

2018 Annual Benefits Report



A LOOK BACK AND AHEAD TO A PROMISING FUTURE

The Trustees know how important your benefits coverage is to you and your family: it provides valuable protection when you need it the most. We continue to work hard to maintain a financially healthy plan, keep pace with our members' needs and ensure we're up to date on legislative changes and trends that may impact our benefits plan and its members.

We are pleased to tell you that we were able to make a number of improvements to the Active and Retiree Benefits Plans in 2018 and early 2019, including the following:

(Effective May 1, 2018)

- **Enhanced Paramedical Coverage:** The combined paramedical limit for services from speech therapists, acupuncturists, osteopaths, naturopaths and podiatrists was increased from \$500 per year to \$800 per year for active plan members. Occupational therapists were also added to the list of paramedical service providers. For retirees, occupational therapist was added to the existing list of acupuncturist, osteopath, naturopath and podiatrist; however, the maximum of \$500 per calendar year remains the same.
- **Focus on Mental Health:** As valued plan members, we care about you and your families, and believe in supporting your well-being. This care includes both your mental and your physical health. We realize how common mental health issues are, with 1 in 5 Canadians experiencing a mental health problem or addiction issue in any given year, according to the Centre for Addiction and Mental Health. We felt it was very important to enhance the psychology benefit for Active and Retiree Plan members, so that help is there when it's needed. The benefit has been increased from \$800 to \$1,000 per year for active members, and from \$200 to \$500 per year for retirees.
- **Expanded Hospital Coverage:** Hospital coverage for both active members and retirees now includes a private room.

(Effective September 1, 2018)

- **Higher Chiropractor and Massage Therapy Maximum:** The maximum for chiropractic services and massage therapy was increased from \$800 to \$1,000 per person per calendar year for both active members and retirees.

- **More Money for Eye Exams:** The maximum was increased from \$75 to \$125 for active members, and from \$50 to \$125 for retirees.
- **Higher Spouse Life Insurance for Retirees:** The amount was increased from \$2,500 to \$5,000.

(Effective January 1, 2019)

- **Enriched Long Term Disability (LTD) Benefit:** To support the financial well-being of our members, we are increasing the LTD flat monthly benefit from \$1,250 to \$1,500. Members who are currently receiving LTD benefits will be receiving waiver of premium to age 65, as long as medical proof is provided that they are totally disabled. Additionally, they will now have access to the legal benefit.
- **Vision Enhancements:** For active members, the lifetime maximum for laser eye surgery was increased from \$1,000 to \$2,000. For both retirees and active members, the vision maximum increased from \$600 to \$800, and the frequency was updated to 12 months instead of 24.
- **Further Improvements for Your Family's Mental Health with an Added Psychology Benefit:** Further to our commitment and belief in caring for your mental health, social workers and psychotherapists have been added as eligible providers under the psychology benefit maximum.
- **Higher Health Care Spending Account:** The annual amount available was increased from \$400 to \$500 per year.

This report provides you with an update on how the plan fared in 2018. The Trustees are proud to provide you with an excellent benefits plan, and remain committed to providing the benefits you need and want in a way that's sustainable.

Sincerely,

Your Board of Trustees

WHAT'S INSIDE

- Financial highlights
- Update on self-administration
- Key industry developments
- Most prescribed drugs
- Just the FAQs
- Your benefits plan team

2018 Annual Benefits Report

FINANCIAL HIGHLIGHTS

Solid growth supports strong plan funding

Our benefits plan continues to be in good financial shape, thanks to continued growth in membership and associated plan contributions. As of December 31, 2018, our plan had more than **15,500 members**, including active members, retirees and survivors.

The Trustees aim for contributions to be the estimated total plan costs. Claims and benefit plan expenses totalled approximately \$67.2 million last year, with contributions and investment income of \$68.4 million. The excess of \$1.2 million remains in the plan as a financial cushion.

Overall plan costs increased by 0.9% in 2018, compared with the previous year. This should come as little surprise, as an increased membership means more people making claims, which naturally drives up plan costs. The Trust covered 15,533 beneficiaries in 2018, up from 14,821 beneficiaries in 2017.

