ANNEX 1 TO APPENDIX C

STATEMENT OF WORK

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ANNEX 1 TO APPENDIX C

STATEMENT OF WORK

The Proponent will deliver the Group Insurance Benefits Program Services described in this Statement of Work.

1.1 PLAN INFORMATION

CMHC's Group Insurance Benefits plans cover regular employees, contact employees, employees with salary band I, executives, the President, and retirees. Eligibility is outlined below:

(a) Regular employees who work at least 25 hours every two weeks: first day of employment;
(b) Contract employees who work at least 25 hours every two weeks: after twelve months of continuous service;
(c) Retirees who opt for an immediate pension or a medical pension: at retirement.

The benefits included in the RFP are as follows:

(a) Basic Life Insurance (employee, retiree);
(b) Optional Life Insurance (employee, retiree, spouse, and child);
(c) Supplemental Life Insurance (employee);
(d) Survivor Income Benefit (SIB) (retiree closed group);
(e) Long Term Disability (LTD) Insurance (employee) – Core, Option 2, Option 3;
(f) Health, including emergency travel assistance and Best Doctors (diagnostic and treatment support services) (employee, retiree);
(g) Dental (employee, retiree closed group);
(h) Health Care Spending Account (HCSA) with a Health Solutions Plus card (employees);
(i) HCSA with no Health Solutions Plus card (post-January 2018 retirees).

All the benefits included in this RFP have been underwritten by Canada Life since July 2014 and the plans renew each July 1. It is CMHC's intention to retain one insurer to underwrite and administer all the benefits noted above.

CMHC also provides the following benefits, all of which are excluded from this RFP:

(a) Optional Critical Illness (CI) Insurance (employee, spouse, and child) – currently insured by Canada Life;
(b) Optional accidental death & dismemberment (employee, retiree, spouse) – currently insured by Canada Life;
(c) Business travel accident – currently insured with Chubb;
(d) Virtual Health Care (Telemedicine).

The optional critical illness and accident benefits will be marketed later under a separate RFP and are therefore excluded from this marketing exercise. The Telemedicine benefit is being contracted separately and is also excluded.

Finally, CMHC has outsourced the administration of the group insurance benefits since 2014. They also outsource the absence management services. These services are being marketed concurrently under a separate RFP, and as such are excluded from this RFP.

CMHC also makes available to its employees a diverse package of ancillary benefits such as, but not limited to:

(a) A Results-Only Work Environment (ROWE™) implemented in 2019, which allows employees to choose how to organize their work and their time to ensure they can meet all the demands in their lives – both professional and personal;
(b) Employee assistance program providing voluntary confidential counselling services for all CMHC employees, retirees, and dependents;
(c) Pharmacogenetic testing – employees request this service and pay the provider directly for the full cost;
(d) Access to a digital, integrated platform that consolidates wellbeing resources and benefits to support physical, mental, and emotional, financial, and social wellbeing.

Details on the current plan design are provided in the following documents included in Appendix J:

(a) Canada Life group insurance contracts;
(b) Booklet for regular and contract employees;
(c) Booklet for retirees who retired before January 1, 2018 (pre-2018 retirees);
(d) Booklet for retirees who retired on or after January 1, 2018 (post-January 2018 retirees);
(e) Benefits-at-a-glance for regular employees.

1.2 Plan design changes effective July 1, 2022

Note that the following changes to the health plan will take effect on July 1, 2022, and as such are **not** yet reflected in the documents noted above:

(a) Fertility drug coverage will be expanded to include coverage for fertility treatment (i.e., within the current $20,000 lifetime maximum)*;
(b) Gender affirmation coverage to a lifetime maximum of $10,000 will be included*;
(c) Introduce gender neutral rates for Optional Life;
(d) Move pre-2018 retirees to digital drug cards (i.e., remove plastic cards).

*These changes will apply to all employees and post-January 2018 retirees. They are not applicable to pre-2018 retirees.

It is important that the proponent’s proposal be based on the current plan design, i.e., a full duplication of current benefits is required. CMHC reserves the right to reject proposals which are not substantially compliant with this RFP.

1.3 Eligible Employees and Effective Date of Coverage

In the event of a change in carrier, coverage for all employees and retirees will take effect immediately on the date of transfer except for employees with an approved waiver of premium. For these employees, coverage continues under the current carrier and will commence with the new carrier on the date of the employee’s return to work or the waiver of premium is discontinued.

