



pshcp.ca

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

2016 Annual Report





## Table of contents

|  |       |
|--|-------|
| Table of contents                                      | 3     |
| Letter from the Chairman of the Board of Directors     | 4-5   |
| Letter from the Chief Executive Officer                | 6-8   |
| Who we are and what we do                              | 9     |
| Highlights for 2016                                    | 10    |
| Strategic Objectives for 2016                          | 11    |
| Strategic Objectives and Organizational Goals for 2017 | 12    |
| 1. About the Public Service Health Care Plan           | 13    |
| 2. Governance of the PSHCP                             | 14    |
| 3. About the Administration Authority                  | 15    |
| 4. PSHCP Administration Authority Board of Directors   | 16-21 |
| 4.1. Appeals Committee                                 | 16-17 |
| 4.2. Audit and Finance Committee                       | 17-18 |
| 4.3. Communications Committee                          | 18    |
| 4.4. Governance and Strategy Committee                 | 19    |
| 4.5. Human Resources Committee                         | 19-20 |
| 4.6. Executive Committee                               | 20    |
| 4.7. Governance assessment                             | 20-21 |
| 5. Organizational structure                            | 22    |
| 6. Strategic Plan for 2016                             | 23    |
| 7. Operational accomplishments in 2016                 | 24-37 |
| 7.1. Business management                               | 24-25 |
| 7.2. Audit and evaluation                              | 26-29 |
| 7.3. Fraud   | 29-30 |
| 7.4. Reporting, research, and analysis                 | 30-33 |
| 7.5. Appeals   | 33-35 |
| 7.6. Communications, Access to Information and Privacy | 35-37 |
| ANNEX A – 2016 Board of Directors                      | 38-41 |
| ANNEX B – 2016 Reporting Structure                     | 42-43 |



## Letter from the Chairman of the Board of Directors

I am pleased to present the fourth Annual Report of the Federal Public Service Health Care Plan Administration Authority. Our work in 2016 represented a continuation of the activities undertaken in recent years. You will also note that all of the elements on which we are reporting stem directly from the various objectives set out in our Strategic Plan. Each year, the Board of Directors hosts a strategic planning session as an opportunity to review the document and to implement appropriate changes to the Plan.

It was at our spring 2016 strategic planning session that we determined that the lack of a formal plan for restoring the Administration Authority's operations in the event of a natural disaster or accident presented a major risk to the organization. We, therefore, engaged a firm of experts to assess the various risks associated with our operations and to create a contingency plan. The risk assessment has since been completed, and a full report that includes the measures to be taken will be presented to the Board of Directors in the summer of 2017.

Three years ago, we embarked on an assessment of our Board of Directors and its committees. This initiative included an assessment of how the Board operates and peer evaluations of individual Board members, committee chairs, and the Chairman. The results of those assessments, and the recommendations that followed, enabled us to enhance the effectiveness of our Board of Directors. In 2016, once again with the support of the Institute on Governance, we undertook a comprehensive examination of our governance framework by reviewing our policies, regulations, Strategic and Operations plans, and our Annual Report in light of best practices in the not-for-profit sector. As a result of this endeavour, a number of changes were made to these documents. I invite you to read Section six of the 2016 Annual Report for a more in depth look into this initiative.

Major changes were also made to the composition of the Board of Directors in 2016. We were pleased to welcome three new directors: Scott Doidge, Tammy Labelle, and Dominic Laporte. Through their respective talents and experience, these new members have already carved out a niche for themselves and are making significant contributions to our work. A summary of their professional backgrounds can be found under Annex A of this report. I would also like to take this opportunity to publicly acknowledge Paul Burkholder, Robert Lafleur, and Gary Maxwell for their

outstanding work, which has not gone unnoticed throughout their years of service on our Board of Directors and its various committees. Each former director has demonstrated exceptional commitment to the Public Service Health Care Plan and to the Administration Authority.

In closing, I would like to pay tribute to the high level of competence and the exceptional work of the Administration Authority's management team and staff. I would also like to thank our Chief Executive Officer for his steadfast support, professionalism, and leadership throughout the 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



# Letter from the Chief Executive Officer

## Continuous Improvement, Preparing for the Future

In 2016, the Administration Authority focused its attention on organizational evaluation and improvement. In the increasingly complex and uncertain world of group insurance, our journey over the past several years has seen us evolve into a steady state organization with resources committed to supporting a range of deliverables. These deliverables include enhancing the risk management of the Public Service Health Care Plan, overseeing the Plan Administrator's operations, and providing reporting that helps inform our constituents and stakeholders.

We identified various opportunities to strengthen our organizational culture and team focus throughout the year. Our first initiative was to expand the leadership team of the Administration Authority to include Directors, as well as Senior Directors, the Chief Financial Officer, and the Chief Executive Officer. The intention of this measure was to enhance information sharing and communication between functional areas in support of a "one team concept" that would strengthen working relationships and collaboration across the organization as a whole.

Reporting to the Board of Directors and other stakeholders is a core deliverable for the organization. In 2016, we commenced work on a reporting assessment initiative in order to gauge the Administration Authority's scope of reporting responsibilities and to better prioritize additions and enhancements. The purpose of this initiative was to identify and take inventory of all of the reports produced by our organization and to evaluate if there were gaps in our reporting framework or areas that could be eliminated. Although this project will not be completed until late 2017, it has already produced some insightful results. Because of these findings, we have identified the need to evergreen this practice on a regular basis.

In 2016, we also made an effort to modernize our tools and to streamline communications and document management. Our Board of Directors was equipped with laptop computers and a secure connection to a repository containing Administration Authority documents was established, allowing for the electronic distribution of files and eliminating the need for paper copies. This approach has increased staff efficiency, reduced our paper consumption and will, eventually, facilitate remote meeting access in those rare instances where a Board member is unable to attend a meeting in person.

