

# CAAT Retiree Benefits Myth Busters!

A joint communication from the Union members of the CAAT Academic and Support Joint Insurance Committees and the OPSEU CAAT Retiree Group Insurance Advisory Committee

In the early 2000's OPSEU was directly involved in helping create the CAAT Retiree benefit plan and through the CAAT Academic and Support collective agreements, OPSEU negotiated the right to appoint retiree representatives to sit on the CAAT Retiree Group Insurance Advisory Group (CRIAG). This group provides a much needed voice to our retired members on current and developing health care coverage issues and benefit plan design of the CAAT Retiree Benefit Plan.

The CAAT Retiree Benefit Plan currently provides group benefit coverage at an affordable cost to over 4,100 retirees from the colleges, with three levels of Extended Health Care benefits to choose from, along with Dental Care and Basic Life. A key to being able to provide these affordable benefits in retirement is having a large, stable pool of people participating in the benefit plan.

It has recently come to our attention that some colleges and OPSEU Locals have been promoting the Retired Teachers of Ontario benefit plan, and potentially other retiree plans. The joint insurance committees as a whole have a concern about inviting other insurance companies in to market their retiree benefit plan(s) to our members and think it is important to educate locals about our retiree benefit plan, and why we are uncomfortable with the promotion of other retiree benefit plans. The reasons are as follows:

1. Like any group benefit plan, the CAAT Retiree Benefit Plan needs a large growing pool of participants in order to keep the plan stable, viable and affordable over the long term. When we invite other groups to market their insurance company, we are helping them to build their plans rather than our own.
2. As previously mentioned, OPSEU retirees have a negotiated right to participate in their CAAT Retiree Benefit Plan through the CRGIAC. Other retiree benefit plans do not provide a "seat at the table".
3. Promoting other plans could be seen as endorsing these plans. This could potentially carry some legal liability should a retiree decide not to join the CAAT Retiree Plan because they attended one of these OPSEU sponsored sessions and later end up regretting their choice because of maximums and/or coverage issues under the other plan. We have heard of several retirees who have asked a second opportunity to join the CAAT Retiree Plan after they went elsewhere for coverage, and discovered they had not picked adequate coverage or quickly reached the annual or lifetime limit under the other plan.

Unfortunately, myths out there are informing the decision making process for retirees which could have a negative impact on them in the future. Through this communication we hope to debunk these myths! We hope you find the following information helpful and informative.

In health & solidarity,

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## **All retirement benefit plans are created equal. Fact or myth?**

Myth. Retirement benefit plans come in all shapes and sizes and of course, costs! When assessing retirement benefit plans, you need to look at the amount and type of coverage you are receiving for the price that is being charged. Comparing prices only is not going to result in good decision making. You need to be aware of the type of coverage (drugs, extended health etc, vision, hearing, hospital); the level of coverage (100% vs. 90%, vs. 80%); any deductibles that need to be met before the plan will pay, **and most importantly, the yearly and/or lifetime maximums that may apply.**

When it comes to making our benefit plan choices at retirement, we don't know what the future holds, so we tend to make our decisions based on today's reality. If we are fortunate enough to be in good health when we retire, we put our priorities in a different order than if we are in poor health. As we age health issues will likely arise and the later part of retirement is typically when a retiree's health care needs, and related costs, skyrocket.

## **If I don't go into the CAAT Retiree Plan when I retire, I won't be able to join it at a later date. Fact or Myth?**

Fact. If a retiring member does not elect coverage under the CAAT Retiree Benefit Plan within 31 days of retirement, they will not be able to join the plan at a later date. While this may seem unfair at first glance, this helps protect the plan against adverse selection, and keep the plan affordable for retirees. You will note that the other retiree plans all have some sort of time frame for joining them.

## **CAAT Retiree Benefits are more expensive than other plans. Fact or Myth?**

Myth. The CAAT Retiree Benefit Plan currently has three levels of Extended Health Care benefits to choose from, along with Dental and Life benefits, all of which are competitively priced for their level of coverage. Members contemplating which benefit plan to join need to look not only at the cost, but also at the level of coverage and any maximums that apply. The CAAT Retiree plans provide excellent coverage at a competitive price.

In addition, when you join the CAAT Retiree Benefits Plan there is:

- No membership fee or requirement to join an association (e.g., Retired Teachers of Ontario which charges \$1.25 per \$1,000 of pension to be able to participate in their insurance plan)
- 3 plan designs to choose from with the ability to move down in coverage
- A voice in your benefit plan with representatives from both CAAT Academic and CAAT Support retirees being present on the CAAT Retirees Insurance Advisory Group

## **If I join the CAAT Retiree Benefit Plan I can't have travel insurance. Fact or Myth?**

Myth. The CAAT Retiree Benefit Plan does not feature travel insurance as its primary goal is to protect the health of plan members. Travel is a decision made by a retiree and travel insurance is readily available through many sources at low costs for individuals. The CAAT Retiree Plan is focusing on keeping benefits affordable for all retirees and ensuring medical needs are met throughout the different stages of retirement, not just in the early stages.

## **I don't need to worry about drug cost because when I turn age 65, the Ontario Drug Benefit (ODB) will cover all of my costs. Fact or Myth?**

Myth. While it is true that Ontario residents become eligible for the Seniors Ontario Drug Benefit program when they reach age 65, **this program does not cover all drugs**. In fact it covers only drugs that are set out in the formulary, and the formulary has changed, and continues to change over time; with drugs being removed from the list from time to time. This means that if your doctor prescribes you something not on the ODB formulary, you have to pay for it out of your own pocket if you do not have drug coverage.

The CAAT Retirees Benefit Plan currently covers drugs at 85% and is a second payer to the ODB. There is currently no annual or lifetime maximum under the plan.

## **Sun Life is making a lot of money off the CAAT Retiree Plan. Fact or myth?**

Myth. The CAAT Retiree Plan is 100% experience rated, and provides for refund accounting. This means that the rates retirees pay for the plan are based on the experience of the benefit plan. If the plan is fully funded and has taken in more premiums than it requires, it can either hold, or reduce benefit rates the following benefit year. This is evidenced by the fact that the CAAT Retiree Plan was able to either lower or maintain the cost of almost all benefit lines in both the 2011/2012 and 2012/2013 benefit years.

Contrary to what you may have been told Sun Life does not receive 14% to administer the benefit plan. Sun Life is provided with a competitive retention fee to administer the benefit plan, process claims, provide drug cards etc. provide electronic claiming and payments and provide benefit information. You should know that whether you belong to the CAAT Retiree Plan, or the RTO Plan, or another group retiree benefit plan, you will be required to pay a 2% Insurance Premium Tax which is built into the premium you pay. In addition, all insured group benefit plans are required to remit the 8% Retail Sales Tax to the Ontario government (this will vary by province – eg., in Quebec the RST is 9%).

## **Conclusion**

We hope that the information above is helpful in explaining why we believe it is important to promote the CAAT Retiree Benefit Plan, and to avoid being seen to promote outside plans. In the end, this benefits us all in retirement.

If you have any questions regarding anything in this communication or benefits matters in general, please feel free to contact a member of any of the Joint Insurance Committees or the Retiree Advisory Committee.

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