

CWBP BENEFIT PLAN OFFERS A CHOICE

In the ongoing rebuilding of the Benefit Plan and the quest to bring the most suitable benefits to our individual members, the Trustees have agreed to introduce an alternative benefit package. This was done after lengthy discussions with our benefit consultant on the cost implications of introducing a second option.

EFFECTIVE SEPTEMBER 1, 2003, MEMBERS IN THE EMPLOYER FULL-PAID AND MAJOR SELF-PAY PACKAGES ARE BEING OFFERED A CHOICE

They may continue with their Benefit package without Medical Services Plan (MSP) that came into effect at May 1, 2003 (called the Regular Plan) or they may switch to a plan that pays MSP and selected other benefits (called the MSP Plus Plan). If you don't reply with your choice before the August 1 deadline, you will stay in the same plan you are in now.

It's important that you make your decision carefully, because once you choose, you can't change your mind for 4 years unless you have what is called a life event change. A life event is defined as when...

- you get married, separated or divorced
- you gain a dependent through birth or adoption
- your dependent is no longer eligible for coverage
- a dependent dies
- your spouse loses benefit coverage

Under the rules of the plan, there is a 1-year waiting period for common law relationships. You must have been living with your partner for 1 year before you can add them as a dependent to your coverage, or before you can declare that you have had a life event change.

If you change between the Regular and the MSP Plus options because of a life event change, you are locked-in to that new plan for 2 years, even if you have another life event change before the 2 years are up.

Locking in rules are required for choice plans to keep costs predictable. If members could hop back and forth between plans depending on what their expenses were each month, they would end up costing the plan a lot more money than they do now. It would be like people only buying fire insurance when there was smoke coming out of the roof. Our benefits consultant has told us that these proposed lock-ins are strict enough that extra costs from members switching between plans will be very small.

**This CHOICE is not applicable to Members on
MINI SELF PAY PLAN
~ For Information Only ~**

The following chart shows what is covered under each Plan.

| Plan Steps | OPTIONS | |
|---|--|--|
| | Regular Plan | MSP Plus Plan |
| Employer Paid Full Plan Coverage: Cost: 200 employer paid hours to qualify, then 100 employer paid hours per month | Dental/Optical/Hearing Aid Extended Health Care Benefits Wage Indemnity Life Insurance \$50,000 Spouse's Death Benefit \$7,000 Employee Assistance Travel Assistance Bereavement Leave Jury Duty Hour Bank (1200 hour max.) Hour Bank Credits while on WI (5 hrs/day), WCB (up to 200 days) or EI sickness benefit (up to 75 days) | Medical Services Plan Life Insurance \$50,000 Spouse's Death Benefit \$7,000 Employee Assistance Travel Assistance Bereavement Leave Jury Duty Hour Bank (1200 hour max.) Hour Bank Credits while on WCB (up to 200 days) or EI sickness benefit (up to 75 days) |
| Major Self-Pay Plan Coverage: Cost: Regular \$195 MSP+ 139 Disabled 100 | Dental/Optical/Hearing Aid Extended Health Care Benefits Life Insurance \$50,000 Spouse's Death Benefit \$7,000 Employee Assistance Travel Assistance | Medical Services Plan Life Insurance \$50,000 Spouse's Death Benefit \$7,000 Employee Assistance Travel Assistance |
| Mini Self-Pay Plan Coverage: Cost: \$54 | Extended Health Care Benefits Life Insurance \$20,000 Spouse's Death Benefit \$7,000 Travel Assistance | No mini package available with MSP+ Plan |

Q. I notice on the Major Self-Pay packages, the Regular option is more expensive than the MSP Plus option. Why do both Regular and MSP Plus options cost 100 employer paid hours for the Employer Full Paid Plan? Are those who are taking the MSP Plus plan getting less for the same employer contributions?

A. That depends! Those who claim very little under Extended Health and Dental would get *more* benefit from the MSP Plus option. We expect that members will select the option that pays off best for them. This is called “adverse selection” and is what makes designing a flexible option tricky. In order to offer choice but not have our overall costs go up because of it, optional packages may not be equal in the maximum benefit they offer. However, members will be able to choose the plan that offers *them* the best value.