As new demands are placed on the Administration Authority, there is a risk that we will not have sufficient resources and that we will be unable to respond with the degree of quality and comprehensiveness that is a hallmark of our work. To understand these risks fully, we conducted a capacity assessment of the organization, which identified the three categories of work in which we engage. Results from this assessment indicated that 50% of the organization's resources

is estimated to be consumed by work that is known in advance and has a predictable resource requirement. Another 41% of resources is consumed by work that is known in advance, but 20% of this work has an unpredictable resource requirement. Approximately 9% of resources is consumed by work that is not known in advance and considered “ad hoc” with resource requirements varying significantly depending on the project. Ultimately, the results revealed that we are operating very close to capacity, and that any incremental demands on our resources would require a reprioritization of our ongoing deliverables, the acquisition of more staff, further utilization of the consulting community, or a combination of all three mitigation strategies.

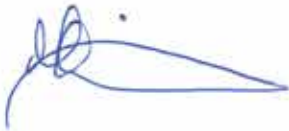
There are a number of specific initiatives planned for 2017. Informed by the strategic planning session held in May 2016, these initiatives include the continued evolution of our market research capability through which we will conduct our first online survey. This survey will focus on PSHCP member satisfaction with our website. We will also continue to establish a research community of PSHCP members. This forum will be periodically asked to provide opinions and suggestions on PSHCP-related matters. The first panel survey is scheduled to take place in 2018.

In order to present audit findings in a more objective manner, we will develop an audit scoring methodology to promote a clearer set of mutual expectations between the subject-entity and the staff of the Administration Authority. We anticipate completing this work in 2017 and using the model in 2018 and beyond.

Given the size of our staff complement, every role within the Administration Authority is important. One of the greatest risks to the organization is the issue of staff turnover. However, in 2016, we are pleased to report that we have been successful in acquiring and retaining staff by offering them a career path within the organization. In order to maintain this balance, succession planning must be conducted on a regular basis to inform management of staff interests from a career track standpoint, of next generation leadership potential, of professional development opportunities that can support future promotions, and of mitigation strategies to address staff departures. Having gone through this exercise in 2014, we will conduct our second succession planning exercise in 2017 to address these issues.

In closing, 2016 has been another productive year for the Administration Authority. We continue to focus on the Plan member experience through our appeals process and communication efforts. Our risk management actions, including compliance oversight and auditing activities, serve to manage the Plan efficiently and effectively, and we provide critical reporting information to stakeholders to support them in their governance roles. We do all of this while embracing a culture of continuous improvement and introspection that will support our forward-looking approach in achieving our mandate.

Our accomplishments would not be possible without the enthusiastic support of our staff and the strong leadership and energy of our Board of Directors. One of the proudest moments I experienced personally this year was when a new Director, at his first Board meeting, commented on the energy and positivity that he felt entering our workplace. I want to thank the Board of Directors for their support and encouragement throughout 2016, and I want to thank and congratulate the staff on another successful year of positive results. Their dynamism, commitment, and positive attitudes make the Administration Authority a successful enterprise and a great place to come to work every day.



**John Lewis**

Chief Executive Officer

PSHCP Administration Authority





## Who we are and what we do

### 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.

# Highlights for 2016

## APPEALS

### (Section 7.5)

- Heard 522 appeals, a 48% increase over 2015
- Identified problematic areas in the Plan Directive, namely the Physician's Clause and the Durable Equipment Provision
- Conducted research on the impact of the Physician's Clause on certain services
- Reviewed the existing Plan Directive and a draft version of the proposed Plan Directive

## AUDIT

### (Section 7.2)

- Completed a detailed risk assessment, which informed the development of the Three-Year Risk-Based Audit Plan
- Continued to address outstanding recommendations and improvement opportunities from the 2013/2014 Claims Audit, the 2014 Call Centre Audit, and the 2015 Out-of-Country Claims Audit
- Completed the Durable Equipment Spot Audit
- Conducted a privacy audit of TELUS, the Plan's Pharmacy Benefits Manager

## COMMUNICATIONS

### (Section 7.6)

- Laid the groundwork for the organization's first-ever online Plan member survey capability
- Reviewed the structure of the 2015 Annual Report and posted it on pshcp.ca

## FRAUD

### (Section 7.3)

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

## GOVERNANCE

### (Section 4)

- Provided directors with laptops to mitigate risks associated with business disruption and to reduce paper consumption
- Developed a governance framework
- Held an annual strategic planning session that included a tour of Sun Life's operations in Montreal (claims imaging and call centre)

## MANAGEMENT

### (Section 7.1)

- Undertook a capacity assessment to better understand how human resources are being utilized, and to identify residual capacity
- Completed a risk assessment related to business continuity
- Defined the terms of reference for the PSHCP Operations Committee
- Reviewed the Administrative Services Only Contract's service level standards

## REPORTING

### (Section 7.4)

- Introduced new reporting elements to the Annual Plan Experience presentation
- Conducted a fulsome review of existing reporting deliverables to confirm their continued relevance



# Strategic Objectives for 2016

## PLAN STEWARDSHIP

To be recognized for reliable contract stewardship

- Provide program oversight and compliance
- Develop an operations plan
- Develop a Plan risk assessment
- Produce a three-year audit plan
- Produce an annual report

---

## STAKEHOLDER RELATIONSHIPS

Create a governance framework for the Administration Authority

- Enhance stakeholder engagement through regular communication and outreach
- Produce quarterly reports for the Project Authority and the Partners Committee
- Implement the member survey capability and continue to develop the research panel
- Oversee the implementation of the Supplementary and Comprehensive member surveys
- Review and update the Communications Strategy and Plan

---

## EXPERTISE

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

- Inform Plan changes through ongoing research activity
- Create individual professional development plans for all staff
- 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 session
- Conduct an annual review of the Strategic Framework
- Create a governance framework
- Conduct a capacity assessment

