

**Federal Public Service
Health Care Plan
Administration Authority**

2015 ANNUAL REPORT

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I am pleased to present the third Annual Report of the Federal Public Service Health Care Plan Administration Authority. In 2015, we continued to build on our work from previous years and refine our oversight of the plan administration. We conducted risk-based audits and analyzed the trends identified in the Plan. As a result of these initiatives, we are pleased to once again confirm that the Plan is well administered and that any deficiencies uncovered through our audits are brought to Sun Life's attention and remedial action plans are developed in collaboration with the Treasury Board Secretariat.

During the 2012 to 2014 calendar years, growth in claims costs was somewhat tempered by the introduction of generic drugs that replaced a number of brand name drugs that lost patent protection. In addition, provincial legislation in a number of jurisdictions mandated a reduction in pricing for generic drugs that impacted private plans, including the PSHCP. However, in 2015, Plan costs began to increase significantly and the Administration Authority monitored these very closely throughout the year. Plan costs have increased by 13.8% since December 2014, an increase that is partly attributable to changes in Plan design and the elimination of the deductible. Other factors that significantly influenced this escalation included the high cost of biologics and specialty drugs along with increased utilization of medical practitioners.

Our evaluation of the financial impact of these trends on the Plan points to a more complex issue. To fully appreciate the magnitude of the potential cost impact, a detailed and ongoing analysis of the Plan data will be required. This is a challenge that will require significant resources of the Administration Authority as we address this issue moving forward.

Throughout the year, the Chief Executive Officer and I reached out to individual members serving on the Partners Committee. The intent of these meetings was to discuss the Administration Authority's various ongoing initiatives, as well as the risks associated with the emergence of new expensive drugs and their impact on the Plan's costs. These meetings were invariably positive and they provided us with a better understanding of top-of-mind issues for each member serving on the Partners Committee. We were encouraged by all parties to consider scheduling similar meetings in the coming year.

In my letter in last year's Annual Report, I discussed the organization's focus on board governance since 2013. We undertook a complete assessment of the Board of Directors and the Chair in a first phase. In a second phase in 2014, we evaluated the Committees of the Board and their Chairpersons. During this past year, we completed the last phase with the assessment of individual Board members through a peer and self-evaluation process. Results were very positive and detailed feedback was provided to each member serving on our Board. This completed the first full cycle of our Board assessments. We are now in discussion with the Institute on Governance to review our policies and processes in order to assist us in developing a governance framework which would include the process to be adopted for future Board assessments.

In closing, I would like to thank our Board members, our Chief Executive Officer and the Administration Authority staff for their exceptional work, commitment, and dedication. I am continuously amazed at how much this team has accomplished year over year.

A handwritten signature in black ink that reads "Jean-Claude Bouchard". The signature is written in a cursive style and is underlined with a single horizontal line.

Jean-Claude Bouchard
Chairman, Board of Directors
PSHCP Administration Authority

KEEPING OUR COMMITMENTS, CONTINUING OUR MOMENTUM

The health care marketplace and the employee benefits field have always been dynamic arenas, and 2015 proved no different in this regard for the Administration Authority. Keeping pace with changes in the landscape, particularly with respect to prescription drugs, has consumed much of the Administration Authority's attention this past year. In an ongoing effort to remain current in our field, we have been working closely with industry experts to better inform us of the risks and opportunities that exist within the market. A specific emphasis on research and reporting was also put in place throughout the year to continue to broaden our knowledge. Our work in these areas remains central to our mandate of ensuring the efficient and effective administration of the PSHCP now and in the future.

Throughout 2015, we continued to gain momentum in our auditing activities. Having completed an array of audits, we now have a solid foundation of findings, which will inform our risk assessment process in the months and years to come. In a number of instances, we have uncovered patterns within the findings that suggest there may be issues with the administration of the Plan that may be systemic in nature. These results will be considered when completing our risk assessment and are factored into future auditing activities through our 3-year risk based audit plan.

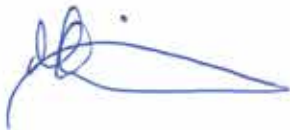
Another key priority in the last year was the creation of an electronic survey capability. Working with Sun Life Financial, we developed means by which we can survey plan members that have either comprehensive coverage (out-of-Canada) or supplementary coverage. With this groundwork in place, we will reach out to Plan members for another satisfaction survey in 2016. We particularly look forward to gathering feedback for the first time from members with comprehensive coverage. These members are more remote geographically in terms of their access to the Plan's member services infrastructure. As such, their service expectations and experiences may be quite different from those of other Plan members. The survey results will enable us to better understand the members' perspectives in order to identify what specific challenges could be addressed in the Plan's service delivery model.

In the spirit of innovation, our Annual Report, like our goals, has evolved. Shaped by input from our stakeholders, this year's format is leaner and appears on the Administration Authority's website. It should be noted that certain sections that were incorporated in previous issues of the Annual Report will be addressed independently, including information on plan performance and the Plan Administrator's compliance. These particular elements are considered to be commercially sensitive, and therefore, are not appropriate for publication.

Also mentioned in previous reports was our evolution as an organization. Noting the Administration Authority's growth and development was important in that it benchmarked our accomplishments to the stage of our maturity. Today, we continue to progress and succeed technically, and there is awareness that, in order to be truly successful over time, we need to foster a strong culture of teamwork and professional development. In 2015, we took significant steps in that direction.

In 2015, the organization was challenged by a number of staff absences and vacancies in key positions. Because we are a small team, any vacant position or staff absence can create serious capacity issues for the remaining staff, putting the organization's objectives in jeopardy. In response to these challenges, we relied heavily on everyone to manage the additional work and maintain the necessary momentum to achieve our goals. Through resilience, a strong sense of personal commitment and incremental effort, I am pleased to report that our organization continued to move forward and deliver on our goals. We enter 2016 with a renewed sense of purpose and a high level of confidence in the future.

The strength and commitment demonstrated by our staff remains the highlight of the year. I am proud of the organization's accomplishments, and of the fact that, in reading this report, each and every member of the team can recognize his or her contribution to the Administration Authority's success. I want to thank the staff and the Board of Directors for their continued support as we look forward to new challenges and milestones in 2016.



John Lewis
Chief Executive Officer
PSHCP Administration Authority

THE FEDERAL PUBLIC SERVICE HEALTH CARE PLAN ADMINISTRATION AUTHORITY

The Federal Public Service Health Care Plan Administration Authority (the Administration Authority) is a corporation without share capital whose mandate is to oversee the administration of the Public Service Health Care Plan (PSHCP). The Administration Authority is responsible for ensuring that the Plan Administrator (Sun Life Assurance Company of Canada) delivers benefits efficiently and effectively to PSHCP members in accordance with the Plan Directive.

