

June 10, 2014

To: Regional Health Authorities and the Saskatchewan Cancer Agency

**From: Bud Anderson
Director, Employee Benefits**

Re: Extension of Benefits at Termination, Severance or Grievance

From time to time, 3sHealth receives requests for approval of an extension of benefits for an employee after termination of employment. Most often, these requests are with respect to a severance agreement upon termination of employment or upon settlement of a grievance where benefits are being reinstated retroactively. We will describe each scenario in more detail below.

Severance:

A period of severance refers to an employee whose employment has terminated. The employee is no longer actively at work but may be receiving a salary continuance either on a regular pay cycle or by a lump sum payment for a defined period of time based on an agreement at the time of their termination.

Under the rules of the 3sHealth Employee Benefit Plans, an employee must be actively at work to be eligible for benefits. This means that if an employee is terminated, and is no longer actively at work, benefit coverage cannot be extended for the period of their severance.

This also applies to employees who are terminating employment but taking vacation entitlement for a period of time after their last day actively at work. Benefits terminate on the last day the employee is actively at work and are not extended through the period for which the employee is taking vacation, unless the employee is returning to active employment at the end of their vacation time.

Group Life Insurance coverage continues for 31 days upon termination of employment. During this 31 day period, employees have the option to convert the coverage that they had in force on their last day actively at work to an individual policy. In order to convert group life insurance to an individual policy, the employee must contact their financial security advisor or Great-West Life. Further information about conversion is contained in the Group Life Insurance Plan Commentary booklet or on our website at www.3shealth.ca.

Disability Income Plan coverage automatically terminates on the last day the employee was actively at work. There is no option for conversion or for any type of coverage extension.

Extended Health Care and Dental Plan coverage automatically terminates on the last day the employee was actively at work. Where feasible it is important when terminating an employee that you collect their pay-direct drug card from them and destroy it.

If you wish to provide an extension of Extended Health Care and Dental Plan benefits during a period of severance, you must contact 3sHealth Employee Benefits to make arrangements for coverage on a **Cost Plus** basis. Further information regarding Cost Plus benefits and the process for arranging Cost Plus is provided later in this directive.

Grievance Settlement:

If an employee was terminated and has filed a grievance with respect to the termination and as part of the grievance settlement it is negotiated that an employee's coverage under the 3sHealth Benefit Plans be reinstated. Benefits can only be re-instated upon the date the employee returns to active employment.

Extended Health and Dental Benefits, Group Life Insurance and Disability Income Plan coverage cannot be reinstated retroactively. Coverage may only be reinstated from the date the employee returns to be actively at work and forward.

Through the Cost Plus process described below 3sHealth can assist employers in situations where a grievance settlement requires that Health and Dental coverage be provided.

Cost Plus:

Cost Plus is a special arrangement with our insurance provider that allows Extended Health Care and Dental benefits to be reimbursed on an extra-contractual basis. You as the employer will be responsible for paying 100% of the eligible claim expenses submitted by the employee plus an administration fee. This must be arranged by 3sHealth on your behalf prior to any agreement with the employee or any claims being submitted.

The Cost Plus process is as follows:

1. Contact 3sHealth Employee Benefits Management and advise us that you require a Cost Plus arrangement to accommodate a severance or grievance settlement. We will require the employee's name, Benefit ID#, and the exact period of time for which Extended Health Care and Dental benefits are being extended.
2. 3sHealth Employee Benefits will contact Great-West Life and obtain approval for the extra-contractual extension of coverage on a Cost Plus basis.
3. Once approval has been granted by Great-West Life, the employer will advise the employee that all claims must be submitted to 3sHealth Employee Benefits Management. 3sHealth will then submit the claims to Great-West Life.
4. Upon receipt of the claims, Great-West Life will adjudicate the claims in accordance with the provisions of the plan, and will advise 3sHealth of the amount of the reimbursement the employee is eligible to receive plus an administration fee.
5. 3sHealth will advise you (the employer) of the total amount payable to Great-West Life. That is the full amount of the eligible claims cost plus the administration fee.
6. You will produce a cheque payable to Great-West life for the full amount of the eligible claims cost plus the administration fee and send the cheque to 3sHealth Employee Benefits.
7. 3sHealth will send the cheque to Great-West Life on your behalf.
8. Upon receipt of your cheque, Great-West Life will issue a cheque to the employee for the amount of the eligible claims.

We understand that it is a difficult task to work through a severance arrangement or a grievance settlement. We welcome you to call us or contact us by email to discuss these options as you work through the process. Our contact information for 3sHealth Employee Benefits Management:

- Bud Anderson is 306.347.5524 or bud.anderson@3shealth.ca
- Alana Shearer-Kleefeld is 306.347.5599 or alana.shearer-kleefeld@3shealth.ca