Agenda – Executive Policy Committee – April 20, 2022

REPORTS

Item No. 23 Implementation and Ongoing support of New Health Benefits Provider

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That Council approve the addition of one permanent FTE to be hired in 2022 at an approximate cost to the City of $91,224 annually funded from quoted employer plan savings from employer-paid benefits to support the increased work in the Total Compensation & Benefits Division of Human Resource Services.

2. That the Public Service be directed to utilize quoted employer plan savings for a two-year period to further support the exclusive needs of implementing the new benefits program, in addition to the Permanent FTE, which includes but is not limited to; temporary FTEs for Innovation & Technology or PeopleSoft Team, or the Total Compensation & Benefits Division.

3. That the Public Service be directed to report back to the Executive Policy Committee by the end of quarter three of 2023 to give an update on plan implementation.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

ADMINISTRATIVE REPORT

Title: Implementation and Ongoing support of New Health Benefits Provider

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
C. Musey Denisuik	A. Cusson	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

The total employee benefits offered at the City has not kept pace with other government organizations, and some aspects of the benefits plan have not been reviewed in over 40 years. With that, for due diligence purposes, the City of Winnipeg tendered health benefits in RFP 186-2021 in 2021, seeking a single benefit carrier to provide all health benefits for all active employees, retirees and affiliates. This includes coverage for Vision, Dental, Ambulance, Hospital, Extended Health, Travel Health. This is currently provided for by Manulife or Blue Cross for all employee groups under these plans. RFP 186-2021 included a requirement for a future plan that could potentially accommodate a flexible benefit plan design. The RFP was awarded to Manitoba Blue Cross with anticipated savings from the employer-paid plan expected to be approximately $250,000 annually.

This change to a new provider and the update of the benefits program after 40 years will require significant additional resources in the Compensation & Benefits Division to support employees, City Departments, and their respective HR teams.

The Public Service is requesting approval to use a portion of the quoted plan savings under the employer-paid benefits to fund one new permanent FTE to ensure a successful transition and maintain service with the new carrier. The additional FTE is anticipated to be a WAPSO 2 position (subject to rating confirmation) at an approximate cost to the city of $91,224 annually. This position would have a projected start date of September 1, 2022, and will be funded by the employer plan savings once realized in 2023. There are sufficient funds available from projected employer-paid plan savings to cover the partial costs of 2022 and full costs of 2023.

This new position will report to the Manager of Total Compensation & Benefits and will be used to support the Division. This role will assist with the administration of the new benefits program, program design, program roll out, and this will assist with all of the onboarding, troubleshooting of department issues, liaising with HUB International (our contracted employee benefits broker), supporting the education of department HR teams, and will ensure consistent application of benefits administration process supporting Departmental Health Plan Administrators (DHPAs) and Human Resource staff as needed.

In addition to the cost of the permanent FTE, this report is also seeking approval to use the remaining savings from the employer paid benefits plan to exclusively support the temporary needs of implementing the new program for an expected two-year period. City departments would continue to pay current rates for employer-paid benefits for at minimum the first two years. Beyond that, the City will either look to reduce the rates charged to departments, explore plan enhancements to expand benefits further, look to add new benefits, or use the savings to support the administration of the new program.

RECOMMENDATIONS

1. That Council approve the addition of one permanent FTE to be hired in 2022 at an approximate cost to the City of $91,224 annually funded from quoted employer plan savings from employer-paid benefits to support the increased work in the Total Compensation & Benefits Division of Human Resource Services.

2. That the Public Service be directed to utilize quoted employer plan savings for a two-year period to further support the exclusive needs of implementing the new benefits program, in addition to the Permanent FTE, which includes but is not limited to; temporary FTEs for Innovation & Technology or PeopleSoft Team, or the Total Compensation & Benefits Division.

3. That the Public Service be directed to report back to the Executive Policy Committee by the end of quarter three of 2023 to give an update on plan implementation.

4. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

The Public Service requires the approval of Council for the creation of one net new FTE in the Total Compensation & Benefits Division of Human Resource Services funded from the employer plan savings.

IMPLICATIONS OF THE RECOMMENDATIONS

Approval of this report will add one new permanent FTE to the Compensation & Benefits Division of Human Resource Services. There will be no new financial implications to the City in 2022 and 2023 for approving the use any savings realized from the employer-paid benefits with the new provider.

