

# Unions, federal government reach deal on health-care benefits for retirees

BY JASON FEKETE and KATHRYN MAY, OTTAWA CITIZEN MARCH 26, 2014

OTTAWA — The Conservative government and federal unions have struck a deal on reforming health-care benefits for retired public servants, one that will save taxpayers billions of dollars but also see some improvements for unions and pensioners over the government's initial proposal.

The Harper government announced in the 2014 budget its plans to overhaul the Public Service Health Care Plan for retirees, by doubling the premiums for retired bureaucrats (moving to a 50-50 cost-sharing with government) and limiting their eligibility for the plan by increasing from two to six the number of years of service required to qualify.

Federal public sector unions have been fighting many of the government's proposed changes and, this week, submitted their own counter-proposal, which would phase in the cost-sharing over four

years, exempt low-income seniors from the premium increases and include a handful of other improvements over the Conservatives' initial plan.

On Wednesday, Treasury Board president Tony Clement announced the government has approved a negotiated settlement with the unions on health-care benefits for retirees. The new plan will see retired federal public sector workers pay 50 per cent of the premium costs — sharing it equally with the government — up from the 25 per cent of the costs retired bureaucrats now pay for the health-care plan.

But that 50-50 cost-sharing will be phased in over four years. Also, low-income pensioners will not be subject to the 50-50 cost-sharing measures, and will continue to pay 25 per cent of the benefit costs.

A total of six years or more of pensionable service will now be required for retired bureaucrats to be eligible for the plan, up from the current two years of service. The federal government has also agreed to eliminate the annual deductible for the plan.

Clement indicated Wednesday that the agreed changes will save the government \$6.7 billion, which suggests the concessions to unions are worth hundreds of millions of dollars over several years.

In the February budget, the Conservative government estimated that cost-sharing with retired employees on the health plan and increasing the minimum years of service to six would save \$7.4 billion over six years.

“We thank all parties for negotiating in good faith to reach a fair, fiscally responsible, and sustainable agreement, resulting in benefits for federal employees, retirees, and the taxpayer,” Clement said in his prepared speaking notes.

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## Entente de principe sur le régime de soins de la fonction publique

PAUL GABOURY, *Le Droit*, le 26 mars 2014

Une entente de principe sur les modifications au Régime de soins de santé des retraités fédéraux a été conclue entre les représentants du gouvernement, les syndicats et les associations de retraités. Ces changements incluent entre autres une hausse des cotisations pour les retraités et une augmentation des années de services requises pour y avoir droit.

Dans le budget de février dernier, le gouvernement Harper avait indiqué son intention d'imposer une hausse de cotisations aux retraités fédéraux, afin qu'elles représentent 50 % des coûts de leur régime de soins de santé. Il avait aussi avancé que les employés fédéraux devraient désormais compléter six années de service, au lieu de deux, pour avoir droit à ce régime de soins de santé.

Le président du Conseil du Trésor, Tony Clement, n'a pas tardé à faire part de sa satisfaction à l'annonce de cette entente. « Il s'agit d'une entente équitable et raisonnable, qui profite aux employés, aux retraités et aux contribuables, a déclaré le ministre Clement. Nos efforts visant à moderniser la fonction publique font partie de notre engagement pour une gestion rigoureuse sur le plan financier et une restriction des dépenses. »

L'entente est intervenue alors que le gouvernement menaçait d'imposer son régime en votant une loi, explique l'Alliance de la fonction publique du Canada (AFPC). « Nous ne sommes pas d'accord. Mais le Conseil du Trésor nous a fait comprendre qu'il fallait en arriver à un accord, faute de quoi le gouvernement imposera ces modifications par voie législative. Dans ce contexte, nous avons conclu une entente qui prévoit quelques importantes améliorations », explique le syndicat.

### Modifications prévues

À compter du 1er janvier 2015, les cotisants au régime actifs ou retraités n'auront plus à verser la franchise de 100 \$ par famille ou de 60 \$ par personne.

Dès le 1er octobre 2014, de nouveaux avantages s'ajouteront, comme la correction de la vue au laser, avec plafond à vie de 1000 \$. Le plafond des frais de services psychologiques, de son côté, passera de 1 000 \$ à 2 000 \$.

Tel que l'avait annoncé le gouvernement dans le budget, les retraités actuels et futurs paieront 50 % des primes du Régime de soins de santé de la fonction publique (RSSFP). L'augmentation sera mise en vigueur progressivement, sur une période de quatre ans, à compter du 1er avril 2015.