# Strategic Objectives and Organizational Goals for 2017

## PLAN STEWARDSHIP

To be recognized for reliable contract stewardship

- Provide program oversight and compliance
- Develop an operations plan
- Develop a Plan risk assessment
- Produce a three-year audit plan and three-year budget
- Conduct the second phase of the Administrative Practice Review

---

## STAKEHOLDER RELATIONSHIPS

To strengthen key relationships

- Launch the first online Plan member survey, build a research community, and conduct an analysis of the data
- Produce quarterly reports for the Project Authority and the Partners Committee
- Oversee the implementation of the Supplementary and Comprehensive member surveys (paper and electronic) and conduct in-depth analysis of the data

---

## EXPERTISE

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

- Work with a data analytics firm to enhance the organization's capabilities in this field
- Develop an audit scorecard
- Complete the Reporting Assessment project
- Work with the Non-Insured Health Benefits (NIHB) program to identify opportunities for cost savings

---

## GOVERNANCE

To be recognized for excellence in governance and management

- Finalize a business continuity/disaster recovery plan
- Provide support to the Partners Committee
- Review and update the succession plan for staff
- Hold an annual strategic planning session, which will include a training session on violence and harassment in the workplace
- Conduct an assessment of the Board of Directors

## 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 652,000 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.

## Governance of the PSHCP

The Administrative Services Only (ASO) Contract established between the Project Authority (the Treasury Board of Canada Secretariat), the Contract Authority (Public Services and Procurement 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 the Treasury Board of Canada, 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 appointed by the President of the Treasury Board of Canada, three employee representatives appointed by the bargaining agents of the National Joint Council, and one pensioner representative from the National Association of Federal Retirees appointed by the President of Treasury Board Canada on the recommendation of the National Joint Council.

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.

## About the Administration Authority

The Administration Authority is accountable to the Treasury Board of Canada Secretariat and to 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.

## 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 the Treasury Board of Canada, 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 the Treasury Board of Canada, 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 the Treasury Board of Canada, 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, 2016 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 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 2016:**

- Held four meetings throughout the year and heard 522 appeals, a 48% increase over 2015. In addition to the volume of appeals received in 2016, the increase in appeals heard is due to the fact that the Appeals Committee met four times in 2016 as opposed to three times in 2015;
- Held one special meeting to discuss appeals related to the six-year eligibility rule, introduced in April 2015, for pensioners applying for PSHCP coverage;
- 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 upon which the Plan's Physician's Clause has an impact.

## 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 informs the Board of Directors of 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 2016:**

- Coordinated an external audit of the Administration Authority's financial statements, thereby, gaining assurance that the organization's accounting records were reliable;

- Conducted pre- and post-financial audit meetings with the Administration Authority's external auditors to improve communication between auditors and the Audit and Finance Committee;
- Provided financial oversight throughout the year, which was accomplished by reviewing and recommending the Board of Director's approval for the 2016 Quarterly Variance Reports and the Annual Budget;
- Reviewed the annual Risk Assessment outcomes and validated that the Plan risks were effectively addressed in the 2016-2018 Risk-Based Audit Plan;
- Recommended the appointment of auditors for the 2016 fiscal year;
- Reviewed the reports delivered in 2016 for the Out-of-Country Audit as well as the Durable Equipment Spot Audit, which were shared with the Board of Directors.

### 4.3 Communications Committee

**Chair:** Pierrette Boyer (July 2014 to December 2016)

**Membership:** Five directors

**Staff support:** Senior Director, Communications and Member Services; Communications Advisor

**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 2016:**

- Produced the Administration Authority's third Annual Report, which was offered in a revised format where the four distinct sections (Annual Report, Compliance Report, Plan performance, and audited financial statements) were packaged separately;
- Laid the groundwork to launch a Plan member survey and research panel capability on the Administration Authority website;
- Reviewed and updated the Plan Member Booklet's framework and content to reflect the Plan design changes introduced in 2014;
- Updated the Communications Strategy and Plan.

## 4.4 Governance and Strategy Committee

**Chair:** Robert Lafleur (June 2011 to June 2016), Jean-Claude Bouchard (June 2016 to December 2016)

**Membership:** Six directors

**Staff support:** Chief Executive Officer

### **Committee mandate:**

The objective of the Governance and Strategy Committee is to ensure the effectiveness of the Administration Authority's governance structure. 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 Board members. The Committee ensures that the skills, background, and experience of each director contribute 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 2016:**

- Worked with the Institute on Governance (IOG) to develop a governance framework;
- Supported and guided the discussions for the strategic planning session that took place in May 2016, which included a tour of Sun Life's Montreal facility for the Board and senior staff;
- Approved the acquisition of laptop computers for the Board members and the electronic distribution of documents for Board and committee meetings in 2017.

## 4.5 Human Resources Committee

**Chair:** Paul Burkholder (June 2011 to December 2016)

**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 2016:**

- Developed, reviewed, and endorsed the Administration Authority Staff Promotion Policy Initiative, which resulted in the creation of a policy framework to facilitate staff promotions;
- Held a half-day staff training and education presentation as a refresher on the Administration Authority's policies on conflict resolution, harassment, and violence in the workplace;
- Recommended economic salary increases for Administration Authority staff as well as reviewed and endorsed the performance assessment and rating of the CEO.

## **4.6 Executive Committee**

A number of Board members saw their terms expire in 2016. The Administration Authority said goodbye to Paul Burkholder, Robert Lafleur, and Gary Maxwell and welcomed a new group of employer-appointed Board members, namely Scott Doidge, Tammy Labelle, and Dominic Laporte. Recruited under the updated guidelines for Board appointments, these new members are full-time employees in the Public Service. This nuance led the Administration Authority to consider opportunities to facilitate more contemporary tools for conducting business, including the use of electronic mediums for document circulation.

