

THE EDMONTON PIPE INDUSTRY

HEALTH, WELFARE & PENSION TRUST FUNDS

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IMPORTANT ANNOUNCEMENT

October, 2019

To: All Members of The Edmonton Pipe Industry Health & Welfare Plan

Re: Changes to the Health Plan Effective January 1, 2020

Dear Plan Members,

Over the past several months the Trustees of the Plan, in conjunction with the Plan Administrator, have undertaken an in-depth study of the cost of benefits provided to Plan members. We have also reviewed the “premiums” paid by the different categories of Members (Active, Retired etc.) to ensure fairness and equity in the amounts paid by each category.

The objective of this review was to ensure that the Plan, and the benefits provided by the Plan, are financially sustainable over the long term and that all members and their families receive the best possible coverage at an affordable cost.

It is important to recognize that the employer contribution rate of \$2.04 per hour has been in place since 2014 and during that time the cost of benefits for Active members has increased from \$280.00 per month in 2014 to \$340.00 per month at June 30, 2019. This increase in costs is a combination of enhanced coverage and increased provider costs (prescription drugs and dental being the most significant) as well as increased usage by members and their families.

Investment income is also a significant source of funding for the Plan. Investment returns can fluctuate significantly and the Trustees must balance return and risk when making investment decisions. This investment income, which is earned on funds accumulated over many years, is used to help offset the cost of benefits provided to retired members who have been members of the Plan for at least 15 years and have contributed over 30,000 hours to the Plan.

At the time of this Announcement, there remains no ratified Collective Agreement. The Collective Agreement expired April 30, 2019 and the Trustees of the Plan have been advised by the Union that, while negotiations are ongoing, the Wage & Benefit Schedule has not been concluded. The contribution to the Health & Welfare Plan remains at \$2.04 per hour. This may change in the coming months.



HEALTH & WELFARE PLAN BENEFIT AND FUNDING CHANGES EFFECTIVE JANUARY 1, 2020:

BENEFIT PLAN CHANGES:

Life Insurance: for deaths occurring on or after January 1, 2020

Active Member: Reduced to \$75,000 from \$100,000

Retired Member: Reduced to \$7,500 from \$10,000

Long Term Disability: for disabilities occurring on or after January 1, 2020

Active Member Only: Reduced to \$2,000 per month from \$2,500/month

Those Members currently in receipt of the \$2,500 per month benefit will continue to receive that amount.

Weekly Indemnity: for disabilities occurring on or after January 1, 2020

Active Members Only: the Plan will pay \$550 per week for a maximum of 26 weeks including the 15 week period of Employment Insurance (EI) Disability. As an example, if a Member qualifies for EI Disability for the full 15 weeks, the Member will receive Weekly Indemnity benefits from the Plan for a maximum period of 11 weeks.

In addition, Members must be eligible via an Hour Bank and be a Member in Good Standing of UA Local 488 to receive Weekly Indemnity benefits. Members on a self payment plan will no longer be eligible for Weekly Indemnity benefits effective with disabilities occurring on or after January 1, 2020.

Those Members currently in receipt of Weekly Indemnity will continue with a 41 week maximum benefit period.

Dental Plan Annual Maximum

All Members: the annual maximum is reduced to \$2,500 per person from \$3,000 per person.

Dental Scaling

All Members: this benefit is reduced to 8 units per calendar year from 10.

Dental Oral Hygiene Instruction

All Members: this benefit is eliminated.

Orthodontics

All Members: orthodontic coverage will be capped at a \$3,000 lifetime maximum per person for those under age 25 at the commencement of treatment.

Those currently under orthodontic treatment over age 25 at January 1, 2020 will be eligible for reimbursement up to the \$3,000 lifetime maximum.

Massage Therapy

All Members: annual maximum allowance reduced to \$400 per person from \$500 per person.

Chiropractor

All Members: annual maximum allowance reduced to \$500 per person from \$700 per person.

Registered Social Worker

All Members: this benefit is eliminated as a “stand alone” item and will be combined with the Psychologist benefit to a combined annual maximum of \$1,000 per person.

Safety Glasses

Retired Members: this benefit has been eliminated. “Retired” is defined as a Member in receipt of a pension from a UA Local 488 sponsored pension plan.

Medical Marijuana

All Members: the definition of “*chronic pain*” is amended ***to “chronic neuropathic pain and/or refractory pain in palliative cancer care”***

Erectile Dysfunction Drugs

All Members: this benefit is reduced to an annual maximum of \$400 per person with a monthly maximum of 16 pills being eligible for reimbursement by the Plan.

