



Comprehensive. Affordable. Sustainable.

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REPORT OF THE CHAIR

On behalf of the Board of Trustees, I am pleased to present the first Annual Report for the OSSTF Employee Life and Health Trust (ELHT).

OSSTF/FEESO's motto "Let us not take thought for our separate interests, but let us help one another" guided the journey to obtain a provincial benefits plan designed to meet the needs of members today and as they progress through their careers. While that journey was tedious at times and did not always unfold smoothly, the ultimate goal of ensuring that members had the best possible benefits plan that was comprehensive, affordable and sustainable did not wane.

The Ontario Secondary School Teachers' Federation of Ontario (OSSTF), the Ontario Public School Boards' Association (OPSBA) and the Crown negotiated the terms of the ELHT agreement. The strength and solidarity of OSSTF members during negotiations were crucial to the achievement of the current benefits plan and its funding.

The Board of Trustees assumed responsibility for the operation of the ELHT in October, 2016, just before the first group of members began transitioning to the provincial plan. As you can imagine, establishing the Trust and transitioning approximately

45,000 members participating in dozens of separate plans into one provincial plan was challenging and frustrating for many members and local leaders. The Trustees thank you for the patience, cooperation and understanding you demonstrated during the transition period. Now that the plan has been operating for almost two years, we are pleased to state that the vast majority of members are smoothly accessing benefits for themselves and their families. When issues do arise. the Trustees and the Executive Director work together effectively to resolve them.

The strength and solidarity of OSSTF members during negotiations were crucial to the achievement of the current benefits plan and its funding.

The Trustees understand the profound responsibility they have to operate the Trust and administer the plan in the best interests of members. The Board has established a solid foundation and implemented good governance practices to ensure its effective

operation. The Executive Director and Trustees have expertise in a variety of areas including benefits, finance, governance and investments. The majority of Trustees have also worked in education and are familiar with the priorities and interests of plan members. Further engagement with plan members is a priority for the Trustees and we look forward to more regular and direct communication with you through email, reports such as this and the OSSTE Benefits website.

We are excited and committed to continue building OSSTF Benefits to ensure you and your families have access to meaningful, affordable and sustainable benefits coverage now and in the years to come.

Lori Foote Chair

TRANSITION INTO THE OSSTF ELHT BENEFITS PLAN

Transition into the OSSTF Benefits Plan for eligible active members commenced November 1, 2016 and was completed in 5 waves with enrolment complete for active members effective June 1, 2017. Newly eligible bargaining units have joined the OSSTF Benefits Plan after June 1, 2017. The details of transition dates by bargaining unit into the OSSTF Benefits Plan are included as Appendix A to this report.

Eligibility

The OSSTF ELHT provides Group Insurance Benefit coverage for eligible OSSTF members, which include:

- · Contract teachers and support staff
- Eligible Long term occasional teachers*
- Eligible Retirees

Retirees are eligible to participate in the OSSTF Benefits Plan if they were covered in a board-owned retiree plan at the transition date for active members of their bargaining unit into the OSSTF ELHT and still have coverage in a board-owned retiree plan. The transition of the coverage for eligible retirees into the OSSTF ELHT plan is being worked on with the goal to have the transition completed in the fall of 2018. All involved parties are evaluating current arrangements in board plans and further details will be shared once full details are available.

Benefit Funding

Funding of the plan is based on the negotiated FTE (full time equivalent) funding levels plus member contributions:

- \$5,075 per FTE for 2016/2017 year
- \$5,275 per FTE September 1, 2017
- \$5,489 per FTE September 1, 2018

Going forward, the funding of the plan will be subject to future OSSTF negotiations. As stated in the negotiated agreement, all financials of the plan are tracked separately for OSSTF teachers (i.e. contract teachers and eligible LTO's) and support staff.

Basic Life and AD&D benefits are 100% funded by the OSSTF ELHT and mandatory for all eligible active members regardless of their FTE level. The plan also includes Voluntary Life Insurance and Accidental Death and Dismemberment Benefits for members and their spouses as well as child optional life benefits on a voluntary 100% member paid basis.

Participation in the health and dental benefits is voluntary. The negotiated FTE funding pays 94% of the premium for 1.0 FTE active members with the member responsible for 6% of the premium. There is an additional pro-rating of member contributions for members with a less than 1.0 FTE.

