



HEALTHCARE EMPLOYEES BENEFITS PLAN

*Benefit plans that help meet the
needs of you and your family.*

2001 Annual Report

annual report

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HEALTHCARE EMPLOYEES BENEFITS PLAN - MANITOBA

For more detailed financial information or additional information about HEBP, please contact us.

900 – 200 Graham Avenue
Winnipeg, MB R3C 4L5
Phone: (204) 942-6591
Toll Free: 1-888-842-4233 or 1-877-567-4996
Fax: (204) 943-3862
Website: www.hebp.mb.ca
E-mail: communications@hepp.mb.ca

Introduction

HEBP offers Group Healthcare, Dental, Long Term Disability (LTD) and Life Insurance plans to eligible healthcare employees and their families throughout Manitoba.

Not all employers participate in all of the benefits plans offered through HEBP.

Should you require coverage clarification, please check with your employer. Retirees may contact HEBP for coverage clarification.

benefits

Meeting your needs.

The Healthcare Employees Benefits Plan (HEBP) continues to be guided by a dedicated Board, committed to the ultimate goal of ensuring that Manitoba's healthcare employees are provided with the best benefits available within our resources.

In 2001 there were many exciting developments at HEBP:

- Following a comprehensive review, the decision was made to self-insure the LTD Plan and administer the Plan in-house at HEBP, effective June 1, 2002.
- An Employer Manual was developed and distributed to participating employers.
- PlanView, our orientation video, and PlanSite, HEBP's website at www.hebp.mb.ca were introduced in June 2001.

You will find more information about these and other developments within this year's annual report.

The decision to fully self-insure and self-administer the LTD Plan was made in response to ongoing concerns from

employers, members and claimants. Bringing the Plan in-house will allow us to reduce expenses, enhance our service to members and focus our energies on early intervention and return to work programs.

To contain LTD Plan costs, a significant premium increase would have been necessary, however to avoid passing this increase on to employers and members, the Board is reviewing all aspects of the Plan and will keep you informed of any changes.

The name of the LTD Plan will change to *HEBP Disability and Rehabilitation Plan* to reflect its positive features. Any claims incurred on or after June 1, 2002 will be assessed by in-house Claim Specialists at HEBP. A Rehabilitation Coordinator at HEBP will direct rehabilitation programs for disabled plan members.

During 2001, there was consolidation within several RHAs, however we had a larger percentage of participating facilities within Manitoba than last year. Increased employer participation provides increased portability of benefits for members who transfer between healthcare facilities within Manitoba.

Overall, member participation grew in our active member plans, paving the way for a strong future. Increased employer participation provides increased portability of benefits for members who transfer between healthcare facilities within Manitoba.

Overall, member participation also grew in our active member plans, paving the way for a strong future.

To offset the increased total of claims paid under the Plans in 2001, Basic, Enhanced and Retiree Group Healthcare premium rates were increased effective July 1, 2001.

In general, benefit plans are experiencing increases in paid claims due to an aging population and the continued shifting of expenses from government plans to individuals and their benefit plans. With benefits and disability claims increasing, HEBP will continue to concentrate on efficient administration, management of expenses and service to members to provide benefits plans that meet members' coverage needs at a reasonable cost.

The Board would like to express its sincere thanks to the management and staff at HEBP. Their dedication and hard work is readily apparent in the many initiatives undertaken this year.

I would also like to take this opportunity to thank the members of the HEBP Board of Trustees for their continued hard work and commitment to enhancing HEBP benefits and services for members.

We look forward to continuing to provide you with comprehensive benefits plans that help meet the needs of you and your family.



Bob Romphf
Chair, HEBP - Manitoba

focus

We are here to help you.

As government plans continue to cover fewer healthcare related expenses than in the past, benefits coverage is becoming even more important.

The Plans offered through HEBP have been designed to provide a full range of benefits to Manitoba's healthcare employees.

For eligible members who are actively employed, we offer:

- Group Healthcare Benefits, with a choice of two coverage levels
- Dental Benefits
- Long Term Disability (LTD) Benefits
- Life Insurance Benefits and Accidental Death and Dismemberment (AD&D) Insurance Benefits for members and dependents

For eligible retirees, we offer:

- Retiree Group Healthcare Benefits, with a choice of two coverage levels
- Life Insurance Benefits

You will find more information about these benefits in the *how we work for you* section of this report.