The Board of Directors also approved modifications to the Board's committee structure in order to improve its efficiency and time management for members. As a result, the Communications Committee, the Human Resources Committee, and the Governance and Strategy Committee were merged to form the Executive Committee. Commencing in 2017, the Executive Committee will meet four times a year and will have expanded membership to ensure that an appropriate level of participation can be achieved at its meetings.

## **4.7 Governance assessment**

The Public Service Health Care Plan Administration Authority is committed to the principles and practices of good governance.

In 2016, as part of its yearly Board of Directors assessment, the Administration Authority completed a review of its governance framework with the assistance of the Institute on Governance (IOG). This initiative included a complete review of the organization's legal and funding framework, the bylaw and governing policies, organization-wide policies, as well as

other documents such as the Strategic Framework, the Operations Plan, and the Annual Report. Upon review, it became clear that much of what would normally be found in these documents on incorporation and bylaws are, instead, contained primarily in the Letters Patent. In addition, as an organization incorporated without share capital under the *Financial Administration Act*, the Administration Authority does not have a “membership” or “shareholders” to whom it is accountable, although, its accountabilities to the Partners Committee and to the Treasury Board of Canada Secretariat are well-defined. As a result, a significant section of most typical bylaws addressing members and shareholders are not relevant. Observations or suggestions for improvements were made to the following documents:

- It was noted that the bylaw could address the circumstances where directors may attend meetings by teleconference or other electronic service;
- The policies should include a terms of reference document for the Chairperson as well as the Vice Chairpersons, and a Board assessment policy should be developed;
- A Director Orientation and Continuing Education Policy was proposed.

## Organizational structure

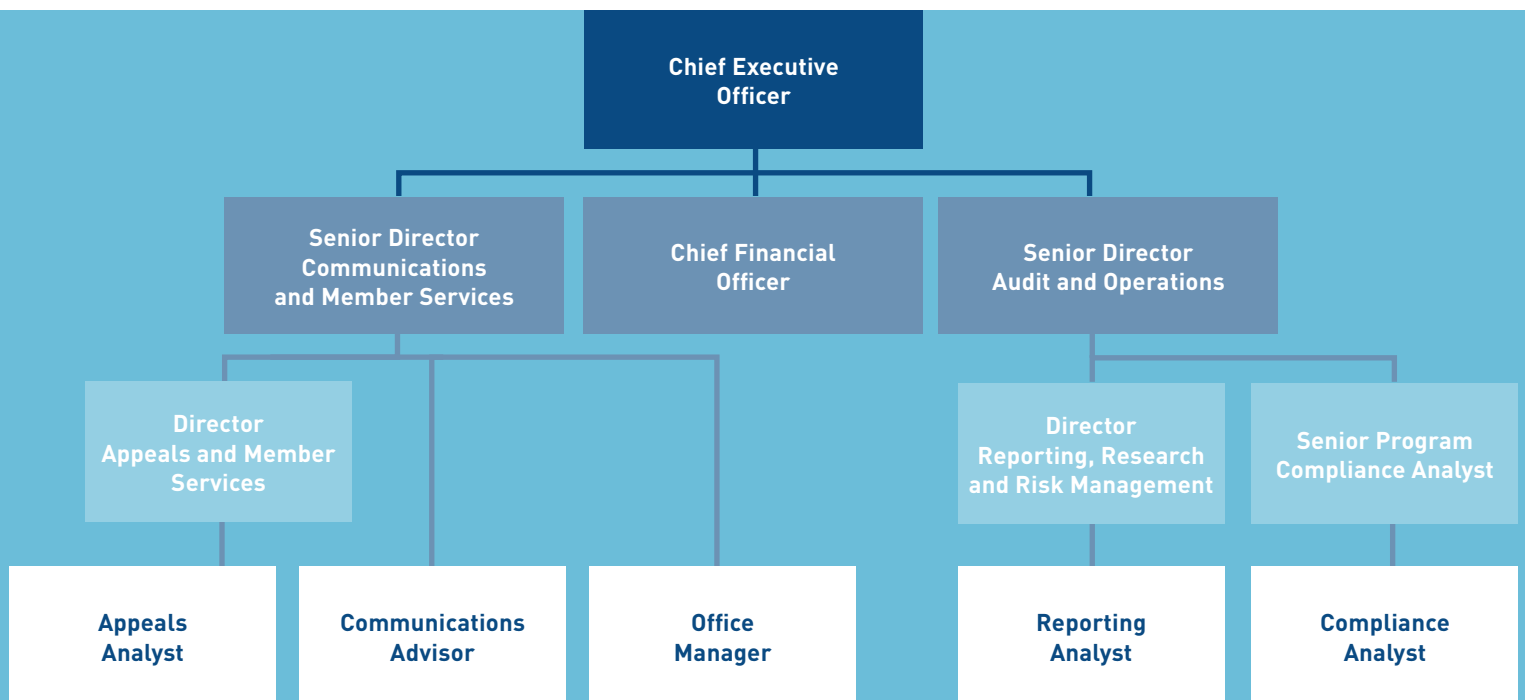
The Administration Authority prides itself on the capacity and competence of its personnel. The staffing complement at the Administration Authority in 2016 comprised 12 full-time employees with expertise in numerous fields, including finance, management, audit, compliance, communications, and group benefits 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.



## Strategic Plan for 2016

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 the Strategic Plan on an annual basis and aligns its Operations 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 the Partners Committee and Plan 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 dependents, 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.

## Operational accomplishments in 2016

### 7.1 Business management

In 2016, the Administration Authority pursued a wide range of activities to ensure the continuous improvement of its internal administration and governance practices, as well as its external relationships with key stakeholders.

