

M&C No.	2019-32
Report Date	June 12, 2019
Meeting Date	June 17, 2019
Service Area	Corporate Services

Attachment A

Manulife Financial

Financial Arrangements
effective May 1, 2019

OUTLINE OF THE FINANCIAL ARRANGEMENTS

Between

CITY OF SAINT JOHN

And

THE MANUFACTURERS LIFE INSURANCE COMPANY

Effective: May 1, 2019

Version : 1

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SECTION 1 - GENERAL INFORMATION

Financial Arrangements Document

This document sets out the terms of the Administrative Services Only (ASO) financial arrangement between **City of Saint John** and The Manufacturers Life Insurance Company (Manulife Financial).

The document contains two major sections. Section 1 outlines Manulife Financial's standard provisions; Section 2 outlines administrative charges.

Manulife Financial reserves the right to amend, upon notification, the terms of Section 1 of this arrangement in accordance with changes in company practices.

Any change to the level of the charges outlined in Section 2 will be communicated to **City of Saint John** as part of the renewal communication.

IT IS AGREED AND UNDERSTOOD that the parties herein recognize that they have requested that the present document be drafted in English. Les parties à la présente reconnaissent qu'elles ont demandé à ce que le présent document soit rédigé en anglais

Effective Date of the Financial Arrangement

The effective date of this Financial Arrangement is May 1, 2019.

Since the effective date, the following revisions have been made:

<u>Revision Number</u>	<u>Revision Effective Date</u>	<u>Section Revised</u>	<u>Summary of the Revision</u>

Benefit and Financial Arrangement Outline

The following ASO benefits are provided under Plan Document number 83059:

- Extended Health
- Dental

Financial Arrangement

ASO is not an insured plan; it is a service arrangement between Manulife Financial and the plan sponsor. Under this arrangement:

- the plan sponsor assumes the risk for benefit payments;
- Manulife Financial
 - provides benefit payment adjudication services; and
 - provides plan documentation.

The payment basis is a “Billed in Arrears” arrangement. At the inception of the plan, an initial payment equal to 6 weeks of estimated benefit payments, Administrative Service Charges and applicable pool charges and taxes is required. This amount or “float” is required to cover benefit payments made before the first bill is issued and payment received. The float will be reviewed from time to time and adjustments to the amount held may be required to maintain the float at the required level.

Calculation Of Monthly Statement

A Statement is sent to the plan sponsor each month. The amount owing is equal to:

Previous Balance

Minus

Total Deposits

Plus

New Activity

Plus

Interest Charges

Plus

Required Float

The balance is payable to Manulife Financial upon receipt of the monthly statement.

Financial Accounting Details

The following terms are used:

I. Deposits

<i>Term</i>	<i>Definition</i>
Total deposits	All deposits (including GST, HST, TVQ and any applicable sales taxes) paid in the reporting period, regardless of the date the deposit is due.

II. Benefit Payments

<i>Term</i>	<i>Definition</i>
Paid benefit payments – EHC, Dental	all payments issued during the reporting period

III. Administrative Charges

General Administration Charges

General Administration charges are the costs to cover the operation of the plan.

Benefit Payment Administration Charges

Benefit Payment Administration charges are the costs to cover the management of Benefit Payments.

Profit Charge

A Profit Charge is applicable to all benefits.

Taxes

Premium Tax

Premium tax is payable on all insured elements. In addition, for plan members in Quebec, Ontario* and Newfoundland, premium tax is payable on ASO benefit payments and administrative service charges.

* Except for disability plans where the employer pays part of the cost.

The rate of tax is prescribed by the provincial government.

- For tax calculations, the provincial distribution will be based on benefit payment distribution information.

Federal Goods and Services Tax (GST)

Federal GST is payable in all provinces on ASO contracts that have no insured components. GST is *not* payable when Harmonized Sales Tax (HST) is applicable.

Provincial Sales Taxes

Provincial sales taxes are payable as legislated.

La Taxe de Vente du Quebec (TVQ)

TVQ is Quebec Sales Tax payable on Quebec based ASO plans that have no insured components.

IV. Interest Credits and Charges

The following interest rate basis is used:

Interest Rate Basis	Description
Prime	The average of the 5 largest banks' prime rates in effect at the beginning of the month.

Interest On Cash Flow

Manulife Financial will credit/charge interest over the reporting period. The interest rate used will be prime plus 2% for each day with a negative balance and prime less 1% for each day with a positive balance.