APPEALS
(SECTION 7.5)

- Adjudicated 352 appeals, 10% of which were upheld
- Conducted research on services covered under the Plan's Physician Clause
- Modified the Appeals Committee structure to support more meaningful reporting

AUDIT
(SECTION 7.2)

- Completed an Out-of-Country Audit, a Call Centre Audit, and an Orthotics and Support Stockings Spot Audit
- Developed recommendations and identified improvement opportunities based on the 2013/2014 claims audit

COMMUNICATIONS
(SECTION 7.6)

- Produced the organization's second Annual Report that identifies the Administration Authority's mandate, the organization's accomplishments, and the Plan Administrator's compliance with the Contract
- Created the capability to survey members with comprehensive coverage
- Conducted a privacy impact assessment to evaluate the risks associated with conducting research using the Administration Authority's website
- Updated the communication strategy

FRAUD
(SECTION 7.3)

- Monitored active fraud cases
- Worked with Sun Life to enhance its data mining tool to better manage PSHCP plan risks

GOVERNANCE
(SECTION 4)

- Completed a peer assessment of each director serving on the board
- Conducted a Strategic Planning meeting, which included an educational session on the current state of the drug industry and the impending threat of specialty drugs; this session was held jointly with the Partners Committee
- Engaged in stakeholder outreach to lay the groundwork for regular meetings in the future

MANAGEMENT
(SECTION 7.1)

- Produced a three-year Operations Plan that supports the organization's spending requirements
- Introduced a job band progression track for staff compensation
- Reviewed the organization's IT infrastructure

REPORTING
(SECTION 7.4)

- Conducted research on specialty drugs and subsequent entry biologics
- Introduced two new reports to the existing suite: Key Performance Indicators and Plan Summary Tables

PLAN STEWARDSHIP

To be recognized for reliable contract stewardship

- Produce the Administration Authority Annual Report
- Develop an Operations Plan
- Update the Risk Assessment and the three-year Risk-Based Audit Plan
- Conduct a post-claims audit review of findings and develop an action plan to address the findings from the 2014 Claims Audit and the 2013 Privacy Audit
- Produce a three-year audit plan
- Produce a three-year budget

STAKEHOLDER RELATIONSHIPS

To strengthen key relationships

- Review the communications strategy
- Produce quarterly reports for the Project Authority and the Partners Committee
- Develop a strategy and infrastructure to deploy a comprehensive plan member survey
- Enhance the Administration Authority's website to create a plan member survey capability and a plan member research panel
- Introduce a stakeholder outreach campaign

EXPERTISE

To be recognized as a knowledge leader on the Plan and related industry trends

- Articulate individual professional development plans for all staff members
- Review the attendance management protocols
- Inform plan changes through ongoing research activities

GOVERNANCE

To be recognized for excellence in governance and management

- Develop a curriculum of minimum training and education for the board of directors
- Conduct an annual review of the organization's strategic plan
- Develop annual plans for the five committees of the board of directors
- Conduct a peer assessment of each member serving on the board of directors

PLAN STEWARDSHIP

To be recognized for reliable contract stewardship

- Provide program oversight and compliance
- Develop ideas and advice on opportunities for improvement
- Develop an Operations Plan
- Develop a Plan Risk Assessment
- Produce a three-year audit plan and a three-year budget
- Produce an Annual Report
- Conduct Phase 2 of the Administrative Practice Review (review of reasonable and customary fees)
- Complete a comparison study of the existing Plan Directive with the proposed revised document

STAKEHOLDER RELATIONSHIPS

To strengthen key relationships

- Enhance stakeholder engagement through regular communication and outreach
- Review and update the communications strategy
- Produce quarterly reports for the Project Authority and the Partners Committee
- Oversee the implementation of both the supplementary and the comprehensive member surveys
- Implement the member survey capability and continue to develop the research panel

EXPERTISE

To be recognized as a knowledge leader on the Plan and related industry trends

- Continue to develop the HR Regime
- Inform Plan changes through ongoing research activities
- Create individual professional development plans for all staff members
- Develop a research plan to investigate risks and opportunities in relation to Plan innovation

GOVERNANCE

To be recognized for excellence in governance and management

- Hold an annual Strategic Planning meeting
- Conduct an annual review of the strategic framework
- Create a governance framework for the Administration Authority

▶ 1. ABOUT THE PUBLIC SERVICE **HEALTH CARE PLAN**

The Public Service Health Care Plan (PSHCP) is the largest private health care plan in Canada, providing benefits to over 636,000 Plan members and their dependants, totalling a Plan member population of 1.4 million. The PSHCP is sponsored by the Government of Canada. Its members include federal public service employees, parliamentarians, federal judges, and pensioners receiving an ongoing pension benefit based on their service in one of these capacities. Members of the Canadian Forces and Royal Canadian Mounted Police may also join the Plan in order to obtain coverage for their eligible dependants.

The purpose of the PSHCP is to reimburse Plan participants for the reasonable and customary costs they have incurred for eligible services and products as described in the Plan Directive. Reimbursement is considered after they have taken advantage of benefits provided by their provincial or territorial health insurance plan and/or other applicable private plans. The Plan also provides coverage to members who reside outside of Canada for basic health care services equivalent, as much as possible, to the services covered by provincial and territorial health care plans.

The Administrative Services Only (ASO) Contract established between the Project Authority (Treasury Board Secretariat), the Contract Authority (Public Works and Government Services Canada), and the Plan Administrator (Sun Life Assurance Company of Canada) sets out the scope and the service delivery objectives of the PSHCP Contract. Legal authority to establish and modify the provisions of the Plan rests through negotiations with Treasury Board, which is formally accountable to Parliament for the investment of public funds and the performance of the PSHCP.

In 2007, the governance structure for the PSHCP was revised to create the Partners Committee and the Federal Public Service Health Care Plan Administration Authority (the Administration Authority).

The **Partners Committee** focuses on Plan design changes and cost management strategies. It is composed of seven members: three representatives of the employer (the Treasury Board Secretariat), three representatives of the employees (bargaining agents of the National Joint Council), and one pensioner representative.

The **Administration Authority** was established under the Letters Patent, issued pursuant to subsection 7.2(1) of the Financial Administration Act. Its mandate is to ensure that Sun Life complies with the Contract and administers PSHCP benefits efficiently and effectively. It also includes the adjudication of appeals from members regarding benefit entitlement or a coverage issue.

▶ 3. ABOUT THE **ADMINISTRATION AUTHORITY**

The Administration Authority is accountable to the Treasury Board Secretariat and the Partners Committee. It has several operational and reporting responsibilities, which include, but are not limited to:

- Ensuring that service standards outlined in the Contract are met;
- Conducting audits and evaluations regarding the payment of PSHCP benefits;
- Processing appeals submitted by Plan members;
- Communicating with Plan members about their benefits;
- Providing accurate, comprehensive, and up-to-date information on Plan performance;
- Providing direction to Sun Life on the interpretation of Plan provisions; and
- Reporting incidents of fraud.

4. PSHCP ADMINISTRATION AUTHORITY **BOARD OF DIRECTORS**

The Administration Authority is governed by a board of ten directors. One director is appointed by the President of Treasury Board, on the recommendation of the National Joint Council of the Public Service, for the role of chairperson. Another director is appointed by the President of Treasury Board, again on the recommendation of the National Joint Council of the Public Service, who, in the opinion of the President, best represents the pensioners. Four directors are appointed by the President of Treasury Board, and four directors are appointed by that portion of the National Joint Council of the Public Service that represents the employees. Directors are appointed for terms of one to four years, and are eligible for reappointment after satisfactory completion of their terms. A listing of all directors serving on the Board of the Administration Authority as of December 31, 2015 is available under Annex A.

