

2017 Annual Report

FEDERAL PUBLIC SERVICE HEALTH CARE PLAN
ADMINISTRATION AUTHORITY

pshcp.ca

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LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

I am pleased to present the fifth annual report of the Federal Public Service Health Care Plan (PSHCP) Administration Authority. Since 2014, we have reported on the Plan's steady state and focused mostly on the organization's evolution over time. However, in 2017, the Administration Authority and other PSHCP stakeholders have taken a closer look at the Plan in an attempt to forecast its odds of sustainability in the future.

While there have been plan design changes in the past few years, namely the increase to expenses for psychological services and the introduction of laser eye vision, the increase in Plan costs have been disproportionate in relation to these improvements. For example, in 2014, the amount of PSHCP paid claims totaled \$974,685,086. In 2017, that number has climbed to \$1,222,694,233. That is an average 7% increase year-over-year, and that is cause for concern.

When looking at the Plan experience year-over-year, drugs make up between 65% and 70% of the expenses to the Plan. In 2017, the PSHCP paid \$843M for drugs, a 6.9% increase over the previous year. This is a trend that we expect will be maintained as new drugs are introduced each year. In addition, the drugs for which there are the most reimbursements are biologics or specialty drugs, all of which are extremely expensive. These are drugs to treat Rheumatoid Arthritis and Cancer, for example. And lastly, nearly 60% of the drugs in the process of being approved by Health Canada are considered biologics. Without targeted, responsible changes, the PSHCP will face significant challenges in cost containment moving forward.

However, prior to contemplating changes, we must ask and answer a number of questions. For example:

- Are the significant cost increases in recent years a major trend and, if so, how can we meet this challenge?
- Are there opportunities of eliminating inefficient spending in the Plan without adversely having an impact on its membership?
- How does our plan compare with other similar plans in Canada?

These are the types of questions that the Board of Directors and the staff of the Administration Authority ponder on a regular basis. This is where our expertise lies – industry knowledge and benefits management. It is for that reason, that in 2017, the Partners Committee asked the Administration Authority to undertake three separate initiatives that should allow all stakeholders involved in contract negotiations to identify possible solutions to these questions, if not fully respond to them. This was a welcomed request for collaboration. These initiatives include the Data Analytics project, a Benchmarking Study and the re-write of the Plan Directive. Our Chief Executive Officer, John Lewis, provides more information on each initiative in his letter to the Annual Report. You may also consult Section 7.1 of this report.

While the staff will conduct most of this work, it would not be possible without the support of a strong and efficient Board of Directors. After all, good governance certainly begins with the central governing body of any organization. A well-governed Board promotes a healthy work environment and service excellence for the entire organization. The results of good governance are trust, credibility, legitimacy, results that matter, the ability to weather crises and good relationships with all stakeholders. The ramifications of inadequate governance can be equally great. It is for that reason that a Board assessment policy was established, and it includes a Board, Committee and peer assessment components, with one component being completed each year over a three-year period. In addition, the organization has undergone several changes in its Board composition in recent years. As a result, the Administration Authority sought the services of the Institute on Governance to conduct a review of its current Board governance structures, processes and practices, with a goal of continuous improvement. While we have gone through this type of assessment in the past, I am confident that the results, which will be made available in 2018, will serve to strengthen our Board of Directors, as well as the Administration Authority as a whole.

With that in mind, I would like to thank my colleagues on the Board of Directors for their commitment and contributions over the past year. I would also like to acknowledge the ongoing professional support we have received from all the employees of the Administration Authority.

A handwritten signature in black ink, reading "Jean-Claude Bouchard". The signature is written in a cursive style and is positioned above a horizontal line that ends in a small arrowhead pointing to the right.

Jean-Claude Bouchard

Chairman, Board of Directors
PSHCP Administration Authority

Building on our Strengths in a Changing Environment

This year, the Administration Authority saw a dramatic shift in focus as a number of new projects were introduced mid-year where our support and leadership was required. In 2016, I reported that our focus was on continuous improvement in preparation for the future. We focused on organizational evaluation through projects such as our capacity assessment, strengthened our communication by engaging more staff in our leadership team structure, and facilitated improved communication with our Board of Directors by introducing new technology and by completing a comprehensive review of our reporting regime. All of these initiatives prepared us for major change that would drive much of our activity in 2017.

Most organizations have to be adaptable to thrive in a changing world. However, until your organization is seriously tested, you never really know how you will respond. In 2017, the Administration Authority was tasked with engaging in five distinct initiatives that were not included in its planning process at the start of the year. In some cases, we were playing a supporting role while in other cases, we were completing these initiatives independently. All of this incremental work needed to be addressed while we were concurrently delivering on our core responsibilities of appeals management, auditing, reporting, communications, market research and member services.

The launch of digital services by Sun Life required significant support from a communications standpoint. The Administration Authority was tasked with developing a communications strategy in support of the launch along with supporting the development of communication materials that would inform members of the new services being offered both online and through mobile devices. In addition, we included the new claims submission and payment process in our Plan risk assessment that will inform our three-year risk-based audit plan in 2018 and beyond.