Les retraités actuels qui reçoivent le Supplément de revenu garanti (avec un revenu inférieur à 16 728 \$ pour une personne seule et 22 080 \$ pour un couple) continueront de payer seulement 25 % des primes. Les mêmes seuils de revenu s'appliqueront aux retraités qui n'ont pas encore 65 ans.

Il faudra par ailleurs avoir six années de service, sauf exception, pour avoir droit aux avantages du régime à la retraite.

En vertu d'une lettre d'entente, les parties s'engagent à poursuivre les négociations sur le RSSFP. Le gouvernement a consenti à ne présenter aucune modification négative avant mars 2019, a précisé l'AFPC.

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**CBCnews** |

## **Public sector, feds reach deal on retiree health benefits**

**Association of retirees say it was like negotiating with a 'gun to our head'**

**By Karina Roman and Hannah Thibedeau, CBC News, March 26, 2014**

Treasury Board president Tony Clement announced today that the government has reached a deal with its public sector unions to double the amount retired federal employees pay in premiums for health benefits.

Clement made the announcement at a news conference Wednesday.

However, public service union leaders and the group representing retirees argue the deal was not negotiated in good faith, considering the government had outlined its plan in the 2014 budget and threatened to make the changes through legislation.

"The reason we agreed to this deal is to mitigate the harm to our members. We did not agree to this deal as a negotiated deal," said Sylvia Ceacero, the executive director of the National Association of Federal Retirees (FSNA) in an interview with CBC News.

Ceacero said the association has considered challenging the deal in court.

"We had a gun to our head ... so that leaves the potential for some sort of legal action if our organization so feels it could be beneficial to our members."

The Conservative government announced in its Feb. 11, 2014, budget that it would transition from the government currently paying 75 per cent of benefit costs under the Public Service Health Care Plan to equal cost sharing.

Clement said both parties bargained in good faith.

"I'm certain that we, in terms of our public communications, we did concentrate the minds just as they did as well. Their position was publicly communicated as well," he said.

"Quite frankly, we both put some water in our wine," but that's something that happens in any negotiation, Clement said.

### **\$6.7B in savings**

The new 50-50 cost-sharing plan is expected to save the government significant cash. The savings are estimated to be \$6.7 billion over six years.

The deal also changes the eligibility from two years of service to six.

In the budget, the government said the change was to move toward comparable plans of other large employers in the public and private sectors.

The new cost-sharing formula is expected to be phased in over four years beginning April 1, 2015. It will exclude low-income pensioners. Current retirees with incomes that make them eligible for the Guaranteed Income Supplement (GIS) will continue to pay 25 per cent of the premiums.

The FSNA's Ceacero said they had asked that the low-income threshold be \$30,000 under which 65 per cent of their members fall. But she said the Treasury Board said no. The GIS threshold is just under \$17,000 for a single person and just over \$22,000 for a couple.

For retiree Susan Barker, it's not the additional cost, but the fact it affects both current and future retirees that bothers her. Barker worked for 30 years in the public service in Ottawa and now lives in Windsor.

"It's renegeing on the deal. It's not an ethical thing to do. I'm angry," Barker said in an interview with CBC News. "We were often told we received a lower salary than the private sector because our benefits were better. Now it's being cut back on us."

The president of the Professional Institute of the Public Service of Canada, which represents some of the retired employees, said she is not telling members it's a good deal.

"It was a success were able even to convince the government to negotiate," said Debi Daviau in an interview with CBC News.

But the union adds the government did make some concessions.

Starting next year, all health-care plan members (active and retired) will no longer have to pay the annual deductible for health claims, currently set at \$100 per family or \$60 for a single member.

**And three new benefits will be added beginning Oct. 1, 2014:**

- Laser eye surgery will be partly covered under the plan, with a lifetime cap of \$1,000.
- Repairs and replacement parts for CPAP (sleep apnea) machines will be covered up to \$300 per year.
- The limit on psychological services will increase to \$2,000 from \$1,000.
- In his news conference Wednesday, Clement also hinted at more savings to be found in the public service, something the national president of the Public Service Alliance of Canada said does not bode well for upcoming bargaining on new collective agreements.

"None of us thought it would be a walk in the park," said Robyn Benson. "We're all very prepared for a difficult set of negotiations."