The board of directors is responsible for overseeing the management of the Administration Authority and is involved in the following activities:

- Approving the strategic direction and the triennial Operations Plan;
- Ensuring that potential threats and principal risks are identified and managed;
- Approving major decisions of the organization that relate to the Plan;
- Monitoring the performance of the Chief Executive Officer;
- Supporting the Chief Executive Officer in the development and implementation of organizational policies;
- Overseeing the financial management of the Administration Authority; and
- Approving management succession plans, which include the appointment, training, compensation, and monitoring of senior management.

In performing these oversight duties, the board of directors is supported by five committees composed of board members selected by the chairperson.

4.1 APPEALS COMMITTEE

Chair: Paul Morse (June 2011 to present)

Membership: Five directors

Staff support: Director, Appeals and Member Services; Appeals Analyst

Committee mandate: The primary function of the Appeals Committee is to consider, when requested by a Plan member, an appeal of a decision of the Plan Administrator regarding a specific benefit entitlement and/or a decision relating to that member's coverage. The committee is mandated to review and make recommendations on all appeals submitted by a member or their representative(s), consistent with the provisions of the Plan Directive (Section G-1, Appeals) and to report to the board of directors. Recommendations are ratified by the board of directors, and all decisions are considered final and binding.

Key accomplishments of 2015:

- Held five meetings throughout the year and adjudicated 352 appeals;
- Held two special meetings to consider the appropriate appeal process with regards to the PSHCP Relief Provision;
- Continued to identify sections of the Plan Directive that could be considered confusing or easily misinterpreted by Plan members;
- Drafted issue papers on the majority of services on which the Plan's physician's clause has an impact; and
- Restructured the Appeals Committee's meeting schedule to facilitate improved reporting.

4.2 AUDIT AND FINANCE COMMITTEE

Chair: Edward Gillis (January 2014 to present)

Membership: Five directors

Staff support: Senior Director, Audit and Operations; Chief Financial Officer

Committee mandate: The Audit and Finance Committee assesses the adequacy of risk management processes and makes appropriate recommendations to the board of directors on such matters. The committee reviews the Administration Authority's internal control system and its processes to ensure compliance with legal requirements and regulations. It is also responsible for ensuring that financial statements and reports are provided to the board of directors in a timely manner. The committee reviews the requirements of the Contract to ensure that audits and monitoring programs are implemented on a regular basis. Lastly, the committee provides guidance to the Chief Executive Officer on all accounting-related matters, and makes recommendations to the board of directors for approval.

Key accomplishments of 2015:

- Coordinated an external audit, thereby gaining assurance that the organization's accounting records were reliable;
- Assessed the services performed by the Administration Authority's external auditors;
- Provided financial oversight throughout the year, which was accomplished by reviewing and recommending the board of directors' approval for the 2015 Quarterly Variance Reports and the Annual Budget;
- Ensured that the Plan's risk framework was efficient by conducting a review of the 2015 Risk Assessment outcomes and validating that the Plan risks were effectively addressed in the 2016-2018 Risk Based Audit Plan;
- Received and reviewed reports outlining the results of the Out-of-Country Audit, Call Centre Audit, and the Orthotics and Compression Stockings Post Audit.

4.3 COMMUNICATIONS COMMITTEE

Chair: Pierrette Boyer (July 2014 to present)

Membership: Five directors

Staff support: Senior Director, Communications and Member Services; Communications Officer

Committee mandate: The goal of the Communications Committee is to support the board of directors in the oversight of effective communication to Plan members and stakeholders. This includes identifying the appropriate tools and messages for external communications and the development of an outreach strategy. The committee reports to the board of directors on its assessment of current communications and makes recommendations on measures to address any gaps, inconsistencies, and inadequacies.

Key accomplishments of 2015:

- Produced the Administration Authority's second Annual Report;
- Established a foundation for the 2016 plan member surveys;
- Conducted a Privacy Impact Assessment of the Administration Authority's website to ensure that all possible risks associated with the implementation of the survey and research functionality are addressed;
- Updated the communications strategy.

4.4 GOVERNANCE AND STRATEGY COMMITTEE

Chair: Robert Lafleur (June 2011 to present)

Membership: Six directors

Staff support: Chief Executive Officer

Committee mandate: The objectives of the Governance and Strategy Committee are to ensure the effectiveness of the Administration Authority's governance structure, to identify the various functions, which may require strengthening, and to make recommendations to the board of directors accordingly. Its role includes, but is not limited to, managing the Code of Conduct for the board of directors as well as developing training and qualifications requirements for those board members. The committee ensures that the combination of skills, background, and experience of each director contributes to the strategic direction of the Administration Authority. The committee also oversees the performance reviews of the board of directors, assessing its strengths and weaknesses.

Key accomplishments of 2015:

- Completed the last phase of the governance assessment process, which involved peer evaluations;
- Planned and executed a professional development framework for the members serving on the board of directors;
- Reviewed the strategic objectives and goals of the Administration Authority and updated the risk assessment;
- Supported and guided the discussions for the Strategic Planning meeting that took place in May 2015.

4.5 HUMAN RESOURCES COMMITTEE

Chair: Paul Burkholder (June 2011 to present)

Membership: Five directors

Staff support: Chief Executive Officer

Committee mandate: The Human Resources Committee assists the board of directors in fulfilling its responsibilities in human resources management, specifically, with regard to promoting leadership, continuity, and competence at the senior management level of the Administration Authority. The committee provides guidance and support to the Chief Executive Officer in effective people management practices, policies, and strategies in order to enable the Administration Authority to deliver on its mandated responsibilities and to enhance the organization's performance. The committee also supports the board of directors on the performance assessment and compensation of the Chief Executive Officer.

Key accomplishments of 2015:

- Developed a Job Band Progression Initiative, which resulted in the implementation of a new salary compensation structure for the staff of the Administration Authority;
- Reviewed and endorsed the performance assessment and rating of the CEO;
- Analyzed the 2015 economic pay increases for the Administration Authority staff.

4.6 BOARD OF DIRECTORS ASSESSMENT

In 2013, the board of directors, while functioning well, wished to focus on board performance to ensure it continued to demonstrate effective governance in line with best practices.

As a result, the Administration Authority chose to undertake three phases of work: the first to conduct a board assessment of the PSHCP Administration Authority in late 2013; a second phase to look at its board committees' structures and processes in early 2014; and a third phase, under which the board of directors participated in a self and peer assessment process that was completed in early 2015. In this last phase, the Institute on Governance adapted the findings from the first and second phases, and administered both a concise peer assessment tool and an associated self-assessment tool through an online survey.

The peer and self-assessment tools highlighted consistent strengths for the members of the PSHCP Administration Authority Board of Directors. Overall, responses indicated that all directors have a strong understanding of legal responsibilities, familiarity with the board's Code of Conduct, and respect for the confidential nature of materials and discussions.

In an effort to assist the board of directors to continue to improve its governance practices and best fulfill its roles and responsibilities, the Institute on Governance recommended that the board focus on the consistent communication of important, non-confidential issues to their appointing body. It also encouraged the board to focus on strategic priorities and encouraged other board members to express their opinions at meetings. Finally, it was suggested that directors attend at least one committee meeting on which they do not actively serve in order to hone or increase their overall knowledge. While opportunities for continuous improvement have been identified, it should be noted that the findings of the peer and self-assessments revealed a strong board with no major concerns overall nor for any particular director.