We were approached early in 2017 by the Treasury Board Secretariat (TBS) to provide ongoing advice and technical support with respect to the re-tendering of the PSHCP. In this role, a number of Administration Authority staff are required to participate in a steering committee and working groups that will inform the new Statement of Work, analyze bid documents, and guide the implementation process for the new Plan. This project will be in play for a number of years, and the resulting implications were such that we reorganized some roles within the organization, offering staff the opportunity to take on additional responsibilities as more senior staff became actively involved in the project.

In March 2017, we were approached by the Partners Committee to provide support to their renewal process by engaging in three distinct projects that will provide Partners with the information they need to inform their decision-making process. The first initiative was to engage a consulting firm to provide transactional-level data analysis of the PSHCP Drug Benefit in order to understand opportunities that may be available to better manage Plan costs without impacting Plan members. The Drug Benefit is the largest and fastest growing benefit under the Plan, and the risks associated with new specialty and biologic drugs is significant. Some Plan savings could be allocated to other areas of the PSHCP, thereby improving coverage for Plan members.


The second project involves conducting a benchmarking study to better understand how comparator organizations are designing their plans and how the PSHCP compares to a group of like organizations. This work is being conducted independently by the Administration Authority and it involves both an online survey and an interview process. The results of this study will dovetail nicely with the data analytics results, providing a broad overview of the challenges within the Plan and the offerings available in the marketplace of similar organizations.

The third project is the complete re-write of the Plan Directive. Working with the Technical Committee, the Administration Authority is leading a project that will produce a more modern, plain language document that is more easily understood and is reflective of the coverage under the PSHCP. This is an extensive project with significant effort in drafting and editing of a document that has not been updated in many years.

In addition to all of this new activity, we supported the conduct of the Plan Member Satisfaction survey, conducted audits, and successfully recruited key resources including our new Chief Financial Officer, a new Program Compliance Analyst and a new Appeals Analyst. We completed and updated our succession plan to ensure that staff members were receiving the right support for their professional development needs.

Many of these projects will require our focus throughout 2018 and beyond. Our ability to adapt to this magnitude of change is a testament to the culture within the Administration Authority. We have demonstrated an ability to meet these challenges head on with focus and determination. We have shown flexibility and a nimble attitude in how we approached these challenges, and we have stretched ourselves as an organization and as individuals to achieve enviable results for our constituents and stakeholders.

I want to congratulate the staff on their outstanding performance in 2017. This was a transformational year for the Administration Authority, and our ability to produce even more impressive organizational results year-over-year is attributable to the enthusiastic contributions of our very professional and capable staff. Together, we have created a high performance culture that responds to all challenges with a positive attitude and a strong sense of duty. Our accomplishments would not be possible without the support and guidance of our Board of Directors that provides the encouragement and direction to enable the organization to perform at optimal levels. The Administration Authority continues to be an exciting and dynamic environment, and we look forward to continuing on our path moving forward.



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 effectively to PSHCP members in accordance with the Plan Directive.

HIGHLIGHTS FOR 2017

Appeals (Section 7.5)

- Heard 464 appeals, an 11.1% decrease over 2016.
- Presented four issue papers to the Partners Committee.
- Conducted additional research on the impact of the Physician's Clause on certain services.

Audit (Section 7.2)

- Completed a detailed risk assessment, which informed the development of the Three-Year Risk-Based Audit Plan.
- Approved changes to the corporate Capital Asset and Intangible Asset Capitalization Policy.
- Developed a statement of work (SOW) for a Data Integrity Audit to support the request for proposals (RFP) activities that will be initiated in 2018.
- Completed the Referral Claims and Sun Life Quality Assurance Process Spot Audit.
- Developed an audit scoring methodology for key stakeholder consideration.

Communications (Section 7.6)

- Conducted the organization's first ever online Plan member surveys.
- Reviewed the findings of the 2016 Provider Satisfaction Survey and identified opportunities for improvement.
- Provided oversight on the implementation of the Sun Life Member Satisfaction Survey.

Governance (Section 4)

- Held an annual strategic planning meeting that included a presentation of the Non-Insured Health Benefits (NIHB) program.
- Initiated the groundwork to complete an interview-based Board assessment.

Management (Section 7.1)

- Prepared to conduct a benchmarking study of similar health care plans in Canada.
- Initiated a re-write of the Plan Directive in order to incorporate Plan design changes introduced in 2014 and simplify the language.
- Provided technical support to TBS in its re-tendering initiative.
- Finalized a business continuity/disaster recovery plan.
- Undertook a succession planning exercise which was developed in three phases to identify staff development requirements, opportunities for advancement, and organizational risk-management strategies.

Reporting (Section 7.4)

- Finalized a complete review of existing reporting deliverables to confirm their continued relevance and identify enhancements opportunities.
- Retained the services of an external firm to conduct data analytics on the adjudication of the PSHCP drug and medical supplies benefits.

PLAN STEWARDSHIP

To be recognized for reliable contract stewardship

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

STAKEHOLDER RELATIONSHIPS

To strengthen key relationships

- Launch the first online Plan member survey on the Administration Authority's website 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 an 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 conduct a comparative transaction-level data analysis of drug claims for the policy years 2015 and 2016.
- Provide technical support to the RFP process.
- Develop a benchmarking capability to conduct industry surveys.
- Re-write the Plan Directive.
- Develop an audit scoring methodology.
- 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.