1.4 Participation

(1) **Employees**

(a) The following are mandatory benefits:

- Basic Life
- Core LTD
- Health, Quebec residents only

(b) Employees may opt out of Health and receive opt out credits in lieu of plan coverage without proof of coverage under another plan (i.e., a spouse's plan). Residents of Quebec must provide proof of coverage elsewhere, due to provincial requirements for minimum drug coverage;
(c) Employees may opt out of Dental and receive opt out credits in lieu of plan coverage, without proof of coverage elsewhere;
(d) Employees may choose an additional level of coverage for LTD, Health and Dental;
(e) Employees may choose optional employee, spousal and/or child life insurance at any time with evidence of insurability for employee and spouse only;
(f) Eligible employees (president, executives, employees with salary band I) may choose supplemental employee life insurance, with evidence of insurability.

(2) **Annual Selection Review**

CMHC provides regular and contract employees a chance to review their group insurance benefits on an annual basis (every June) based on updated renewal rates. CMHC's Group Insurance program also provides employees with group insurance flex credits to help offset the cost of their benefits. Once employees have completed their annual enrolment, any leftover flex credits can be allocated to either their Health Care Spending Account, Group RRSP or towards a Taxable Cash option (limited to $1,000). The Taxable Cash option is administered through a Wellness Wallet, a feature of CMHC's digital platform.

(3) **Lock-in Period**

Once an employee enrolls for health or dental coverage, if they have chosen the highest option there is a two-year lock-in period before they can decrease their level of coverage. If they choose to enroll in a lower plan, at the next enrolment they will only be able to decrease their coverage one level at a time, however they may increase coverage during the enrolment without restriction.

When an employee experiences a major life event, they may change their coverage status (i.e., single, couple or family), and level of coverage (i.e., option level), provided they request these changes within 31 days of the major life event.

(4) **Retirees**

(a) Participation in Basic Life is mandatory;
(b) Pre-2018 retirees may choose Health and Dental, however the coverage must be based on their family status (i.e., they cannot select single coverage if they have a spouse);
(c) Post-January 2018 retirees may choose Health; however, the coverage must be based on their family status (i.e., they cannot select single coverage if they have a spouse);
(d) Retirees may choose optional retiree, spousal and/or child life insurance;
(e) For eligible post-January 2018 retirees, CMHC contributes $50 per year of continuous service to an HCSA, annually.

(5) **Survivors**

Coverage for survivors of employees and retirees continues on the death of an employee or retiree. The period of time varies depending on if the death was for an employee or pre-2018 or post-January 2018 retiree, and whether the survivor is in receipt of a survivor benefit from the CMHC Pension Plan. Refer to the booklets for details.

1.5 Beneficiary Designations

All current beneficiary designations must be accepted by a replacing insurer without re-enrolment.

1.6 Coordination of Benefits

The coordination of benefits (COB) clause is mandatory for all Health and Dental coverage as per CLHIA guidelines. Full COB between employees and their spouses who are CMHC employees is allowed.

1.7 Cost Sharing / Flexible Credits / Payment Options

(1) **Employees**

As part of the Flex Plan, CMHC provides employees with an annual allocation of Group Insurance Flex Credits to help pay the cost of the benefits chosen, as follows:

Regular employees

(a) 2.25% of base salary for Life and LTD related credits when eligible for coverage;
(b) $400 Wellness Flex Credit;
(c) Additional Health and Dental credits based on the coverage chosen (i.e., single, couple, family, opt out).

Contract employees

CMHC pays the cost of Basic Life, Option 2 Health and Dental (or opt out credits, if chosen) and up to $400 Wellness Flex Credits.

The number of credits required for each plan varies and is also based on whether an employee selects coverage for themselves, their spouse, or their family.

Any leftover flex credits can be allocated to either their Health Care Spending Account (minimum $50 annually), Group RRSP or towards a Taxable Cash option (limited to $1,000). The Taxable Cash option is administered through a Wellness Wallet, a feature of CMHC’s digital platform.

The following table outlines an employee’s ability to pay for benefits via Group Insurance Flex Credits (GIFC) or through payroll deductions.

	Paid by GIFC	Paid through Payroll Deductions
Insurance	Ability to Pay Via GIFC	Ability to Pay Via Payroll
LTD – Core	Mandatory	Not available
LTD – Option 2	Optional	Optional
LTD – Option 3	Optional	Optional
Health	Optional	Optional
Dental	Optional	Optional
Employee Basic Life	Optional	Optional
Supplemental Employee Life	Optional	Optional
Optional Employee Life	Not available	Mandatory
Optional Spousal Life	Not available	Mandatory
Optional Child Life	Not available	Mandatory

(2) **Retirees**

The following table outlines the cost sharing arrangements for retirees.