#### **Capacity assessment**

The Administration Authority conducted a capacity assessment of the organization in an effort to better understand how human resources are being utilized. This initiative helped to identify any residual capacity that exists within the organization to conduct incremental projects, and to understand how much of its capacity is dedicated to ongoing operational commitments when compared to the resources that are being expended on new initiatives. This project was necessary to fully grasp how the Administration Authority would respond to new requests to conduct work outside of its operational plans. The final report will be made available in March 2017.

#### **Business continuity/disaster recovery**

In 2015, the organization identified a risk related to business continuity and disaster recovery. This year, the Administration Authority retained the services of Samson Bélair to evaluate the organization's risk and to develop a plan to mitigate these risks to the fullest extent possible. The risk assessment was completed and a final report to define remedies and mitigation actions will be tabled in 2017. This project ensures operational readiness in the event of an unforeseen circumstance.

#### **Operations Committee Terms of Reference**

The PSHCP Operations Committee was established with the introduction of the current PSHCP Contract (November 2010). This Committee, composed of working-level representatives from the Treasury Board of Canada Secretariat, the Administration Authority, Public Service and Procurement Canada, and Sun Life, was created to ensure a consistent and coordinated approach to the resolution of operational and administrative issues, and to make recommendations, as necessary, to the Project Authority (the Treasury Board of Canada Secretariat) in respect to these issues.



Since 2010, a number of technical sub-committees have been formed and continue to operate in support of the Operations Committee. These sub-committees, typically involving representation from the Treasury Board of Canada Secretariat, the Administration Authority, and Sun Life, work to monitor the Plan Administrator's operational delivery and to address technical issues as they arise. Current sub-committees focus on the following functional areas:

- Communications and Plan member services (claims, call centre, and coverage);
- Audit;
- Reporting;
- Finance.

Through the working groups, it was acknowledged that, in order to increase efficiency, more clarity was required in the definition of committee/sub-committee terms of reference documents. An initiative was subsequently undertaken to clarify the terms of reference for the Operations Committee and supporting sub-committees. The report was tabled with all committees in August 2016.

### **Service Level Review**

Since PSHCP Contract inception, the parties named in the Contract (Sun Life, the Treasury Board of Canada Secretariat, Public Service and Procurement Canada, and the Administration Authority) and have gained significant insight into its operational aspects, including potential improvements that could be made to the mutual benefit of all stakeholders.

The Administration Authority and Sun Life reviewed the service level/financial penalty structure of the existing PSHCP Contract. The objective was to identify opportunities to better align Contract service levels/financial penalties with the Treasury Board of Canada Secretariat, the Administration Authority, and Sun Life's performance expectations.

Based on results, an opportunity to improve the service level/fee credit structure of the PSHCP Contract was recognized. This will be achieved by better aligning the services delivered by Sun Life, improving the balance between the costs and risks of Sun Life's service delivery, incenting Sun Life towards innovative Plan administration, etc.

The report was tabled and the areas that elicited a common agreement between all parties will be incorporated in the next round of PSHCP Contract amendments. All recommendations will be considered when the Contract next goes to market.

## 7.2 Audit and evaluation

### 7.2.1 Three-Year Risk-Based Audit Plan

Each year, the Administration Authority conducts a Plan risk assessment, which helps to inform a three-year audit plan. The plan establishes the nature of the audits that are to be performed over this three-year period and estimates their timing, scale, and scope. Once complete, the plan is tabled with the Treasury Board of Canada Secretariat and the Partners Committee before being shared with Sun Life. 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 a Plan risk assessment, the Administration Authority takes a wide variety of factors into consideration. 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.

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, physiotherapy, and massage therapy.

### 7.2.2 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 2016, the Administration Authority collaborated with the Treasury Board of Canada Secretariat and Sun Life to develop recommendations and to implement administrative changes based on the results and improvement opportunities outlined in Mercer's audit report. All of the audit findings related to paper claims processing have been addressed. Other findings associated with electronic claims transactions require more technical solutions. In 2017, the Administration Authority will continue to collaborate with the Treasury Board of Canada Secretariat to finalize these outstanding recommendations.

### **7.2.3 Call Centre Audit**

An external compliance audit of Sun Life and Allianz'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.

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

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

Throughout 2016, the Administration Authority collaborated with the Treasury Board of Canada Secretariat to develop recommendations and to implement administrative changes based on the results and opportunities outlined in the audit report from FMC Professionals Inc.

### **7.2.4 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. The final audit report identified an error rate that is consistent with the service standards agreed upon in the PSHCP Contract, as well as opportunities for improvement. Examples include: improving the translation process, reviewing Plan benefit wording for clarity, strengthening the process for provincial health plan integration recoveries, broadening the number of expense codes used by Sun Life to enhance Plan experience reporting, and improving oversight and governance of Allianz by Sun Life.

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

#### **7.2.5 Durable Equipment Spot Audit**

In 2016, the Administration Authority conducted a spot audit of durable equipment claims submitted to the PSHCP during the 2015 calendar year. These categories of claims were identified as high risk in the annual Plan Risk Assessment performed in 2015 due to the following factors:

- The high number of paid claims;
- The significant dollar value of paid claims;
- The complex adjudication practices for this category of claims;
- The Administrative Practices Review conducted in 2014 identified opportunities for improvement in the adjudication of these benefits; and
- Industry evidence suggested 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 were mostly favourable with the exception of the proof of payment errors. This type of error had been raised as an issue in the Mercer Claims Audit and Sun Life was asked to reinforce its processes at the end of 2015. A list of recommendations intended to mitigate the risks identified during the audit was documented in the audit report and shared with the Plan Administrator for further consideration.

In 2017, the Administration Authority will collaborate with the Treasury Board of Canada Secretariat and Sun Life to address the audit recommendations.