5. ORGANIZATIONAL STRUCTURE

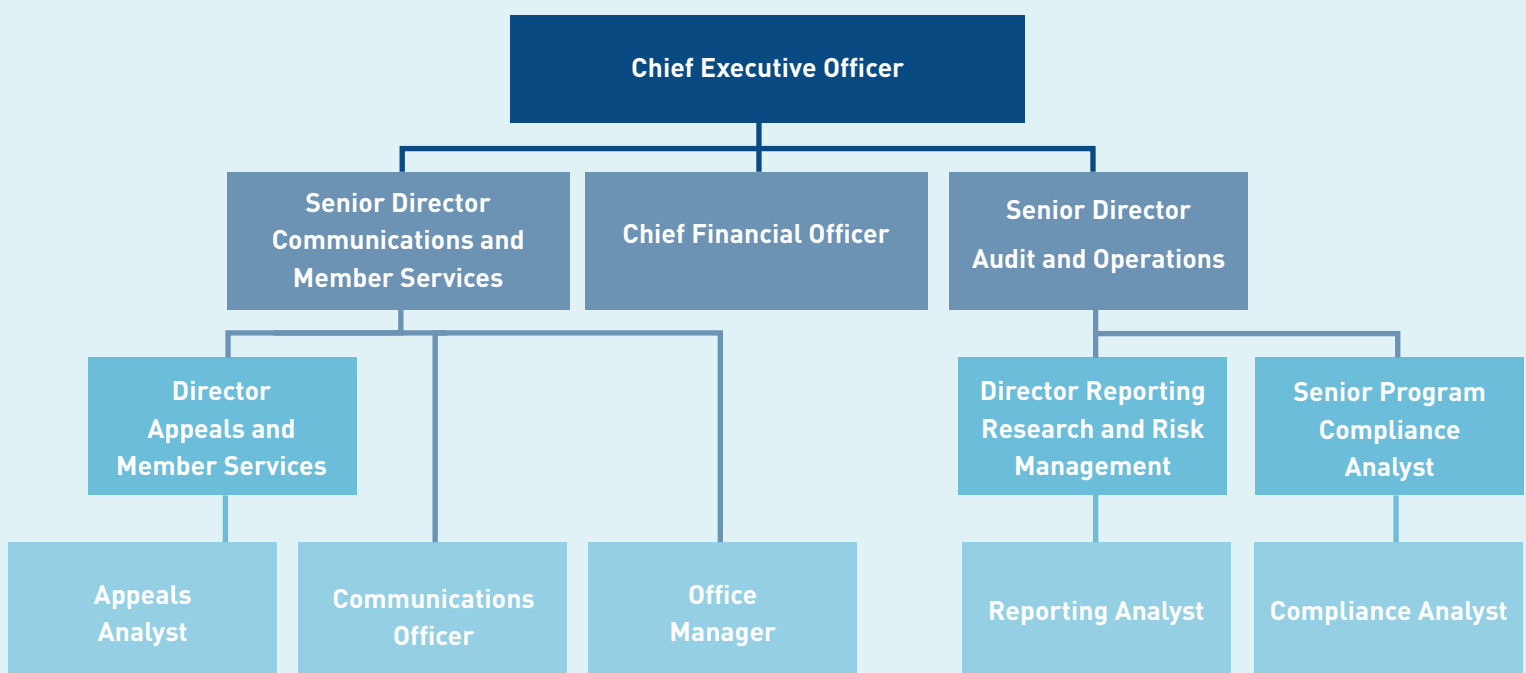
The Administration Authority prides itself on the capacity and competence of its personnel. The staffing complement at the Administration Authority in 2015 comprised 12 full-time employees with expertise in numerous fields, including finance, management, audit, compliance, communications, and group benefits administration.

In order to meet its strategic objectives, the Administration Authority's work is divided into three main functional areas:

Business Management: This function includes the management and oversight of the organization's strategic and operational processes, its internal financial and human resources management activities, and the overall monitoring of Sun Life's compliance within the parameters of the Contract.

Operations and Financial Management: This function includes the management of Contract compliance of the Plan. This area is responsible for the oversight of the audit program of the PSHCP, the implementation of the Risk-Based Audit Plan, risk analysis and management, fraud investigations and prevention, research, analysis, and reporting.

Communications and Member Services: This function is responsible for overseeing the planning and execution of communications initiatives across a range of audiences, managing the appeals process, providing oversight of claims processing and call centre-related issues, managing member inquiries, and facilitating the correct interpretation of Plan provisions.



In consideration of ever-changing circumstances within the public sphere and the group benefits industry, the Administration Authority strives to be flexible and responsive to the needs of the Partners Committee, the Project Authority, Plan members, and the Plan Administrator. The Administration Authority updates its strategic plan on an annual basis and aligns its operational plan accordingly.

The strategic plan includes the Administration Authority's mission, vision, and strategic objectives for the year. Specific deliverables and initiatives are identified by the organization in order to achieve these goals. The Administration Authority then submits the strategic plan to the Partners Committee for approval, as required under the Letters Patent.

Vision: Serving Partners and members by adding value to the administration of the Public Service Health Care Plan through superior knowledge, experience and innovation.

Mission: To ensure that benefits and services to Plan members and their covered dependants, as defined in the PSHCP documentation, are delivered in a manner that ensures the effective and efficient administration of the Plan.

STRATEGIC OBJECTIVES

PLAN STEWARDSHIP

To be recognized for reliable contract stewardship.

STAKEHOLDER RELATIONSHIP

To strengthen key stakeholder relationships.

EXPERTISE AND INNOVATION

To be recognized as a knowledge leader on the Plan and related industry trends.

GOVERNANCE

To be recognized for excellence in governance and management.

7. OPERATIONAL ACCOMPLISHMENTS IN 2015

7.1 BUSINESS MANAGEMENT

In 2015, the Administration Authority pursued a wide range of activities to ensure the continuous improvement of internal administration and governance practices, as well as its external relationships with key stakeholders.

In support of the annual three-year budget submission, the Administration Authority produced a triennial Operations Plan that supports the organization's spending requirements from 2016 to 2018. The Operations Plan is informed by a number of core organization documents, including a Plan Risk Assessment and a Three-Year risk based Audit Plan that is intended to assess and prioritize auditing activities based on Plan risk. These documents form part of the organization's foundation for its daily activities. They also articulate the actions taken by the organization each year to fulfill its mandate.

In 2015, the organization introduced a salary band progression initiative. The objective of this initiative was to ensure that future increases in salary result from movement up an incremental scale, pay range, or band. Tenure-based progression, in which raises in salary are awarded on the employee's anniversary date, is based on the notion that competence and performance improves as employees become more experienced. In order to determine the salary range for each level or band, the Administration Authority looked at relevant public service pay scales such as the ones established for administration, program, and financial functions, ultimately arriving at a ten level scale that is unique to the Administration Authority. Competence and performance will be measured on an annual basis through a formal system of performance management with salaries adjusting accordingly.

With regards to stakeholder relations, the Administration Authority undertook a communication outreach initiative targeted specifically at members serving on the Partners Committee. The Chairman and the Chief Executive Officer met with the Treasury Board Secretariat and the bargaining agents both collectively and individually to discuss the various initiatives undertaken by the Administration Authority with regards to the PSHCP. These activities include the risk-based audit plan, the audits, the appeals process (namely the need for direction with regards to coverage for in vitro fertilization), the requirement for an updated Plan Directive, and the upcoming membership surveys. The meetings also included a discussion on risks associated with the Plan (i.e. the increasing costs of drugs such as biologics and specialty drugs like Repatha).

