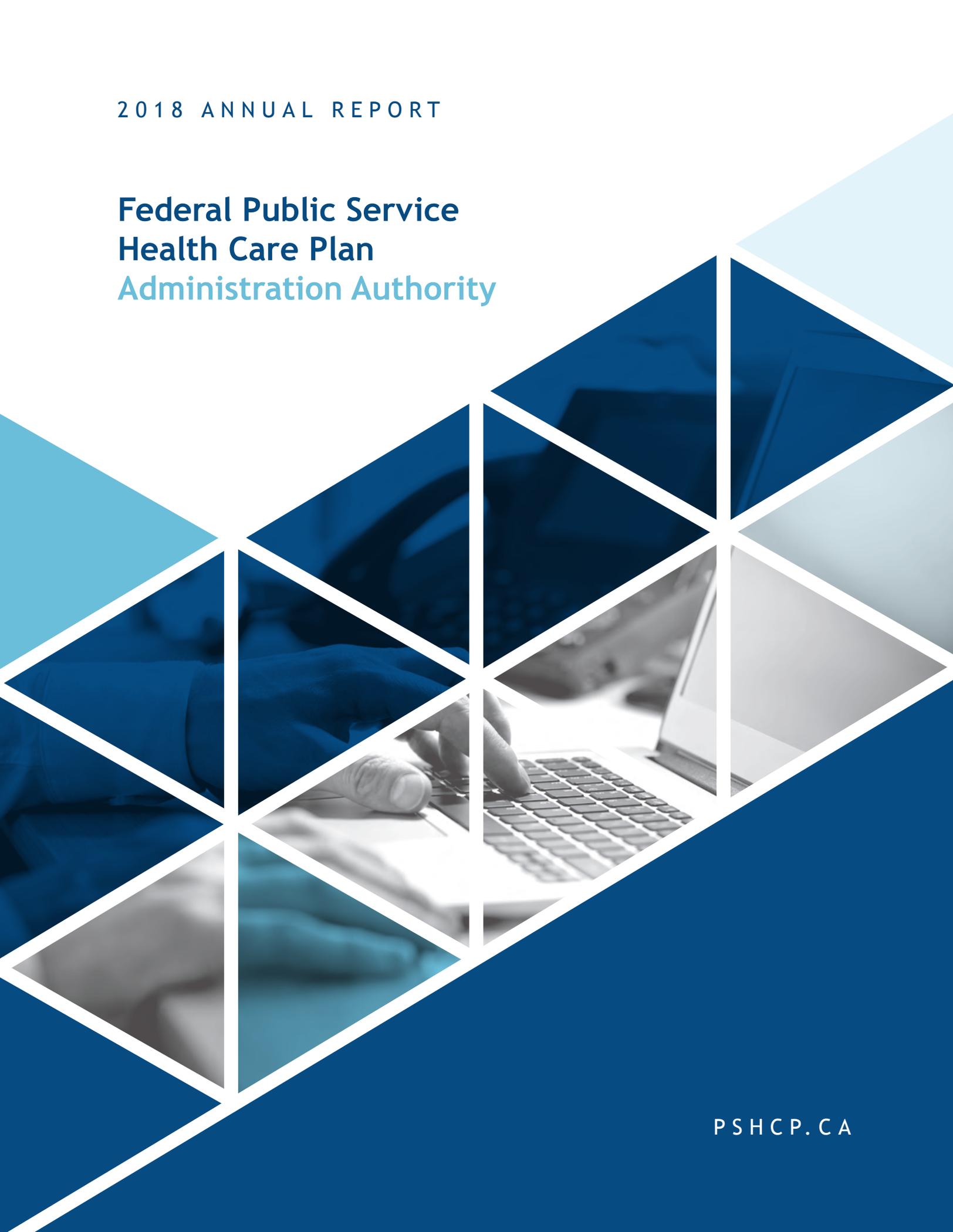


2018 ANNUAL REPORT

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



PSHCP.CA

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LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Promoting Service Excellence

I am pleased to present the sixth annual report of the Federal Public Service Health Care Plan (PSHCP) Administration Authority. The ever-changing landscape of the Canadian health care system has previously guided our hand to the development of cost containment measures for the Plan. In 2018, however, the organization and PSHCP stakeholders were focused on other fundamental and pressing issues.

In all of 2018 and for a portion of 2017, many of the initiatives undertaken by the Administration Authority were in direct support of two important activities taking place simultaneously: the retendering process led by the Treasury Board of Canada Secretariat (TBS) and the renewal of the PSHCP led by the Partners Committee. The PSHCP's contract with the Plan Administrator will reach its end date in 2020 and the Administration Authority has the interest of Plan members and stakeholders in mind while they support the negotiating parties in this process.

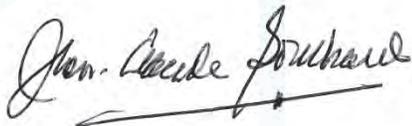
One of the aforementioned initiatives that supported the Plan Renewal process was the 2018 Benchmarking Study of Canadian Health Care Plans. After an extensive recruitment period, 24 organizations agreed to participate. Since its completion, the study has allowed for a better understanding of how the PSHCP compares to other similar, large scale health care plans in Canada. Some of the key findings include the fact that the provisions of the Plan are quite similar to those in other large scale plans with regard to eligibility, pensioner coverage, vision care, and other provision elements. Another key finding was that the provision where the PSHCP is less restrictive is the Drug Benefit, due in most part to its open formulary. The study has highlighted organizational efficiencies and created a network of sharing and learning between the participating plans. It has also identified some of the core issues the industry faces in terms of cost management and plan member expectations.

These initiatives require the ongoing support and profound expertise of the Administration Authority's Board of Directors. Over the years, the Board has built sound relationships with key external stakeholders. The Directors have promoted the Administration Authority's accomplishments to their respective organizations and professional networks. They helped instil a sound governance system to help with day-to-day operations. Most importantly, they helped identify the organization's long-term vision and create a clear sense of direction for years to come.

It is worth noting that there has been considerable change to the Board's composition in past years and that newly appointed Directors have successfully risen to the challenge in support of the Administration Authority. All of the Directors have been engaged in important discussions on the renewal of the PSHCP and recommendations arising from those meetings will have an important impact on the health care benefits available to hundreds of thousands of public servants and their families. The added stability to the Board will ensure that they are able to continue fostering sound and healthy relationships with Plan stakeholders for years to come.

