



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

A STRONGER BENEFITS PLAN FOR THE FUTURE

The story of Local 793 is one of hope, hard work, pride and perseverance. While building on the foundations of the past, Local 793 is preparing for the challenges of the future. We take the same approach to your benefits coverage.

The Trustees work hard to make sure our plan remains financially healthy, so that your benefits are available whenever you need them. We also understand the importance of keeping pace with our members' changing needs and the constantly evolving healthcare landscape. That's why we've made several improvements to the Active and Retiree Benefits Plans in recent years, including the following:

- **(New) Health Care Spending Account:** Effective April 1, 2017, \$400 is available per family per year for benefits covered under the core plan. See page 3 for more information.
- **Hearing Aids:** Changed from \$1,000 every 5 years to every 3 years as of June 1, 2016.
- **Parental Leave:** Now includes leaves for adopted children.
- **Vision Care:** Increased from \$400 to \$600 every 24 months (every 12 months for children under age 21).
- **Short Term Disability:** Waiting period shortened from 2 weeks to 1 week as of January 1, 2017. The one-week period for a short term disability claim is only paid in the event of hospitalization or surgery.
- **Dental Coverage:** Plan maximum increased from \$2,500 to \$3,000 per person per calendar year as of January 1, 2016 – paid based on the 2017 Ontario Dental Association (ODA) fee guide.
- **(Active members only) Life Insurance:** Increased from \$125,000 to \$150,000, provided the member is in good standing at the time of death and is covered under the Active Benefits Plan.

- **(Retirees only) Massage Therapy and Chiropractic Services:** Separated effective July 1, 2016 – massage therapy is \$800 per person per calendar year, and chiropractic is also \$800 per person per calendar year.
- **(Retirees only) Combined Paramedical:** Increased from \$200 to \$500 per person per calendar year, effective July 1, 2016, for the combined services of an acupuncturist, osteopath, naturopath or podiatrist.
- **(Retirees only) Medical Expense Lifetime Maximum:** Increased from \$40,000 to \$50,000.
- **(Retirees only) Life Insurance:** Increased from \$25,000 to \$30,000, provided the member is in good standing at the time of death and is covered under the Retiree Benefits Plan.

Every year, we analyze your plan and look for ways to make improvements while keeping costs manageable. We will continue to do so to make sure the plan remains sustainable for many years to come.

Sincerely,
Your Board of Trustees

WHAT'S INSIDE

- **Financial highlights** *An update on funding and costs*
- **Most prescribed drugs** *Top 10 drug claims by cost*
- **What is the HCSA and how does it work?**
- **Just the FAQs**
- **Your benefits plan team**

FINANCIAL HIGHLIGHTS

An update on plan funding

As of 2017, our plan was in a great financial position. And it's all thanks to our members.

Growing membership numbers creates a snowball effect – as more members join the plan, contributions increase. This all adds up to a strong, sustainable plan that you can rely on to cover your benefit needs for the long term.

Contributions and investment income remained relatively stable year over year, at approximately \$64.4 million in 2017. Benefit claims and other plan expenses in 2017 totalled about \$66.6 million. Strong membership growth and consistent work levels allow us to continue offering meaningful benefits to our members.

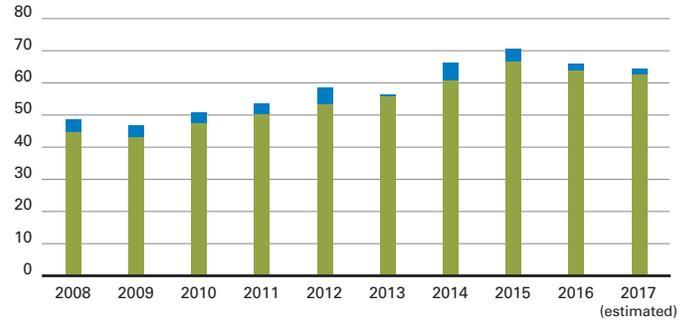
What's impacting plan costs?

Our plan costs rose by 7.8% between 2016 and 2017, despite membership growth of only 0.7% within the same period. Plan costs are influenced not only by membership numbers, but also by increases in healthcare and prescription drug costs year over year. While drug claims have remained stable over the past five years (with an average annual increase of 0.7%), increased use of high-cost drugs is increasing our plan costs.

As you know, your benefits are provided through a trust – a pool of money your employers contribute to on your behalf. There are many simple things you can do to help ensure your benefits will be available when you need them – from preventing serious (and costly!) health problems through regular visits to your doctor and dentist, to coordinating your coverage by submitting claims to both our plan and your spouse's.

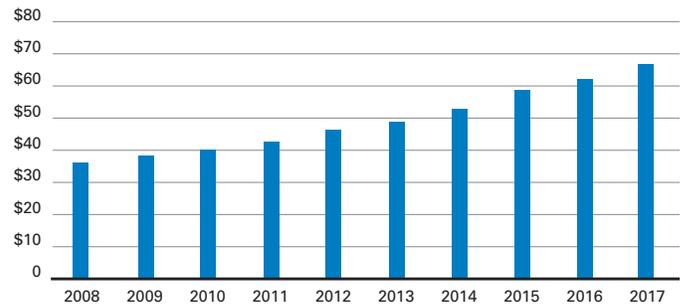
CONTRIBUTIONS AND INVESTMENT INCOME

(in millions)