Eligible members on a non-statutory approved leave may elect to continue to participate in the benefits plan on a 100% member-paid basis.

^{*}Where an LTO bargaining unit previously had eligibility for coverage under their collective agreement, eligible LTO members are eligible for participation in the OSSTF ELHT. Note if participation in the benefits for eligible LTO's was on a 100% member paid basis under previous collective agreements, this arrangement continues under the OSSTF ELHT Plan.



Plan Providers

OSSTF ELHT is the plan sponsor of the OSSTF Benefits Plan.

OTIP is the Third-Party Administrator (TPA) of the OSSTF Benefits Plan.

Manulife is the health and dental claims payer for the OSSTF Benefits Plan, as well as the insurer of the Life Insurance Benefits.

Teachers Life is the Accidental Death and Dismemberment (AD&D) claims payer and insurer for the OSSTF Benefits Plan.

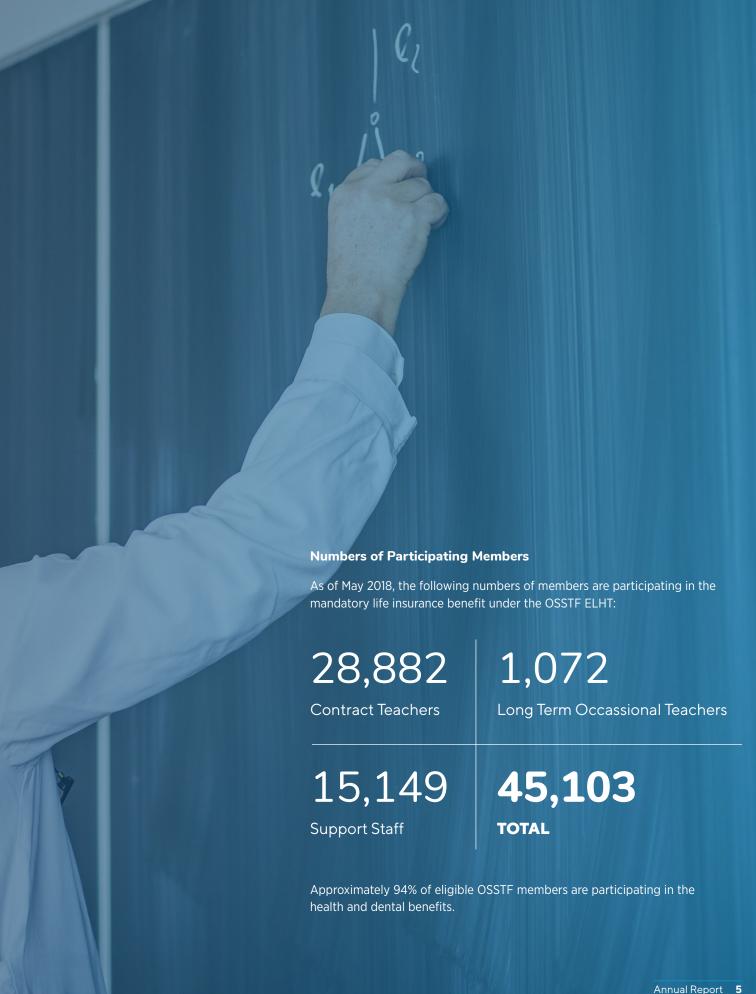
OSSTF ELHT Benefit Levels

A snapshot of the OSSTF Benefits Plan can be viewed online at osstfbenefits.ca.

Transition Challenges

The establishment of the ELHT, the enrolment of plan members and the delivering of benefits has been a challenge. All parties, such as the OSSTF Benefits Trustees and Staff, OTIP, Manulife and the Boards and School Authorities, are working together through the challenges. There has been significant improvement, but we realize there are still issues. The work on resolution continues and there is confidence the improvement is continuing.