PLAN STEWARDSHIP

To be recognized for reliable contract stewardship

- Provide program oversight and compliance.
- Develop a three-year operations plan and a corresponding budget.
- Develop a Plan risk assessment.
- Produce a three-year risk-based audit plan.

STAKEHOLDER RELATIONSHIPS

To strengthen key relationships

- Launch the third online Plan member survey, build a research community, and conduct an analysis of the data.
- Produce quarterly reports for the Partners Committee and the Project Authority.
- Conduct an analysis of the Supplementary and Comprehensive member surveys' data.

EXPERTISE

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

- Work with a data analytics firm to conduct a comparative transaction-level data analysis of drug claims for the policy years 2015 and 2016.
- Provide technical support to the RFP process.
- Conduct a benchmarking study and report the findings to the Partners Committee.
- Provide an updated version of the Plan Directive.

GOVERNANCE

To be recognized for excellence in governance and management

- Provide support to the Partners Committee.
- Hold an annual strategic planning session, which will include a presentation of the Board Assessment results.

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 669,000 Plan members and their dependants, totalling a Plan participant 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.

2. GOVERNANCE OF THE PSHCP

The Administrative Services Only (ASO) Contract established between the Project Authority (TBS), 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 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 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 Partners Committee and to TBS. 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 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, 2017 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 the Chief Executive Officer.

In performing these oversight duties, the Board of Directors is supported by three 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 2017:

- Held four meetings throughout the year and heard 464 appeals;
- Presented four issue papers to the Partners Committee in September 2017 which provided information on services where the Plan’s Physician’s Clause has an impact and where interpretation from the Partners Committee is required; and
- Continued to identify sections of the Plan Directive that could be considered confusing or easily misinterpreted by Plan members. This identified the need for six additional issue papers that will be finalized in 2018.

The membership of the Appeals Committee changed in 2017. Scott Doidge resigned in May 2017. Gray Gillespie’s term ended in October 2017 and Jacques Lambert was appointed as the Pensioner’s representative on the Board of Directors. The Committee would therefore like to thank Scott Doidge and Gray Gillespie for their contribution to the Appeals Committee.

4.2 AUDIT AND FINANCE COMMITTEE

Chair: Tammy Labelle (August 2016 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 2017:

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

- Conducted a post-financial audit meeting with the Administration Authority's external auditors to review the audited financial statements;
- Reviewed the annual risk assessment outcomes and validated that the Plan risks were effectively addressed in the 2018-2020 Risk-Based Audit Plan;
- Recommended the appointment of auditors for the 2017 fiscal year;
- Reviewed 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; and
- Provided financial oversight throughout the year, which was accomplished by reviewing and recommending the Board of Directors' approval for the 2017 Quarterly Variance Reports and the Annual Budget.

4.3 EXECUTIVE COMMITTEE

Chair: Jean-Claude Bouchard

Membership: Six directors

Staff support: Chief Executive Officer

Committee mandate: The mandate of the Executive Committee is three fold as it provides oversight and direction with regard to the organization's governance, communications and human resources functions. The Committee ensures the effectiveness of the Administration Authority's governance structure, identifies strengths and opportunities, and makes recommendations to the Board of Directors accordingly. The Committee also ensures that the combination of skills, background and experience of each director contributes to the strategic direction of the Administration Authority.

With regards to communication, the Executive Committee supports the Administration Authority's Board of Directors in the oversight of effective communication to Plan members and stakeholders including the Partners Committee. The Committee ensures the adequacy of the organization's communications strategy, and also reports to the Board of Directors on its assessment of current communications and makes recommendations on future initiatives to address any gaps, inconsistencies or inadequacies.

The Executive Committee is also responsible for the oversight of human resources issues. It assists the Board in fulfilling its responsibilities in human resources management to promote leadership, continuity and competence at the senior management levels of the Administration Authority. It also reviews and makes recommendations related to the organization's human resources management practices, policies and strategies in the areas of organizational structure, hiring, staff relations, succession planning, staff training and development, performance management and executive and staff compensation.

Key accomplishments of 2017:

- Assisted staff in organizing and conducting the Annual Strategic Planning meeting in May 2017;
- Reviewed the 2017 Communications Strategy and updated it to reflect the implementation of digital services, the re-write of the Plan Directive, the benchmarking study and the work being conducted on the Plan's procurement process;
- Approved the business continuity plan as presented by the Chief Financial Officer;
- Reviewed the findings from the 2016 Provider Satisfaction Survey;
- Reviewed the 2016 Annual Report and the 2016 Compliance Report for recommendation for the Board for approval;
- Supported the Administration Authority in its efforts to recruit a Chief Financial Officer;
- Approved organizational changes that became effective June 1, 2017 in order to provide the required technical support to the re-tendering initiative; and
- Conducted a review of the Chief Executive Officer's performance for 2017.

4.4 GOVERNANCE ASSESSMENT

The Administration Authority is committed to the principles and practices of good governance. In addition, the organization has undergone several changes in its Board composition. In 2017, as part of its yearly Board of Directors assessment, the organization initiated the groundwork to complete an interview-based Board assessment. The intent was to review the current Board governance structure, processes and practices, with a goal of continuous improvement.

