

1 **Q. Reference: CA-NP-9: Fortis Inc. Annual Report 2006, at p. 19 states in respect of**
2 **NP: "A Benefits Strategy was implemented to ensure the continuation of a**
3 **competitive benefits program at a reasonable cost and to engage employees and**
4 **retirees in managing the future cost of benefits." Please provide an explanation of**
5 **these initiatives and provide copies of documentation relating to the same.**
6

7 A. The objective of the Benefits Strategy is to ensure the benefits and wellness initiatives
8 offered by the Company provide appropriate coverage to employees at competitive prices
9 and are sustainable over the long-term.

10
11 The Benefits Strategy includes:

- 12
- 13 • Holding information sessions for employees and retirees focused on benefits, cost
14 containment and wellness.
- 15 • Implementing wellness initiatives through the Company's *Good for You* program
16 such as stress management, nutrition information, health screening and disease
17 awareness. Improving the overall health and well-being of employees and
18 retirees can positively impact future health insurance premiums.
- 19 • Engaging Aon Consulting in 2006 to conduct a review of the group insurance
20 plan.
- 21 • Completing a market review of benefit carriers that resulted in a change in
22 service provider effective October 1, 2006.
- 23 • Hiring an Occupational Health Nurse in 2007 to administer the early and safe
24 return to work program and the disability management and wellness initiatives.
25

26 Attachment A is the wellness initiatives included in the Company's Benefits Strategy.

27
28 Attachment B is a benefits presentation presented to employees in 2006.

Wellness Initiatives

Wellness Initiatives

- EAP- Internal program available to all employees and their spouses and children.
- Flu Vaccinations since 1998. In 2006 over 145 employees/retirees and 73 family members vaccinated.
- Blood pressure monitors (at least 20) available for employee use in all our major buildings across the island.
- Supper and learn classes at Dominion for employees and retirees and their spouses with various topics that were nutrition related.
- 6-8 week parenting courses offered in the evenings for parents of teenagers and younger children.
- Smoking cessation subsidy for employees and family members up to \$200 maximum. Since January 2007 five employees and five spouses have quit smoking through this program.

“Good for You!” since September 2006:

Sept – Dec theme – Nutrition

- Nutrition presentations by registered dieticians at Departmental health & safety meetings
- Supper & learns for employees/retirees and spouses at Dominion Stores including a one hour presentation on specific aspects of nutrition
- Nutrition presentations by registered dieticians at retirees’ luncheons at eight different communities across the island for retirees and spouses. Also included flu vaccination, glucose and blood pressure screening by a registered nurse.

Jan – April theme – Diabetes

- Presentation on diabetes recognition and prevention at Departmental health & safety meetings by representatives of the Canadian Diabetes Association

May – August theme – Physical Activity

**Newfoundland Power
Benefits Presentation**

2006

Newfoundland Power Benefits Presentation

2006

Agenda

- **Why Change?**
- **Benefits Coverage**
- **Cost Containment**
- **New process with Blue Cross**
- **Wellness**

Why Did We Change?

- Increasing costs
 - Demographics (*aging population*)
 - Cost shifting (*from gov't to employers*)
 - New products (*biologics*)
- Level of service
- Ensure competitive with market
- Claims audit was an issue
- Opportunities for enhancements

Benefits Coverage

- Life Insurance
- Accidental Death and Dismemberment (AD&D)
- Long Term Disability
- Health Care
- Optional Insurances

Life Insurance

- Standard 3 times basic salary
- Payable upon death (*any reason*)
- Payable to beneficiary
- Lump sum payment
- Non taxable
- Dependent life insurance

Accidental Death & Dismemberment (AD&D)

- Standard 3 times basic salary
- Total principal payable upon death (*accidental only*)
- Payable to beneficiary
- Lump sum payment
- Non taxable

Long Term Disability (LTD)

- Standard policy
- Two-year own occupation
- Disabled from 60% of your duties
- 60% of pre-disability income, non taxable
- Apply for CPP Benefits

Health Care

- Hospital expenses
- Medical expenses
- Transportation services
- Drugs
- Paramedical
- Vision care
- Travel insurance (*out of province/country*)

Optional Insurances

- Dental
- Optional Life
- Voluntary AD&D
- Critical Illness Insurance

Dental

- Basic plan
- No orthodontics
- 100% reimbursement except for endodontic and periodontal which are covered at 80%
- \$750 per calendar year maximum (*per person for family plan*)

Optional Life Insurance

- Available from \$10,000 to \$300,000
- Employee or spousal plan available
- Rates depend on age and smoking status
- Medical questionnaire is required
- Payable to beneficiary upon death (any reason)
- Terminates at age 65

Optional Accidental Death & Dismemberment (AD&D)

- Available from \$10,000 to \$300,000
- Employee or family plan available
- Death benefit payable for accidental reasons only
- Provides coverage based on schedule of losses
- Terminates at age 65

Critical Illness

- Pays a living benefit upon diagnosis of a specified illness
- Coverage from \$10,000 up to \$150,000 (\$100,000)
- Employee and spousal plans available
- Rates depend on:
 - Smoking status
 - Age
 - Gender
- Eligibility – under age 60 (*renewals up to age 65*)

Critical Illness (Continued)

- What's covered:
 - Heart Attack
 - Multiple Sclerosis
 - Parkinson's Disease
 - Life Threatening Cancer
 - Coronary Artery Bypass Surgery
 - Stroke or CVA
 - Kidney Failure
 - Alzheimer's Disease

Critical Illness *(Continued)*

Additions:

- Benign Brain Tumour
- Coma
- Major burns
- Major organ transplants
- Major organ failure requiring transplants
- Motor neuron diseases (ie. ALS)

Cost Sharing

- Employees/Early retirees (under age 65) are cost shared 50/50 with company (*except optional insurances*)
- We allocate your 50% in the most tax effective way
- Optional insurances are 100% employee paid

New Process

- Reimbursement
 - » Direct Pay – set up with most service providers
 - » Quick Pay
 - » Mail to HR/Blue Cross
- Claims to GWL – 90 days after Oct. 1, 2006
- Website www.medavie.bluecross.ca
 - » View eligible drugs on line
 - » View/make changes to personal information
 - » View claims history
 - » Print claim forms
 - » Request replacement cards
 - » Details of plan

How does our plan measure up?

- Life Insurance
- Short Term Disability (sick leave)
 - Fully funded by Company
 - Normal Market
- Health Coverage – normal for market

Cost Containment Strategy

- *New Insurance Carrier – Medavie Blue Cross*
- *Plan Design – some enhancements*
 - *No increase to premiums*
 - *Vision Care/Chiropractic*
 - *Drug formulary – provincial alignment*
 - *Medical Advisory Panel - New products are reviewed before they are added to our plan... third party review of new products*
 - *Special Authorizations – expiry dates*
 - *Improved audit of claims – government funding*
- *Health & Wellness Programs*

What Can You Do to Help?

As a plan participant, you can help by:

- **Maintain a healthy lifestyle**
 - Early detection (heart/diabetes)
 - Follow doctor's advice
 - Participate in exercise program
- **Participating in wellness initiatives like "Good for You"**
- **Dispensing fees – shop around for a better rate**

Benefits

Questions ?

Wellness

■ Wellness Initiatives:

» *“Good for You!”* – revised 2006 program

- Major heart issues past two years
- Four-month themes – nutrition first one

» Wellness clinics

- Flu Vaccinations
- Cholesterol/Glucose/BP screening

» Wellness information

- Body Bulletin Newsletter
- *“Good for You!”* Booklets