A well-governed Board promotes a healthy work environment and service excellence for an entire organization. To ensure that the Board of Directors is operating optimally, the Administration Authority contracted the Institute on Governance in 2018 to assess the current state of the Board. A series of recommendations were proposed and the Administration Authority will look to implement several of them as per its philosophy of continuous improvement.

In closing, I would like to commend the Administration Authority staff and my colleagues on the Board of Directors for their outstanding work and a long list of achievements in 2018. At the hands of these qualified individuals, the Administration Authority will continue to meet its mandate of providing oversight of the Plan administration and ensuring that members receive the benefits to which they are entitled under the Plan's provisions.

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 dot.

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

LETTER FROM THE CHIEF EXECUTIVE OFFICER

New Demands Creating Opportunities for Organizational Growth

Looking back on 2018, it is evident that the PSHCP Administration Authority has grown tremendously in terms of the scale and development of its staff. In my open letter of the 2016 Annual Report, I addressed the organizational assessment that suggested that we were operating close to capacity in terms of the resources that were allocated to our core activities. Based on the scale and scope of incremental projects that were undertaken in 2018, it is clear that the Administration Authority staff went above and beyond expectations both in terms of effort and outcomes.

As is identified in the following report, the mandate of the Administration Authority is compartmentalized into three core areas. Business Management provides oversight of the strategic and operational processes of the organization such as internal financial management, human resources, contract compliance, etc. Operations and Audit Management oversees the plan audit program, the Risk Assessment process, the conduct of the Risk-Based Audit Plan, the three-year Operations Plan, fraud management, and research and reporting. Finally, the Communications and Member Services function plans and executes communications initiatives, manages the appeals process, oversees claims and call centre related issues, manages member inquiries and facilitates the correct interpretation of the Plan provisions.

In 2018, each of these three core areas endured unique challenges in order to meet the incremental demands on our organization. Staff at all levels demonstrated an impressive level of flexibility and dedication and ensured that the organization would accomplish outcomes that were seemingly beyond our resource capacity.

Creating optimal organizational and work distribution structures was a key challenge for the Administration Authority's Business Management function. One of our key projects was an agreement to provide technical support and leadership for the PSHCP Administrator's retendering process. This is an on-going and important initiative that will have a long term impact on the Plan. It draws on our most experienced and seasoned staff members and requires us to build capability and capacity in our more junior ranks. This challenge became more complex as a result of staff turnover and required us to recruit and train three new staff members in our small organization. These recruiting activities have proved to be highly successful as our new team members are adapting well to their new responsibilities. I would also highlight significant improvements in the internal financial management and controls environment in 2018 that allowed for improved efficiency in this area.

Much of the Operations and Audit Management function's focus in 2018 was dedicated to the retendering project and a Drug Data Analytics Project. The latter was carried out in support of the renewal process currently underway with the Partners Committee. The Drug Data Analytics Project required the extensive participation of our reporting resources as there was a significant amount of validation work performed by our staff to assist the contractor in completing this assignment. We were also heavily engaged in the assessment of findings and in conducting follow-up on some of the adjudication practices that were uncovered.

The Communications and Member Services function is traditionally involved in all issues relating to the dissemination of information to Plan members such as drafting member bulletins, managing the Administration Authority website, providing administrative support to the Appeal process, conducting surveys, etc. In 2018, this team also had a lead role in rewriting the Plan Directive and was extensively involved in both the retendering process and a Benchmarking Study. The latter of which was complementary to the Drug Data Analytics Project and was commissioned by the Partners Committee as part of their Plan renewal process.

What is most notable about this initiative is that the team built a capability to perform this work from the ground up. Working alongside an external consultant, the Communications and Member Services team drafted a work plan, recruited comparable employers to participate, conducted both an electronic survey and telephone interviews, compiled the data and ultimately produced individualized reports for the respondents.

The accomplishments of the Administration Authority in 2018 were well beyond expectations. I want to congratulate the staff for their teamwork and dedication. They support one another in their work and they show up each day and approach their challenges with energy and enthusiasm. I also want to recognize our Board of Directors that provides encouragement and guidance to the organization while ensuring proper governance and oversight. I look forward to the challenges that 2019 will present and I am confident that we will rise to the occasion.

A handwritten signature in black ink, appearing to read 'John Lewis', with a long horizontal stroke extending to the right.

John Lewis
Chief Executive Officer
PSHCP Administration Authority

HIGHLIGHTS 2018

GOVERNANCE

Section 4



- Held an annual strategic planning meeting that included a presentation on Drug Data Analytics.
- Completed an interview-based Board assessment.
- Continued execution of stakeholder outreach

REPORTING

Section 6.4



- Conducted research related to emerging medications ranging from traditional drugs to specialty drugs.
- Produced the annual Key Performance Indicators report.
- Validated the data analytics conducted on the PSHCP drug and medical supplies benefits.

MANAGEMENT

Section 6.1



- Conducted a benchmarking study of similar health care plans in Canada.
- Initiated a rewrite 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 retendering initiative.

APEALS

Section 6.5



- Received 513 appeals in 2018, a 5.7% decrease over 2017.
- Streamlined the process to address departments' administrative errors.
- Eliminated the backlog of appeals.

AUDIT

Section 6.2



- Completed a detailed Risk Assessment, which informed the development of the three-year Risk-Based Audit Plan.
- Implemented administrative changes based on the recommendations from three audits conducted in 2014-2015.
- Initiated the request for proposals for the Data Warehouse and Reporting Integrity Audit.
- Conducted a Privacy Management Framework Audit.

COMMUNICATIONS

Section 6.6



- Conducted an online survey on the uptake and satisfaction with Sun Life's Digital Services that were introduced in April 2018.
- Reviewed the findings of the 2017 Member Satisfaction Survey and identified opportunities for improvement.
- Issued two editions of the PSHCP Bulletin.
- Updated the PSHCP Communications Strategy.

STRATEGIC OBJECTIVES FOR 2018

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.
- Conduct an analysis of the findings of the Plan Member Satisfaction surveys (Supplementary and Comprehensive).

EXPERTISE

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

- Work with a drug 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 retendering initiative.
- 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.

STRATEGIC OBJECTIVES AND ORGANIZATIONAL GOALS FOR 2019

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.
- Produce the Annual Report and the Compliance Report.
- Development and implementation of a specific Digital Services Audit Program.

STAKEHOLDER RELATIONSHIPS

To strengthen key relationships

- Launch the fourth online Plan member survey and conduct an analysis of the data.
- Produce quarterly reports for the Partners Committee.
- Oversee the completion of the Supplementary and Comprehensive member surveys.
- Review the Communications Strategy.