An online questionnaire was developed and launched in December 2017. This will be followed by personal interviews that will be conducted in early 2018. The intent is to share the findings from the assessment and present the recommendations for improvement during the 2018 Strategic Planning Meeting.

5. ORGANIZATIONAL STRUCTURE

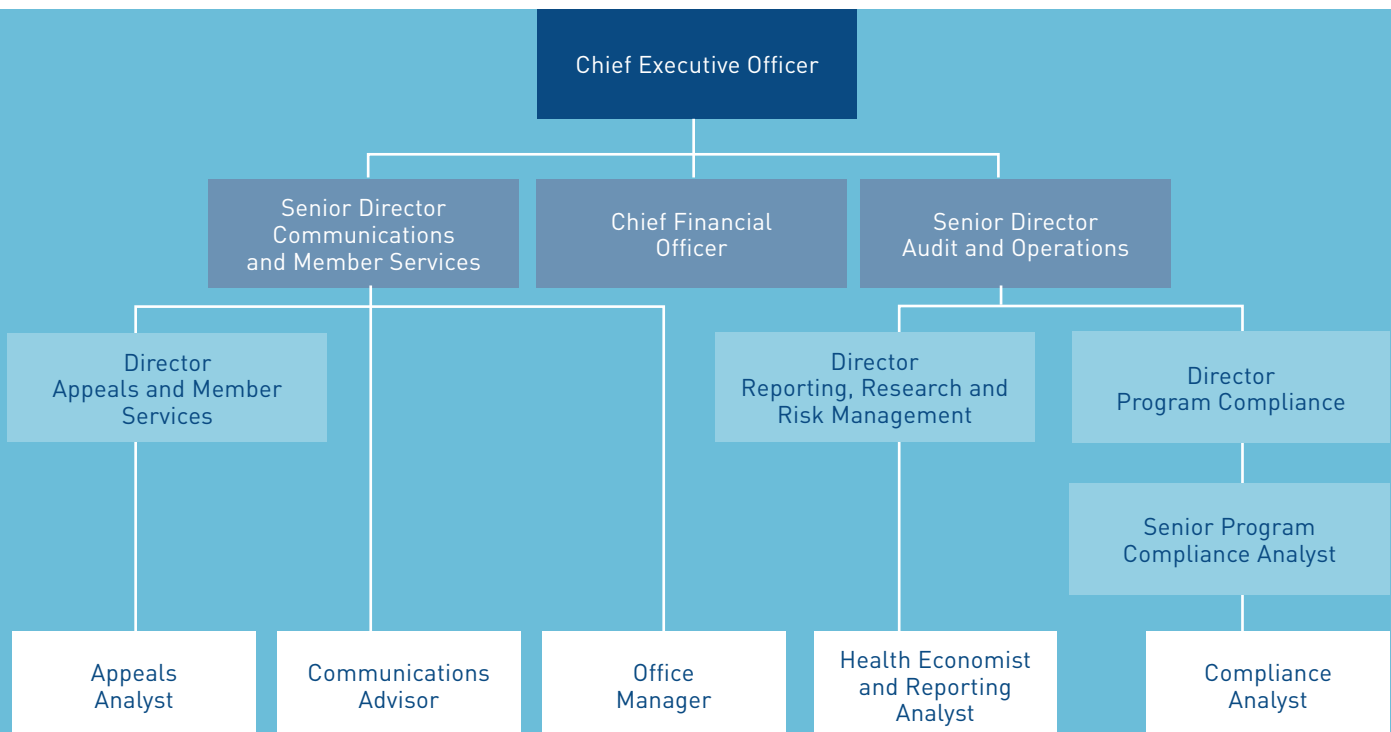
The Administration Authority prides itself on the capacity and competence of its personnel. The staffing complement at the Administration Authority in 2017 comprised 12 full-time employees with expertise in numerous fields, including finance, management, audit, compliance, communications, and group benefits 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.



6. STRATEGIC PLAN FOR 2017

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.

7. OPERATIONAL ACCOMPLISHMENTS IN 2017

7.1 BUSINESS MANAGEMENT

As a result of consultations with the Partners Committee in early 2017 and the effort to establish a go-forward agenda, a number of requests have been made of the Administration Authority to oversee the conduct of certain initiatives in support of this agenda. These requests have resulted in a shift in the priorities of the Administration Authority and the inclusion of a number of specific projects that were unanticipated when goals were developed in late 2016. While these additional organizational commitments were initiated in 2017, most are targeted for completion in 2018.

7.1.1 Plan Directive Re-write

The Partners Committee asked the Administration Authority to re-write the Plan Directive to remedy a number of concerns and issues that have arisen over time with the document. A high-level plan that will span the next 18 months for completion of this project has been developed. The successful completion of this project will be dependent on the cooperation and engagement of the Technical Committee. The deliverable for this project, which is slated for the end of 2018, is a revised version of the document that will ultimately be approved by the President of Treasury Board.

