



REPORT TO

REGULAR BOARD

ANNUAL RENEWAL OF LONG TERM DISABILITY PLAN

“Listen to advice and accept discipline, and at the end you will be counted among the wise. Many are the plans in a person’s heart, but it is the LORD’s purpose that prevails.”

Proverbs 19:20-21

Created, Draft	First Tabling	Review
October 15, 2019	November 21, 2019	Click here to enter a date
P. De Cock, Comptroller of Business Services & Finance A. Della Mora, Executive Superintendent of Human Resources B. Stavropoulos, Senior Coordinator of Benefits & Compensation		
RECOMMENDATION REPORT		

Vision:

At Toronto Catholic we transform the world through witness, faith, innovation and action.

Mission:

The Toronto Catholic District School Board is an inclusive learning community uniting home, parish and school and rooted in the love of Christ.

We educate students to grow in grace and knowledge to lead lives of faith, hope and charity.



Rory McGuckin
Director of Education

D. Koenig
Associate Director
of Academic Affairs

L. Noronha
Associate Director of Facilities,
Business and Community
Development, and
Chief Financial Officer

A. EXECUTIVE SUMMARY

The TCDSB and employee groups (CUPE and ETFO) co-share the costs associated with the Long Term Disability (LTD) Benefit Plan. The current LTD benefit plan expired on August 31, 2019, and was extended for three months until November 30, 2019. The extension provided additional time for the due consideration of any required changes to the plan and rates and allowed the board time to conduct a fulsome consultation with union partners while addressing labour disruption activities.

This report recommends the Board of Trustees approve the annual renewal of LTD benefit coverage using the existing insurance provider and LTD benefit plan arrangement for the 2019-20 fiscal year.

The cumulative staff time required to prepare this report was 10 hours.

B. PURPOSE

1. This Recommendation Report is on the Order Paper of the Regular Board for approval as the renewal amount exceeds the \$50,000 procurement threshold.
2. The LTD Benefit Plan renewal is required by November 30, 2019, which coincides with the expiration of the three-month extension.

C. BACKGROUND

1. The Board Purchasing Policy FP.01 provides delegation of authority to the Director of Education to approve the award of all contracts and expenditures that do not exceed a threshold of \$50,000 where the Board of Trustees has approved the budget, project or report.
2. The current LTD benefit plan is renewed on an annual basis and operates on a stand-alone refund basis for the Toronto Catholic District School Board (TCDSB).
3. Alternate LTD benefit plans exist in the marketplace, and Human Resources (HR) and Business Services staff invested additional time to consider the pros and cons of alternate plans. CUPE union executives' advocacy to pursue a plan which would result in an immediate premium decrease possessed many

risks and unknown rate factors in the long term. Human Resources and Business Services staff concern with the risk of longer-term premium increase exposure was critical to the consultation process. Expert advice, based on the available information provided by both the Board's and union's consultants, informed staff's final decision. The maintenance and selection of LTD benefit plan carriers remain TCDSB's responsibility as per the existing collective agreements.

4. Alternate non-refund LTD plans operate in the same manner as basic auto and home insurance wherein the premiums are determined by the LTD Benefit providers and paid in full by the client. The existing LTD plan is operated in a co-pay format with the TCDSB paying 75% of the premium and union employees paying the residual 25% of the premium.
5. Charged with the task of developing and implementing a Request for Proposals (RFP) for alternative LTD providers, the Ontario Catholic School Trustees Association (OCSTA) LTD Working Group proposed a new LTD benefit plan for Education Workers in Ontario (EWO). This LTD benefit plan operates on a pooled and non-refund basis. Costs under this plan up to August 31, 2021, can be predicted, but there is uncertainty to the rating/costs after this point. While CUPE holds that the Board should capitalise on immediate premium reductions associated with joining a pooled EWO plan, Board staff agree with consultant advice that warns against significant longer-term premium spikes at the conclusion of the rate guarantee period (September 1, 2021).
6. TCDSB's current LTD benefit plan operates as a stand-alone and refund plan. Any positive or negative experience is reconciled annually and adjusted from future premiums resulting in either cost-savings or premium increases. A focus on effective management of LTD claims and ensuring that all employees utilize the TCDSB Employee Family Assistance Plan will enhance the Board's position on a go-forward basis.

D. EVIDENCE/RESEARCH/ANALYSIS

1. Extensive research by Human Resources and Business Services staff in consultation with subject matter experts at Mercer, facilitated the required pro/con analysis of all plan options.

2. The risks associated with the EWO LTD Benefit plan include the following:
- The EWO LTD Benefit plan premiums are only guaranteed for years 1-2, leaving the remaining three years subject to premium variations based on actual pooled plan usage experience on a non-refund basis;
 - Given the infancy of the plan, little is known about the method for rating beyond the rate guarantee period. It is prudent for both the Board and the union to acknowledge the related risk exposure noted by Mercer as the attractive initial EWO rate will likely be subject to significant increases in two years to bring it back to the Great West Life manual rate for our group.
 - The current TCDSB LTD Benefit plan operates on a refund basis and maintains the LTD Benefit plan in compliance with existing collective agreements during the current climate of school board collective agreement central and local bargaining;
 - Any departure from the existing LTD Benefit plan effectively abandons any existing reserve amounts held by the current LTD Benefit plan provider, i.e., Great West Life Insurance. It is unclear what control the TCDSB will be surrendering under the EWO plan. Respectful of the Board's 75% co-pay, it is advisable to seek additional detail in this regard as the plan is implemented.
3. The benefits associated with renewing the existing Long Term Disability Benefit Plan include the following:
- Maintenance of goodwill with the LTD provider while reviewing LTD case management;
 - Support a long-term premium increase aversion strategy, which is mutually beneficial to the TCDSB and CUPE.
 - Refund format linked to usage.
 - TCDSB maintains control over plan maintenance;
 - TCDSB can observe EWO plan implementation and continue to actively pursue other market options respectful of the limited size of the Canadian Insurance marketplace.

E. METRICS AND ACCOUNTABILITY

1. The LTD Benefit Plan's actual usage experience and premiums are reviewed on an annual basis as part of the contract renewal process.
2. As per the regulations appearing in the TCDSB Purchasing Policy FP.01, an annual procurement award report to the Board of Trustees is required.

F. STAFF RECOMMENDATION

That the Board of Trustees approves the annual renewal of the existing Long Term Disability Benefit Plan on a stand-alone refund basis at the projected cost of \$5,062,700 (75% TCDSB/25% Union co-pay format) for the 2019-20 fiscal year.