### 7.2.6 Allianz Privacy Audit

In 2016, the Administration Authority conducted a privacy audit of TELUS Health Solutions (TELUS), the Plan's Pharmacy Benefits Manager.

Building on previous privacy audits conducted under the current PSHCP Contract with Sun Life, the auditor assessed the following five aspects:

- The accuracy of TELUS' documented privacy policies, procedures, and training documentation relative to the PSHCP;
- The management of personal information and personal health information of Plan members, throughout its lifecycle, to ensure that it is consistent with the requirements of the *Privacy Act*;
- Privacy breach reporting mechanisms;
- Quarterly Privacy Reports to Sun Life;
- The administrative, technical, and physical controls that are in place to ensure that the personal information and personal health information of Plan members, throughout its lifecycle, is protected and secure.

The final report will be tabled with the Board of Directors of Administration Authority in March 2017 and, shortly thereafter, with the Project Authority and the Partners Committee.

## 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 of Canada 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 of Canada 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. It was expected that these enhancements would lead to an increase in the number of suspected fraud cases identified within the Plan. However, the number of suspected fraud cases reported to the Administration Authority in 2016 was slightly lower than volumes reported in previous years with fewer suspected fraud cases than expected for a health care plan as large as the PSHCP. The Administration Authority continues to monitor results closely to ensure that the anti-fraud strategies and enhancements made to Sun Life's data mining tool effectively address PSHCP risks.

## 7.4 Reporting, research, and analysis

Under its reporting, research, and analysis functions, the Administration Authority conducts periodic analyses and oversees reporting initiatives to support its information needs and those of its stakeholders.

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 of Canada Secretariat to evaluate the performance of the Administration Authority against pre-established accountabilities. Discrete research projects and ad hoc analysis initiatives are also undertaken at the request of the Board of Directors and the Partners Committee.

### Drugs Benefit

In 2016, the Administration Authority regularly conducted research related to emerging medications ranging from traditional drugs to specialty drugs and subsequent entry biologics (SEBs). Research was carried out on newly introduced specialty drugs for the treatment of Hepatitis C, namely Zepatier, Technivie, and Epclusa. The research focused on the therapeutic value of these drugs and their potential cost shifting impact on other previously established specialty drugs, like Harvoni and Sovaldi, that treat the same condition.

Investigation into new specialty drugs for the treatment of cancer was also conducted to better understand the potential cost implications for the PSHCP. Multiple cancer treatment drugs were approved in late 2015 and throughout 2016, and this category of drugs continues to be the focus of the development pipeline. According to Express Scripts Canada, one in every three new specialty drug approved by Health Canada is for the treatment of cancer. The estimated annual costs for these drugs range from \$50,000 to \$150,000<sup>1</sup>.

---

<sup>1</sup> 2015 Express Scripts Canada Drug Trend Report

Additional research on subsequent entry biologics (SEBs), also referred to as ‘bio-similars,’ was conducted. These drugs are similar to, but not identical versions of, an existing biologic drug. During the study, Inflectra, the SEB product for Remicade, was examined. The purpose of this research was to understand the treatment indications for which Inflectra was approved, to assess the level of provincial coverage available for this drug, and to evaluate its price point when compared to the original biologic drug, Remicade. The information collected was used to estimate potential savings stemming from the use of the SEB rather than the brand name biologic drug.

In 2016, the Administration Authority accomplished an extensive review of 2015 drug data. This examination covered many aspects of the PSHCP Drug Benefit claims experience for the 2015 calendar year. Included in this review was an in-depth analysis on the top five therapeutic classes, the top 25 DINs, brand vs. generic fill rate, the average paid amount by province, and many other statistics used to evaluate the changes and trends of drug data experienced by the PSHCP over the last four years. The review was presented to the Board of Directors and its findings will continue to inform the Board on an annual basis.

The table below lists the top ten drugs paid by the Plan in 2016. The Plan experience was calculated by combining all of the claimed dosage forms for each drug.

#### 2016 Top 10 Drugs by Paid Amount

| Rank | Drug Name    | Disease Name                           |
|------|--------------|--|
| 1    | REMICADE*    | Rheumatoid Arthritis                   |
| 2    | HUMIRA*      | Rheumatoid Arthritis                   |
| 3    | ATORVASTATIN | High Cholesterol                       |
| 4    | COVERSYL     | High Blood Pressure                    |
| 5    | ENBREL*      | Rheumatoid Arthritis                   |
| 6    | ROSUVASTATIN | High Cholesterol                       |
| 7    | STELARA*     | Psoriasis / Psoriatic Arthritis        |
| 8    | PANTOPRAZOLE | Erosive Esophagitis                    |
| 9    | REVLIMID*    | Cancer                                 |
| 10   | ESOMEPRAZOLE | Gastroesophageal Reflux Disease (GERD) |

\*Specialty or biologic drug

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, benefiting from the Catastrophic Drug Provision, is rising consistently. Based on drug claims for both Supplementary and Comprehensive coverage incurred in 2015, the total paid amount for members whose eligible drug claims were greater than \$15,000 totaled \$189.4M, which represents an increase of 21% over 2014. The number of claimants reaching the Catastrophic Drug Provision threshold was 6,802. This number represents an increase of 16% with respect to 2014.

### **Claims and coverage**

Throughout 2016, paid claims analyses were performed and their outcomes were presented to the Board of Directors on a monthly basis. 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 ad hoc data to validate the accuracy and consistency of the reports.

A review of Plan expenditures, Plan membership data, and an in-depth analysis of certain PSHCP benefits was also 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 an examination of the Drug and Medical Practitioner's benefits.

The taxable benefit amount for PSHCP members who reside in Quebec and participate in the Veterans Affairs Canada (VAC) group was calculated. From the data extract provided by Sun Life, the Administration Authority performed calculations based 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 was provided to Veterans Affairs Canada in January 2016.