7.1.2 Plan Benchmarking Study

To assist the Partners Committee in their deliberations over Plan changes, the Administration Authority was asked to conduct a comprehensive benchmarking study to compare the PSHCP to other similar plans in Canada. It was agreed that the Administration Authority would utilize a market research approach to the project rather than conduct the work through a benefits consulting firm. Internal and external resources and platforms would be utilized to build a community of comparator groups that would engage in a survey process to produce objective comparable plan information (through an electronic survey mechanism). Qualitative and strategic focus information would then be obtained through a telephone interview process. The intent of the benchmarking study is to assist the Partners Committee in their discussion to position the Plan for the future. The deliverable will be a report and presentation of findings that will be available in a fall-2018 time frame.

7.1.3 Re-tendering of the PSHCP

TBS has created a sector to manage the re-tendering of the PSHCP. The Administration Authority worked in partnership with TBS resources to inform the process and develop the statement of work (SOW) through the 10 working groups that were identified. We actively participated in this project in 2017 and this effort will likely extend into future years. One of the deliverables in the early stages was to assist TBS in creating the governance model that will be used to organize and manage the process.

7.1.4 Succession Planning

The services of a Human Resources Specialist were retained to undertake a succession planning exercise which was developed in three distinct phases. The intent of the first phase was to identify individuals at the director level that have the potential to be promoted to more senior levels as well as to mitigate the risk of an individual leaving the organization. The second phase was to conduct similar work at the Chief Executive Officer level and for his direct reports. This phase also identified development requirements and opportunities. The third phase, which will be conducted in 2018, is to prepare the organization for the eventual departure of the current Chairperson from the Board, and the retirement of the Chief Executive Officer. The intent of this phase will be to identify timelines, target possible replacements and consult with the National Joint Council and TBS with regard to the future Chairperson's appointment.

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 risk-based 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 TBS 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 psychology, drugs and physiotherapy.

7.2.2 Post-Audit Review of Recommendations

Under the supervision of the Administration Authority, Mercer conducted a comprehensive audit of PSHCP claims in 2014 as well as a targeted audit of PSHCP Out-of-Country claims in 2015. In addition, an external compliance audit of Sun Life's and Allianz's member call centres was initiated in the fall of 2014 which was conducted by FMC Professionals Inc.

Throughout 2017, the Administration Authority continued to collaborate with TBS and Sun Life to finalize recommendations and to implement administrative changes based on the results and opportunities outlined in audit reports from Mercer and FMC Professionals Inc.

7.2.3 Reporting Processes and Data Integrity Audit

In preparation for an audit of Sun Life's reporting processes and data warehouse, the Administration Authority retained the services of a consultant to assist in creating a statement of work, to support the request for proposals (RFP) activities and to identify specialized firms in the field. The PSHCP data and reports produced by Sun Life are widely utilized by TBS and the Administration Authority for analytics, research and plan monitoring.

This audit will verify the accuracy, integrity, validity and completeness of the PSHCP data stored in Sun Life's data warehouse. In addition, the audit will validate that the data is accurately reflected in the standard reports and the ad hoc reporting tool that are made available on the Sun Life Plan Sponsor website.

The RFP activities for the Reporting Processes and Data Integrity Audit will be initiated in Q2 2018 and the audit field work will be conducted in Q3-Q4 2018.

7.2.4 Referral Claims and Sun Life Quality Assurance Process Spot Audit

In 2017, the Administration Authority conducted a spot audit of paramedical claims that require a referral from a physician and of claims that were subject to Sun Life's Quality Assurance program. The spot audit reviewed claims for services incurred during the 2016 calendar year.

The audit involved the review of a statistically valid sample of claims for each of the audited areas. The selected claims were audited against a number of criteria to determine if Sun Life's adjudication of the claims requiring a referral was in accordance with the requirements of the PSHCP and whether the Quality Assurance process was followed as described. The results of the audit were mostly favourable. 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 2018, the Administration Authority will collaborate with TBS and Sun Life to address the audit recommendations.

7.2.5 Audit Scoring Model

Over the past several years of conducting audits of the Plan Administrator, the Administration Authority has identified certain sensitivities in relation to the manner in which findings are characterized. In order to avoid the perception of arbitrary characterizations of audit findings, it was felt that an established audit scoring methodology that meets industry-accepted audit standards would assist the Administration Authority in presenting audit results in a consistent manner. An audit scoring model has been developed and shared with TBS for review and input.

7.2.6 Privacy Management Control Framework Audit

Due to the incremental projects that were added mid-2017 and our belief that the risk on non-compliance is low, it was agreed that this audit would be deferred to 2018.

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 TBS, 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 TBS.

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. In addition, Sun Life programmed the system in order to prioritize PSHCP cases. It was expected that these enhancements would lead to an increase in the number of suspected fraud cases identified within the Plan. While the number of suspected fraud cases reported to the Administration Authority in 2017 is slightly higher than volumes reported in previous years, the majority of cases were identified through channels other than Sun Life's data-mining system. Further, the number of cases identified remains lower 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 analysis and oversees reporting initiatives to support the evolution of information needs 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 TBS 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.

7.4.1 Drugs Benefit

In 2017, the Administration Authority regularly conducted research related to emerging medications ranging from traditional drugs to specialty drugs and subsequent entry biologics. Research was carried out on new specialty drugs for the treatment of Hepatitis C, namely *Epclusa*, *Maviret* and *Vosevi*. The research focused on the therapeutic value of these drugs and their potential impact on the Plan as one of these drugs, *Vosevi*, is the first regimen for re-treatment of patients who were not previously cured with other regimens like *Sovaldi* or *Harvoni*.