The commitment of our Board members and the outstanding staff at HEBP allows us to deliver these benefits to you. I am very thankful to them for their efforts, which allow us to fulfill our commitment to members and continue to advance in many areas including member service, communication and technology.

HEBP's Member Services Representatives (MSRs) are experienced in providing members with information and assistance from enrolment through to retirement.

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We offer several communication resources to keep members, employers and unions informed about plan issues and changes including information booklets, fact sheets, newsletters and our video and website that were introduced in June 2001.

We are here to help you. If you have any questions, comments or suggestions about HEBP or our services, please let us know by completing the feedback card at the end of this report or by contacting us.

It is our privilege to serve you.

A handwritten signature in blue ink that reads "Brian LaBelle". The signature is written in a cursive, flowing style.

Brian LaBelle, RPA
Executive Director

about us

How we work for you.

The Healthcare Employees Benefits Plan (HEBP) was established in 1998 to provide a comprehensive benefits program to meet the needs of Manitoba's healthcare employees. The HEBP Board, management and staff are focused on continually improving and enhancing service to plan members.

Benefits Coverage for Active Employees

- **Group Healthcare Plan** – There are two coverage levels under the Group Healthcare Plan designed to provide comprehensive coverage for many healthcare related expenses. **Basic coverage** covers ambulance service, semi-private hospital room accommodations, travel healthcare insurance, prescription drugs and other benefits such as private duty nursing, nutrition counseling and physiotherapy. **Enhanced coverage** provides higher maximums for the above benefits and offers additional benefits such as vision care, assisted care benefits, specialist referral benefits, chiropractic benefits, hearing aids and orthotics.
- **Dental Plan** – Covers 100% of eligible charges for basic dental treatment, 50% of eligible charges for major dental treatment and 50% of eligible charges for orthodontic treatment for dependent children under age 18. You and your family members may claim up to \$1,000 per person for each calendar year.

- **LTD Plan** – Provides you with income should you become unable to work because of an illness or injury, and supports rehabilitation programs. If approved for benefits, your benefit is calculated as follows:

Basic Hourly Rate of Pay x Average Monthly Hours Worked x 66 2/3 Per Cent = Monthly Benefit

- **Life Insurance Plan** – You are automatically insured for Basic Life Insurance equal to your gross basic annual earnings and you may choose optional coverage for yourself and your family. You are also automatically insured for Basic Accidental Death & Dismemberment (AD&D) Insurance equal to your total Basic and Optional Life Insurance coverage, and you may choose optional AD&D insurance.

Benefits Coverage for Retirees

- **Retiree Group Healthcare Plan** – There are two coverage levels under the Retiree Group Healthcare Plan designed to provide comprehensive coverage for many healthcare related expenses. **Level I** covers ambulance service and semi-private hospital room accommodations. **Level II** covers the above benefits and additional benefits such as private duty nursing, travel healthcare insurance, prescription drug coverage, cardiac rehabilitation, chiropractic benefits and coverage for paramedical practitioners.

Privacy Commitment

We are committed to protecting the privacy and confidentiality of members' personal data. The collection, use, retention, disclosure, transfer, security and access of personal data will be in accordance with new national and provincial privacy laws which come into effect on January 1, 2004.

Personal data may be used and retained by us for benefit calculation purposes. If personal information is required for other purposes, your consent will be obtained in advance.

- **Life Insurance Plan** – At retirement, Optional Post Retirement Insurance is available. You may choose from one to four units, depending on the number of units of insurance you had while actively at work. Each unit is equal to \$7,000 of insurance before the age of 60, and at age 60, reduces by \$1,000 per unit every five years. Coverage and premiums stop at age 90.

Please refer to your Information for Healthcare Employees package for additional information on benefits and maximums.

Board of Trustees

HEBP is governed by an independent, 10 member joint Board of Trustees representing both union and employer participants:

- Five Trustees represent participating employers.
- Five Trustees represent employees from a wide range of healthcare related unions in Manitoba.

Please refer to the directory on page 19 of this report for Board Member names and affiliations.

HEBP Staff

The HEBP Board is supported by the management team and 36 staff members. Staff provides administrative and member services for HEBP as well as for the Healthcare Employees Pension Plan (HEPP).

Insurance Carriers

We work with the following benefit carriers in providing benefit coverage and customer service to you:

Manitoba Blue Cross

- Group Healthcare Plan
- Dental Plan

Great-West Life Assurance Company

- Member and Dependent Life Insurance Plan
- AD&D Insurance Plan

Manulife Financial

- LTD Plan

service

Our focus is service.

