

## Proposal could cushion PS health plan cuts

Low-income seniors would be exempt from premiums hike



*Treasury Board President Tony Clement responds to a question during question period in the House of Commons Thursday October 24, 2013 in Ottawa. Photograph by: Adrian Wyld, The Canadian Press*

**BY KATHRYN MAY, OTTAWA CITIZEN MARCH 26, 2014 7:30 AM**

Federal unions and pensioners agreed to an 11th-hour proposal of improvements they hope will soften the blow of the \$7.4 billion the government intends to save by doubling retirees' premiums and reducing eligibility for the public service health care plan.

The package of concessions and improvements, agreed to by the partners committee that oversees the health care plan, has been sent to Treasury Board President Tony Clement for his consideration and the approval of Treasury Board members.

Meanwhile, the heads of 17 federal unions quietly met Tuesday and unanimously gave their blessing to the proposal in the hopes of staving off a worse deal being forced upon them in the impending budget implementation bill.

"It's clear we had to negotiate a softer landing for pensioners and the impact the changes would have on them before legislation was imposed on them," said one union official.

The proposal was put together under the auspices of the union-management National Joint Council, after the Conservative government booked \$7.4 billion in savings in the Feb. 11 federal budget by making retirees pay half of the premium costs for the health care plan while limiting the number who can access it.

By all accounts, the proposal would cushion the blow of the new 50-50 cost-sharing with a four-year phase-in strategy that begins in 2015. It would exempt low-income seniors from the hike and include a handful of improvements, such as offering coverage for more psychological services, vision care and repairs for sleep apnea machines.

A big win would be the elimination of the yearly deductibles for all working and retired members of the plan.

The unions and retirees - represented by the National Association of Federal Retirees - are in a tough spot. With the savings already booked, Clement won't bend on his big demands and the big question is whether the proposed improvements are enough to appease members for what they consider major concessions.

The two sides have been at an impasse over Clement's proposed changes for months, but pressure for a deal ratcheted up when he issued an ultimatum last month for unions and pensioners to come up with a plan.

From the start, Clement said he wouldn't budge on his cost-sharing demand, making retired public servants pay 50 per cent of the premium costs rather than the 25 per cent they pay now. He offered to negotiate a transition plan to phase in the increase and to protect low-income retirees who may be unable to afford the increase.

The partners committee - which advises Clement on the plan - came up with the plan to phase in the 50-50 cost-sharing over four years for the plan's basic coverage.

It also suggested exempting low-income pensioners, who receive the guaranteed income supplement (GIS), from the increase and allow them to continue with contributions of 25 per cent. Those who are yet to hit age 65 but meet the single or family income thresholds of the GIS will also get a pass on the premium increases.

Another stickler was Clement's intention to change the eligibility rules for the plan to prevent retirees from joining unless they worked in the public service for six years, rather than the existing two-year threshold.

The committee's proposal calls for a number of exemptions from the new six-year threshold, including those who belong to the plan before April 2015, as well as those who retire or are eligible for a deferred pension before that date.

It also suggests a pass to former employees who were left laid off or declared surplus and opted for a deferred annuity. Similarly, disabled employees who retired, wounded soldiers, judges and governors general would be spared.

The committee also proposed some improvements to the plan, including: ..Expand the reimbursement of sleep apnea machines (Continuous Positive Air Pressure machines) to include repairs, replacement parts and servicing up to a maximum of \$300 a year; ..Improve vision care coverage by reimbursing laser eye surgery to a lifetime maximum of \$1,000; ..Eliminate the annual \$60 deductible for a single plan member and \$100 for a family member by January 2015; ..Increase maximum psychological services to \$2,000 a year effective Oct. 1.

The final decision on the proposal rests with Clement, but it's unlikely he will disagree because three of the seven members of the partners committee are senior bureaucrats, including a senior Treasury Board representative, who presumably would know what they could yield at the talks.

Also at the table are presidents of the two largest unions - Robyn Benson of the Public Service Alliance of Canada and Debi Daviau of the Professional Institute of the Public Service of Canada, as well as Ron Cochrane, co-chair of the National Joint Council.

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