Research was also conducted on new specialty drugs for the treatment of Cancer and new indications of existing drugs to better understand the potential cost implications for the PSHCP. Several new specialty drugs for the treatment of Cancer were approved in 2016 and throughout 2017, and this category of drugs continues to dominate the drug development pipeline¹. Additional research was completed on subsequent entry biologics drugs, also referred to as “bio-similars”, which are similar but not identical versions of an existing biologic drug. The research focused on *Brenzys*, *Basaglar* and *Grastofil*, the subsequent entry biologic product for *Enbrel*, *Lantus* and *Neupogen*, respectively. The purpose of this research was to understand the treatment indications for which these drugs were approved, to assess the level of provincial coverage available for these drugs, and to evaluate their price points when compared to the original biologic drugs.

The Administration Authority also performed a preliminary analysis and calculated potential cost avoidance of implementing full mandatory generic substitution as part of the PSHCP.

Research related to orphan drugs that treat rare diseases, such as *Orkambi*, *Ravicti* and *Pheburane* was also performed in order to assess the potential impact of these ultra-high cost drugs. Research included a review of the recommendations provided by the Canadian Agency for Drugs and Technologies in Health (CADTH) for these drugs. CADTH provides evidence-based information about the cost-effectiveness of drugs to provincial and territorial drug plans.

¹ 2016 Express Scripts Canada Drug Trend Report

In 2017, the Administration Authority accomplished an extensive 2016 Drug Data Review. This review covered many aspects of the PSHCP Drug Benefit claims experience for the 2016 calendar year. Included in this review was an in-depth analysis on the top five therapeutic classes, the top 25 DINs, brand versus generic fill rate, the average paid amount by province, and many other statistics used to evaluate the changes and trends of drug data over the last four years under the PSHCP. This was presented at length to the Board of Directors and will continue to inform the Board on an annual basis.

The table below lists the top ten drugs paid by the Plan in 2017. The Plan experience was calculated by combining all of the claimed dosage forms for each drug.

2017 Top Ten Drugs by Paid Amount

Rank	Drug Name	Disease Name
1	REMICADE*	Rheumatoid Arthritis
2	HUMIRA*	Rheumatoid Arthritis
3	STELARA*	Psoriasis / Psoriatic Arthritis
4	COVERSYL	High Blood Pressure
5	ROSUVASTATIN	High Cholesterol
6	ATORVASTATIN	High Cholesterol
7	ENBREL*	Rheumatoid Arthritis
8	PANTOPRAZOLE	Erosive Esophagitis
9	REVLIMID*	Cancer
10	XOLAIR*	Asthma/Urtericaria

*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 benefitting from the catastrophic drug provision, has been consistently growing. Based on drug claims (for both Supplementary and Comprehensive coverage) incurred in 2016, the paid amount for members whose eligible drug claims were greater than \$15,000 increased from \$189.4M to \$210.0M, or by 11% over 2015. The number of claimants reaching the catastrophic drug provision also increased from 6,082 in 2015 to 6,894 in 2016, representing an increase of over 13%².

² Yearly results for the Plan's catastrophic drug provision are not reported until July of the following year to allow time for delayed claim submissions and increase the completeness of the data.

7.4.2 Claims and Plan Membership

Throughout 2017, ongoing paid claims analyses were performed and 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 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 benefits.

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 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 VAC in January 2017.

7.4.3 Reporting Initiatives

In 2017, the Administration Authority completed a review of its current reporting deliverables. A number of minor changes in specific reports were recommended and presented to the Board. Additionally, in order to support continuous improvement of its reporting capabilities, the Administration Authority adopted an ongoing evergreening framework which consists of a bi-annual comprehensive review and evaluation of reporting deliverables with the engagement of key reporting audiences.

In addition, on the direction of the Partners Committee, the Administration Authority undertook a comprehensive Plan data analytics initiative for the PSHCP prescription drug and medical supplies benefits. The purpose of this initiative was to support all PSHCP stakeholders with insights and recommendations for identifying cost avoidance opportunities as a means of helping to manage the Plan's future risk and enhance the benefit plan. To this end, a data analytics firm was engaged to assist in this process by examining transactional-level drug and medical supplies claims data paid within the PSHCP experience from 2015 and 2016. Findings will be shared with the Board of Directors at the annual strategic planning meeting that will be held in May 2018 and subsequently with other stakeholders.

The key objectives of this initiative were to:

- Assess how well the current Plan design is performing and being adjudicated;
- Establish a variety of key Plan performance and current Plan design metrics as baseline values that can be used to measure how the Plan experience is moving going forward;
- Assess the Plan's future financial liabilities within the prescription and medical supplies benefits based on the existing disease state and demographic profile of the Plan's population; and
- Explore what opportunities exist to contain cost responsibly without adversely impacting Plan members.

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 any appeal is ratified by the Board of Directors of the Administration Authority, and decisions are considered final.

