
1 Q. **2013 General Rate Application, Operating Expenses**

2 Provide a comparison of Hydro's current group insurance benefits with those
3 provided by other Atlantic Canadian electric utilities.

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6 A. Hydro's Group Insurance Benefits package is part of a total and competitive
7 compensation offering and is consistent with that offered by other Atlantic
8 Canadian electrical utilities.

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10 **Basic Design**

11 Hydro offers a basic group insurance program that is mandatory for all employees
12 (choice of single or family coverage) and provides election of "optional" insurances
13 from which employees can choose additional coverage. All the companies but one
14 in the comparator group offers a similar program design to Hydro's (i.e., core plus
15 optional insurance versus a flex benefit program).

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17 **Cost Sharing Arrangements**

18 Cost sharing arrangements for group insurances are inclusive of a total
19 compensation offering. Hydro employees pay 100% of the long-term disability
20 premium; 25% of dental premium, and 100% of any optional insurance as their
21 portion of contribution toward group insurances. The companies in the
22 comparator group offer anywhere from a "total" cost sharing of 50/50 to 75/25
23 employer-paid versus employee-paid arrangement.

24
25 **Life Insurances and Accidental and Dismemberment Insurances**

26 Hydro benefit provides three times an employee's annual salary and four times for
27 Executive members. The range in the comparator group is from two to four times

1 an employee's annual salary. Higher coverage amounts for Executives members
2 was the norm across companies (typically at four times salary).

3
4 **Optional Benefits (Life, Accidental and Dismemberment Insurances, and Critical**
5 **Care)**

6 All optional benefit premiums are fully paid by the employee. All companies within
7 the comparator group offered an employee paid (medical evidence) employee and
8 spousal Optional Life plan. Hydro's maximum coverage is capped at \$300,000. The
9 comparator group had maximums ranging from \$300,000 to \$400,000. Hydro also
10 offers Critical Care insurance under its optional insurances. Coverage up to
11 \$100,000 is available with proof of insurability required for amounts over \$10,000.
12 Hydro offers Dependent Life as an optional insurance. Two levels of benefit
13 coverage are available (i.e., \$20,000 spouse; \$10,000 child or \$10,000 spouse;
14 \$5000 child). Companies in the comparator group offered similar coverage and
15 some offered this as part of the basic group insurance plan (i.e., not optional) with
16 family coverage.

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18 **Disability Program**

19 Hydro's benefit for long-term disability is set at 60% of pre-disability earnings. The
20 maximum monthly benefit is \$9,000 (non-evidence). There is also a provision to
21 continue pension contributions at 8% and other plans offer a similar continuation.
22 The benefit amount in the comparator group ranged from 60% up to 67% of an
23 employee's pre-disability earnings with the non-evidence maximum monthly
24 benefit ranging from \$3,000 up to \$14,000.

25
26 **Supplemental Health**

27 Hydro's plan provides 100% reimbursement of eligible drugs with the employee
28 paying full cost of dispensing fee. While the percentage of reimbursement and the

1 approved drug list varies from plan to plan, Hydro's plan is consistent within the
2 range of the comparator group, which provide between 80% and 100% coverage for
3 eligible expenses with some form of employee-paid contribution toward the
4 dispensing fee that ranges from a full payment to a flat amount. The maximums
5 and forms of coverage under the extended health plan, as well as Group Travel
6 Insurances, are also comparable to other Atlantic Canadian utilities (e.g., includes
7 such coverages as vision care, hearing aids, paramedical services, ambulance,
8 hospital and medical travel).

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10 **Dental**

11 Hydro provides dental insurance as part of its basic group benefits with mandatory
12 enrollment. The employee cost shares this insurance at 25% of the premium.
13 Coverage is up to 80% of eligible benefits per insured person on the current year's
14 dental fee guide for endodontal and periodontal services with no maximum and
15 70% of major restorative with a \$1,250 maximum. The amount of reimbursement
16 within the comparator group ranged from 80% to 100% of basic dental work and
17 from 50% to 80% for major restorative services. Maximum amounts also vary
18 within the comparator group from no cap imposed on basic dental to a cap of \$750.
19 Coverage for major restorative ranged from a 50/50 cost shared arrangement to a
20 cap of \$1,250 per calendar year. Only two plans offered orthodontics. Hydro's
21 dental plan does not cover orthodontics. Most companies in the comparator group
22 offered dental insurance as part of their core group insurance program as opposed
23 to an optional insurance.