A “Daily Interest” cash flow accounting method is used in order to more accurately calculate the interest on the cash flow incurred over the reporting period. The calculation analyzes cash flow on a daily basis and breaks it down into the following sections:

- Deposits: Interest is calculated based on the date payment is received.
- Benefit Payments: Interest is charged on benefit payments as follows:
 - Based on the assumption that benefit payments are spread evenly over the month, interest on cash flow is calculated from the 15th of each month.
- Commissions and Special Charges (e.g., printing, booklets, special reports, etc.): These items are charged on the 15th of the month in which the expense was incurred.
- Other Administrative Charges:
 - Claims Administration: Claims Administration Charges are charged on the 15th of each month based on Total claim charges for the month.
 - General Administration, Risk Charges, Profit Charges and Premium Tax: The items are charged on the 15th of each month based on premium due for the month.

V. Renewal Administrative Charges

Manulife Financial establishes new Administrative Charges annually. **City of Saint John** will be given 90 days notice of any changes which will become effective on the renewal date.

VI. ASO Benefit Payments Liability

At Inception:

At the inception of an ASO plan, benefit or account, only benefit payments incurred on or after the effective date will be paid.

At Termination:

At the termination of an ASO plan, benefit or account, only benefit payments processed up to the end of business on the date of termination will be billed to the plan sponsor; unprocessed benefit payments will be returned to the plan member.

Any unused float will be returned to the plan sponsor.

SECTION 2

Financial Arrangements for City of Saint John

for the period May 1, 2019 to April 30, 2020.

*****ASO expenses are guaranteed from May 1st, 2019 until April 30th, 2022*****

I. Administrative Charges

General Administration Charges

Charge	EHC	Dental
% of total benefit payments charge	1.5%	1.5%

Benefit Payments Administration Charges

Charge	EHC	Dental
% of total benefit payments charge	3.25%	3.00%

Taxes

Tax levels are charged as set by federal and provincial legislation.

Profit Charge

The Profit Charge is a flat 0.5% of total paid benefit payments.

Booklet and Other Printing Expenses

Actual Costs plus 10%

Report Preparation Expenses

Actual Costs plus 10%

Other Non-standard Expenses

Actual Costs plus 10%

M&C No.	2019-32
Report Date	June 12, 2019
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Service Area	Corporate Services

Attachment B

MHCSi & Blue Cross agreements
effective April 1, 2019

MHCSI Amendment Agreement
Blue Cross ILAP

THIS AMENDMENT AGREEMENT dated the ____ day of ____, 2019.

BETWEEN:

**MHCSI MANAGED HEALTH CARE SERVICES INC.
"MHCSI"**

OF THE ONE PART

- and -

**THE CITY OF SAINT JOHN
"CLIENT"**

OF THE SECOND PART

RECITALS

WHEREAS the parties entered into a Group Benefit Plan Agreement ["Agreement"] dated the 26th day of August 2016.

AND WHEREAS the parties have agreed upon amendments and wish to incorporate them into the Agreement.

AND WHEREAS the parties have entered into this Amendment Agreement to give effect to their intentions.

NOW THEREFORE in consideration of the mutual covenants and agreements herein and the sum of one dollar [\$1.00] and other good and valuable consideration, the receipt of which are hereby acknowledged, the parties agree as follows:

1. That this Amendment Agreement shall be effective April 1, 2019.
2. That section 8.1 shall be deleted and replaced with the following:
 - 8.1 That this Agreement is effective on the date of execution specified above and shall remain in force for an initial term of eight (8) years commencing on the Effective Date, or until terminated as hereinafter provided.
3. That Appendix "A.1" – MHCSI PLAN DOCUMENT shall be deleted and replaced with the attached Appendix "A.1" – MHCSI PLAN DOCUMENT

4. That Appendix "A.2" – CLIENT BENEFIT OUTLINE (CBO) shall be deleted and replaced with the attached Appendix "A.2" – CLIENT BENEFIT OUTLINE (CBO)
5. That section 6.3 shall be added:

6.3 In the event of litigation, arbitration or other challenge due to MHCSI's listing decision or related to a claim decline, prior authorization or drug exclusion, MHCSI shall be responsible for legal fees and reasonable disbursements to defend and shall have the right to approve the legal counsel and any settlement.

Client shall look to its Individual Large Amount Pooling ("ILAP") with Medavie Blue Cross for claim amounts above the ILAP threshold and be responsible for claim awards up to threshold.

6. That all other terms and conditions of the Agreement, except as mentioned herein, shall continue to apply.
7. This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective successors and, as permitted, assigns.

IN WITNESS WHEREOF the parties have executed this Agreement the day and year first above written.

MHCSI MANAGED HEALTH CARE SERVICES INC.