In 2017, the Administration Authority received 544 appeals. This number represents a 6.5% decrease over 2016. However, it differs from the 15.2% increase that was observed in 2016 in the volume of appeals received when compared to 2015. In addition, 464 appeals were heard by the Appeals Committee in 2017, compared to 522 in 2016. This number represents an 11.1% decrease in appeals heard in 2017 and is attributable to the volume received, and to the fact that the Appeals department was short-staffed in the latter half of the year.

Of all the appeals presented in 2017, 52% were in relation to either a decision rendered by the Plan Administrator or to the level of benefits offered under the Plan. The remaining 48% of appeals concerned coverage-related matters (i.e. refund of contributions, retroactive coverage, etc.). These numbers are comparable to those reported in 2016.

Of the 464 appeals heard by the Appeals Committee in 2017, 9.5% were upheld, 90.1% were denied and 0.4% were deferred or referred to the Board. Again, these numbers are consistent with the 2016 approval and denial rates.

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

- Requests for a refund of contributions (183 appeals);
- Requests for backdated coverage (35 appeals);
- Late claims (25 appeals);
- Vision care (19 appeals);
- Acupuncture by a non-physician (19 appeals);
- Medical marijuana (16 appeals); and
- Non-oral contraceptives (13 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.

In 2016, the Administration Authority retained the service 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 finalized four issue papers, which were presented to the Partners Committee in September 2017. Topics included: breast augmentation related to gender reassignment surgery, laser optical biometry, Oncotype-DX Breast Cancer genomic test and photodynamic therapy for cancerous and pre-cancerous skin lesions. At year end, a decision had yet to come forth.

7.6 COMMUNICATIONS, ACCESS TO INFORMATION AND PRIVACY

7.6.1 Digital Services Implementation (formerly known as E-Services)

The Administration Authority was asked to assist TBS in the implementation of a digital services claims capability along with a mobile application capability for claims submission. This project involved providing leadership in the communications strategy for the introduction of these services. As a result, the Administration Authority worked on communication platforms and messages to inform the Plan membership of the benefits of digital services and how to prepare for the launch of such services. The key message of all communication was the importance of registering on Sun Life's Plan Member Services website and providing email addresses and banking details so that claims may be processed electronically. As of December 2017, over 328,000 members have provided these credentials. Ideally, this number will increase to over 400,000 before the launch of these services which is slated for April 1, 2018.

7.6.2 Plan Member Satisfaction Survey

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

According to the Contract, Sun Life is required to complete both a Member Satisfaction Survey and a Provider Satisfaction Survey every three years. The results of these surveys will help the Administration Authority understand the needs of Plan members and providers. With the assistance of the Administration Authority in determining the research parameters and sampling methodology, Sun Life successfully conducted the Provider Satisfaction Survey in 2016 (results were made available in 2017) and the Plan Member Satisfaction Survey in 2017. Delays were incurred with the Plan Member Satisfaction Survey due to security clearance issues.

Results of the Member Satisfaction Survey

The objective of this survey was to gauge Plan members' overall satisfaction with Sun Life's services and ascertain how members perceive the quality of services that Sun Life provides in administering their health benefits. In addition, Sun Life contracts Allianz Global Assistance to manage claims and inquiries from PSHCP members who are residing or travelling abroad. The survey also captured Plan members' satisfaction with the claim experience and call centre services provided by Allianz. The PSHCP Member Satisfaction Survey was sent to 25,000 randomly selected Plan members residing in Canada, with half receiving the survey electronically, and the other half receiving a paper-based survey. In addition, the survey was also sent to members who have Comprehensive coverage, a portion of the membership that did not participate in the initial survey of 2013.

As the survey was conducted in the fall of 2017, the results will be made available in January 2018.

Results of the Provider Survey

Approximately 9,000 pharmacy providers are registered with the PSHCP, allowing them to submit electronic claims directly to the PSHCP on behalf of Plan members. In collaboration with the pharmacy benefit manager, TELUS Health, Sun Life conducted a telephone survey of 266 randomly selected pharmacists to provide feedback on their experience with the systems and services offered by the PSHCP.

The survey found that respondents were generally satisfied with the services offered by TELUS Health for the PSHCP. More than a third (35%) of the surveyed population stated that they were highly satisfied with TELUS, an increase of 8% from 2013. Satisfaction with the claims submission process received the highest satisfaction score across all touch points measured. Satisfaction with audit services continued to receive the lowest satisfaction score. Moreover, this area experienced a moderate decline when compared to 2013 results. Of the pharmacists who completed a PSHCP audit, 61% stated that the frequency of audits has an impact on their day-to-day operations.

7.6.3 PSHCP Administration Authority Website

In its efforts to communicate more efficiently with the Plan membership, the Administration Authority launched two online surveys in 2017. The intent of the first survey, which ran in April 2017, was to gain a better understanding of Plan members' profiles, their reason for visiting the Administration Authority's website, their opinion of the website and how it could be improved, as well as the type of information they were seeking. The second survey, which ran in October 2017, delved deeper in members' experience with the Administration Authority's website. Of particular interest was the fact that 42% of visitors were looking for information on their coverage under the PSHCP. This correlates with the intent of the survey which is to improve the online content to ensure that members have the information they need to manage their health care plan. Based on the results, members confirmed that Sun Life's Plan Member Services website (54%) and the PSHCP Call Centre (47%) are the two main sources of information on the Plan. This is a welcome assertion with the advent of digital services being implemented on April 1, 2018. It is the intent of the Administration Authority to continue its online surveys and establish an online research community of PSHCP members. Once implemented, individuals involved in the 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 knowledge of the Plan. These surveys will also allow the Administration Authority to inform members of consumer behaviour opportunities in the health care market.