EXPERTISE

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

- Work with a drug data analytics firm to conduct a comparative transaction-level data analysis of drug claims for the policy years 2017 and 2018.
- Provide technical support to the retendering initiative.
- 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.
- Complete a Board assessment.

1

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 690,000 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 the 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. You may visit the Administration Authority's website at pshcp.ca to view the listing of current members serving on the Partners Committee.

The **Administration Authority** was established under the Letters Patent, issued pursuant to subsection 7.2(1) of the *Financial Administration Act*. It 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 provisions.

The Administration Authority is accountable 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.

3

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 the satisfactory completion of their terms. A listing of all directors serving on the Board of the Administration Authority as of December 31, 2018 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 three-year 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.

3.1 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, the appeal of a decision of the Plan Administrator regarding a specific benefit entitlement and/or a decision relating to a member's coverage.

The Appeals Committee is mandated to review and make recommendations on all appeals submitted by members and/or their representatives, consistent with the provisions of the Plan Directive and to report to the Board of Directors of the Administration Authority.

KEY ACCOMPLISHMENTS OF 2018:

- Held four meetings throughout the year and heard 469 appeals;
- Held one special meeting to discuss appeals that are pending resolution from the Partners Committee;
- Resolved 33 appeals related to in-vitro fertilization;
- Reduced the number of appeals in inventory by 46% compared to 2017; and
- Continued to identify sections of the Plan Directive that could be considered confusing or easily misinterpreted by Plan members.

3.2 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 makes recommendations to the Board of Directors based on their findings. The Committee reviews the Administration Authority's internal control system and its processes for complying with legal requirements and regulations. It helps the Board oversee the organization's financial risks, the reliability of its financial reporting and the quality of its internal controls. The Committee governs the organization's annual external audit and ensures the implementation of an effective Plan Risk Assessment Framework and Audit Plan. It is also responsible for ensuring that financial statements and reports are provided to the Partners Committee on a timely basis. The Committee reviews the requirements of the Contract to ensure that audits and monitoring programs are implemented on a regular basis.

The Committee also 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 2018:

Finance

- Coordinated an external audit of the Administration Authority's financial statements, thereby gaining assurance that the organization's accounting records were reliable;
- Oversaw the organization's financial reporting (financial statements, variance reports and budget);
- Provided financial oversight throughout the year, which was accomplished by reviewing and recommending the Board of Directors' approval for the 2018 Quarterly Variance Reports, the 2018 Annual Budget, and the 2019-2021 Operations Plan;
- Recommended the appointment of auditors for the 2018 fiscal year;
- Conducted a post-financial audit meeting with the Administration Authority's external auditors to review the audited financial statements;
- Reviewed and updated the Financial Control Framework.

Risk Assessment and Auditing

- Reviewed the annual Risk Assessment outcomes and validated that the Plan risks were effectively addressed in the 2019-2021 Risk-Based Audit Plan;

- Reviewed the Referral and Quality Assurance Spot Audit report;
- Endorsed a Digital Claims audit program to be implemented in 2019;
- Participated in the vendor selection process in relation to a Data Warehouse and Reporting Integrity Audit.

Fraud Detection and Reporting

- Reviewed an internal presentation of the PSHCP’s Audit Services and Detection Program;
- Reviewed an internal fraud presentation and were informed of case-specific details on several ongoing fraud investigations;
- Assisted in securing the services of a consultant to assist with the development of a strategy for detecting fraud in the Plan.

3.3 Executive Committee

CHAIR: Jean-Claude Bouchard

MEMBERSHIP: Seven directors

STAFF SUPPORT: Chief Executive Officer

COMMITTEE MANDATE: The Executive Committee ensures the effectiveness of the Administration Authority’s governance structure, identifies functions that may require strengthening, and makes recommendations to the Board of Directors based on its findings. It also ensures that the combination of skills and experience of each Director aligns with the strategic direction of the Administration Authority, manages the Board’s Code of Conduct, develops their training and qualification requirements, and conducts performance reviews that assess their strengths and weaknesses.

With regard to communications, the Executive Committee supports the Administration Authority’s Board of Directors in the oversight of effective communications to plan members and stakeholders including the Partners Committee. 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 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. Its main functions in this area are:

- a) Assisting the Board in fulfilling its responsibilities in the management of human resources by promoting leadership, continuity and competence at the senior management levels of the Administration Authority; and
- b) Reviewing and making recommendations in the areas of organizational structuring, hiring, staff relations, succession planning, staff training and development, performance management and executive and staff compensation. It also supports the Board of Directors and its Chairperson on matters relating to the Chief Executive Officer’s performance and compensation.

KEY ACCOMPLISHMENTS OF 2018:

Governance

- Continued outreach efforts with more regular contact with members of the Partners Committee. In September 2018, the Administration Authority made four presentations to the National Association of Federal Retirees on the Member Satisfaction Survey, the PSHCP Plan Performance for 2017, and overviews of the Benchmarking study and the Drug Data Analytics initiatives;

- Provided oversight of the Board assessment conducted by the Institute on Governance;
- Assisted staff in organizing and conducting the Annual Strategic Planning meeting in May 2018.

Communications

- Updated the PSHCP Administration Authority's Communications Strategy to reflect the ownership of member communications;
- Assessed the findings from the 2017 Plan Member Satisfaction Survey;
- Reviewed the 2017 Annual Report and the 2017 Compliance Report;
- Provided oversight of the Benchmarking study;
- Evaluated the initial draft Plan Directive which will continue to evolve over the next two years;
- Approved the questionnaire of the website survey that was implemented in October 2018. The survey probed member uptake and satisfaction with Sun Life's newly implemented digital services.

Human Resources

- Evaluated and recommended the approval of the Chief Executive Officer's mid-year and year-end performance appraisal.

3.4 Board of Directors - Assessment

The Administration Authority's Board of Directors has an established Board assessment policy that includes Board, committee and peer assessment components, with one component being completed each year over a three-year period.

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 retained the services of the Institute on Governance (IOG) to initiate 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 was followed by personal interviews that were conducted in early 2018. The findings from the assessment and recommendations for improvement were presented during the 2018 Strategic Planning Meeting.