HEBP achieved several initiatives in 2001 to improve our service to you and provide you with information on plan features and issues.

Member Services Representatives

Member Services Representatives (MSRs) serve as an information resource and liaison between the Plan and its members. In 2001, HEBP's six MSRs made 90 group benefit presentations in the following regional health authorities.

Burntwood	6
Brandon	6
Central	7
Interlake	5
Marquette	24
Parkland	10
Southwest	1
Winnipeg	31

LTD Service Representatives

In 2001, three HEBP staff members were dedicated as LTD Service Representatives to provide members with assistance regarding LTD claims and rehabilitation programs. They held a total of 240 one-on-one LTD counselling sessions during 2001.

Other Staff Members

HEBP also has staff in the areas of Finance, Information Systems & Technology and Communications to enhance our service to you.

PlanSite

PlanSite, our new website at www.hebp.mb.ca, was launched in June 2001. The website provides plan information and gives you access to forms, Annual Reports, newsletters and our orientation video.

PlanView

The PlanView orientation video, introduced in June 2001, provides an overview of the Pension and Benefits Plans. You can view the orientation video on our website, or contact your employer to view your facility's copy of the video.

Fact Sheets

We have received positive feedback from members and employers on the fact sheets we developed this year on Travel Healthcare Benefits and Life Insurance Benefits.

Employer Manual

An Employer Manual was developed and distributed to participating employers in July 2001 for administrators to refer to when counseling employees.

Group Healthcare Plan Premium Increases

To offset the increased total of claims paid under the Plans in 2001, Basic, Enhanced and Retiree Group Healthcare premium rates were increased, effective July 1, 2001.

Occupational Therapy - Benefit Improvement

Coverage for occupational therapy was added as an additional benefit under physiotherapy benefits, effective July 1, 2001. Physiotherapy and occupational therapy benefits now have a combined maximum, allowing members to apply expenses for either form of therapy toward their yearly maximum benefit entitlement.

Plan Membership

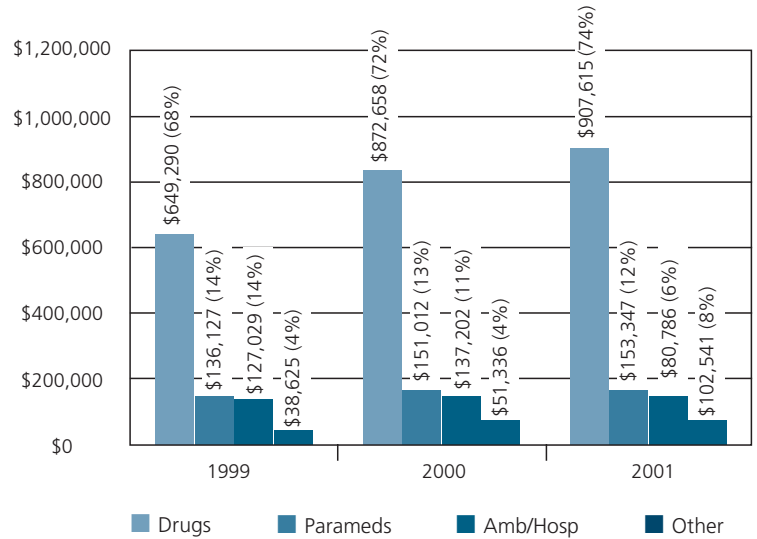
<i>Active Members:</i>	<i>Dec. 31/00¹</i>	<i>Dec. 31/01</i>
Basic Healthcare Plan	7,713	7,778
Enhanced Healthcare Plan	12,415	12,237
Dental Plan	17,042	17,891
POS Drug Card	4,425	7,077
Life Insurance Plan	27,200	28,953
LTD Plan	23,885	23,965
<i>Retirees:</i>	<i>Dec. 31/00¹</i>	<i>Dec. 31/01</i>
Healthcare Plan (Levels I & II)	3,571	3,484
POS Drug Card	1,231	1,374
Post-Retirement Life Insurance	2,696	3,008

¹ Figures may vary slightly from the 2000 HEBP Annual Report.