Chairman of the Board of Directors

Jean-Claude Bouchard

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

Committee: Chair of the Executive 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

Committee: Serves on the Executive 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: Serves on the Executive Committee and the Appeals 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.

Jacques Lambert

Current term: August 1, 2017 to July 31, 2020

Committee: Serves on the Appeals Committee

Before retiring in 2009, Jacques Lambert served in the public service for 41 years with several departments, including Veterans Affairs Canada and the Ministry of Employment and Immigration. For more than 15 years, Jacques has been actively involved in national committees and on management boards.

Edward (Eddie) Gillis

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

Committee: Serves on the Executive 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 Executive 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

Director since 2016 - Current term: August 1, 2017 to July 31, 2020

Committee: Chair of 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 the Assistant Deputy Minister of the Integrated Services Branch at Public Services and Procurement Canada.

Dominic Laporte

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

Committee: Serves on the Audit and Finance Committee

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

Paul Morse

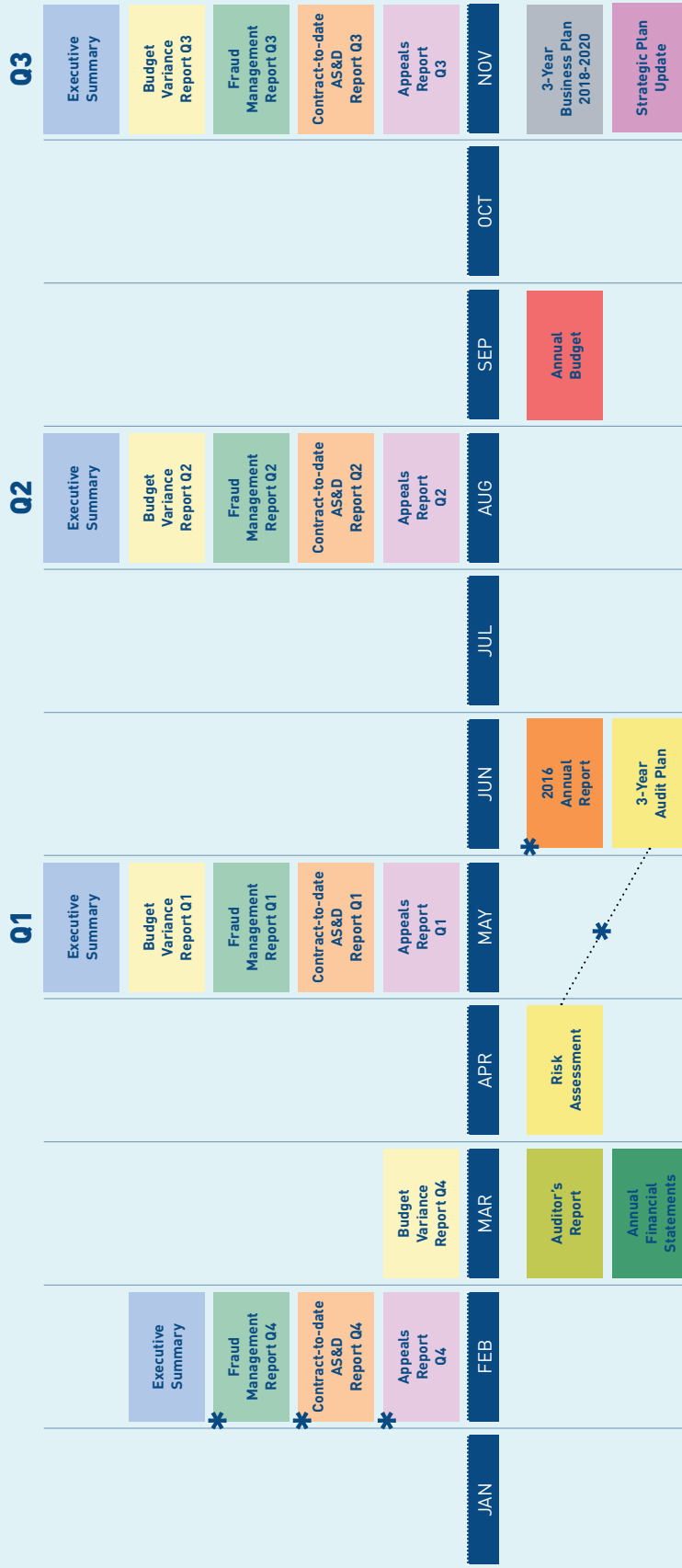
Trustee since 2006, Director since 2007 - Current term: May 1, 2016 to April 30, 2020

Committees: Chair of the Appeals Committee, serves on the 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 Gray Gillespie and Scott Doidge for their contribution and commitment to the organization, as their terms expired in 2017.

2017 PARTNERS 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)