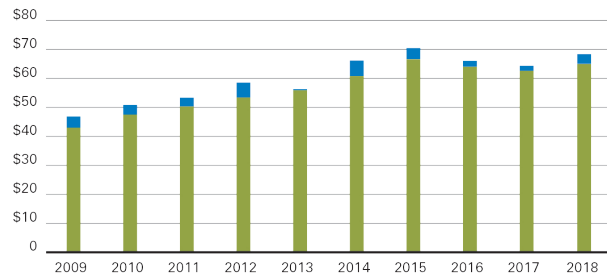
The cost of healthcare services also tends to go up year over year – particularly prescription drug costs, which are a major driver of overall costs for our plan (and many others).

With that said, the strong financial health of the plan allows it to provide protection for members for even the most expensive drugs coming to the market. As you know, your benefits are provided through a Trust – a pool of money your employers contribute on your behalf – so there's no big insurance company picking up the tab! So, while our plan is in strong shape, that's one area we will continue to monitor closely.



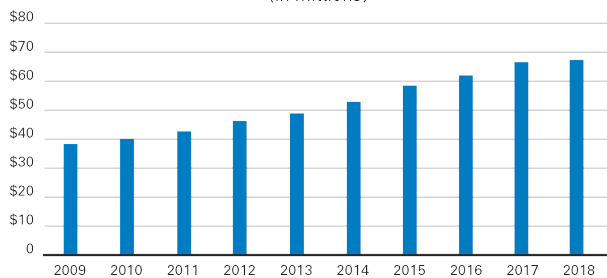
CONTRIBUTIONS AND INVESTMENT INCOME

(in millions)

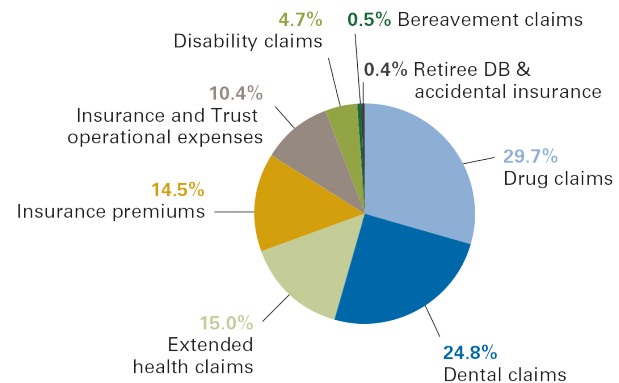


BENEFIT COSTS

(in millions)



HOW WE SPEND OUR BENEFIT DOLLARS



Keeping the plan healthy

As a member, there are many ways you can help keep the plan – and yourself – in good shape. For example:

- Visit your doctor regularly to catch any health issues early before they become bigger problems.
- We are serious when we say we care about the mental health of our members and their eligible dependents. The psychology and social worker benefit has been expanded and improved, as we hope this supports our members in achieving and sustaining a state of good mental health.
- Take prescribed medications as instructed to help you get well faster while limiting drug costs for the plan.
- Ask your pharmacist if your regular prescriptions can be provided in a 90-day supply, rather than monthly – it's more convenient for you, and the plan will save on dispensing fees (the fee charged by the pharmacy to fill your prescription).
- Ask your doctor or pharmacist about taking a generic drug rather than a brand-name drug: they are of the same quality and effectiveness, but they cost a lot less.
- Use the plan for the benefits you need; that's what it's there for. But you'll also want to use it responsibly to help keep it sustainable for all plan members.

2018 Annual Benefits Report

UPDATE ON SELF-ADMINISTRATION

Moving toward implementation

Progress on the move to self-administration for our Pension, Life and Health Benefits, and Pre-Paid Legal Services, is moving along on schedule and according to plan, as we get closer to our target implementation date of January 2020.

We anticipate this change will allow the plan to save on administration costs and provide streamlined service to you moving forward.

We're on the path to establishing an administration company, and the paperwork has been filed to incorporate the new company: the OE Benefits Administration Corporation (or OEBAC). The job of establishing the OEBAC has been handled by The Joint Administration Committee of the Boards of Trustees, which had representation from the Board of Trustees of the I.U.O.E. Local 793 Members Pension Benefit Trust of Ontario, the Board of Trustees of the I.U.O.E. Local 793 Members Life and Health Benefit Trust of Ontario, the Local itself and advisors to the two Trusts.