The IOG's governance review found that the Administration Authority's governance is generally strong and that the focus should be on moving from very good to great. The Board of Directors is composed of a strong, knowledgeable group of individuals, and the organization has many good governance practices in place. Among the strengths identified are a clear sense of mandate, a committed group of Directors and staff with a clear sense of their roles and responsibilities, effective meeting processes, strong leadership from the Board Chairperson and committee chairs, a variety of perspectives and skills at the Board table, strong Board-staff relations, and a recognition of the importance of stakeholders relations in achieving the Administration Authority's mandate.

Governance is a journey, and strong Boards are committed to continuous improvement. While the Administration Authority's governance is strong, the review process identified some areas for improvement, which if addressed, could further strengthen the organization's governance.

Subsequent to the review, the IOG offered the following recommendations as suggested priority items:

- Develop and share an individual Director Terms of Reference to support the nomination process with the Partners Committee. This would ensure that the Partners Committee have a clear understanding of the directors' roles and responsibilities, fiduciary responsibility, and requirements of the position;
- Consider restructuring meeting agendas to allow committee chairs to provide opening remarks before staff reporting;
- Consider reducing the amount of detailed staff reporting at Board meetings;
- Consider options for using video-conferencing facilities where appropriate;
- Develop a New Director Orientation and Ongoing Learning Policy;
- Clarify resources available for individual learning;
- Consider building on ongoing learning opportunities as part of the regular Board agenda.

4

ORGANIZATIONAL STRUCTURE

The Administration Authority prides itself on the capacity and competence of its personnel.

The staffing complement at the Administration Authority in 2018 comprised 13 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

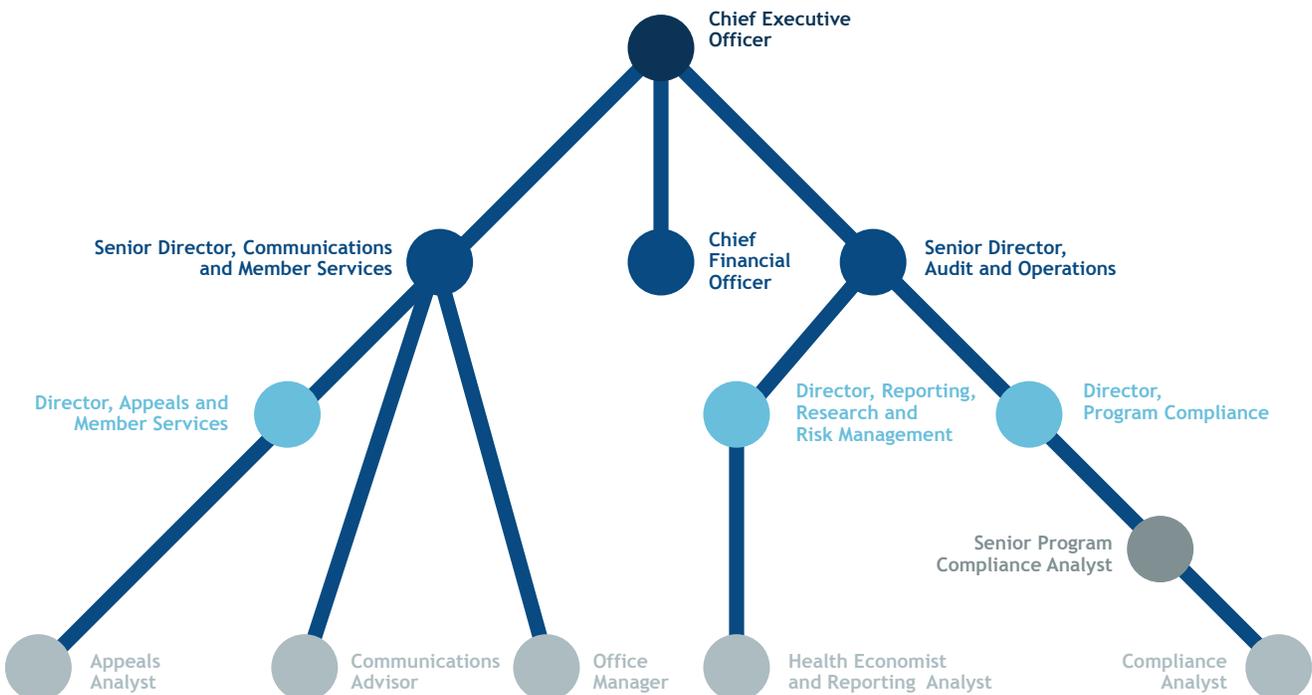
This function includes the management and oversight of the organization's strategic and operational processes, its internal financial and human resources management activities, and the overall monitoring of Sun Life's compliance within the parameters of the Contract.

Operations and Audit 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.



5

STRATEGIC PLAN FOR 2018

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.

6

OPERATIONAL ACCOMPLISHMENTS IN 2018

6.1 Business Management

6.1.1 Plan Benchmarking Study

At the request of the Partners Committee, the Administration Authority sponsored the 2018 Benchmarking Study of Canadian Health Care Plans.

The study was initiated in January 2018 and the research was conducted in the spring and summer of the same year. After an extensive recruitment period, 24 organizations agreed to participate. Criteria for participant selection included, among other things, the size of the organization's staff, the presence of a union within their workforce, and the geographic distribution of their workforce.

Other than the physician's clause contained under the Medical Practitioner's Benefit which is unique to the PSHCP, the study revealed that the provisions of the Plan are quite common with regard to eligibility, pensioner coverage, vision care, and other plan provision elements. One interesting observation from our research was that pensioner coverage lags in its Health and Wellness initiatives where retirees are not as well served as employees.

Findings also revealed that the areas where the PSHCP is most generous are the Drug Benefit, due in most part to its open formulary and lack of cost containment measures such as prior authorization, and the unlimited Physiotherapy Benefit.

Areas where the PSHCP was found to be less generous include the Hospital benefit as most organizations do not have a specific dollar limit maximum per day of hospitalization, the medical practitioner benefit where the annual median limit is higher than the PSHCP in general, and the out-of-province benefit where other organizations allow for longer stays with eligible coverage.

Overall, the biggest variance in plan design when comparing the PSHCP to other health care plans is cost management.

Summary of PSHCP Position on Plan Provisions

Plan Provision	Less restrictive	Similar	More restrictive
Eligibility requirements		✓	
Definition of dependant		✓	
Survivor coverage		✓	
Pensioner coverage		✓	
Coinsurance		✓	
Deductible		✓	
Health Spending Account		✓	
Hospital			✓
Drugs		✓	
Medical practitioners			✓
Vision care		✓	
Out-of-province			✓
Plan management measures	✓		

6.1.2 Plan Directive Rewrite

The Administration Authority continued its efforts to modernize the Plan Directive. The intent is to remedy a number of concerns and issues that have arisen over time with the document.