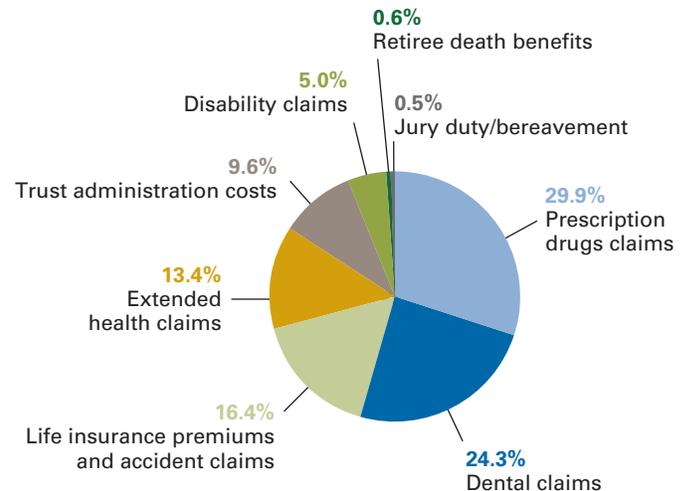


BENEFIT COSTS

(in millions)



HOW WE SPEND OUR BENEFIT DOLLARS



Claims continue to climb for many healthcare benefits, with an average annual increase of 7.9%. Paramedical, vision care and medical supplies are among the benefits with the highest annual increases. Also, chiropractor services now represent 30% of total paramedical claims – up from 16% five years ago.

We encourage you to use your plan for the benefits you need, but also to use it responsibly. Only by working together can we make sure our plan remains sustainable for the long term.



MOST PRESCRIBED DRUGS

Top 10 drug claims by cost

Many members consider drug coverage their most important benefit, and it's easy to see why. With more specialty drugs available on the market – and more members using these drugs to treat chronic conditions – our benefits plan is experiencing higher costs.

Specialty drugs are designed to target specific conditions, such as Hepatitis C and type 2 rheumatoid arthritis. This targeted treatment may be more effective, depending on your individual situation, than a traditional drug. However, specialty drugs are significantly more expensive. The following table lists the top 10 drugs used by our members in 2017, representing 13.3% of all drug costs paid by the plan that year.

Drug	Amount reimbursed	Condition treated
Epclusa	\$422,399	Hepatitis C
Crestor	\$342,836	High cholesterol
Humira	\$300,343	Certain types of arthritis, Crohn's disease and psoriasis
Remicade	\$269,179	Certain types of arthritis, ulcerative colitis, Crohn's disease and psoriasis
Methadose	\$261,286	Pain relief and addiction to certain drugs
Coversyl	\$229,422	High blood pressure
Victoza	\$220,111	Type 2 diabetes
Symbicort 200 Turbuhaler	\$189,809	Asthma and chronic lung disease
Janumet	\$185,561	Type 2 diabetes
Advair	\$182,925	Asthma

WHAT IS THE HCSA AND HOW DOES IT WORK?

The Health Care Spending Account (HCSA) came into effect on April 1, 2017 for all eligible active and retired members. The benefit is retroactive to January 1, 2017, which means that it covers eligible medical/dental expenses incurred from the start of the year in addition to your plan's maximum coverage amounts.

At the beginning of each calendar year, the plan allocates \$400 into your account. You can then use the money as needed for eligible medical/dental expenses for yourself or your eligible dependents, by completing and submitting an HCSA claim form.

Medical and dental claim forms are posted in the benefits section at www.iuocal793.org. Send completed forms to the plan administrator at the address on the form.

Example: Ron's teenage son requires orthotics. The cost of the orthotics is \$500, but the core benefits plan covers a maximum of \$300 for orthotics. Ron would submit the claim to the plan for reimbursement of the maximum covered amount. Then he could submit an HCSA claim form, with a copy of the Notice of Payment and explanation of benefits, to claim the \$200 not covered under the core benefits plan.

Unused HCSA dollars at the end of the year will be added to the next year's HCSA balance, and the maximum amount you can accumulate is \$800 in a two-year period.

It is important to note you can only keep unused HCSA dollars for one extra year, so if you don't use them, you lose them (because of income tax rules). Plan ahead and maximize how you use your HCSA.

Example: If Ron didn't use any of the \$400 allocated to his HCSA in 2017, those HCSA dollars are carried over to 2018. In 2018, he receives another \$400 and now has \$800 in his account. However, if Ron does not make any HCSA claims in 2019, the \$400 carried over from 2017 will be forfeited.

If you have any questions, please contact the Pension and Benefits department at your union office.

JUST THE FAQs

Have questions about your benefits coverage? Your Pension and Benefits Department is here to help. You can also refer to your benefits plan booklet – which you can find at www.iuoelocal793.org > **Membership Services** > **Social Services** > **Forms & Downloads** – for answers on coverage, claims, etc.

Here are some of the most popular questions we've been asked by our members recently and the answers:

Is medical marijuana covered under the plan?

At this time, it is not an expense covered under this plan.

Are braces covered for adults?

Orthodontic services are limited to plan members and dependents under the age of 21. Refer to page 40 of the Life and Health Benefits Plan booklet for more information.

How much coverage is available for a psychologist?

The services of a registered psychologist fall into two categories:

Assessments – Maximum of three visits, up to a maximum of \$1,500.

Treatment – Maximum of \$800 per person each calendar year.

YOUR BENEFITS PLAN TEAM

Trustees

Union

Brian Alexander
Steve Booze
Joe Dowdall
Michael Gallagher
John Kelly
Joe Redshaw

Management

Mike Cianchetti
Robert Dulepka
Jason Hanna
Denis Shank
Jim Vlahos

Plan administrator/consultant

Global Benefits

Investment manager

Ridgewood Capital
Asset Management

Auditor

BDO Canada LLP

Insurance company (for life insurance)

Manulife Financial

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.



OUR MEMBERSHIP MIX

● 2016 ● 2017

ACTIVES



RETIREES



SURVIVING FAMILY MEMBERS



Keep in touch!

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

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Local 793
Pension & Benefits Department
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