over the counter in pharmacies or other retail stores, or orthotics for sports or recreational activities only.

Can I transfer the value of an unused portion of my dental maximum to my dependent?

Our plan allows $2,500 per person, per calendar year towards basic and major restorative dental coverage. Unused portions of this total can't be transferred to another dependent.

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Can the value of my dollar bank be paid out?

Your benefit dollar bank does not have a cash value. The amount in your dollar bank is based on employer contributions for hours you work, and can only be used to pay for coverage for you and your family members who qualify.

Is Viagra or Cialis covered under our plan?

Drugs used to treat erectile dysfunction require pre-approval to be covered. Your doctor must submit a letter explaining why the drug is medically necessary, and the dosage and quantity. Global Benefits will let you know when your coverage has been approved. You will then need to submit paper claims every month, as these claims can't be automatically submitted using your drug card.

Does my Global Benefits card work at the dentist or hospital?

No, your Global Benefits drug card is valid only at the pharmacy for medications prescribed by a doctor. You will need to complete a paper claim for all other health and dental care claims. You can get a claim form on our website (iuoelocal793.org) or through the union office. Complete and sign your portion of the form, and mail it to Global for payment. To avoid delays in processing your claim, be sure that you fully complete your claim form and attach original detailed receipt(s) showing that the product or service has been paid in full and received. If your claim has already been partially paid by any other plan (such as a spouse's plan), attach a copy of your Explanation of Benefit (EOB) with the claim.

Is medical marijuana covered under our plan?

No, this is not a covered expense under our plan.

I had extensive dental work done and some of it was not paid under our plan. Why not?

Anytime you or a member of your family require dental treatment that will cost more than $400, you should have your dentist submit an outline of the planned treatment and expected costs to the plan *before* you start treatment. You will be advised by mail what is covered under the plan – and what isn't covered, so there are no surprises when you submit your claim.

YOUR BENEFITS PLAN TEAM

TRUSTEES

Union

Brian Alexander
Michael Gallagher
Ron Hillis
Joe Redshaw
Robert Turpin
Dave Turple

Management

Thomas Dool
Robert Dulepka
Ray Goodfellow *(2013-2016)*
Ron Martin
Jim Vlahos

ADMINISTRATOR/CONSULTANT

Global Benefits

INVESTMENT MANAGER

Ridgewood Capital Asset Management

AUDITOR

BDO Canada LLP

INSURANCE COMPANY (for life insurance)

Manulife Financial

KEEP IN TOUCH!

Got a question about your benefits plan? Contact the Pension and Benefits department at your union office.

International Union of Operating Engineers Local 793
Pension & Benefits Department
2245 Speers Road
Oakville, Ontario L6L 6X8

Phone: 905-469-9299
Toll-free: 1-877-793-4863
Fax: 905-469-3007
Web: **www.iuoelocal793.org**

A FINAL WORD

This report provides summary information about the IUOE Local 793 Life and Health Benefits Plan. The plan is administered by the IUOE Local 793 Board of Trustees, c/o Global Benefits, 88 St. Regis Crescent South, Toronto, ON M3J 1Y8. Every effort has been made to provide accurate information, but if there is any discrepancy between the information contained here and the official plan reports and other documents, the official documents will apply.