



Please note our new address effective May 1, 2012: 88 St. Regis Crescent South, Toronto, ON M3J 1Y8

BOARD OF TRUSTEES / CONSEIL DE FIDUCIE

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Benefit Update *for Members of CEP Local 247*

April 13, 2012

Dear Members,

The Trustees wish to thank the members who took the time to complete the Benefit Survey that we mailed out last summer. A summary of the survey is included for your review.

The core items (Life Insurance, Prescription Drugs, Dental and Vision Care) rank high. Trustees of all Benefit Trusts cannot lose sight of the importance of these "core" components of any Benefit Plan.

The Board of Trustees works with the Plan Administrator and Actuary to monitor utilization. The Trustees make Plan changes when necessary in order to maintain costs while assuring that the core benefits required by our Plan Members remain strong. This is challenging with annual drug inflation estimated at 12-15%. The cost of maintaining the "current" Dental Fee Guide adds an additional 3-4% annually, to the cost of our dental coverage.

Benefit plan sponsors face numerous challenges in their efforts to maintain reasonable costs for members' benefit plans. When these challenges are coupled with fraud and abuse, Trustees have no choice but to make changes.

In 2011, there were over \$120,000 worth of claims made for paramedical services of which your Plan paid out approximately \$90,000. Six percent of our members were responsible for over 75% of these claims.

When leaving a voicemail or email message, please include your name, social insurance number, policy number (**32S20**), and details of your enquiry so that we can investigate and respond to your enquiry as efficiently as possible.

Lorsque vous laissez un message vocal ou un courriel, veuillez indiquer votre nom, votre numéro d'assurance sociale, le numéro de police (**32S20**), et les détails de votre demande de renseignements pour que nous puissions l'examiner et y répondre le plus efficacement possible.

Changes to your Schedule of Benefits

Following a thorough review of the current situation, your Board of Trustees have implemented the following cost-control measures **effective April 13, 2012**:

| | |
|--|--|
| <i>Paramedical Services</i> | <ul style="list-style-type: none">• Combined maximum reduced to \$1,000 per calendar year• Maximum \$45 per visit• Physician's referral required |
| <i>Surgical Hose – (over 20mm/Hg)(Compression Hose)</i> | 2 pairs per calendar year |

By making this change, Trustees have managed to limit the increase in your monthly premiums to only 5%. Please note: premium rates have not been increased in the past 4 years.

Your Trustees are also pleased to announce they were able to implement improvements to our **Life Insurance, Accidental Death & Dismemberment** and **Vision Care** coverage.

| | |
|--|--|
| <i>Life Insurance</i> | <ul style="list-style-type: none">• Was \$50,000• Increased to \$100,000 |
| <i>Accidental Death & Dismemberment</i> | <ul style="list-style-type: none">• Was \$50,000• Increased to \$100,000 |
| <i>Vision Care</i> | <ul style="list-style-type: none">• Was \$200 every 24 months• Increased to \$300 every 24 months |

Your Board of Trustees

will continue to diligently monitor the utilization and make whatever changes are necessary to protect the Plan and the Members' hard-earned money.

Health care fraud is a multibillion dollar operation. Industry estimates are that approximately 10% of the health care costs are used to pay for fraudulent claims.

IN MANY PARTS OF THE COUNTRY, there have been reports of fraud and plan abuse particularly with respect to benefit coverage. Unscrupulous full service clinics which offer a wide variety of paramedical services (massage, orthotics, acupuncture, chiro, etc.) see an opportunity to bleed the maximum from every paramedical discipline every year.

Unfortunately, as quickly as authorities close some of them down, new establishments spring up. This situation becomes even tougher when such

businesses conspire with individual Plan Members to defraud benefit plans. While we continue to follow up and we have reported these establishments to the Canadian Health Care Anti-fraud Association, we have not ruled out further action.

Fraud is a crime and cases may also be reported to the police. Convictions for fraud can carry penalties ranging from restitution, where the person must pay back the funds plus legal fees and interest, to a criminal record and even jail time.

What is insurance fraud?

Some examples of fraud and abuse are:

1. Billing for procedures and/or services that were not performed
2. Shading or outright falsifying the diagnosis
3. Miscoding, upcoding, multiplecoding to gain greater benefits
4. Provider-involved rebates or kickbacks
5. Inaccurate treatment plans where such preauthorization is needed.

These and other forms of fraud raise the costs of benefits plans and can put the benefits coverage you now enjoy at risk.

How does insurance fraud affect me?

INSURANCE FRAUD is often referred to as a hidden crime but the costs are quite visible. Plan sponsors and members become the victims of insurance fraud through increasing

premiums and the potential for reduced or lost plan benefits. By being involved in the solution, you can help manage benefit costs and protect your benefit plan.



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Member Survey Ranking the Importance of Benefits

| Please rate the importance of the following benefits to you and your family | Not Important | Somewhat Important | Important | Very Important | Extremely Important |
|---|---------------|--------------------|-----------|----------------|---------------------|
| Accidental Death & Dismemberment | 3% | 7% | 17% | 7% | 59% |
| Acupuncture | 14% | 28% | 28% | 14% | 10% |
| Chiropracist | 14% | 17% | 28% | 21% | 14% |
| Chiropractor | 0% | 10% | 28% | 17% | 34% |
| Dental Coverage | 3% | 3% | 0% | 7% | 83% |
| Dentures | 14% | 14% | 31% | 10% | 24% |
| Hearing Aids | 14% | 17% | 31% | 3% | 28% |
| Life Insurance | 3% | 3% | 14% | 7% | 69% |
| Massage Therapy | 0% | 17% | 3% | 17% | 52% |
| Naturopath | 7% | 21% | 14% | 14% | 31% |
| Orthodontics | 3% | 14% | 14% | 17% | 45% |
| Osteopath | 17% | 10% | 21% | 14% | 28% |
| Podiatrist | 10% | 21% | 24% | 10% | 24% |
| Physiotherapy | 0% | 17% | 14% | 24% | 41% |
| Prescription Drug Coverage | 7% | 0% | 7% | 3% | 83% |
| Travel Accident Insurance | 3% | 3% | 7% | 24% | 52% |
| Vision Care | 0% | 3% | 0% | 14% | 76% |

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