This initiative is a collaboration between the Administration Authority and the entity responsible for providing technical support to the Partners Committee known as the Technical Committee. Both parties have worked together throughout 2018 to identify, review and where applicable agree on minor plan amendments. This work will continue throughout 2019 with the intent of having a Plan Directive ready for approval by year-end.

6.1.3 Retendering of the PSHCP

Throughout 2018, the Administration Authority continued to work in partnership with TBS to develop the Statement of Work for the next PSHCP Contract. This involved participation in 10 working groups, namely Claims, Reporting, Communications, Positive Enrolment and Audit. It is expected that this effort will continue throughout 2019.

6.2 Audit and Evaluation

6.2.1 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 allows 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.

6.2.2 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 centers was initiated in the fall of 2014 which was conducted by FMC Professionals Inc.

In 2018, the Administration Authority continued to collaborate with TBS and Sun Life to finalize the recommendations and to implement administrative changes based on the results and opportunities outlined in audit reports from Mercer and FMC Professionals Inc. All three audits were officially closed in May 2018.

6.2.3 Data Warehouse and Reporting 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 request for proposals for the Data Warehouse and Reporting Integrity Audit was initiated in Q2 2018. This process involved engaging a panel composed of senior staff and select Board members to evaluate the proposals. A contract was awarded in September 2018 and the audit fieldwork will be conducted in Q2-Q3 2019.

6.2.4 Vision Care and Laser Eye Surgery Spot Audit

The 2018 - 2020 Risk-Based Audit Plan included a spot audit of Vision Care and Laser Eye Surgery claims submitted during the 2017 calendar year. Delays in the approval of the funding provided by TBS for the spot audits caused the work to be delayed to January 2019.

6.2.5 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.

6.2.6 Privacy Management Control Framework Audit

Audits of Sun Life, Allianz Global Assistance (Allianz), and TELUS Health (TELUS) were conducted 2014, 2015, and 2016 respectively. The findings from the audits identified certain areas in the privacy control environment that did not meet the privacy requirements of the PSHCP contract.

Thus, a follow-up audit was conducted in 2018 to:

- 1) Determine the degree of compliance to the privacy standards set out in the PSHCP Contract;
- 2) Determine the improvements made in light of the recommendations described in the reports from the three previous privacy audits;
- 3) Provide Sun Life, Allianz, and TELUS with an opportunity to comment, explain and provide evidence of the organizations' compliance and adherence to the privacy standards and recommendations set out above.

The 2018 Privacy Audit Framework included a questionnaire completed by Sun Life, Allianz and TELUS, as well as live and web-based privacy training demonstrations with Sun Life and TELUS to validate the information presented in the questionnaire.

The final report will be tabled with the Administration Authority in March 2019 and, shortly thereafter, with the Partners Committee.

6.3 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 2018 is higher than volumes reported in previous years, nearly all cases were identified through channels other than Sun Life's data-mining system.

On April 1, 2018, Sun Life introduced digital services for the PSHCP, allowing members to submit claims for certain non-drug expenses through the member website or a mobile application. As these new claim submission channels do not require the submission of substantiating receipts and documentation, they present additional risks for fraud management. Since the introduction of digital services, nearly 60% of the suspected fraud cases reported to the Administration Authority involved the submission of false digital claims. As part of the implementation of digital services, Sun Life introduced additional audit controls to verify that these claims are valid and consistent with Plan provisions. From April to December 2018, these audit controls were responsible for identifying more than 40% of the suspected fraud cases reported to the Administration Authority.

Despite the increased number of suspected fraud cases reported in 2018, the number of cases identified remains lower than expected for a health care plan as large as the PSHCP. In order to enhance their fraud detection capability, in December 2018 Sun Life implemented new machine learning technology across their block of business, including the PSHCP. This new technology will leverage Sun Life's vast amount of data (e.g. claims information, social media, public websites, tips from clients, geolocation, etc.) to better anticipate fraud. This new functionality is still in the very early stages of implementation.

The Administration Authority continues to monitor results closely to ensure that anti-fraud strategies and enhancements made to Sun Life's data-mining tool and fraud detection capabilities effectively address PSHCP risks. In order to effectively and efficiently manage and resolve suspected fraud cases, the Administration Authority is also collaborating with TBS to develop a policy framework for the management of false claims. It is expected that this policy framework will be implemented in 2019.

6.4 Reporting, Research, and Analysis

Under its reporting, research and analysis functions, the Administration Authority conducts periodic and ad hoc analyses, 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 predetermined accountabilities. Discrete research projects and ad hoc analysis initiatives are also undertaken at the request of the Board of Directors and the Partners Committee.

6.4.1 Drugs Benefit

In 2018, the Administration Authority regularly conducted research related to emerging medications ranging from traditional drugs to specialty drugs and biosimilars (previously referred to as Subsequent Entry Biologics drugs or SEBs). Biosimilars are similar but not identical versions of the reference originator biologic. Research was conducted on new specialty drugs for the treatment of cancer to better understand the therapeutic value of these drugs and their potential cost implications for the PSHCP. The research focused on *Ibrance*, *Imbruvica* and *Darzalex*. The average cost of these new drugs ranges from \$82,000 - \$158,000 per year.¹

Research related to orphan drugs for the treatment of rare diseases, such as *Cerdelga* and *Spinraza* 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.

The Administration Authority also performed a preliminary analysis and calculated potential cost avoidance as a result of the reduction in the price of 70 generic drugs that came into effect on April 1, 2018. The analysis focused on the generic versions of high utilization drugs such as *Crestor*, *Lipitor*, *Celebrex*, *Cipralext*, *Pantoloc* and *Lyrice*.

Additional research was completed on the drugs *Erelzi* and *Renflexis*, which are biosimilars for *Enbrel* and *Remicade*, respectively. The purpose of this research was to understand the treatment indications for which these drugs were approved, to conduct a cost comparison against the original biologic drugs and to assess the level of provincial coverage available for these medications.

In 2018, the Administration Authority accomplished an extensive 2017 Drug Data Review. This review covered many aspects of the PSHCP Drug Benefit claims experience, namely an in-depth analysis of the top three therapeutic classes presenting the most notable change, the top 25 DINs, the fill rate of brand versus generic drugs, 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 to the Board of Directors and will continue to be provided on an annual basis.

The table below lists the top ten drugs paid by the Plan in 2018. The Plan experience was calculated by combining all of the claimed dosage forms for each drug.