We have found that those who self-pay are much more likely to use their maximum dental allowance each year, which is the main reason for the price difference between the two options for the Major Self-Pay Plan.

Q. How do I know which Option to pick?

A. That’s a very good question. We suggest you work out how much each option would benefit you. You should take into consideration whether or not you might be eligible for MSP premium assistance, and what benefits you may be eligible for through your spouse. Here are a few examples. MSP premiums paid through employer hours are a taxable benefit. In other words, you would pay more income tax with the MSP Plus plan. These examples factor that in. This doesn’t apply for months that you self-pay your benefits.

Joe
Age 23, single, good health, taxable income \$35,000

| | Regular Option | | MSP Plus Option | |
|--|----------------|------------|-----------------|------------|
| | Plan Pays | Joe Pays | Plan Pays | Joe Pays |
| MSP | 0 | 648 | 648 | 0 |
| Income tax on MSP | 0 | 0 | 0 | 202 |
| 1 dental checkup and 2 cleanings \$225 | 180 | 45 | 0 | 225 |
| TOTAL | 180 | 693 | 648 | 427 |

Joe would pay less out of pocket under the MSP Plus plan, even when taking income tax into account. Joe also needs to think about the benefits he may not be using today, but could be uncomfortable giving up, e.g. Wage Indemnity, Dental and Extended Health Care benefits.

Jane
Age 42, married with 2 children, husband works full-time but doesn't have benefits, her taxable income \$30,000

| | Regular Option | | MSP Plus Option | |
|--|----------------|--------------|-----------------|--------------|
| | Plan Pays | Jane Pays | Plan Pays | Jane Pays |
| MSP | 0 | 1,296 | 1,296 | 0 |
| Income tax on MSP | 0 | 0 | 0 | 286 |
| Dental for family, including orthodontics \$2000 | 1,600 | 400 | 0 | 2,000 |
| 2 Eye exams \$150 | 120 | 30 | 0 | 150 |
| Glasses \$400 | 280 | 120 | 0 | 400 |
| Asthma medication \$1,440 | 1,132 | 308 | 0 | 1,440 |
| TOTAL | 3,132 | 2,154 | 1,296 | 4,276 |

Jane's family makes good use of the Extended Health and Dental Plans. For them, the Regular option saves them over \$2,000 per year.

Mark
Age 35, married to Beth, no children, Beth has benefits through her employer. Mark has a taxable income of \$33,000; Beth \$28,000

| | Regular Option | | | MSP Plus Option | | |
|---|----------------|---------------|------------|-----------------|---------------|--------------|
| | His Plan Pays | Her Plan Pays | They Pay | His Plan Pays | Her Plan Pays | They Pay |
| MSP | 0 | 1,152 | 0 | 1,152 | 0 | 0 |
| Income Tax | | | 254 | | | 359 |
| Dental – crown for Beth \$800 | 400 | 400 | 0 | 0 | 400 | 400 |
| Dental – root canal for Mark \$800 | 640 | 160 | 0 | 0 | 640 | 160 |
| Birth control pills (not covered by her plan) \$180 | 124 | 0 | 56 | 0 | 0 | 180 |
| Glasses \$400 | 280 | 120 | 0 | 0 | 200 | 200 |
| TOTAL | 1,444 | 1,832 | 310 | 1,152 | 1,240 | 1,299 |

In Mark's example, the income tax is less if Beth's plan pays their MSP. The MSP premiums are a taxable benefit, and Beth's tax rate is lower because her income is lower. When there are no other considerations, it makes sense for the spouse in the lower tax bracket to get MSP coverage through their employer. If you elect the MSP Plus option and are eligible for MSP premium assistance, your tax would be based on the reduced premium.

Beth's plan pays only 50% on crowns and bridges. Also, her plan doesn't cover her birth control pills and pays only \$200 toward glasses.

For the reasons above, Mark and Beth pay much less out of pocket if they get MSP through Beth's employer and opt for the Carpentry Workers' Regular Plan.