Per: _____ Date: _____

Print Name: _____ Title: _____

Per: _____ Date: _____

Print Name: _____ Title: _____

THE CITY OF SAINT JOHN

Per: _____ Date: _____

Print Name: _____ Title: _____

Per: _____ Date: _____

Print Name: _____ Title: _____

APPENDIX "A.1" MHCSI PLAN DOCUMENT

OPTION ONE: MHCSI ELECTRONIC FUNDS TRANSFER ACCOUNT

Bank: Royal Bank, 5161 George Street, Halifax NS B3J 1M7
Transit #: 003
Branch #: 0003
Account #: 137-230-9

(Note: These transfers cannot be reversed without prior direction from MHCSI.)

PARTICIPATING PHARMACY LOCATIONS

Lawtons Drugs , Sobeys Pharmacy, Sobeys Pharmacy by Mail (SPBM), Foodland Pharmacy, FreshCo Pharmacy, Chalo! FreshCo Pharmacy, Safeway Pharmacy and Thrifty Foods Pharmacy.

SUBSIDIARY AND/OR AFFILIATE COMPANIES

The following subsidiary or affiliate companies of the Client are included as part of the Group named on the Plan Document. (Note: A separate plan document is required for any subsidiary having different criteria.)

<u>SUBSIDIARY/AFFILIATE COMPANY NAME</u>	<u>POLICY#</u>
<u>The City of Saint John</u>	<u>91146</u>
<u>Management</u>	<u>Section 001, 009</u>
<u>Inside Workers</u>	<u>Section 002, 010</u>
<u>Police</u>	<u>Section 003, 011</u>
<u>Fire</u>	<u>Section 004, 012</u>
<u>Outside Workers</u>	<u>Section 005, 013</u>
<u>Pensioners</u>	<u>Section 006, 014</u>
<u>Disabled</u>	<u>Section 007, 015</u>
<u>Pensioners Firefighters</u>	<u>Section 008, 016</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

APPENDIX "A.2" – CLIENT BENEFIT OUTLINE (CB0)

Client Name: City of Saint John

Amendment Effective Date: April 1, 2019

Agreement Effective Date: May 1, 2016

Client Mailing Address: PO Box 1971, Saint John, NB E2L 4L1

Primary contact: Human Resources Attn: Leah Robichaud

Deposit in Trust: \$250,000 – see Appendix B

Eligibility: # lives 1627

Electronic file at start-up Enrollment by email from H/R department

Benefit Cards: mailed direct to Members

Max Plan Age: none

Dependent Children Ages: up to 20th birthday

Dependent Student Ages: 20 to 25th birthday if attending school full-time

Plan Copay Designs: 20% copay, minimum \$5.00 copay per claim

Plan Copay Maximum: \$400, then fixed \$5.00 copay per claim

Plan Formulary Design: Preferred Provider MHCSI Managed Care Plan
- Doctor No Substitution plan design

Billing Cycle: 15th of each month

Stop Loss Insurance: under policy # 91146 with Medavie Blue Cross, \$50,000 individual Drugs – premium rates are reviewed annually.

March 21, 2019

RE: City of Saint John – Individual Large Amount Pooling (ILAP)

Please find below the ILAP renewal for the City of Saint John, effective April 1, 2019.

Under Individual Large Amount Pooling (ILAP), if any one participant's total Drug claims per year exceed the selected pooling threshold, the claims in excess of the threshold will be removed from the experience of the plan.

The renewal pooling charges for City of Saint John are as follows and will be implemented accordingly.

Pooling Threshold	Benefit	Effective Date April 1, 2019
\$50,000	Drugs Only	1.87%

Please note, the charges are guaranteed 12 months from the effective date.



Marie Annick Cail
Corporate Account Manager
Medavie Blue Cross

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Attachment C

AIG

Out of Province Travel Insurance
Policy #9026662A
AIG Privacy Policy & notice

POLICY AMENDMENT RIDER NO. 3

In consideration of the payment of premium calculated in the manner stated in the policy to which this rider is attached, it is hereby agreed that this policy is amended as follows:

It is further hereby understood and agreed that effective **April 1, 2016** the Maximum Lifetime Benefit as shown under the Declarations Section of the Policy, Item 7, is amended to read as follows:

Maximum Lifetime Benefit: \$1,000,000.00 per Eligible Person (limited to \$250,000 for Class III only)

This rider takes effect on **April 1, 2016** 12:01 A.M., Standard Time, at **SAINT JOHN, NEW BRUNSWICK** and it expires concurrently with the policy and is subject to all of the provisions, definitions, limitations and conditions of the policy not inconsistent herewith.

