

Frequently Asked Questions: Changes to Retiree Health and Dental Benefits

1. How have the health and dental benefits for retirees changed?

Answer: The health and dental benefits have changed in a few ways. First, the costs will now be split 50/50 whereas they were previously split 80/20, with the Government of Nunavut (GN) paying 80% of the cost. Additionally, the health benefits no longer include three levels of health coverage. Going forward, only level three will form part of the benefits plan.

Finally, the eligibility criteria have also changed; now an individual must have at least six years (cumulative) of pensionable service to be eligible for retiree benefits. Previously, only two years (cumulative) of pensionable service was required.

2. Will the cost for retirees increase because of these changes?

Answer: Yes, the cost to retirees will increase because of these changes. Several factors contribute to this increase.

The cost of providing coverage has generally increased over time, and this has had an impact on the benefit rates. The number of retirees and their usage have consistently increased over the years, resulting in increased costs.

Given this, the GN has changed the cost split from the GN covering 80% to a 50/50 cost split. Also, the benefits now only include one level of health coverage (level three), which is more comprehensive and costly than some of the levels (levels one and two) that retirees may have selected in the past.

These changes may also result in some cost savings to retirees as retirees will benefit from no annual deductibles for health and dental care.

3. What are the new benefit rates?

Answer: Information about the previous monthly rates, new rates and the difference between the two, is provided below:

Overview of Changes to Individual Benefit Rates

Individual	Health	Dental	Combined
Previous Level 3 Rate	\$77.91	\$32.50	\$110.41
Updated Rate	\$167.82	\$51.68	\$219.50
Increase from Previous	\$89.91	\$19.18	\$109.09

Overview of Changes to Family Plan Benefit Rates

Family	Health	Dental	Combined
Previous Level 3 Rate	\$97.50	\$65.00	\$162.50
Updated Rate	\$183.42	\$103.35	\$286.77
Increase from Previous	\$85.92	\$38.00	\$124.27

4. The rates have become too high; how can I lower my costs?

Answer: If you have a family with two retirees, both of whom are paying the benefit rates as individuals, it may be more cost effective to pay the family rate. However, doing so will mean that you will lose the ability to coordinate benefits across both retirees (i.e., you may not be able to get 100% coverage for some services across both retiree plans).

5. Why have these changes been made?

Answer: The changes are being implemented as a way for the GN to control some of its costs. Dating back to 2015, the Office of the Auditor General of Canada identified retiree benefits as a future liability for the GN. Since then, the costs associated with delivering retiree benefits have increased each year. In fact, the number of retirees has nearly doubled since 2018 (**324** in 2018 to **628** in 2023/24), driving up costs.

The changes have also been made to align with changes made to the Government of Canada's Public Service Health Care Plan (PSHCP). In recent years, this plan has also moved to 50/50 cost share and now requires six years of pensionable service as part of the eligibility criteria.

6. When will the changes take effect?

Answer: The changes took effect on January 1, 2025.

7. How are the benefit rates determined?

Answer: The benefit rates are reviewed annually and may be affected by several factors, including:

- Actual costs in the previous year.
- The increase in use of benefits and the number of employees accessing the benefits.
- The level of coverage provided. More comprehensive coverage costs more. For example, the GN plan now only includes only level three, which includes enhanced benefits, but at a higher cost.
- The greatest driver of the rate is the approach to cost sharing. The GN used to cover 80% of the costs, but has recently reduced this to 50%.

8. Why does the health coverage now only include level three?

Answer: The GN removed levels one and two because it wanted to provide employees and former employees with the best, most comprehensive coverage possible. Level three is associated with enhanced coverage when compared against levels one and two. For example, with level three, retirees can access hospital room coverage (up to \$220.00 per day) for a private hospital room, whereas levels one and two did not offer that coverage.

9. Why have the rates for individuals increased to a greater extent than the rates for a family?

Answer: While the rates for both individuals and families have increased because of these changes, the individual combined rates have increased by 99% whereas the family combined rates have increased by 76%. The main reason for this discrepancy in the amount of change is due to moving from three levels of health coverage down to the single, more comprehensive level (level three). The rate increases are greatest for individuals previously accessing level one and two health coverage.

10. Is there any opportunity to further revise the benefits rates?

Answer: The benefits package is negotiated with the provider (Canada Life) on an annual basis. The coverage and associated benefit rates are determined during negotiations and cannot be adjusted during the life of the agreement with Canada Life.

The GN always strives to negotiate the most competitive rates for employees and former employees. The negotiated rates reflect the level of coverage provided as well as the costs, based on the number of employees and former employees accessing the benefits and their usage. More comprehensive coverage costs more, just as providing the benefits to a larger number of employees and former employees also drives up cost.

11. Is the Nunavut Employees Union (NEU) aware of these changes?

Answer: The changes do not concern the NEU, as former employees of the GN are no longer members of the collective bargaining unit. As such, the NEU was not involved in the decision to make these changes to retiree benefits.

12. Why doesn't the GN still provide coverage through the Government of Canada's Public Service Health Care Plan (PSHCP)?

Answer: In 2010, the GN decided to move away from the Government of Canada's Public Service Health Care Plan (PSHCP) because it wanted to provide better service to its employees. In the past, when GN employee benefits were provided under the PSHCP, employees experienced challenges related to claims not being processed or in some cases employee coverage being terminated in error.

The GN's current benefits package is provided through Canada Life and was designed to include many of the same benefits as the PSHCP. For example, both plans are based on a 50/50 cost sharing and the requirement for 6 years (cumulative) of pensionable service.

13. If a retiree chooses to opt out of the benefit plans, can they decide to opt in at later time?

Answer: Once retirees opt out of the plan, they cannot opt back in at later date.