Fertility Drugs

All Members: this benefit is amended to allow for a lifetime maximum of \$3,000 per person.

Hearing Aids

All Members: this benefit is amended to \$4,000 per person every five (5) years from date of last purchase.

Those Members who may have a balance will be allowed this balance however; all claims paid for purchases on or after January 1, 2020 will be reimbursed using the \$4,000 maximum.

Custom Fitted Ear Plugs

All Members: this benefit is eliminated effective January 1, 2020

Compression Stockings

All Members: Annual benefit reduced to 2 pairs per calendar year from 4 per calendar year.

Emergency Travel Assistance (ETA)

All Members: effective January 1, 2020 the Plan will introduce an ETA benefit with a maximum benefit of \$5 million per occurrence with a 60 day trip limit. This increased coverage should, in nearly all cases, eliminate the need for Members to purchase “top up” insurance however; “top up” insurance remains an option at the Members’ expense through the Insurer.

If you are out of Canada on January 1, 2020 you will be covered although the number of days, as of January 1, 2020, that you were out of Canada will be deducted from the 60 day trip limit. As an example, if you left Canada on December 15, 2019, your trip limit would be 34 days (60 days minus 16 days).

All Members are strongly encouraged to read the terms of the ETA insurance prior to travelling to ensure you meet the conditions for coverage prior to travelling out of the country. The terms and other information can be found on the Plan’s website (www.epibenefitplans.com) or by picking up a brochure at the Administration Office.

PLAN RULE CHANGES:

ADDITION OF DEPENDENTS

Active Members: effective January 1, 2020, any Member wishing to add a common law spouse must have resided with that person for a period of at least 24 consecutive months.

Retired Members: effective January 1, 2020 any Retired Member may only add a spouse if said spouse was acquired by a licensed marriage. Common law spouses are not permitted to be added as a dependent to the Plan. Children of the Member will remain eligible to be added as a dependent to the Plan.

Members on Self Payment: effective January 1, 2020 any Member making self payments is not permitted to add a common law spouse as a dependent to the Plan. Children of the Member will remain eligible to be added as a dependent to the Plan.

DISABILITY CREDITS

Effective with disabilities (which meet certain criteria established by the Plan) occurring on or after January 1, 2020, disability credits will only be granted for a maximum period of 24 consecutive months. After the 24 months, members will be offered the opportunity to make self payments to the Plan to maintain coverage.

Members disabled prior to January 1, 2020, and in receipt of disability credits, will be eligible for disability credits to a maximum date of December 2021 at which time they will be offered the opportunity to make self payments to the Plan to maintain coverage.

PLAN FUNDING CHANGES

Effective with retirements on or after January 1, 2020 a new cost sharing program will be implemented whereby Retired Members' self payment costs will be associated with their credited service in the Plan as well as the number of contributory hours remitted on their behalf by employers contributing to the Plan. In order to establish eligibility for the Retired Members' benefit plan, a retired member must have a minimum of 15 years of credited service and 25,000 hours contributed to the Plan.

Below is the chart outlining the terms of qualification and new retiree monthly self payment amounts:

Hours at Retirement	Percentage of Plan Subsidy	Monthly Self Payment
40,000 +	60%	\$125.00
35,000 to 39,999	40%	\$188.00
30,000 to 34,999	20%	\$250.00
25,000 to 29,999	0%	\$312.00

As an example, a member retires on January 1, 2020 and had 32,000 contributory hours reported, his subsidy by the Plan would be 20% of the monthly rate set by the Trustees. That monthly rate, as at January 1, 2020 is \$312.00 meaning that particular retired member would self pay at \$250.00 per month.

The Trustees will conduct an annual review as to the reasonableness of the monthly rate – increases in the future may be warranted.

For those retired prior to July 1, 2019, and widows, paying the sum of \$66.00 per month, effective January 1, 2020 that amount will be increasing to \$125.00 per month.

While the Trustees regret having to make the above noted changes to the benefits of the Plan and the amount that Members are required to pay to maintain benefits, our obligation is to provide the best possible benefits at a cost that is reasonable and to protect the long-term sustainability of the Plan.

The Trustees will continue to review the Plan coverages and costs on a regular basis and make amendments as the financial condition of the Plan permits.

The Trustees recognize that these Plan changes are significant. Please contact the Administration Office staff with any questions and concerns. If you would like to address any matters directly with the Trustees, please provide them in writing to the Administration Office who will forward them to the Trustees for review and consideration.

Sincerely,

The Board of Trustees
The Edmonton Pipe Industry Health & Welfare Plan