Attached to and made a part of Policy No. **SRG 9026662A** issued to **CITY OF SAINT JOHN** by the AIG Insurance Company of Canada, Canadian Head Office, Toronto, Ontario, but the same shall not be binding on the Company unless countersigned by its duly authorized representative.

Countersigned by



Authorized Representative

Issue date: March 28, 2019 / ab

POLICY AMENDMENT RIDER NO. 4

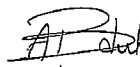
In consideration of the payment of premium calculated in the manner stated in the policy to which this rider is attached, it is hereby agreed that this policy is amended as follows:

It is hereby understood and agreed this policy is renewed for the period commencing **April 1, 2019** and ending **April 1, 2020**.

This rider takes effect on **April 1, 2019** 12:01 A.M., Standard Time, at **SAINT JOHN, NEW BRUNSWICK** and it expires concurrently with the policy and is subject to all of the provisions, definitions, limitations and conditions of the policy not inconsistent herewith.

Attached to and made a part of Policy No. **SRG 9026662A** issued to **CITY OF SAINT JOHN** by the AIG Insurance Company of Canada, Canadian Head Office, Toronto, Ontario, but the same shall not be binding on the Company unless countersigned by its duly authorized representative.

Countersigned by



Authorized Representative

Issue date: April 2, 2019 / ab

POLICY AMENDMENT RIDER NO. 5

In consideration of the payment of premium calculated in the manner stated in the policy to which this rider is attached, it is hereby agreed that the policy is amended as follows:

1) It is hereby agreed that effective April 1st, 2019, the rates are guarantee for 2 years rolling as follows:

ROLLING 2 YEAR RATE GUARANTEE

The Company agrees to extend the rate guarantee for an additional 2 years, provided the incurred Loss Ratio for the in-force policy period is 70% or below, and the incurred Loss Ratio since Policy inception is 70% or below. Such Loss Ratio shall be calculated six (6) months from the close of the most recent Policy period.

Incurred Claims shall mean all claims received by the Company for the Policy Year.

Incurred Losses for the Policy year reported after the accounting for that Policy Year, will be included in the calculation for the following year regardless of date of loss.

IBNR (reserves for claims Incurred But Not Reported) will be calculated at 7.5% of the Earned Premium for the first Policy Year and 2% for the second Policy Year.

Policy Year: Shall mean the period from April 1st to March 31st of each year. The first Policy Year under this agreement will be April 1, 2019 through March 31st, 2020.

Earned Premium: That portion of premium written that applies to the expired portion of the policy term.

Incurred Losses: Shall include all claims paid to the claimant as a result of Incurred Claims, claims pending payment, claims which are being contested, or any change in reserves (increases or decreases) for open claims, and any IBNR (Incurred But Not Reported) claims for the Policy year.

Loss Ratio: Shall mean Incurred Losses divided by Earned Premium.

All calculations shall be based upon the Company's records and performed based upon the usual and customary accounting methods as established from time to time by the Company. All calculations shall be final and binding on the Company and the Policyholder.

This rider takes effect on April 1, 2019 12:01 A.M., Standard Time, at SAINT JOHN, NEW BRUNSWICK and it expires concurrently with the policy and is subject to all of the provisions, definitions, limitations and conditions of the policy not inconsistent herewith.

Attached to and made a part of Policy No. SRG 9026662A issued to CITY OF SAINT JOHN by the AIG Insurance Company of Canada, Canadian Head Office, Toronto, Ontario, but the same shall not be binding on the Company unless countersigned by its duly authorized representative.



Countersigned by _____
Authorized Representative

Issue date: April 2, 2019/AB

POLICY AMENDMENT RIDER NO. 6

In consideration of the payment of premium calculated in the manner stated in the policy to which this rider is attached, it is hereby agreed that this policy is amended as follows:

It is further hereby understood and agreed that effective **April 1, 2019** , **Section 8 - Emergency Out of Province Medical Exclusions & Limitation** in the contract as shown under **point 8(b)** is amended to read as follows:

(b) the abuse of alcohol consumption or medication or drugs or non-compliance with prescribed medical therapy or treatment whether prior to or during the Insured Person's Trip;

This rider takes effect on **April 1, 2016** 12:01 A.M., Standard Time, at **SAINT JOHN, NEW BRUNSWICK** and it expires concurrently with the policy and is subject to all of the provisions, definitions, limitations and conditions of the policy not inconsistent herewith.

Attached to and made a part of Policy No. **SRG 9026662A** issued to **CITY OF SAINT JOHN** by the AIG Insurance Company of Canada, Canadian Head Office, Toronto, Ontario, but the same shall not be binding on the Company unless countersigned by its duly authorized representative.

Countersigned by _____



Authorized Representative

Issue date: April 2, 2019 / ab