One of the highlights of the year was an educational session that was organized for the Administration Authority's Strategic Planning meeting. This session, held jointly with the Partners Committee, involved a presentation by an independent health plan analytics and prescription drug plan management company who works with Canadian plan sponsors, plan advisors, provincial and territorial governments, insurance carriers, plan administrators, and service providers to optimize investments made in employee health benefits. The presentation provided an overview of the rapidly changing drug plan marketplace, identifying the specific challenges that will make the 2015–2018 period different from previous years. Moreover, it provided suggestions as to how the PSHCP may wish to respond to some of these challenges in order to ensure that the Plan is best prepared for what lies ahead. Additional information was provided on drugs costs, more specifically on specialty drugs that have surpassed the total spending on all generic drugs combined. The consultant outlined and quantified the new risks to plans like the PSHCP moving forward, using research, knowledge of the drug pipeline and emerging therapeutic trends, and analytics case studies from public sector groups comprised of both active and pensioner groups. The presentation was enlightening for all participants as it highlighted or emphasized the information that can be derived from thorough and comprehensive analytics. The Administration Authority will be pursuing this type of initiative in 2016 and beyond in order to continue its foray into plan analytics, and increase its knowledge of the Canadian health care landscape and its impact on the PSHCP.

7.2 AUDIT AND EVALUATION

7.2.1 Three-Year Risk Based Audit Plan

The Administration Authority conducts an annual Plan Risk Assessment that informs a three-year audit plan. The plan is tabled with the Treasury Board Secretariat and the Partners Committee before being shared with Sun Life. The audit plan establishes the nature of the audits that are to be performed over a three-year period and estimates their timing, scale, and scope. This advance planning allows for the allocation of sufficient resources and ensures that Sun Life and its subcontractors are in a position to support the audits. It also enables the Administration Authority to carry out the audit plan in an orderly fashion.

When conducting the Plan Risk Assessment, the Administration Authority takes into consideration a wide variety of factors. Elements such as contractual requirements, year-over-year trends, and volumes of claims by benefit category are assessed to identify financial risk. Knowledge obtained from industry research and Plan experience allow for a more qualitative assessment of risk. The results of previously conducted audits are also taken into consideration to develop a comprehensive evaluation of the Plan risks.

7. OPERATIONAL ACCOMPLISHMENTS IN 2015

The ensuing three-year audit plan includes audits of financial operations, privacy, reporting services, mechanisms supporting claims adjudication as well as specific benefits such as orthotics and support stockings, durable equipment, psychology, chiropractor, and massage therapy.

7.2.2 Out-of-Country Audit

In 2015, an audit of PSHCP Out-of-Country Claims was conducted by Mercer under the supervision of the Administration Authority. The audit involved a review of Emergency Travel Assistance and Comprehensive claims as well as reported service standards for all of 2013. The objective of the audit was to assess PSHCP contract compliance, the accuracy and effectiveness of claims adjudication and controls, preferred provider network processes, and coordination of benefits with private and public plans at Sun Life and Allianz.

Following the delivery of the initial Out-of-Country Claims Audit report, Mercer identified that the data provided by Sun Life did not include Emergency Travel Assistance (ETA) hospital claims. In order to ensure that the results of the audit were representative of all PSHCP Out-of-Country claims submissions, Mercer needed to extend the audit sample to include ETA hospital claims. This delayed the delivery of results to the early part of 2016.

Overall, the initial audit findings were encouraging. Mercer found that Allianz appropriately adjudicated claim submissions and a number of processes that result in Plan savings have been implemented.

In 2016, the Administration Authority will collaborate with the Treasury Board Secretariat, Sun Life, and Allianz to finalize recommendations and implement administrative changes based on the results of the Out-of-Country Claims Audit completed in 2015.

7.2.3 Canadian Standard on Assurance Engagements (CSAE) Type 2 Audit of Controls

The Canadian Standard on Assurance Engagements (CSAE) 3416 is a standard issued by the Canadian Auditing and Assurance Standards Board for the purposes of assessing and reporting on third party controls. There are two types of CSAE 3416 audits. The Type 1 audit is completed based on the controls in place at a specific point in time, and in the case of the PSHCP, was completed on March 31, 2013. The Type 2 Audit of Controls tested the controls over a period of time, and in this case, took place over the period of one year starting April 1, 2014 and concluding on March 31, 2015.

The CSAE 3416 Type 2 Audit of Controls of Sun Life and its subcontractors, TELUS, Allianz Global Assistance, and Millenium Process Group (MPG) was undertaken by Ernst & Young and a final report was delivered in June 2015. Following an in-depth assessment on the financial controls at each organization, the auditors from Ernst & Young determined that the ongoing financial operations controls for claims processing, payment services, and financial operations were appropriate, correctly documented, implemented, and applied.

7.2.4 Claims Audit

Under the supervision of the Administration Authority, a comprehensive audit of 2013 PSHCP claims as laid out in section 4.8.11 of the Contract was conducted by Mercer. The scope of this audit included an assessment of the paper claims adjudication processes, the testing of electronic claims adjudication against 25 pre-defined edits, a review of risk-based claims data based on high utilization, and an assessment of both desk and on-site audit recoveries. The final audit report was tabled in the Fall of 2014.

In 2015, the Administration Authority collaborated with the Treasury Board Secretariat and Sun Life Financial to develop recommendations and implement administrative changes based on the results and opportunities outlined in Mercer's audit report.

7.2.5 Call Centre Audit

An external compliance audit of Sun Life and Allianz Global Assistance's member call centres was initiated in the fall of 2014. The services of FMC Professionals Inc. were retained to conduct the audit, which was completed in 2015. Based on a review of calls and reported service standards for 2013, the audit objectives were to:

- Determine the quality and accuracy of member call centre communications with respect to Plan provisions;
- Ensure contractor and subcontractor adherence to the PSHCP Contract; and
- Test the validity and effectiveness of documented processes and controls to determine if any improvements or adjustments were necessary.

7. OPERATIONAL ACCOMPLISHMENTS IN 2015

The audit analyzed call centre support processes and infrastructure to ensure that call centre communications were accurate and aligned with Plan provisions. In addition, secure messages and a sample of live calls received by each of the call centres were compared to the broader audit objectives.

The Administration Authority played a significant role throughout the audit. The organization coordinated information sharing between the auditors, Sun Life, and their subcontractor. Additionally, the organization facilitated effective and timely completion of the audit by providing Plan expertise throughout the process.

A final audit report was released in May 2015 and a presentation of findings was made to the Administration Authority at that time. It was subsequently presented to the Treasury Board Secretariat in September 2015. The auditors determined that the Sun Life call centres are providing a good level of service to PSHCP members. Similarly, the audit found that Allianz Global Assistance provides a high level of accuracy to members for Emergency Travel Assistance (ETA) and Comprehensive call centre services.