	Retirees before January 1, 2018		**Retirees who retired on or after January 1, 2018**	
Insurance	**Employer Pays**	**Retiree Pays**	**Employer Pays**	**Retiree Pays**
Retiree Basic Life	100%	0%	50%	50%
Optional Retiree Life	0%	100%	0%	100%
Optional Spousal Life	0%	100%	0%	100%
Optional Child Life	0%	100%	0%	100%
Survivor Income Benefit	50%	50%	No coverage	No coverage
Health	50%	50%	0%	100%
Dental	50%	50%	No coverage	No coverage
HCSA	Not available	Not available	100%*	0%

*Each year CMHC contributes $50 per year of continuous service to an HCSA for eligible retirees under the post-January 2018 retiree plan

1.8 Waiver of Premium

There is a waiver of premium provision in place for the following benefits for active employees:

(a) Employee Basic Life Insurance;
(b) Supplemental Employee Life;
(c) Optional Life Insurance (employee, spouse and child);
(d) Long Term Disability.

Note: The Waiver of Premiums approved during employment will be maintained until the member no longer qualifies for LTD benefits or reaches 65 years of age if not in receipt of LTD benefits.

1.9 Transfer of Life Insurance Amounts

All existing amounts of Life insurance coverage in force on the date of transfer will be “grandfathered” by the replacing insurer without any medical evidence of insurability and the suicide exclusion will be grandfathered for all employees who have Optional Life coverage in force.

1.10 Transfer of Health and Dental Coverage

All Health and Dental claims submitted on or after the date of transfer, regardless of the date incurred, will be the liability of the new insurer as of the date of transfer.

1.11 Health Care Spending Account

(a) Fully funded with GIFCs;
(b) Pays 100% of eligible Health and Dental expenses that are incurred, subject to a maximum annual payment equal to the value of the credits in the employee’s Health Care Spending Account;
(c) Claims/expenses that exceed the maximum annual payment can be carried forward and resubmitted in the following plan year;
(d) Credits unused at the end of a plan year are automatically forfeited;

(e) A 90-day grace period for claims will be allowed at the end of each benefit year for claims;
(f) Health Solutions Plus card is available for active employees (but not retirees).

1.12 Census Data

Please refer to APPENDIX I, Census Data for demographic details.

2.1 GENERAL REQUIREMENTS

2.2 Premiums/Billing

Rates are calculated and premiums are deducted by CMHC based on a “per pay” period, 26 times per year. CMHC’s billing is handled by the third-party administrator, with biweekly payments via electronic fund transfer (EFT) to the insurer.

2.3 Reporting

(1) **Life Insurance and LTD**

Reports will be required to reflect the paid premiums and paid claims for each Life Insurance plan. LTD reports for premiums and claims must be prepared separately for each of the three (3) LTD plans (core, taxable top up, and non-taxable top up) to ensure accurate rating of each group.

In addition, the insurer is required to provide Waiver of Premium Listings and Disabled Life Reserves listings, in the same split fashion, i.e., core, taxable top up and non-taxable top up.

(2) **Health and Dental**

Separate claims and premium reports are required for employees and retirees for each plan and each flex option, along with a breakdown of expenses by benefit. Premium rates are split on a single/couple/family basis for all insured, including retirees. All claims/premium information for Health and Dental is required separately for employees and the retirees (pre-2018 and post-January 2018). On an annual basis (along with the renewal package), CMHC requires a data dump of all claims paid for psychology/social worker/psychotherapy by individual from July to June (i.e., benefit period) for active employees.

(3) **Health Care Spending Account**

Reports will be required to reflect the remaining credits per employee per allocation year.

2.4 Claims Payment

Employees submit Health and Dental claims directly to the insurer. Claims are reimbursed directly to the employee by the insurer. Employees have 15 months from the date of the incurred expense to submit a claim.

For LTD, payment is submitted directly to the employee. CMHC however expects to receive regular updates on the development of LTD cases as well as the following information:

(a) Regular updates on the development of LTD cases;
(b) Confirmation of LTD claim decision (i.e., acceptance/refusal);
(c) Copies of all correspondence to LTD claimants, except for correspondence containing personal medical information;
(d) Notification of employee’s return to work date (prior to notifying the employee), including return-to-work plan and related information from the rehabilitation consultant.

3.1 UNDERWRITING AND FUNDING ARRANGEMENTS

The following section outlines the current underwriting and funding arrangements that must be duplicated.

3.2 Underwriting Basis

(1) **Taxable plans**

The Basic Life, Supplemental Employee Life, SIB, LTD core coverage plan, LTD taxable top up options, Health and Dental benefits are underwritten on an insured cross-experience rated, refund accounted basis.

There is pooling protection in place with a $100,000 threshold per individual per policy year for in and out of Canada Health claims (does not apply to retiree groups).

(2) **Non-taxable plans**

Until June 30, 2020, the non-taxable LTD top up options were fully insured on a cross-experience rated, refund accounted basis on a stand-alone basis with the Optional Life (employee, retiree, spouse, child). Effective July 1, 2020, the non-taxable LTD top up options moved to an insured non-refund basis. Similarly, effective July 1, 2021, the Optional Life (employee, retiree, spouse, child) also moved to an insured non-refund basis.