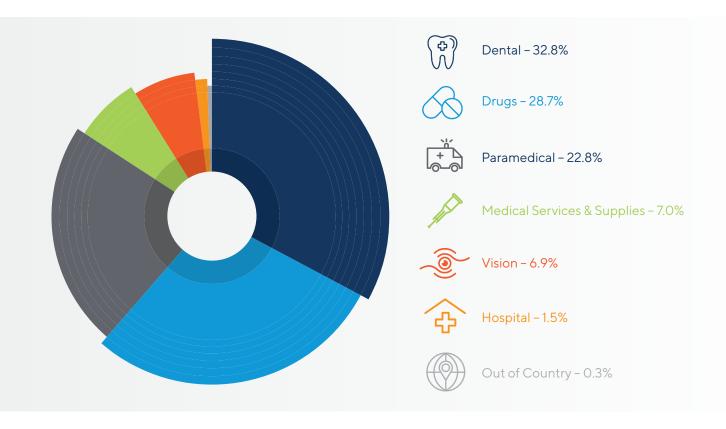


UTILIZATION OF THE PLAN

The OSSTF ELHT runs on a September to August Financial Year. Here is how the plan members have used the plan for the period of September 1, 2017 to May 31, 2018, i.e. the first nine months of the current financial year.

OSSTF Teachers (contract teachers and eligible LTOs)

1,013,581 health and dental claims have been paid for the first 3/4 of the 2017-2018 financial year with paid claims totalling \$92.9 million dollars. The average claims paid per enrolled member (including claims for eligible dependents) totalled \$3,335. The claims breakdown by type of service is as illustrated below:



In addition, for this period of time the Life Insurance Claims incidence has been:

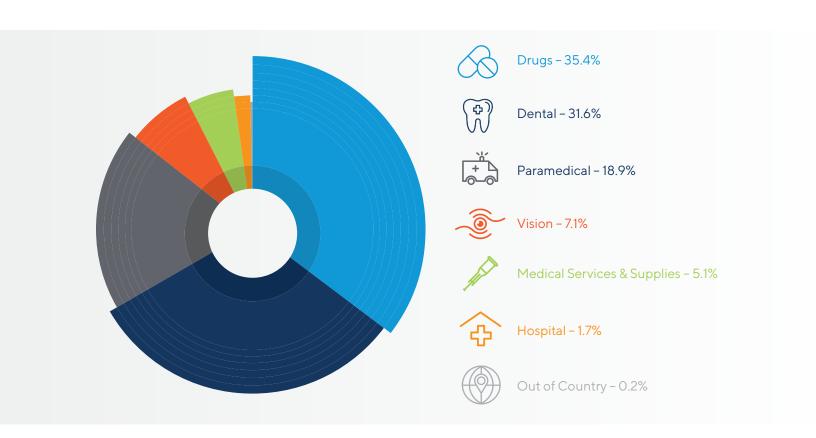
Member Base Life Claims - 18 Member Base Life Waiver of Premium - 126

Member Optional Life Claims - 4 Optional Life Waiver of Premium - 33

Spousal Optional Life Claims - 1 Child Optional Life Claims - 4

OSSTF Support Staff

506,055 health and dental claims have been paid for the first 3/4 of the 2017-2018 financial year with paid claims totalling \$43.2 million dollars. The average claims paid per enrolled member (including claims for eligible dependents) totalled \$3,218. The claims breakdown by type of service is as illustrated below:



In addition, for this period of time the Life Insurance Claims incidence has been:

Member Base Life Claims - 13 Member Base Life Waiver of Premium - 55

Member Optional Life Claims - 2 Optional Life Waiver of Premium - 11

Spousal Optional Life Claims - 5 Child Optional Life Claims - 0

2017 FINANCIAL INFORMATION

Annual Audits of the OSSTF ELHT are performed. Based on the annual Audit of the OSSTF ELHT completed by Grant Thornton, the Financial Information as of December 31, 2017 is as follows:

The Ontario Secondary School Teachers' Federation Employee Life and Health Trust Statement of financial position