7.2.6 Orthotics and Support Stockings Spot Audit

In 2015, the Administration Authority conducted a spot audit of orthotics and support stockings claims submitted to the PSHCP during the 2014 calendar year. These categories of claims were identified as high risk in the annual Plan Risk Assessment performed in 2014 due to the following factors:

- The high number of paid claims
- The significant dollar value of paid claims
- An Administrative Practices Review conducted in 2014 identified opportunities for improvement in the adjudication of these benefits; and
- Industry evidence suggests that these benefits are subject to misuse and abuse.

The audit involved the review of a statistically valid sample of claims to ensure submitted expenses were substantiated with the required documentation (receipts, referrals, completed and signed claim forms) and that reimbursements were made in accordance with the provisions of the Plan. The results of the audit showed that, generally, the systems in place at Sun Life work effectively, and in most cases, claims examiners follow mandated procedures. A list of recommendations intended to mitigate the risks associated with the manual processes was documented in the audit report and shared with the Plan Administrator for further consideration.

7.2.7 Allianz Privacy Audit

In 2015, the Administration Authority conducted a privacy audit of Allianz, Sun Life's subcontractor responsible for the management of the Emergency Travel Benefit, and service for members with comprehensive coverage.

More specifically, the primary focus of the audit was on the following areas:

- Mechanisms to send and receive members' personal information across Canadian borders;
- Disclosure of members' personal information;
- Security of information transmittal;
- Accuracy of privacy operations documents;
- Privacy Breach reporting mechanisms; and
- Controls in place to restrict access to personal information collected under the contract to individuals with a "need to know" and that have the appropriate security clearance.

This audit was completed and the report was finalized in the expected time frame. Sun Life addressed all of the areas where observations were identified and the results of the audit were commendable. There was one area of concern where Allianz was having difficulty partitioning their privacy breach reporting to isolate the PSHCP results prior to 2014, which has since been resolved for future reporting.

7. OPERATIONAL ACCOMPLISHMENTS IN 2015

7.3 FRAUD

Fraud management is a critical component in the oversight of a publicly funded health care benefits plan, particularly one as large as the PSHCP. It ensures that the incidence of fraud and misuse of the Plan is minimized, and that suspected fraud cases are investigated and managed effectively.

In collaboration with Sun Life and the Treasury Board Secretariat, the Administration Authority ensures effective and efficient fraud case management and resolution. The Administration Authority evaluates case information, determines risk, and prepares case summaries with recommendations for review by the Treasury Board Secretariat.

As part of its 2015 anti-fraud strengthening strategy, Sun Life enhanced its data mining system by refining the criteria links and triggers in order to reduce the number of unfounded fraud alerts generated and to more accurately detect instances of fraud and abuse.

The number of suspected fraud cases identified within the Plan in 2015 is consistent with volumes reported in previous years. The volume of identified fraud remains lower than expected for a health care plan as large as the PSHCP. The Administration Authority will continue monitoring results closely to ensure that the anti-fraud strategies and the enhancements made to Sun Life's data mining tool effectively address PSHCP risks.

7.4 REPORTING, RESEARCH AND ANALYSIS

To meet the requirements listed in the Letters Patent, the Administration Authority developed a reporting structure (see Annex B) whereby reports are provided to the Partners Committee on a monthly, quarterly, annual, and an as-needed basis. The organization also developed a delivery management plan that enables the Treasury Board Secretariat to evaluate the performance of the Administration Authority against pre-established accountabilities.

Drugs Benefit

In 2015, the Administration Authority continually conducted research related to specialty drugs, including biologics. Research was carried out on Harvoni, a newly introduced specialty drug for the treatment of Hepatitis C, to better understand its potential cost implications for the PSHCP. Additional research was completed on subsequent entry biologics (SEBs), also referred to as 'bio-similars', which are similar but not identical versions of an existing biologic drug. The research focused on their approval process, applicable regulations, and its pricing model. An article published by TELUS estimates potential savings associated with the use of SEBs - as opposed to brand name biologics - to be in the range of 15% to 30%¹.

In 2015, the Administration Authority conducted an extensive Drug Data review based on 2014 data. This review covered many aspects of the Drug benefit for 2014 under the PSHCP. Included in this review was an in-depth analysis on the top 5 therapeutic classes, the top 25 DINs, brand vs. generic drug distribution, the average paid amount by province as well as many other statistics tracking changes and trends on drug data over the last four years. This was presented at length to the board of directors and the Administration Authority will continue to provide updates to the board on an annual basis.

The table below lists the top ten drugs paid by the Plan in 2015. The biologics and specialty drugs are indicated by an asterisk.

2015 TOP 10 DRUGS BY PAID AMOUNT

Rank	Drug Name	Disease Name
1	REMICADE 100MG INJECTION*	Rheumatoid Arthritis
2	HARVONI 90MG/400MG TABLET*	Hepatitis C
3	HUMIRA 40MG/0.8ML PFS INJ*	Rheumatoid Arthritis
4	ENBREL 50MG INJECTION*	Rheumatoid Arthritis
5	CYMBALTA 60MG DR CAPSULE	Depression
6	VICTOZA MULTIDOSE PEN INJECTOR*	Type 2 Diabetes
7	APO-ESOMEPRAZOLE 40MG TABLET	Acid Reflux/Ulcers
8	SOLIRIS 10MG/ML IV SOLUTION*	Rare Blood Disease
9	LUCENTIS 10MG/ML OPH INJECTION*	Eye Disease
10	XOLAIR 150MG/VIAL INJECTION*	Allergies/Asthma

*Specialty or biologic drug

¹ <http://www.telushealth.com/perspective/en/Winter2013/files/assets/basic-html/page20.html>

7. OPERATIONAL ACCOMPLISHMENTS IN 2015

The Plan's Catastrophic Drug Provision provides increased protection for members with exceptionally high prescription drug costs during a calendar year. Once a member has paid the threshold of \$3,000 (20% of \$15,000) in out-of-pocket eligible drug expenses in a calendar year, reimbursement of additional eligible prescription drug expenses incurred in that year increases from 80% to 100%. Year over year, the number of members claiming more than \$15,000, thereby benefitting from the catastrophic drug provision, has been growing consistently. Based on supplementary drug claims incurred in 2014, the paid amount for members whose eligible drug claims were greater than \$15,000 increased by 27% over 2013.

Claims and coverage

Throughout 2015, ongoing paid claims analyses were performed and outcomes were reported to the board of directors on a monthly basis. All paid amounts for claims, fees, and taxes were evaluated and reported against the same period in the previous year. The change in cost per member was assessed and cumulative results were updated. Standard reporting results were compared against an ad-hoc data tool to validate the accuracy and consistency of the reports.

A review of plan expenditures, Plan membership data, and an in-depth analysis on PSHCP benefits was performed and presented to the board of directors on a quarterly basis. This review included: average plan cost per member, distribution of paid amount by member group, paid amount growth trends for all benefit categories, and a more in-depth analysis of the drug and medical practitioner's benefits.

Additionally, in 2015, two new reports were produced: the Key Performance Indicators (KPIs) and the Plan Summary Tables. The KPI report, initiated in 2014 and finalized in 2015, captures historical key performance indicators and trends on a one-page summary intended to act as a quick visual reference tool for the board of directors. The Plan Summary Tables were created to provide a recap of yearly trends and statistics. The tables include statistics on the variations observed in different benefit categories such as medical practitioner expenses and an overview of the Top 10 drugs paid by the Plan.