Plan Experience

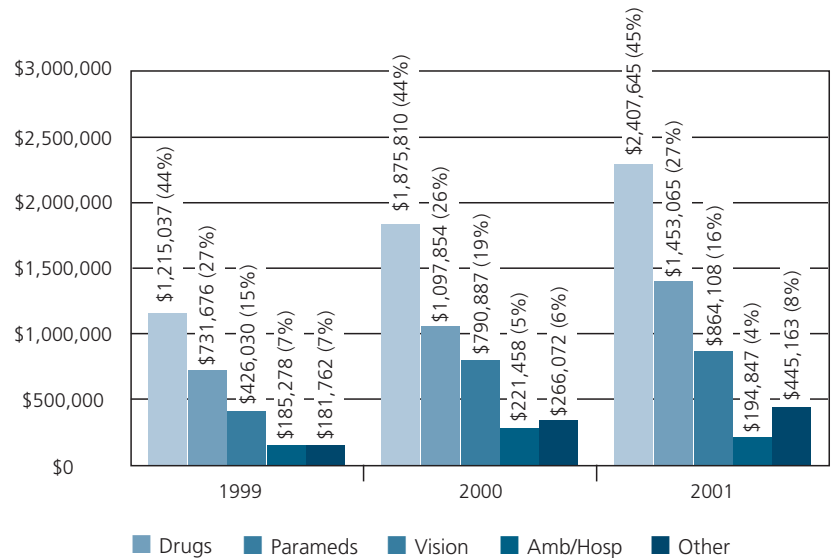
Basic Healthcare Plan

Comparison of Paid Claims 1999 - 2001



Enhanced Healthcare Plan

Comparison of Paid Claims 1999 - 2001

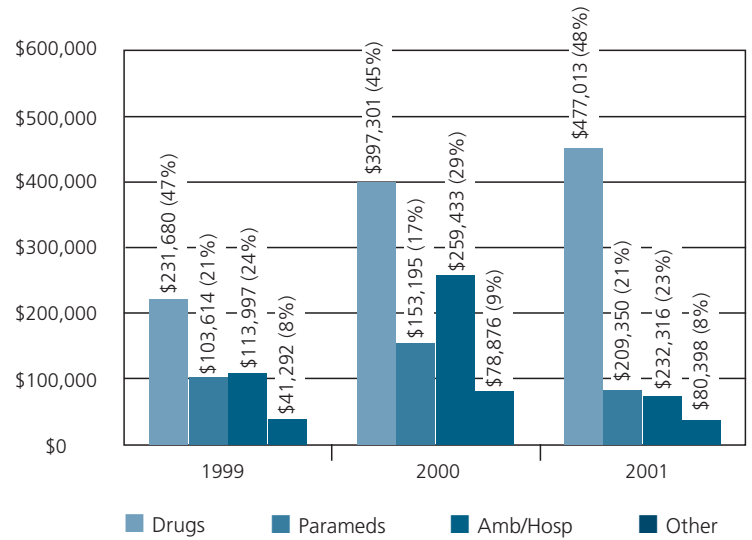


Notes:

- The paid claims figures shown in these charts will not match the financial statements, which are stated on an incurred basis.
- "Parameds" include Physiotherapy, Podiatry, Chiropractic, Audiology, Nutritional Counselling, Clinical Psychology, Naturopathy, Osteopathy, Massage, Speech and Athletic Therapy.
- "Amb/Hosp" includes paid claims for ambulance and hospital expenses combined.