## Reporting initiatives

In 2016, additional reporting elements were included in the Annual Plan Experience that was presented to the Board of Directors at the annual strategic planning session. These elements include:

- A detailed view of the financial impact of the Plan changes introduced in 2014 (i.e. the elimination of the yearly deductible, increased Psychology Benefit, etc.);
- A breakdown and separate analysis of the Plan experience for hospital services rendered in Canada and for those incurred outside the country;
- Plan experience observations in relation to oversight activities such as spot audits and administrative practice reviews of the Administrator's adjudication processes.

Additionally, the Administration Authority conducted a fulsome review of its current reporting deliverables. The purpose of this assessment was to ascertain the ongoing and ad hoc requirements of the Board of Directors and other stakeholders, and to ensure that their reporting needs are adequately met. The initial phase of this project involved the development of an inventory of existing reports that were categorized based on their purpose and intended audience. A total of 69 reports were identified, categorized, and assessed with the participation of five members of the Board of Directors. In order to evaluate the continued relevance and usefulness of its deliverables, the Administration Authority will continue to ever green the reporting review protocol.

## 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 2016, the Administration Authority received 583 appeals. This number represents a 15.2% increase over 2015. However, it differs from the 14.4% decrease that was observed in 2015 in the volume of appeals received when compared to 2014. In addition, 522 appeals were heard by the Appeals Committee in 2016, compared to 352 in 2015. This number represents a 48.3% increase in appeals heard in 2016 and is attributable to the volume received, and to the fact that the Appeals Committee met four times in 2016 compared to the three times it met in 2015.

Of all the appeals presented in 2016, 56% were in relation to either a decision rendered by Sun Life or to the level of benefits offered under the Plan. The remaining 44% of appeals concerned coverage-related matters (i.e. refund of contributions, retroactive coverage, etc.).

Of the 522 appeals heard by the Appeals Committee in 2016, 9.6% were upheld, 88.9% were denied, and 1.5% were deferred. These numbers are consistent with the 2015 approval and denial rates. Four of the appeals that were deferred related to the six-year eligibility rule for pensioners that was implemented in 2015, as the issue required extensive research and review in order to ensure that appropriate consideration was given to each case. Two were deferred pending a decision from the Partners Committee on the Physician's Clause, and the other two were ultimately denied.

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

- Request for a refund of contributions (181 appeals)
- Request for backdated coverage (45 appeals)
- Late claims (33 appeals)
- Vision care (25 appeals)
- Acupuncture by a non-physician (19 appeals)
- Non-oral contraceptives (17 appeals)
- Medical marijuana (11 appeals)

In addition, a number of appeals 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. For example, the current wording in the Plan Directive grants the approval authority for new services under the Physician Clause to the PSHCP Trust. Since the inception of the PSHCP Administration Authority in 2007, the wording has yet to be updated to identify the party responsible for these decisions, presumably the Partners Committee. As a result, a number of appeals are being held in abeyance until a decision has been reached regarding a variety of services.

In 2016, the Administration Authority retained the services of a physician consultant to review a number of issue papers on new services that are subject to the Physician's Clause. Based on his input, the Administration Authority will finalize issue papers for photodynamic therapy for cancerous and pre-cancerous skin lesions, laser optical biometry, breast augmentation related to gender reassignment surgery, and the Oncotype-DX breast cancer genomic test, bariatric surgery, oximeters, and a non-invasive prenatal test. Once drafted, they will be presented to the full Board of Directors for approval, and they will then be sent to the Partners Committee for consideration.

## **Plan Directive comparison**

The PSHCP Plan Directive has not been reviewed and/or updated since 2006. A need for a revision of its content and wording was identified, and as such, the Administration Authority conducted a review of both the existing Plan Directive and a draft version of the proposed Plan Directive.

The comparison highlighted:

- New content, which addresses the Plan design changes introduced in 2014 (i.e. removal of the deductible, the six-year eligibility rule for pensioners, the Relief Provision), as well as new content on fraud management was added;
- Areas of ambiguity or ones that may lead to different interpretations such (i.e. the Durable Equipment Provision) remain;
- Errors and inconsistencies, such as coverage for certain products listed in the Glossary rather than in the body of the document were introduced.

This document will be made available at the appropriate time to assist the various parties in making the necessary improvements to the Plan and the Plan Directive.

## **7.6 Communications, Access to Information and Privacy**

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

### **7.6.1 Annual Report**

The Administration Authority produced its third annual report, which provided insight into the main activities undertaken by the organization in 2015. In an effort to make this document more readily available to the Plan's membership, it was agreed that the financial statements, the Plan Performance, and the Plan Administrator's Compliance Report would be removed. Therefore, the 2015 Annual Report became a public document and was posted to pshcp.ca.

### **7.6.2 PSHCP Administration Authority website**

In 2016, the Administration Authority laid the groundwork for its first-ever Plan member survey capability, which will launch in Q1 2017 on the organization's website. The Administration Authority also worked to establish an online research community of PSHCP members. Once implemented, individuals involved in this forum will periodically be asked to provide opinions and suggestions on Plan-related matters. This will allow the organization to conduct segmented surveys to assess member satisfaction and education opportunities as well as to inform members of consumer behaviour opportunities in the health care market.

Building a capability to conduct Plan member research proved to be an involved undertaking that required extensive planning and documentation. The Administration Authority completed a Privacy Impact Assessment (PIA), identified and engaged a survey provider, implemented analytical tools to evaluate survey results, and completed a first draft of the abovementioned Plan member survey.