December 31			2017	2016
	Education			
	Workers	Teachers	Total	Total
Assets				
Current				
Cash	\$ 7,592,313	\$ 18,967,420	\$26,559,833	\$ 27,227,000
Cash in trust at				
administrative agents (Note 3)	9,304,439	12,340,772	21,645,211	4,549,717
Contributions receivable (Note 4)	2,836,510	2,617,910	5,454,420	2,306,736
Prepaid expenses	15,511	31,669	47,180	-
	19,748,873	33,957,771	53,706,644	34,083,453
Liabilities				
Current				
Payable to insurance administrators	5,631,630	12,669,610	18,301,240	2,459,366
Premium tax and retail sales tax payable	1,585,030	3,130,587	4,715,617	1,282,356
Administrative charges payable	230,935	459,660	690,595	497,493
Accounts payable and accrued liabilities	47,590	99,869	147,459	283,876
	7,495,185	16,359,726	23,854,911	4,523,091
Net assets available for benefits (Note 5)	\$ 12,253,688	\$ 17,598,045	\$ 29,851,733	\$ 29,560,362

The Ontario Secondary School Teachers' Federation Employee Life and Health Trust Statement of changes in net assets available for benefits

		Period from		
			Year ended	October 6 to
			December 31	December 31
			2017	2016
	Education			
	Workers	Teachers	Total	Total
In any and in any to				
Increase in assets	¢ 50 422 070	¢110 470 042	¢1/0.000.010	Ć 10.0F/ /70
Employers' contributions	\$ 58,432,869	\$110,468,043	\$ 168,900,912	\$ 12,056,678
Employees' contributions	4,517,779	9,031,494	13,549,273	1,267,559
Crown contributions (Note 5)	239,648	491,294	730,942	27,227,000
Claims experience refund -				
life insurance (Note 5)	17,071	3,241,917	3,258,988	-
Interest earned	135,309	245,058	380,367	-
	63,342,676	123,477,806	186,820,482	40,551,237
Decrease in assets				
Benefits				
Health and dental claims	48,410,652	102,437,381	150,848,033	7,288,315
Health pool charge	1,273,746	2,697,343	3,971,089	179,662
Life insurance premiums	3,773,277	12,648,534	16,421,811	1,322,102
Accidental death and				, ,
dismemberment premiums	231,807	800,247	1,032,054	-
Administrative charges	4,562,290	6,104,746	10,667,036	680,389
Forgiveness of contributions (Note 4)	704,159	1,261,387	1,965,546	1,224,672
Interest	193,972	408,070	602,042	11,859
Interest and penalties on retail sales	,,,,=	.00,070	002,0 :=	,
tax and premium tax (Note 5)	78,277	195,553	273,830	_
Salaries	82,110	163,434	245,544	123,020
Trustee costs	80,713	160,654	241,367	98,639
Professional fees	53,012	110,660	163,672	52,446
General and administration	32,732	64,355	97,087	9,771
Constraint definitionation	59,476,747	127,052,364	186,529,111	10,990,875
Increase (decrease) in net assets				
available for benefits	3,865,929	(3,574,558)	291,371	29,560,362
Net assets available for benefits,				
beginning of period (Note 5)	8,387,759	21,172,603	29,560,362	
Net assets available for benefits,				
end of year (Note 5)	\$ 12,253,688	\$ 17,598,045	\$ 29,851,733	\$ 29,560,362
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ANNUAL RENEWAL OF THE OSSTF ELHT

The first financial renewal of the OSSTF Benefits plan is September 1, 2018 with the plan renewing each September 1st going forward. It is important to note that rate and/or plan design changes throughout the benefit year can be implemented.

The Trustees of the OSSTF ELHT have been working with OTIP (the Third-Party Administrator), Manulife (the provider of the life insurance, health and dental benefits) and Teachers Life (the provider of the Accidental Death and Dismemberment Benefits) regarding the setting of the benefit rates commencing September 1, 2018.

The following factors were considered by the OSSTF ELHT Trustees in the in-depth renewal analysis that has taken place:

- The plan and therefore use of the benefits by members is still in the early stages. The OSSTF Benefits plan was implemented in waves. The first wave of members transitioned into the plan effective November 1, 2017, which is 22 months prior to the first renewal. The last wave of the active members was transitioned into the OSSTF Benefits plan effective June 1, 2018, which is only 15 months prior to the first renewal. This is not a great deal of claims history to rely on when making renewal decisions.
- Although claims history was transferred into the plan for items such as pre-authorized specialty drugs, grand parented optional life and other red circled eligibility enhancements, the only benefit maximums that were transferred into the OSSTE FLHT were for benefits subject to lifetime maximums, most prominently the dental orthodontic (braces) benefit. This meant that all members basically started fresh on utilization of the plan for items that are subject to annual and bi-annual maximums such as eye glasses, massage or orthotics, which we believe has resulted in initially higher than usual claiming patterns.
- There have been enrolment challenges. While all involved parties have done their best to work through, this has also influenced the claiming patterns for affected members. We realize that this has been challenging and can give you assurances that the majority of these challenges have been resolved and that all parties are working hard on the action necessary to resolve the few outstanding problems.