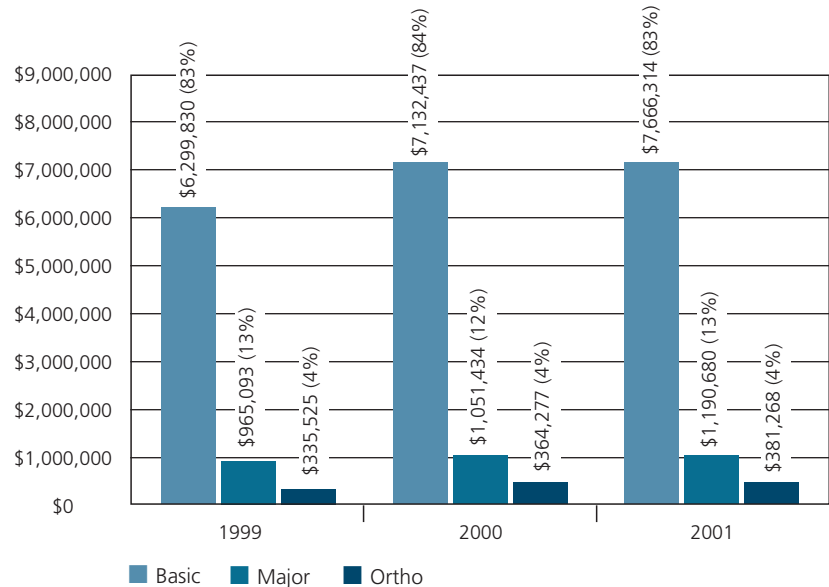
Retiree Group Healthcare Plan

Comparison of Paid Claims 1999 - 2001



Dental Plan

Comparison of Paid Claims 1999 - 2001

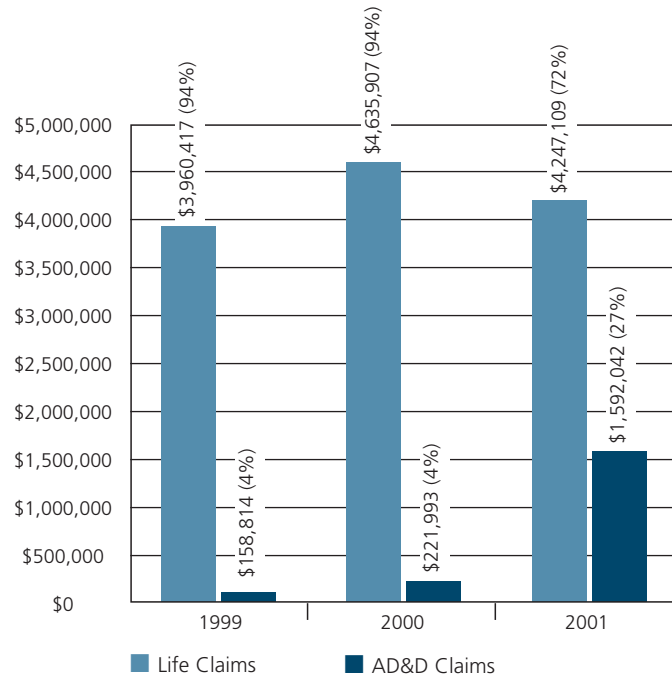


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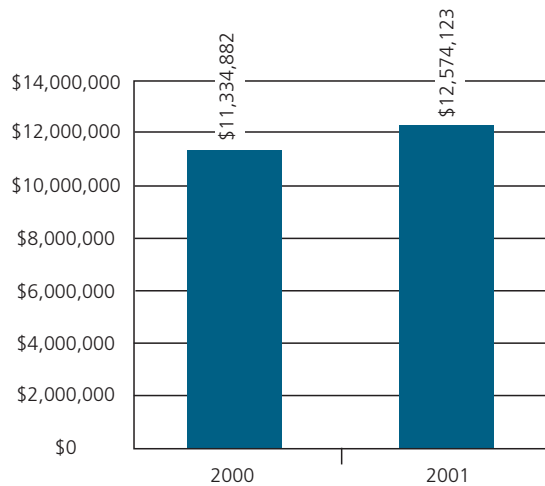
Life Insurance Plan

Comparison of Paid Claims 1999 - 2001



LTD Plan

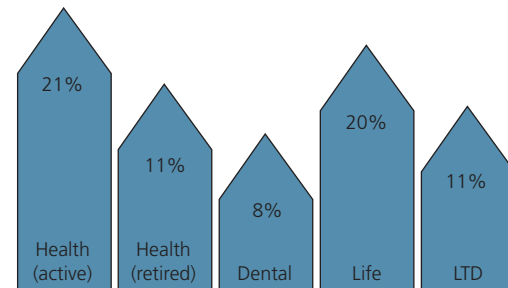
Comparison of Paid Claims 2000 - 2001



There were 928 members receiving LTD benefits at the end of 2001 vs. 893 at the end of 2000.

HEBP Overall Paid Claims

The increases in overall paid claims from 2000 to 2001 were:



Management's Responsibility for Reporting

The financial statements of HEBP have been prepared by management and approved by the Board of Trustees. Management is responsible for the integrity and fairness of the data presented.

The financial statements have been prepared in accordance with generally accepted accounting principles and, of necessity, include some amounts that are based on estimates and judgements. Financial information presented in the 2001 Annual Report that relates to the operations and financial position of HEBP is consistent with that in the financial statements.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, a code of conduct, the establishment of an organizational structure that provides a well-defined division of responsibilities and accountability for performance, and the communication of policies and guidelines throughout the organization.