### **7.6.3 Communications strategy and plan**

In 2016, the Administration Authority also updated its Communications Strategy and Plan. This document highlights the progress made on current communications priorities and establishes objectives that will help the Administration Authority achieve its long-term communications. These objectives are listed below:

#### **Objective 1: To foster an informed and responsible membership by:**

- o Publishing two PSHCP Bulletins (winter and fall) to address Plan provisions that are confusing to the membership;
- o Publishing articles for the Administration Authority's website;
- o Using the website as a platform for awareness surveys and a member database;
- o Assessing usage of the Administration Authority's website and making modifications as required;
- o Developing a member research community and strategy to gain insight into the knowledge level of Plan members;
- o Responding to member enquiries in a timely manner.

#### **Objective 2: To promote consistent and open dialogue with stakeholders by:**

- o Providing meaningful and efficient reporting;
- o Publishing an annual report;
- o Collaborating with the Treasury Board of Canada Secretariat on communications related to Plan design changes;
- o Providing insight and substantiated data on critical issues affecting the Plan;
- o Conducting regular outreach initiatives with the bargaining agents, employer representatives, and pensioner representatives;
- o Responding to stakeholder enquiries in a timely manner.

**Objective 3: To ensure that the Plan Administrator provides accurate and appropriate information to Plan members and providers by:**

- o Conducting ad hoc reviews of Sun Life's member facing communications, correspondence, and the Plan member website to ensure that information is accurate and meets the communication standards specified in the Statement of Work;
- o Providing direction to Sun Life on areas of ambiguity within the Plan and in regards to more complex travel cases;
- o Reporting on Sun Life's compliance with communication requirements;
- o Responding to the Plan Administrator's enquiries in a timely manner.

**Objective 4: To maintain an appropriate infrastructure that supports communications activities and objectives by:**

- o Reviewing and updating the Communication Strategy and Plan on an annual basis;
- o Peer reviewing all outgoing communications materials;
- o Providing secretariat support to the Board of Directors and its committees.

# ANNEX A

2016 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 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 PSAC.*

### Pierrette Boyer

Director since 2013. Current term: September 16, 2016 to September 16, 2019

**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 at the Treasury Board Secretariat. During her public service career, Pierrette developed and implemented pension policies and programs as well as pensions and benefits communication products.*

### Scott Doidge

Current term: May 23, 2016 to May 23, 2017

**Committees:** Serves on the Appeals Committee

*Scott Doidge has extensive experience managing national health and pharmaceutical benefit programs, including contract oversight. He is currently Director General, Non-Insured Health Benefits Program at Health Canada.*

### Gray Gillespie

Director since July 1, 2014 to June 30, 2017

**Committee:** 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

Director since 2012. Current term: May 1, 2016 to April 30, 2020

**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.*



### Tammy Labelle

Current term: May 23, 2016 to May 23, 2017

**Committees:** Serves on the Audit and Finance Committee

*Tammy Labelle has a demonstrated track record in managing and leading various files in the area of public service benefits and compensation. In addition to her Board duties, she serves as Director General, My GCHR Sector at Public Services and Procurement Canada.*

### Dominique Laporte

Current term: September 16, 2016 to September 19, 2019

**Committees:** Serves on the Audit and Finance Committee

*Dominique Laporte is the Executive Director, Pension Policy and Program at the Office of the Chief Human Resources Officer at the Treasury Board Secretariat. He was previously Executive Director and Secretary of the Canadian International Trade Tribunal. Dominique has law degrees in common law and civil law, as well as a B.A. in social sciences (economics). Before joining the federal government, Dominique was owner and co-founder of a company specializing in academic tutoring.*

### Paul Morse

Trustee since 2006, Director since 2007. Current term: May 1, 2016 to April 30, 2020

**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.*

**The Board of Directors and staff would like to thank Paul Burkholder, Robert Lafleur, and Gary Maxwell for their contribution and commitment to the organization, as their terms expired in 2016. During their tenure, these individuals chaired and served on many of the Board's committees. Their input and knowledge will be missed.**

# ANNEX B

## 2016 Reporting Structure

## 2016 Partners Reporting Structure

| Q1  | Q2   | Q3  |
|---|--|---|
| <p><b>JAN</b></p> <ul style="list-style-type: none"> <li>Executive Summary</li> <li>Fraud Management Report Q4</li> <li>Contract-to-date AS&amp;D Report Q4</li> <li>Appeals Report Q4</li> </ul> | <p><b>FEB</b></p> <ul style="list-style-type: none"> <li>Budget Variance Report Q4</li> <li>Auditor's Report</li> <li>Annual Financial Statements</li> </ul>   | <p><b>MAR</b></p> <ul style="list-style-type: none"> <li>Risk Assessment</li> </ul>                               |
| <p><b>APR</b></p> <ul style="list-style-type: none"> <li>Risk Assessment</li> </ul>   | <p><b>MAY</b></p> <ul style="list-style-type: none"> <li>Executive Summary</li> <li>Budget Variance Report Q1</li> <li>Fraud Management Report Q1</li> <li>Contract-to-date AS&amp;D Report Q1</li> <li>Appeals Report Q1</li> </ul> | <p><b>JUN</b></p> <ul style="list-style-type: none"> <li>2015 Annual Report</li> <li>3-Year Audit Plan</li> </ul> |
| <p><b>JUL</b></p>   | <p><b>AUG</b></p> <ul style="list-style-type: none"> <li>Executive Summary</li> <li>Budget Variance Report Q2</li> <li>Fraud Management Report Q2</li> <li>Contract-to-date AS&amp;D Report Q2</li> <li>Appeals Report Q2</li> </ul> | <p><b>SEP</b></p> <ul style="list-style-type: none"> <li>Annual Budget</li> </ul>                                 |
| <p><b>OCT</b></p>   | <p><b>NOV</b></p> <ul style="list-style-type: none"> <li>3-Year Business Plan 2017-2019</li> <li>Strategic Plan Update</li> </ul>  | <p><b>DEC</b></p>   |

### 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
- Communication Strategy



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

[pshcp.ca](http://pshcp.ca)