The taxable benefit amount for PSHCP members who reside in Quebec and participate in the Veterans Affairs Canada (VAC) group was calculated. Based on the data extract provided by Sun Life, the Administration Authority performed calculations on the number of months a member was covered under the new and previous contribution rate, taking into account changes in their coverage (i.e., single, family, employee, pensioner, etc.). The final report will be provided to VAC in January 2016.

7.5 APPEALS

The Administration Authority's mandate includes the management of the appeals process. The organization conducts research on the circumstances presented in the appeals it receives, and refers them to the Appeals Committee for review and recommendations. The decision of the Appeals Committee to uphold or deny an appeal is ratified by the Board of Directors of the Administration Authority, and decisions are considered final.

In 2015, the Administration Authority received 416 appeals. This number represents an 14.4% decrease over 2014. This differs from the 8.5% increase that was observed in 2014 in the volume of appeals received when compared to 2013.

Of the appeals presented in 2015, 50% were in relation to either a decision rendered by the Plan Administrator or to the level of benefits offered under the Plan. The other 50% concerned the effective date of coverage or a request for a refund of contributions. In 2015, a 20.8% increase was observed in the latter category following the introduction of more detailed pension statements in January 2015 and an increase in pensioner contribution rates.

The most recurring appeal topics related to Plan design issues are in regards to the following categories (listed in order of frequency):

- Requests for refunds of PSHCP contributions (i.e. when a member did not switch from family to single coverage, resulting in an overpayment of contributions)
- Acupuncture by a non-physician
- Hearing aids (i.e. early replacement and benefit maximum)
- Injectable viscosupplementation treatments (i.e. knee arthritis pain injections)
- Needles and syringes that are not used for the treatment of diabetes
- Non-oral contraceptives
- Physician and laboratory services rendered in a private setting

7. OPERATIONAL ACCOMPLISHMENTS IN 2015

In addition, a number of appeals were related to deficiencies in administrative practices within particular departments, a lack of information about the Plan, or confusing or outdated wording within the Plan Directive itself. For example, the current wording of the Plan Directive grants the approval authority for new services under the physician clause to the PSHCP Trust, and the wording has yet to be updated to identify the party responsible for these decisions. Because of this, a number of appeals are being held in abeyance until a decision has been reached regarding a variety of services, including in vitro fertilization, photodynamic therapy, Oncotype DX (breast cancer test), laser optical biometry, and bariatric surgery. In 2015, the Administration Authority continued its research on these emerging services. The research includes information on the services, provincial/territorial coverage (if any), their possible impact to the PSHCP, and options for the Partners Committee consideration. The research is expected to be completed in 2016.

7.6 COMMUNICATIONS

The Administration Authority is responsible for the oversight of communications initiatives described in the Contract as well as for general communications with members.

7.6.1 The Annual Report

The Administration Authority produced its second Annual Report in 2015. The report provided insight into the activities of the Administration Authority. The document introduced the board of directors, its committees, and their responsibilities. It provided an overview of the organization's strategic plan and objectives as well as the work accomplished during the year. Lastly, it provided an overview of the Plan's performance for the year, including the trends and drivers that had an impact on the PSHCP. The document also reported on Sun Life's compliance with the current Contract.

7.6.2 PSHCP Administration Authority website

Over the course of the year, the Communications Committee continued its review of the Administration Authority website, including discussions and recommendations on proposed web articles and their publication schedule. Expected articles for 2016 web publication include: generic substitution, Comprehensive coverage, the Hospital Provision, referral benefits, the medical practitioners benefit, Plan exclusions and limitations, and licensing requirements. The intent in publishing these articles is to foster a better understanding of the Plan provisions and help Plan members understand the scope of their coverage.

In 2014, the Administration Authority conducted a Preliminary Privacy Analysis that addressed four proposed improvements to its website. These included the development of a survey capability, the development of a research panel, the introduction of a “contact” feature, and the automation of the appeals process. In response, the organization opted to focus on the development of the survey capability and member research panel. The objective of this web-based tool will be to design, develop, and execute online survey capabilities in an attempt to reach out to the PSHCP membership and gather their opinions and feedback on emerging research issues. The other initiative will be to develop and maintain an online community of PSHCP members that will be used as a sounding board for plan-specific issues.

Prior to developing these two functionalities, a Privacy Impact Analysis (PIA) was conducted in 2015. The PIA was an assessment of the potential privacy risks associated with implementation of website surveys and research panels by the Administration Authority as they would be hosted by a third party survey provider, who would collect and store the survey data. The surveys are not intended to ask for, nor to collect, personally identifiable information.

This PIA process examined the privacy impacts of the initiative with consideration for federal privacy legislation, regulations and TBS directives, policies, guidance, and best practices. The PIA further served to identify and evaluate any potential risks to the privacy of personal information, and to recommend possible options for mitigating the risks identified.

The PIA assessed the privacy risks associated with the proposed implementation of surveys and provided recommendations to mitigate these risks. The PIA confirmed that the Administration Authority uses best practices in privacy and the protection of personal information and that it is compliant with the requirements of the Privacy Act and the Treasury Board Secretariat’s policies, directives, and guidelines. The Administration Authority intends to launch its first survey in the latter part of 2016.

7. OPERATIONAL ACCOMPLISHMENTS IN 2015

7.6.3 Communications strategy and plan

In 2015, the Administration Authority updated its communications strategy and plan. This document presents a summary of the organization's outcomes of the 2014 communications strategy as well as a preliminary communications strategy for 2015. It further highlights the progress made on current communication priorities and establishes objectives that will help the Administration Authority achieve its long-term communication goals.

The communications strategy identified four key objectives, which include enhancing members' understanding of the Plan, improving oversight of the Plan Administrator's compliance with communication standards, reviewing and redesigning the website, and finally, improving communication with stakeholders.



**Federal Public Service
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ANNEX A – 2015 BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD OF DIRECTORS

Jean-Claude Bouchard

Chair since: 2009 - Current term: July 1, 2014 to June 30, 2018

Committees: Serves on the Communications Committee, the Governance and Strategy Committee, and the Human Resources Committee

Jean-Claude Bouchard has held numerous executive-level positions since his public service career began in 1971. Notably, he held the positions of the first Chief Human Resources Officer for the Treasury Board Secretariat, Assistant Deputy Minister of Industry Canada and Associate Deputy Minister at Fisheries and Oceans Canada. He retired in 2007 as President of the Canadian Environmental Assessment Agency.

DIRECTORS

Chris Aylward

Director since November 1, 2012. Current term: November 1, 2015 to May 1, 2018

Committees: Serves on the Communications Committee and the Governance and Strategy Committee

Chris Aylward is an active member of the Public Service Alliance of Canada (PSAC). He has held many positions within the union, starting as a local union steward, to his current position as National Executive Vice President of the PSAC.

Pierrette Boyer

First term: July 1, 2013 to June 30, 2016

Committees: Chair of the Communications Committee, serves on the Human Resources Committee

Pierrette Boyer retired from the public service in September 2013. Her last position was Chief of Staff and Special Advisor to the Assistant Deputy Minister of the Pensions and Benefits Group in the Treasury Board Secretariat. During her public service career, Pierrette developed and implemented pensions policies and programs as well as pensions and benefits communication products.