**TO HELP YOU WITH YOUR COMPARISON, HERE ARE THE
MEDICAL SERVICES PLAN MONTHLY RATES:**

| Adjusted net income | Subsidy | One person | Family of two | Family of 3 or more |
|----------------------------|--------------------------------|-------------------|----------------------|----------------------------|
| \$0 - \$16,000 | Full premium assistance | \$0.00 | \$0.00 | \$0.00 |
| \$16,001 - \$18,000 | 80% premium assistance | \$10.80 | \$19.20 | \$21.60 |
| \$18,001 - \$20,000 | 60% premium assistance | \$21.60 | \$38.40 | \$43.20 |
| \$20,001 - \$22,000 | 40% premium assistance | \$32.40 | \$57.60 | \$64.80 |
| \$22,001 - \$24,000 | 20% premium assistance | \$43.20 | \$76.80 | \$86.40 |
| Over \$24,000 | No subsidy | \$54.00 | \$96.00 | \$108.00 |

The above examples show how much impact your decision can have. Make it wisely!

At this time, no changes to the Mini Package or Retired package are planned. A Member who has been on the Mini Package and then qualifies for the Employer Paid Full Package will choose whether they want the Regular or the MSP Plus option at that time. They'll then be locked into their option for 4 years (unless they have a life event change).

Switching back and forth between Employer Paid, Major and Mini Plans steps will not mean you can change between Regular and MSP Plus options any sooner. Once you have made your choice, you stay in one of the steps under that same Option heading for your lock-in period. Even if your benefit coverage lapses and you later requalify, your original option is carried forward under the same lock-in rules.

Please return the attached option form with your selection by August 1, 2003. If you choose the MSP Plus option, please also include a completed Change of Payer form. If you haven't replied by the deadline, you will stay in the Regular Plan for at least 4 years, unless you have a life event as described above.

**PLEASE CALL THE PLAN OFFICE AT
604-438-2434 OR TOLL-FREE AT 1-877-411-2806
WITH YOUR QUESTIONS.**



BENEFIT OPTION SELECTION FORM

Name: _____

SIN or Member No.: _____

I elect to enroll in (check one)

REGULAR PLAN

MSP PLUS PLAN

| Plan Steps | Regular Plan | MSP Plus Plan |
|---|--|--|
| Employer Paid Full Plan Coverage: Cost: 200 employer paid hours to qualify, then 100 employer paid hours per month | Dental/Optical/Hearing Aid Extended Health Care Benefits Wage Indemnity Life Insurance \$50,000 Spouse's Death Benefit \$7,000 Employee Assistance Travel Assistance Bereavement Leave Jury Duty Hour Bank (1200 hour max.) Hour Bank Credits while on WI (5 hrs/day), WCB (up to 200 days) or EI sickness benefit (up to 75 days) | Medical Services Plan Life Insurance \$50,000 Spouse's Death Benefit \$7,000 Employee Assistance Travel Assistance Bereavement Leave Jury Duty Hour Bank (1200 hour max.) Hour Bank Credits while on WCB (up to 200 days) or EI sickness benefit (up to 75 days) |
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I acknowledge that I may not change my option for 4 years unless I have a life event change:

- get married, separated or divorced
- gain a dependent through birth or adoption
- dependent is no longer eligible for coverage
- dependent dies
- spouse loses benefit coverage

If I change my option because of a life event change, I am locked into that new choice (regardless of Plan Step) for 4 years. A change of option because of a life event change is allowed only once every two years. If I have selected the MSP Plus option, I have completed and attached a *Change of Payer* form.

Signature

Date

If your option form is not received by August 1, 2003, you will remain in the Regular Plan with a 4 year lock-in. If your form is received after July 15th and you self-pay the Major Package, your Shortage of Hours Notice may show the incorrect premium for September 2003 coverage.

Please return this form to:

CARPENTRY WORKERS' BENEFIT PLAN OF B.C.

300 – 2806 Kingsway, Vancouver, BC V5R 5V1

Tel: 604-438-2434 Toll-free: 1-877-411-2806 Fax: 604-438-5348 Web page: <http://www.cwbp.bc.ca>