HISTORY/DISCUSSION

A. Current State Overview

A full review of both employee benefits has not been done in almost 40 years. The employee benefits being offered at the City are not keeping pace with other publicly funded employers. Employee health benefits are a significant component in the total compensation offered by an

employer. Benefits play a major role in the attraction and retention of talent, aiding in the health of the organization's most valued asset, its people, and demonstrating an interest and investment in employee health and well-being. Benefits represent a significant component in an individual's decision to accept and continue employment with an employer. In striving to have a healthy and engaged workforce, offering competitive health benefits that meet the needs of a growing and diverse workforce is necessary. It is essential in competing in today's labour market to meet the individual needs of employees, as well as adding to the overall satisfaction and retention of employees. This is outlined as a priority in the new City of Winnipeg Strategic Plan for creating an engaged and satisfied workforce.

City of Winnipeg benefits administration is a decentralized model where Departmental Health Plan Administrators (DHPSs) who report to their respective HR leaders, carry out the day-to-day administration of benefits including enrollments, life events, terminations, etc.

The Manager of Total Compensation & Benefits is the corporate benefits administrator and is responsible for corporate benefits administration, including contract administration and compliance with the carrier contracts on both the part of the carriers, as well as the City. There is no reporting relationship between the departmental administrators and the corporate benefits administrator. While strides have been made to support the DHPAs in their day-to-day work from the corporate level there are gaps and risks that exist that require additional FTE support under the current structure and resources.

Gaps identified include errors in benefits administration that are not compliant with carrier contracts, such as incorrect eligibility dates, incorrect collection of premiums, and benefit actions that would see employees having to pay out of pocket for claims due to errors made at the administrative level. The lack of centralized, common training and support contributes to this, and has the potential to lead to Labour Relations issues.

Additionally, the HR Systems and Research Branch (HRIS) carries out several benefits administration tasks that need to transition to the Total Compensation & Benefits Branch. Some activities have been transitioned from the HRIS branch back to Department HR already, and some significant activities are flagged for transition in the coming year. Currently, the Manager of Total Compensation & Benefits is the only resource absorbing this work and that is not sustainable with the added work coming to the division. Given the significant importance of health benefits to employees, benefits administration requires attention and the additional FTE resource.

B. Utilization of Quoted Employer Paid Plan Savings

Quoted Employer Paid Plan Savings

MBC's quote to provide benefits includes a cost saving on the employer paid benefits side of approximately $250,000. This money would be used to fund the new FTE and temporary implementation costs exclusively used for the new benefits program. Please note that the quoted savings for the employer paid benefits do not reflect the cost of claims, only expenses. The breakdown of savings per benefit plan is outlined below:

Benefit	Current	Manitoba Blue Cross Quoted	Difference Quoted to Current	
			$	%
Active Employees - Employer Paid (not including claims)	$543,620	$292,940	($250,681)	-46.1%

Utilization of Quoted Employer Paid Plan Savings

Resource Requirements

The Public Service would look to use savings from the Employer paid plan to fund a permanent FTE and use the remaining plan savings for a two-year period to fund the temporary FTE needed to support the new program, and any associated costs with the implementation. After the two-year period, when temporary resources are no longer needed, the Public Service would look to use the savings to supplement rates and reduce the rates charged to departments or continue to use the savings to support the administration of the new program.

The new FTE would provide centralized support to Departmental Health Plan Administrators (DHPAs) who provide the day-to-day benefits administration and report into each of the eight (8) HR departments. Communication between Corporate Benefits and DHPAs will be critical in rolling out a new benefits program for managers, employees, Unions, and HR practitioners. This FTE will assist with the creation and delivery of training, and support for departments and the DHPAs. Ensuring consistent messaging and support improves efficiency. Providing information for how to use the system will improve consistency in data integrity and process control. That leads to improving systems information integrity which helps with accurate reporting and reducing errors.

Additionally, there has been an increase in benefits work which cannot be done with existing resources. In 2021 the City officially became the policyholder of the retiree benefit plan along with HUB. This new FTE would support this work by maintaining positive relations with the Retiree Association, work with HUB to support members, and work with the Winnipeg Civic Employees' Benefits Program (WCEBP) to create and improve processes. This new FTE would also support the new benefits annual rate renewal, monitoring the new benefits administration mailbox, and providing support to staff, managers, and DHPAs on the new program. Life insurance benefits will also be reviewed which will likely require added work. As a result, the new FTE to support the creation of a modernized benefits plan will also assist with the added Benefits work in the Human Resource Services Department

Plan Enhancements and Plan Design Improvement

Plan enhancements and plan design improvement have not been undertaken by the City for many years. The Public Service will look to reinvest in plan enhancements, plan design, and possibly provide additional or new benefits based on what is affordable with the savings.