Paul Burkholder

Director since 2010 - Current term: July 12, 2013 to July 11, 2016

Committees: Chair of the Human Resources Committee, serves on the Appeals Committee and the Governance and Strategy Committee

During his 35-year career as a Human Resources leader, Paul Burkholder worked in a wide range of operational and corporate functions with various government departments and agencies. In addition, he served as Vice Chair of the National Joint Council Executive Committee and as an employer representative of the Partners Committee for the PSHCP, among others.

Gray Gillespie

First term: July 1, 2014 to June 30, 2017

Committees: Serves on the Communications Committee and the Appeals Committee

Gray Gillespie holds a Master's degree in Economics (1972) from the University of Windsor. He worked in Human Resources in the public service for 33 years, with the majority of this time spent in labour relations. His last assignment was as the Assistant Secretary Human Resources Litigation in the Human Resources Branch of the Treasury Board Secretariat. Gray retired from the public service in 2005.

Edward (Eddie) Gillis

Director since 2012 - Current term: May 1, 2014 to April 30, 2018

Committees: Chair of the Audit and Finance Committee, serves on the Governance and Strategy Committee

Edward (Eddie) Gillis has spent 25 years in the labour relations field. He is the Chief Operating Officer and Executive Secretary of the Professional Institute of the Public Service of Canada where he leads the Institute's management team and staff compliment.

John Gordon

First term: May 1, 2012 to April 30, 2016

Committees: Serves on the Appeals Committee Audit, the Audit and Finance Committee, and the Human Resources Committee

John Gordon has worked for the public service since 1974 and has held numerous positions within the Public Service Alliance of Canada, including that of National President from 2006 to 2012.

Robert S. Lafleur

Director since 2007 - Current term: May 1, 2012 to April 30, 2014

Committees: Chair of the Governance and Strategy Committee, serves on the Appeals Committee and the Audit and Finance Committee

Robert Lafleur is a human resources and executive coaching specialist. He has held senior positions at the Director General and Assistant Deputy Minister level within the Public Service Commission, Transport Canada, Public Works and Government Services Canada, the Treasury Board Secretariat, and Health Canada.

Gary Maxwell

Director since 2008 - Current term: January 1, 2012 to December 31, 2015

Committees: Serves on the Audit and Finance Committee, the Governance and Strategy Committee, and the Human Resources Committee

Gary Maxwell has over three decades of experience in the healthcare benefits and insurance field. Namely, he worked for 32 years at Metropolitan Life Insurance in three departments: Technology, Auditing and Finance, and Group Benefits and Pensions.

Paul Morse

Trustee since 2006, Director since 2007 - Current term: May 1, 2013 to April 30, 2016

Committees: Chair of the Appeals Committee, serves on the Communications Committee and the Audit and Finance Committee

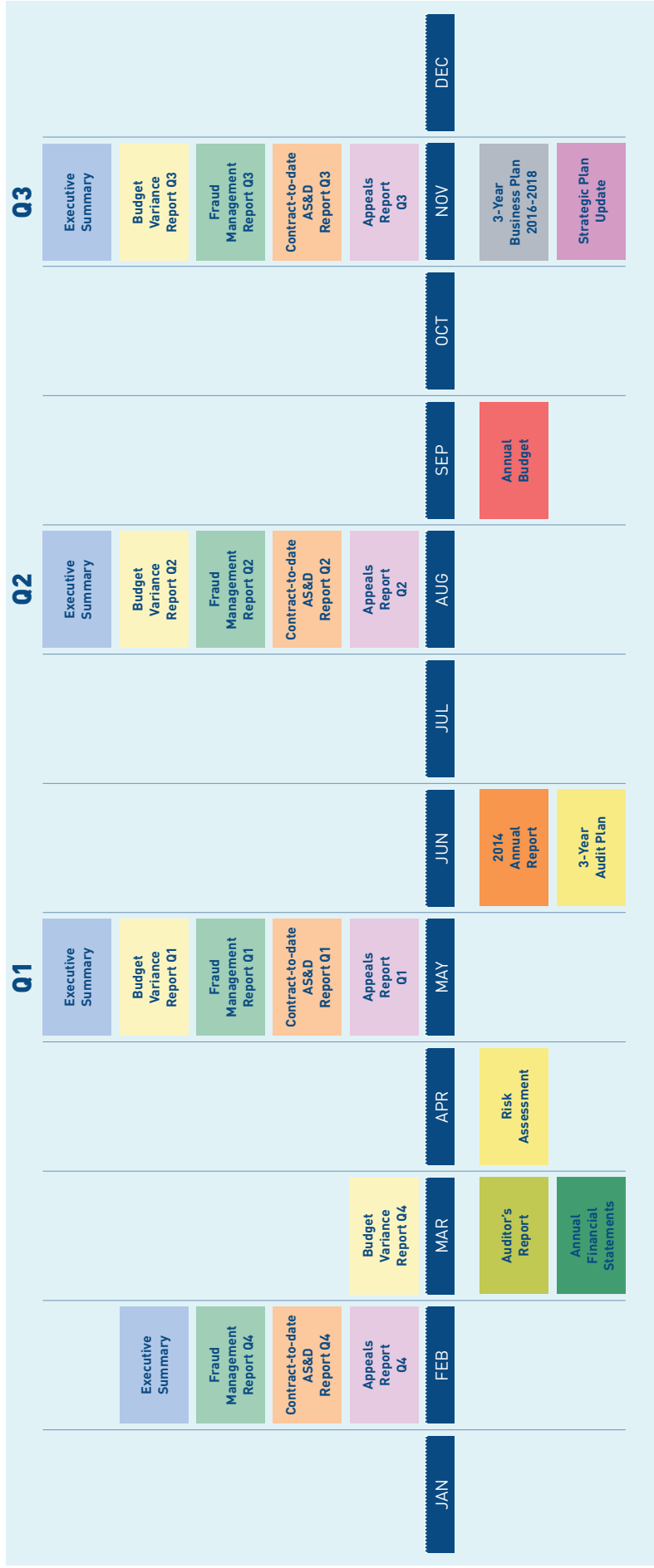
Throughout his 35 year career, Paul was involved in union activities and worked as an Electronic Technologist with Transport Canada and Environment Canada. He was Chair of the National Joint Council bargaining side from 2003 to 2005, and he was the union lead in the negotiations that led to the introduction of the PSHCP benefit card.



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ANNEX B – 2015 REPORTING STRUCTURE

2015 REPORTING STRUCTURE



DETAILS - QUARTERLY DELIVERABLES

Fraud Management Report contents:

- Overview of current cases load and status
- Outstanding plan recoveries and recoveries of the period

AS&D Report contents:

- Contract-to-date results for AS&D Program components that yield the most substantial savings and recoveries
- Claims and dollar error rates across program components
- Annual comparisons

Appeals Report contents:

- Executive Summary
- Appeal highlights from previous quarter
- Committee decisions
- Appeals closed without decision
- Aging of appeals
- Appeals categories

DETAILS - ANNUAL DELIVERABLES

Risk Assessment

3-Year Audit Plan

Together will:

- Inform audits to perform over the next 3 years
- Assess Plan risks
- Outline proposed audit timelines

Annual Report contents:

- Strategic Plan and objectives
- Goals of the organization
- Audit results
- Appeals results
- Incidences of fraud
- Communication Strategy
- Plan administration
- Data on the Plan (trends, costs, membership)

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