The ultimate responsibility of the financial statements rests with the Board of Trustees, assisted by management. HEBP's external auditors, KPMG LLP, have conducted an independent examination of the financial statements in accordance with generally accepted auditing standards, performing such tests and procedures as they consider necessary to express the opinion in their audit report. The external auditors have full and unrestricted access to the Board to discuss the audit and related findings as to the integrity of HEBP's financial reporting and adequacy of internal control systems.



Brian LaBelle, RPA
Executive Director,
HEBP-Manitoba



Rohini Halli, CA
Director of Finance,
HEBP-Manitoba

HEALTHCARE EMPLOYEES BENEFITS PLAN - MANITOBA

Statement of Net Assets

December 31, 2001, with comparative figures for 2000

	Group Life Plan	Dental & Extended Health Plan	Long-term Disability Plan	2001 Total	2000 Total
Assets					
Premiums receivable	\$ 599,330	\$1,052,874	\$ 1,208,146	\$ 2,860,350	\$ 4,898,878
Investments, at market value:					
Stocks	13,500,161	—	—	13,500,161	11,307,745
Bonds	10,449,095	—	—	10,449,095	10,975,566
Cash and short-term deposits	782,340	379,509	14,307,025	15,468,874	9,930,330
Prepaid expenses	4,432	2,281	6,799	13,512	20,042
Due from Manitoba Blue Cross	—	1,739,669	—	1,739,669	2,738,441
Due from Manitoba Health	—	—	18,990,870	18,990,870	14,715,095
Due from Manulife Financial	—	—	35,574,660	35,574,660	33,621,539
Due from The Great-West Life Assurance Company	395,212	—	—	395,212	1,185,610
	\$25,730,570	\$3,174,333	\$70,087,500	\$98,992,403	\$89,393,246
Liabilities and Net Assets					
Premiums payable and accrued liabilities	\$ 1,053,977	\$1,235,013	\$ 735,808	\$ 3,024,798	\$ 2,874,877
Due to Healthcare Employees Pension Plan	167,604	69,474	222,439	459,517	71,752
Reserves for:					
Future paid-up insurance	5,338,229	—	—	5,338,229	4,615,030
Disability life waiver	3,000,000	—	—	3,000,000	10,200,000
Incurred-but-not-reported Claims fluctuation	—	2,364,268	6,715,801	9,080,069	8,690,963
Disabled lives	—	—	—	—	688,745
	9,559,810	3,668,755	70,323,481	83,552,046	74,907,718
Net assets:					
Held by Manulife	—	—	4,072,268	4,072,268	4,775,691
Internally restricted	5,400,000	—	—	5,400,000	2,700,000
Unrestricted	10,770,760	(494,422)	(4,308,249)	5,968,089	7,009,837
	16,170,760	(494,422)	(235,981)	15,440,357	14,485,528
	\$25,730,570	\$3,174,333	\$70,087,500	\$98,992,403	\$89,393,246

These are extracts from the audited Financial Statements of the Healthcare Employees Benefits Plan – Manitoba. For a complete set of Financial Statements, please call our office.