Therefore, although the claims experience of the health and dental benefits has reflected that members' claiming patterns have generally been higher than anticipated, the OSSTF ELHT did not want to make changes to the OSSTF Benefits Plan until we have more credible claims experience for a longer period of time to analyze and identify trends.

After taking these factors into account, the Trustees of the OSSTF ELHT have approved the following renewal action effective September 1, 2018:

 A reduction of 10% to the Basic Life Insurance Rate will be implemented. For active members. the basic life insurance benefit is fully funded through the negotiated FTE funding. This reduction to the base life rate will not have any affect on member contributions towards the premium for active members but will result in a slight reduction to the premium amounts reflected on the T4A's that have to be issued annually for the Life Insurance Premium. As this is funded through the FTE funding. this is a taxable benefit.



- This reduction will allow that the funds saved will be able to be credited towards the funding for the health and dental benefits. Although this will not have a dramatic effect on the experience, as the life premium is much less than the premiums required for the funding of the health and dental benefits, this is where the funding is required.
- This will also result in a slight decrease to the amount of premium required for members on non-statutory leave who are continuing their Basic Life Benefits on a member paid basis.
- The rates for all other benefits. (i.e. the Basic AD&D (Accidental Death and Dismemberment), Optional Life, Optional AD&D. and Health and Dental) will be unchanged through this renewal. There will be no change to the member contributions towards these benefits for both active members on those on leave who are participating in the plan.

The next renewal of the OSSTF Benefits Plan is scheduled for September 1, 2019, although as previously stated, rate and/or plan design changes throughout the benefit year can be implemented.

Members have been advised:

- 1. If claiming patterns continue to increase, it may be necessary to increase the rates and therefore the member contributions towards the health and dental benefits and/ or to implement cost containment strategies into the plan prior to, or at the next renewal.
- 2. The OSSTF FTE funding for the plan remains as negotiated until September 1, 2019 and the outcome of future negotiations is unknown at this time.
- 3. The evolution of the experience is being monitored and worked on by the OSSTF ELHT.

- 4. That this is the OSSTF ELHT negotiated for OSSTF member with a full and comprehensive benefit program to cover the medically required needs of members and their dependents.
- 5. The long-term sustainability of the plan is one of the OSSTF ELHT's major priorities and communication with members about the plan and the potential future challenges it may face is a priority.

APPENDIX A - TRANSITION DATES INTO THE OSSTF BENEFITS PLAN

Wave One - D3, 6A (CDSB) 11, 14, 19, 20, 24, 25, 28 and 17 - November 1st, 2016

Wave Two - D1, 5A, 7, 21 (CDSB), 22 and 23 (CDSB) - February 1, 2017

Wave Three - French Units - D31, 32 and 33 - February 1, 2017

Wave Four - D2, 8, 9, 12, 13 15, 17 (CDSB), 18, 32, 23 and 27 - April 1, 2017

Wave 5 - D1 (Moose Factory/Moosonee), 4, 5B, 6A, 6B, 10, 16, 23, 26, 29 and 30 - June 1, 2017

Since transition the following newly eligible OSSTF Bargaining Units have also joined the OSSTF ELHT:

D27 Limestone Community Education Instructors - November 1, 2017

D17 Simcoe Instructors - November 1, 2017

D24 Waterloo RC Adult Education Instructors and Childcare Workers -November 1, 2017

D25 Ottawa Professional Educators and Childcare Staff - February 1, 2018

D16 York CDSB PSSP Members - February 1, 2018

D25 Ottawa Student Transportation Authority - April 1, 2018

D32 Service de transport Francobus - May 1, 2018

D3 Sudbury Student Services Consortium - May 1, 2018

D24 Student Transportation Services of Waterloo Region - May 1, 2018

D18 Wellington Dufferin Student Transportation Services - June 1, 2018







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