We'll keep you updated on the timeline and progress as we move forward.

KEY INDUSTRY DEVELOPMENTS

What's happening in the industry and how it may impact our members

An important part of the Trustees' job is to stay in touch with what's going on in the industry, and make sure we're aware and informed on any legislative or regulatory changes that might affect our plan and its members. Here are some recent developments:

OHIP+: The former Liberal government made headlines when it announced that, as of Jan. 1, 2018, it would be implementing an extension of the Ontario Health Insurance Plan (OHIP), known as OHIP+. This extension was to cover the costs of prescription drugs for seniors and youth ages 24 and under. However, with the new Conservative government in place, the program underwent changes.

Further to recent announcements, the government is changing OHIP+ by focusing benefits on those without private plans, and these changes will come into effect on April 1, 2019. This means, for eligible dependent children ages 24 and under who are covered by the benefits plan, their drug claims must be submitted to the Trust.

New leaves of absence: Beginning January 1, 2019, the Ontario government implemented new rules around leaves. The 10 days of personal emergency leave (including two paid days) has been replaced by three days off for personal illness, three days off for family responsibilities and two days off for bereavement each year (all unpaid). While this doesn't impact your coverage, it is a very important development with regards to employment rules.

MOST PRESCRIBED DRUGS

Top 10 drug claims by cost

Many members consider prescription drug coverage their most important benefit, giving them access to medications they need that might otherwise be too expensive.

In particular, advances in medicine have led to the development of more specialty drugs designed to target specific health problems, such as Hepatitis C, Crohn's disease or rheumatoid arthritis. These targeted therapies can be more effective than traditional drugs, depending on your personal situation. However, they're also significantly more expensive than traditional drugs.

The following table lists the top 10 drugs used by our members in 2018, representing 13.5% of all drug costs paid by the plan last year.

Drug	Amount reimbursed	Purpose
Remicade	\$544,683	Certain types of arthritis, Crohn's disease, ulcerative colitis, ankylosing spondylitis, plaque psoriasis
Crestor	\$348,888	High cholesterol
Methadose	\$274,809	Pain relief and addiction to certain drugs
Humira	\$238,664	Certain types of arthritis, Crohn's disease and psoriasis
Epclusa	\$234,571	Hepatitis C
Victoza	\$228,147	Type 2 diabetes
Janumet	\$218,258	Type 2 diabetes
Symbicort 200 Turbuhaler	\$197,374	Asthma and chronic lung disease
Stelara	\$181,537	Crohn's disease, plaque psoriasis, psoriatic arthritis
Advair	\$175,131	Asthma



2018 Annual Benefits Report

JUST THE FAQs

If you have questions about your plan, the benefits staff at the Union Office has answers. You can also consult your benefits plan booklet for detailed information on your coverage and how to make claims. Here are answers to some of our plan members' frequently asked questions:

Q. What dental expenses are covered?

A. The plan reimburses 100% for basic services, such as x-rays, exams and cleaning, as well as 100% for major restorative services, such as the initial installation of fixed bridgework. For orthodontic services, the plan reimburses 75% for members, spouses and dependent children, but all individuals must be under age 21.

Q. How exactly does my Health Care Spending Account work?

A. Your Health Care Spending Account (HCSA), which was recently increased to \$500 per year, is an available fund that you can tap into to help pay for eligible health or dental expenses under Canada's *Income Tax Act*. For example, if your pharmacy charges a higher dispensing fee than the plan covers, then you can have the outstanding amount reimbursed through the HCSA. Or say you want an extra pair of glasses – you can have the cost covered by the HCSA.

Q. I've been called to jury duty; will I still be covered?

A. Yes, if you're covered under the plan while called to jury duty or subpoenaed as a witness, you are eligible for \$165 per full day for the first 10 working days and \$135 per day thereafter.

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

Administrator

Global Benefits

Consultant

Eckler Ltd.

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

● 2017 ● 2018

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.

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

Or visit us online at www.iuoeelocal793.org