¹ Express Scripts Health Newsflash - A Quarterly Publication

2018 Top Ten Drugs by Paid Amount

Rank	Drug Name	Disease Name
1	HUMIRA *	Rheumatoid Arthritis
2	REMICADE *	Rheumatoid Arthritis
3	STELARA *	Psoriasis / Psoriatic Arthritis
4	ROSUVASTATIN	High Cholesterol
5	ATORVASTATIN	High Cholesterol
6	REVLIMID *	Cancer
7	ESOMEPRAZOLE	Acid Reflux / Ulcers
8	EYLEA *	Macular Degeneration
9	ENBREL *	Rheumatoid Arthritis
10	XOLAIR *	Asthma / Urticaria

*Specialty or biologic drug

6.4.2 Claims and Plan Membership

In 2018, the Administration Authority produced its annual key performance indicators (KPI) report that outlines the change in Plan expenditures, the annual cost per member and the relative change by benefit and member groups over the last three calendar years. This information was presented to the Board of Directors and will continue to be provided on an annual basis. Along with the KPI report, summary Plan tables were distributed to the Board. These tables include high-level Plan experience by benefit, Plan type (e.g. Supplementary and Comprehensive) and more detailed data for the top two benefits, namely prescription drugs and medical practitioners.

Throughout 2018, 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 Administration Authority calculated the taxable benefit amount for PSHCP members who reside in Quebec and participate in the Veterans Affairs Canada (VAC) group. The Government of Canada performs this task for employees and pensioners, however, they cannot complete this task for the VAC group because contributions are remitted directly to Sun Life, and not through pension or salary deductions. As such, the Administration Authority has been completing this task for a number of years. Based on the data extract provided by Sun Life, the Administration Authority performed calculations per 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 2018.

6.4.3 Reporting Initiatives

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. To this end, a data analytics firm was engaged to assist in this process by examining transactional-level drug and medical supplies claim data paid within the PSHCP experience from 2015 and 2016. As a result of this initiative, a number of findings and opportunities were identified as a means of helping manage future Plan risks and enhance the benefits plan. The data analytics results were presented to the Board of Directors at their annual strategic meeting held in May 2018, and subsequently to the Partners Committee in June 2018. The Administration Authority was then tasked with undertaking further analysis and industry research related to the implementation of the identified drug plan management opportunities. The results of the Administration Authority's analysis for each of the potential opportunity was presented to the Partners Committee to support their plan renewal discussions.

The data analytics initiative also identified a number of adjudication practises requiring further investigation. After an extensive review process with the data analytics firm and the Plan Administrator, the Administration Authority has documented its findings and prepared recommendations for changes in adjudication practises where these do not align with the PSHCP provisions. These will be shared with the Plan Administrator in early 2019.

At the end of 2018, the Administration Authority initiated a scaled-down version of data analytics. This second phase review focuses on PSHCP experience for the 2017 and 2018 benefit years with a view to gain insight into any new emerging concerns, to identify trends evident in the most current data and to understand whether the key strategic areas of opportunity previously identified are growing, lessening or staying stable.

6.5 Appeals

When a member does not agree with a decision concerning a claim or their coverage and wants their case reviewed, a submission can be made to the Administration Authority. The appeals process entails a thorough review of the circumstances presented in the member's appeal, as well as the gathering and analysis of information provided by the department and/or the Plan Administrator. Appeals are then presented to the Appeals Committee for review and recommendation. The decisions of the Appeals Committee to uphold or deny an appeal are ratified by the Board of Directors and decisions are considered final. The Directors' review of appeals submitted by Plan members regarding their coverage is to ensure that members have been treated in accordance with the terms of the Plan. Appeals Committee meetings are scheduled on a quarterly basis.

The Administration Authority received 513 appeals in 2018, a 5.7% decrease over 2017. The Appeals Committee reviewed 469 appeals in 2018, a 1.1% increase compared to the 464 cases heard in 2017. Of the appeals presented in 2018, 65% were related to either a decision rendered by the Plan Administrator or to the level of benefits offered under the Plan. The remaining 35% of appeals concerned coverage (e.g. refund of contributions, retroactive coverage, etc.). Of the 469 appeals heard by the Appeals Committee in 2018, 13.2% were upheld, 86.3% were denied and 0.4% were deferred pending additional investigation. The increase in approval rates when compared to 2017 can be attributed to a rise in cases related to administrative errors occurring at the Canadian Armed Forces units/Orderly Rooms.

The most common appeal topics are listed below in order of frequency:

- Requests for a refund of contributions (136 appeals);
- Requests for backdated coverage (50 appeals);
- Late claims (33 appeals);
- Acupuncture by a non-physician (16 appeals);
- Vision care (15 appeals);
- Psychology (13 appeals);
- Wheelchair/Scooter (13 appeals).

A total of 185 cases initially submitted as appeals to the Administration Authority were handled without being presented to the Appeals Committee; this number represents a 128% increase compared to 2017. Approximately 47% of these cases stemmed either from adjudication errors made by the Plan Administrator or administrative errors made by representatives from various employee departments and the pension office. These cases represent situations where the member's grievance was warranted and should have been corrected by either the Plan Administrator or the appropriate department or pension office.

At year-end, 32 appeals were pending a decision from the Partners Committee in relation to the Physician's Clause. Topics included breast augmentation surgery related to gender reassignment, laser optical biometry, Oncotype-DX breast cancer genomic testing and photodynamic therapy for cancerous and pre-cancerous skin lesions. An additional three research papers will be finalized in 2019 relating to bariatric surgery, coblation turbinate reduction and non-invasive prenatal testing.

6.6 Communications

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

In April 2018, Sun Life made its “my Sun Life Mobile app” as well as a range of other digital services available to PSHCP members. As of that date, members residing in Canada have been able to submit claims for paramedical services and vision care benefits electronically from both the Sun Life Plan Member Services website and the my Sun Life Mobile app. In addition to the electronic claims submission, members are able to review their recent claims, access coverage information, locate nearby health practitioners, review their claims history and coverage, and access their PSHCP benefit card.

In order to prepare PSHCP members for the significant changes, the PSHCP Administration Authority undertook a series of communication tasks.

