

1 **Q. Please provide a comparison of Newfoundland Power’s current group insurance**
2 **benefits with those provided by other Atlantic Canadian electric utilities.**

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4 A. Newfoundland Power has not conducted a comparison of group insurance benefits with
5 those provided by other Atlantic Canadian electric utilities recently.

6
7 Newfoundland Power is included in the comparator group used by Newfoundland and
8 Labrador Hydro (“Hydro”) in the response to Request for Information CA-NLH-217 filed
9 in relation to Hydro’s *2013 General Rate Application*.¹ This request for information
10 provides an Atlantic Canadian electric utilities comparison of; (i) the level of coverage;
11 and (ii) treatment of dispensing fees and co-payment for prescription drugs. A copy of
12 Hydro’s response to Request for Information CA-NLH-217 in its *2013 General Rate*
13 *Application* is provided in Attachment A.

14
15 Annually, Newfoundland Power engages AON Hewitt, a leading benefit consultant, to
16 conduct a benefit review. Attachment B contains AON Hewitt’s opinion regarding how
17 Newfoundland Power’s group insurance plan compares to other organizations that offer
18 group insurance plans to their employees in both the province and the region.

¹ In the response to Request for Information CA-NLH-217, filed in relation to Hydro’s 2013 General Rate Application, Newfoundland Power is Comparator 1.

**Newfoundland and Labrador Hydro 2013 General Rate Application
Request for Information CA-NLH-217**

CA-NLH-217
2013 NLH General Rate Application

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1 Q. Re: PUB-NLH-027, Hydro states at page 293 that Hydro's plan provides 100%
2 reimbursement of eligible drugs with the employee paying the full cost of
3 dispensing fees. Hydro goes on to states that Hydro's plan is consistent "within the
4 range of the comparator group, which provides between 80% and 100% coverage
5 for eligible expenses with some form of employee-paid contribution towards the
6 dispensing fee that ranges from a full payment to a flat amount." Please
7 individualize the benefits provided by the companies in the comparator group as
8 regards (a) level of coverage and (b) dispensing fee treatment.

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10

11 A. PUB-NLH-027 provides comparator information regarding wage rates and does not
12 reference benefits or a page 293; however, Hydro has provided the information
13 requested in the question above in absence of this reference.

14

15 Table 1 provides a comparison of the benefits provided by the comparator group
16 (Atlantic Canada Electric Utilities) and which is referenced in PUB-NLH-039 that
17 relate to the level of coverage and treatment of dispensing fees and co-payment for
18 the prescription drug programs. As dispensing fees vary among pharmacies and can
19 significantly impact the cost of a prescription drug, Hydro's plan provides an
20 effective means of engaging employees in managing costs.

CA-NLH-217
2013 NLH General Rate Application

Table 1

Company	Level of Coverage	Treatment of Dispensing Fee and Co-Pay
Hydro	<ul style="list-style-type: none"> • Pay direct. • 100% reimbursement for eligible drugs. 	<ul style="list-style-type: none"> • Employee pays 100% of dispensing fee (no cap).
Comparator 1	<ul style="list-style-type: none"> • Pay direct. • 80% of eligible expenses. • Generic substitution. 	<ul style="list-style-type: none"> • Employee pays 20% co-payment. • (No co-payment is required for insulin.)
Comparator 2	<ul style="list-style-type: none"> • Flex Benefits Plan. • Coverage is dependent on plan (five different elections available) ranging from \$5,000 out-of-pocket before drugs are covered at 100% to a \$100 deductible (out-of-pocket expense) before drugs are covered at 90%. • Medavie Blue Cross drug formulary. <p><i>NOTE: Generic substitution formulary is being implemented in January/February.</i></p>	<ul style="list-style-type: none"> • Employee pays 100% of the dispensing fee. • Co-pay amount ranges among plan selection.
Comparator 3	<ul style="list-style-type: none"> • 100% reimbursement. • Generic substitution. 	<ul style="list-style-type: none"> • Employee pays 100% of dispensing fee up to \$7.
Comparator 4	<ul style="list-style-type: none"> • Hourly employees: 100% reimbursement. • Salaried employees: coverage is dependent on benefit election within flex plan. 	<ul style="list-style-type: none"> • Hourly employees: co-pay is \$5 deductible each prescription. • Salaried employees: pay 100% of dispensing fee and percentage of co-pay is dependent on the flex plan elected.

Group Insurance Comparison Letter
AON Hewitt



December 8, 2015

BY E-MAIL

Juliet O'Brien
Director, Human Resources & Corporate Affairs
Newfoundland Power
55 Kenmount Road
St. John's, NL
A1B 3P6

RE: GROUP INSURANCE COMPARISON

Dear Juliet,

The purpose of this letter is to provide you with our comments regarding your group insurance plan and how it compares to other organizations that offer group insurance plans to their employees in both the province and the region.

In the course of our business we come into contact with the plan design details of a significant number of plans from both Newfoundland and Labrador and in other Atlantic Canadian provinces. And as we are a national benefits consulting firm, we do maintain similar data across the country.

We have broken our comments down into three key elements, plan structure, benefits offered and rates plus expenses, and each element is addressed below.

Plan Structure – Newfoundland Power (NP) continues to offer a more traditional benefit plan design where the benefits offered and the level of coverage within each benefit is quite prescriptive. As we have discussed in the past, although some larger employers in the region have moved towards flexible benefit plan designs which offer employees more choice, it is still most common for companies of your size to offer traditional plans. We feel that you are in line with the current market.

Benefits Offered – Most basic life insurance, basic accidental death and dismemberment, long term disability, health and dental programs have not undergone significant plan design changes in recent years from an industry perspective and the plans offered by NP remain well within the range of plan designs most commonly offered to protect employees and their families. And for the actual benefits reimbursed under the health plan, NP continues to run in line with the benefits we see most commonly offered.

Rates and Plan Expenses – A detailed review of rates and expenses associated with the benefit plan was included in the market study conducted in 2013, and we will continue to work with NP during the annual renewal period each year to ensure rates and expenses remain competitive.



December 8, 2015
Juliet O'Brien, Newfoundland Power
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In summary, we feel that the plan offered by NP remains competitive with the local market not only from a structural point of view, but also in terms of the benefits offered and the associated premiums and expenses.

Yours truly,

A handwritten signature in black ink that reads "Matt MacLean".

Matt MacLean
Associate Vice President
Aon Hewitt