

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

BY JASON FEKETE, POSTMEDIA NEWS MARCH 26, 2014



Treasury Board President Tony Clement

Photograph by: Sean Kilpatrick/The Canadian Press , Postmedia News

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.