The Emergency Travel Assistance plan is underwritten on an insured non-refund basis.

Additional information regarding the underwriting and funding arrangements has been provided in APPENDIX H – Financial Information (To be released after NDA signed).

3.3 Renewal Date

If a new insurer is selected, the expected date of transfer is 01 July 2023. Going forward renewals will occur on 01 July.

3.4 Renewal Rate Notice and Guarantees

The plans renew on 01 July. Renewal notices, with or without changes, as well as any changes to the retention charges and/or underwriting and funding arrangements, must be provided by 01 September in advance of the renewal date, and guaranteed for a minimum of twelve months after the effective date unless otherwise agreed to by CMHC. Due to internal approval processes in place, CMHC will not provide final approval/confirmation of the renewal until March of the following year.

Financial reports are to be completed and delivered within 90 days of the anniversary date or within 90 days of receipt of the last period’s premium, whichever is later.

3.5 Reserves

(1) Incurred But Not Reported Reserves

Currently, “Incurred But Not Reported Reserves” (IBNR) are in place for Life and LTD benefits. There is a hold harmless agreement in place in lieu of IBNR reserves for Health and Dental benefits. A new insurer will be required to adjudicate and pay all Health and Dental claims unpaid and unreported at 01 July 2023.

(2) Waiver of Premium Reserve and Disabled Life Reserve

There is a termination agreement in place whereby the run-off of these reserves will take place over a period of 5 years following the date of termination. Following the 5-year terminal accounting period, CMHC

will not be responsible for repaying any outstanding deficit. Any replacing insurer will be required to enter into a similar terminal accounting agreement and arrangement with CMHC for future termination of the contracts.

(3) Claims Fluctuation Reserves (CFR)

The target CFR level is equal to 15% of the Refund Billed Life and LTD Premium for the last complete Policy Year, and 11.7% of the Refund Billed Health and Dental Premium for the last complete Policy year. At the last financial report, the CFR was fully funded for all benefits.

(4) Refund Deposit Account (RDA)

Any excess surplus funds available after the CFR is fully funded will be held on deposit by the insurer in an RDA. CMHC will have first call on all funds in this account – the insurer cannot withdraw funds without CMHC's express written consent. No further information will be released with respect to the amounts currently held in the RDA with the incumbent insurer.

3.6 Professional Fees

There are no commissions included in the rates.

3.7 Financial Information

The following information has been provided in APPENDIX H (To be released after NDA signed):

(a) Rate history;
(b) Experience history (premiums and claims);
(c) LTD claims experience by year of incurral;
(d) Detailed Waiver of Premium listing as at March 31, 2022;
(e) Detailed Disabled Life Reserve listing as at March 31, 2022;
(f) Top drug report.

4.1 TRANSITION RULES

It is essential that no employees suffer any loss of benefits due to the transfer of coverage. Therefore, the transition rules detailed in Sections 4.1 to 4.7 must be adhered.

4.2 Actively at Work

In the event that an employee is not actively at work on the effective date by reason of disability, approved leave of absence or lay-off with extension of coverage, then such employee must be deemed to be actively at work and insured for the coverage.

4.3 Legislated Benefit Extension

In the event that an employee is terminated and is not actively at work during the statutory Notice Period, it is expected that all benefits, including disability insurance, will be continued until the end of the notice period.

4.4 Prior Service

The length of time the employee's insurance was in effect with the prior insurer will be taken into account in determining any pre-existing condition with any new insurer for LTD, Optional Life suicide exclusions, etc.

4.5 Pre-existing condition

The length of time the employee's LTD was in effect with the prior insurer will be taken into account in determining the pre-existing condition with any new insurer.

4.6 Waiver of Premium

An employee, whose application for waiver of premium under the Life benefits has been denied, and whose employment is not terminated, will maintain employee status, and deemed not actively at work and insured as long as the appropriate premium is being paid.

4.7 Coverage

In accordance with the current guidelines established by the CLHIA it is expected that the new insurer will guarantee no loss of coverage for employees due to the transfer of coverage from the present insurer.

4.8 Reinstatement of Benefits

Any employee in receipt of LTD benefits on the effective date, and who subsequently returns to work, is to be insured on the date of return to work. LTD coverage is to apply to any new disability and for the prior disability, if the recurrence occurs beyond the period specified in the present plan. It is understood that a new qualifying period would be required and that the appropriate premium would be paid.

4.9 Limits and Maximums

Certain historical data on deductibles, annual and lifetime maximums applicable under the Health and Dental plans may be provided at the time of transfer.