- **April 2018 PSHCP Bulletin:** The April 2018 edition of the Bulletin included an article dedicated to the launch of Sun Life’s new digital services for the PSHCP. The services were listed and explained so that members would be able to take full advantage of the new services.
- **Monthly article on the PSHCP website:** As a precursor to the April 2018 PSHCP Bulletin, the Administration Authority posted an article to the PSHCP website in March 2018 to give notice to PSHCP members that the digital services were soon going to be implemented. The article highlighted some of the features that could be expected.
- **Sun Life’s communications to PSHCP members:** In addition to the Bulletin, Sun Life disseminated a series of individual messages to members to further elaborate on specific services. The Administration Authority provided oversight of these messages.
- **Digital Services Website Survey:** In the Fall of 2018, the Administration Authority conducted a survey on its website to assess the uptake and satisfaction of the newly implemented digital services. A total of 884 surveys were completed by members during the two-month collection period. In terms of overall satisfaction, 43% of members indicated that they had a level of satisfaction of 9-10/10 while an additional 29% recorded a level of satisfaction of 7-8/10.

6.6.2 Plan Member Satisfaction Survey

As part of its obligations as the PSHCP Plan Administrator under the current Administrative Services Only (ASO) Contract, Sun Life must conduct member satisfaction surveys. As such, surveys were conducted in 2013 and 2017. The objective of the surveys is to gauge Plan members’ overall satisfaction with Sun Life and its subcontractors’ services as well as selected service features such as the member website, the call centre, claims processing, and communication services.

In the summer of 2013, Sun Life conducted the first survey of members with Supplementary coverage using a paper mail-back methodology to randomly selected members. Responses to the survey were substantial with over 8,000 members recording levels of satisfaction across several service features. At the time, the plan to survey members with Comprehensive coverage was not executed due to methodological issues associated with capturing online survey responses.

In 2017, Sun Life circulated the second PSHCP Plan Member Satisfaction Survey for members with Supplementary coverage. It adopted a multi-channel methodology of both print mail-back as well as electronic online surveys to maximize outreach to members and to achieve higher response rates. Sun Life also launched the first electronic survey for members with Comprehensive coverage. To allow for comparison between

Supplementary and Comprehensive member satisfaction, many of the same lines of questioning were repeated. For the Comprehensive Plan Member Satisfaction Survey, new questions on member satisfaction with claim experience and call centre services provided by Allianz were added.

Supplementary Coverage – 2017 Plan Member Satisfaction Survey

25,000 survey participants were selected at random to take part in the study and a total of 3,701 members responded. This represented a response rate of 15%. The survey was accurate to within a margin of error of +/-1.61%, 19 times out of 20 at the 95% confidence level.

The survey results suggest that overall, members are satisfied with the PSHCP (7.58 out of 10) and that the PSHCP has improved over the past few years. Satisfaction with Sun Life as the Plan Administrator is strong with an average satisfaction rating of 7.68 out of 10.

Older members are particularly positive about the PSHCP and Sun Life, posting stronger satisfaction scores than their younger counterparts. Satisfaction scores were higher for Sun Life's Plan Member Services website, the Sun Life call centre, the paper claim experience, as well as for the PSHCP Bulletin.

In particular, members are satisfied with the ease of doing business with Sun Life. The average satisfaction score for filing a prescription using the PSHCP benefits card is 8.79 out of 10. Ease of completing claim forms also scored high in member satisfaction; however, several Plan members expressed a desire for online claim submission. This concern has been addressed with the launch of digital services in April 2018.

Key areas of improvement include the following:

- Plan knowledge: Satisfaction with the PSHCP increases when members are more knowledgeable about their coverage and benefits. Improving Plan comprehension is one method of enhancing the member experience.
- Claim submission process: Despite a high satisfaction score, over half of Plan members under the age of 50 indicate that Sun Life could improve its services by making it easier to submit claims.

Comprehensive Coverage - 2017 Plan Member Satisfaction Survey

4,000 participants were selected at random to take part in the study. A total of 581 responses were received, representing a response rate of 14.5%. The survey is accurate to within a margin of error of +/-3.84%, 19 times out of 20 at the 95% confidence level.

The PSHCP Comprehensive Plan Member Experience survey results suggest members covered under the Comprehensive Plan are less satisfied than members with Supplementary coverage, with an overall satisfaction level of 6.5 out of 10.

Similar to results from the Supplementary Survey, older participants are particularly positive about the PSHCP and have stronger satisfaction scores than their younger counterparts. Approximately one in four members aged 60 and older feel that the PSHCP has improved over the past few years. This includes higher satisfaction in regards to the Plan Member Services website, the Allianz call centre, the paper claim experience and the PSHCP Bulletin.

Younger members have higher expectations than their older counterparts in terms of the functionality available through the Plan Member Services website. This confirms that younger members are less likely than their older counterparts to believe the PSHCP has made improvements over the last few years.

Satisfaction with the Allianz call centre scored 6.6 out of 10 with close to half of Comprehensive Members dialling-in to speak with a representative over the last 12 months. Satisfaction is highest with Call Centre Customer Care representatives' conduct and the quality of the language of service.

Key areas of improvement include the following:

- Claim submission process: more than seven out of ten members under the age of 50 indicate that Allianz could improve its services by making it easier to submit claims. In open-ended commentary, members reference online claims as the biggest area of improvement, as well as direct billing. However, Sun Life's Digital Services are currently unavailable to PSHCP members with Comprehensive coverage.
- Communication when moving from Supplementary to Comprehensive coverage: Additional communication may be necessary when members transition from Supplementary to Comprehensive coverage and vice versa. The transition process should be improved and streamlined.
- Plan knowledge: Similar to members with Supplementary coverage, satisfaction with the PSHCP increases when members are more knowledgeable about their coverage and benefits. Improving Plan comprehension is one method of enhancing the member experience.

6.6.3 PSHCP Administration Authority Website

As mentioned under Section 6.6.1, the Administration Authority posted a survey to its website to assess the uptake and satisfaction of the newly implemented digital services. As digital services are a new service and it is paramount that member satisfaction is measured on a regular basis, the Administration Authority intends on deploying a similar survey in the Fall of 2019.

Another key component to educating members on the health care benefits available to them under the PSHCP are the Administration Authority's monthly articles. Once a month in 2018, informative articles were posted to the Administration Authority's website informing members on issues concerning Plan design, eligibility, new services, etc.

6.6.4 Communications Strategy

The Administration Authority recognizes that various priorities may emerge as the PSHCP and its administration continue to evolve. The organization is committed to reviewing its Communication Strategy on an annual basis in compliance with the responsibilities that are outlined in the Letters Patent. An in-depth assessment of the Strategy will be completed periodically to ensure that it is still relevant to the PSHCP.