HEALTHCARE EMPLOYEES BENEFITS PLAN - MANITOBA

Statement of Changes in Net Assets

Year ended December 31, 2001, with comparative figures for 2000

	Group Life Plan	Dental & Extended Health Plan	Long-term Disability Plan	2001 Total	2000 Total
Increase in Net Assets:					
Premiums	\$ 5,730,096	\$17,029,641	\$15,209,018	\$37,968,755	\$34,685,235
Funding from Manitoba Health	—	—	6,278,476	6,278,476	—
Investment income	1,539,150	133,230	2,439,756	4,112,136	4,755,145
	7,269,246	17,162,871	23,927,250	48,359,367	39,440,380
Decrease in net assets:					
Claims incurred	5,913,803	16,909,456	12,574,123	35,397,382	31,235,100
Administrative - HEBP	252,387	129,708	650,903	1,032,998	880,757
Administrative and interest - Great-West Life	358,790	—	—	358,790	211,716
Administrative - Blue Cross	—	1,044,107	—	1,044,107	910,307
Stop loss premiums	137,129	—	—	137,129	131,820
Administrative - Manulife	—	—	1,326,199	1,326,199	1,043,965
Investment manager fees	57,273	—	—	57,273	69,657
	6,719,382	18,083,271	14,551,225	39,353,878	34,483,322
Net increase (decrease) in assets prior to appropriations to (from) reserves					
	549,864	(920,400)	9,376,025	9,005,489	4,957,058
Transfer of net assets from MHO	—	—	55,982	55,982	846,475
Appropriations from (to) reserves for:					
Future paid-up insurance	(723,199)	—	—	(723,199)	—
Disability life waiver	7,200,000	—	—	7,200,000	2,192,000
Incurred-but-not-reported	—	(66,745)	(322,361)	(389,106)	(867,116)
Claims fluctuation	—	—	688,745	688,745	835,767
Disabled lives	—	—	(14,883,082)	(14,883,082)	(4,253,438)
	6,476,801	(66,745)	(14,516,698)	(8,106,642)	(2,092,787)
Net increase (decrease) in assets after appropriations to (from) reserves					
	7,026,665	(987,145)	(5,084,691)	954,829	3,710,746
Net assets - unrestricted, beginning year	6,444,095	492,723	73,019	7,009,837	4,715,582
Transfer to internally restricted	(2,700,000)	—	—	(2,700,000)	(1,200,000)
Transfer from (to) net assets held by Manulife	—	—	703,423	703,423	(216,491)
Net assets - unrestricted, end of year	\$10,770,760	\$ (494,422)	\$(4,308,249)	\$ 5,968,089	\$ 7,009,837

These are extracts from the audited Financial Statements of the Healthcare Employees Benefits Plan – Manitoba. For a complete set of Financial Statements, please call our office.

outlook

What to look for.

In 2002, we will continue to work towards enhancing our service and communication to members, employers and unions.

LTD Plan Administration

Following a comprehensive review, which began in 1999, the HEBP Board of Trustees made the decision to self-insure and self-administer the LTD Plan, effective June 1, 2002. Bringing the LTD Plan in-house provides significant advantages and opportunities to:

- provide faster, more efficient service to members,
- promote early intervention and return to work programs, and
- eliminate duplicated services and expenses.

Any claims incurred on or after June 1, 2002 will be assessed by in-house Claim Specialists at HEBP. A Rehabilitation Coordinator at HEBP will direct rehabilitation programs for disabled plan members.

The name of the LTD Plan will change to HEBP Disability and Rehabilitation Plan to reflect its positive features.

PlanSite

We will continue to enhance PlanSite, HEBP's website at www.hebp.mb.ca

PlanTalk

The PlanTalk newsletter will continue to be distributed twice yearly, each spring and fall, to provide members with information on plan issues and changes.

PlanFacts

PlanFacts newsletters will continue to be distributed to participating employers and unions as a source of information for administrators.

Employer Manual

Updates will be made to the employer manual and distributed to administrators as required.

Member Information Booklets

Updated member information booklets will be available at the end of 2002.

Fact Sheets

We will continue to develop fact sheets to provide information on plan features and issues. Please let us know if there is a topic you would like more information on by completing the feedback card at the end of this report.

2001 HEBP Directory

Board of Trustees

Union Representatives

Ray Erb
MGEU
Bob Romphf*
MNU
Jeffrey Dovyak
MAHP
Doug Laurie
IUOE
Larry Stratton
CUPE

*Chair **Vice-Chair

Employer Representatives

Gloria O'Rourke
WRHA
Penny Sorensen
SWRHA
Jean-Paul Gobeil
WRHA
Mark Nesar**
Seven Oaks General Hospital
Frank Ryplanski
Retired

Management Team

Brian LaBelle, RPA, Executive Director
Rohini Halli, CA, Director of Finance
Ronald Queck, CFA, Director of Investments
Kay Dunthorne, ACS, ALHC, Manager, Group
Benefits Administration
Roger Mousseau, B.Sc., Manager, Pension &
Systems Administration

Consultants

Auditor – KPMG LLP
Legal Counsel – Koskie Minsky
Actuarial Consulting – Worden Actuarial and
Benefits Consulting Ltd.
– Eckler Partners Ltd.



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900 – 200 Graham Avenue
Winnipeg, MB R3C 4L5
Phone: (204) 942-6591
Toll Free: 1-888-842-4233 or 1-877-567-4996
Fax: (204) 943-3862
Website: www.hebp.mb.ca
E-mail: communications@hepp.mb.ca