The Administration Authority will table its revised communications strategy with the Partners Committee in Q2 of 2019. The document highlights the organization's current communication priorities and establishes objectives that will help the Administration Authority achieve its long-term communication goals.

ANNEX A

2018
BOARD OF DIRECTORS



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 APPOINTED BY THE EMPLOYEE SIDE

EDWARD (EDDIE) GILLIS

Director since 2012 | Current term: September 12, 2018 to September 11, 2021

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, 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.

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, and the Executive 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.

SETH SAZANT

Director since 2018 | Current term: July 10, 2018 to July 9, 2021

Seth Sazant joined the Public Service Alliance of Canada in 2006. Since that time, he has been working in the negotiations section and is currently a Negotiator/Pension and Benefits Officer. Much of his work has been focused on extended health and dental plans.

DIRECTORS APPOINTED BY THE EMPLOYER SIDE

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.

TAMMY LABELLE

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

Committees: Chair of the Audit and Finance Committee and serves on the Appeals 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 Chief Information Officer, Digital Services Branch at Public Services and Procurement Canada.

DOMINIC LAPORTE

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

Committees: Serves on the Audit and Finance Committee and the Executive 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 the owner and co-founder of a company specializing in academic tutoring.

WENDY LOSCHIUK

Current term: April 2018 to April 2021

Committee: Serves on the Audit and Finance Committee

Wendy Loschiuk retired from the Office of the Auditor General of Canada (OAG) in 2015 where she was an Assistant Auditor General. After joining the public service in 1979, Wendy started her career with the Department of National Defence, reviewing programs and spending, before moving to the Treasury Board of Canada Secretariat and the OAG.

DIRECTOR REPRESENTING THE PENSIONERS

JACQUES LAMBERT

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

Committees: Serves on the Appeals Committee, the Audit and Finance Committee, and the Executive 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.

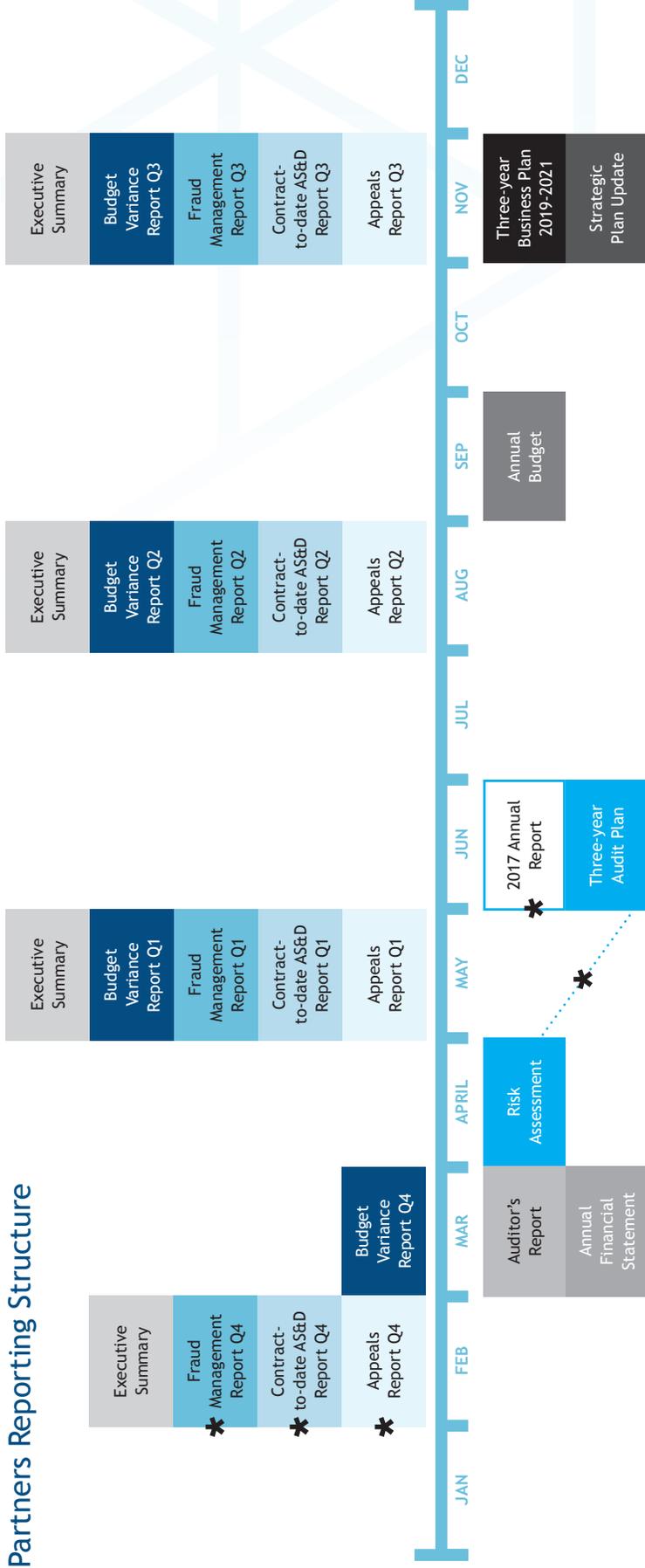
The Board of Directors and staff would like to thank Chris Aylward for his contribution and commitment to the organization during his tenure on the Board of Directors from 2012 to 2018.

ANNEX B

2018
REPORTING STRUCTURE



Partners Reporting Structure



Details - Quarterly Deliverables

<p>FRAUD MANAGEMENT REPORT CONTENTS</p> <ul style="list-style-type: none"> • Overview of current case load and status • Outstanding plan recoveries and recoveries for the period
<p>AS&D REPORT CONTENTS</p> <ul style="list-style-type: none"> • 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
<p>ANNUAL REPORT CONTENTS</p> <ul style="list-style-type: none"> • Executive Summary • Appeal highlights from previous quarter • Committee decisions • Appeals closed without decision • Aging of appeals • Appeals categories

Details - Annual Deliverables

<p>RISK ASSESSMENT</p>	<p>THREE-YEAR AUDIT PLAN</p>
<p>These reports will:</p> <ul style="list-style-type: none"> • Inform audits to perform over the next three years • Assess Plan risks • Outline proposed audit timelines 	

<p>Annual Report contents:</p> <ul style="list-style-type: none"> • Strategic Plan and objectives • Goal of the organization • Audit results • Appeals results • Incidences of fraud • Communication Strategy • Plan administration • Data on the Plan (trend, costs, membership)
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