Implementation

The RFP included the following estimated effective dates:

- July 1, 2022 - Retiree Plan (same as current plan)
- January 1, 2023 - Active employees, EAs to Councillors, affiliates (same as current plans)
- Tentative date of January 1, 2025, for possible flexible benefit plan for Active employees and Retirees

Resources Required

Addition of 1 permanent FTE to the Total Compensation & Benefits Division of Human Resource Services. The new FTE is anticipated to be a WAPSO 2 position (subject to rating confirmation) which will be funded by employer plan savings.

Additional Resources Needed

A project manager has been assigned to lead the City's resources in the implementation of the RFP. HUB will act as the Project Manager for fully onboarding MBC, including establishing an implementation plan, and deliverables & timelines for contracts, booklets, communications, etc.

The implementation of the new benefits plan may require additional resources for information systems set up both for PeopleSoft and with technical support from IT. The following additional temporary resources may be required:

- **Innovation & Technology:** Resource requirements are dependent on the duration and timeliness of when work is complete and ready to implement. We have outlined the need for these additional resources:
    - Two (2) Developers – WAPSO 3 – FT, temporary
    - One (1) IT Lead – WAPSO 4 – FT, temporary
    - The ability to space out work over 2022 and in to 2023 is largely dependent on the timing of approvals, and MBC time table and resources available, to support this project.
- **HR Systems and Research (HRIS) Branch:**
    - For the creation of (same-for-same benefits) implementation, one dedicated temporary resource (PS Module Coordinator WAPSO 3) is required for 6 months to one year per the proposed schedule.
    - For the creation of new flex benefits, and implementation, the same dedicated resource will be used between 2023 to end of 2024. Additional resources for the implementation of the new Flex Benefits plan will be reviewed again in 2023.

Please note, Plan savings will only be used as outlined above, and exclusively to support the implementation of the benefits program.

FINANCIAL IMPACT

Financial Impact Statement

Date: March 8, 2022

Project Name:

First Year of Program 2022

Additional FTE for Human Resource Services for the Implementation and Ongoing Support of New Health Benefits Provider

	2022	2023	2024	2025	2026
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 250,000	$ 250,000	$ 93,815	$ 95,671	$ 97,587
Less: Incremental Revenue/Recovery	$ 250,000	250,000	250,000	250,000	250,000
Net Cost/(Benefit)	$ -	$ -	$ (156,185)	$ (154,329)	$ (152,413)
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ (156,185)	$ (154,329)	$ (152,413)

Additional Comments:

1. Direct costs include the salaries and benefits of a "Corporate Health Plan Officer", WAPSO 2, Step 14, starting September 1, 2022, $29,477 (2022), $91,224 (2023). This position is to be funded through the quoted Plan savings from employer paid benefits estimated to be approximately $250K annually. An adjustment to HRS-Total Compensation & Benefits operating budget is required to increase their FTE compliment.

2. Per Recommendation #2 of this report, if approved, the Public Service will explore the utilization of the remaining savings after funding of the above-mentioned FTE for further support in the implemention of the new benefits program in 2022 and 2023 including, but not limited to; temporary FTEs for Innovation & Technology, the PeopleSoft Team, or the Total Compensation & Benefits Division as required.

(Approved electronically by J. Peters)
Jocelyn Peters, CPA, CGA
Manager of Finance & Admin. (Campus)

CONSULTATION

This Report has been prepared in consultation with:

- Corporate Finance
- HUB International

OURWINNIPEG POLICY ALIGNMENT

OURWINNIPEG

01-3 Prosperity: Provide efficient and focused civic administration and governance.

01-3 Prosperity. Direction 1: Support a competent, productive and healthy workforce through strategic human resource planning that promotes flexible human resource systems, invests in human resource development and is based on values of equity, diversity, innovation and accountability.

01-3 Prosperity. Direction 6: Generate more opportunities to retain existing, experienced employees in the workforce.

OURWINNIPEG 2045 (subject to third reading by Council)
1.1 Organizational Alignment: All City policy implementation and enforcement tools must be aligned with the localized United Nations Sustainable Development Goals framework, consisting of Leadership and Good Governance; Environmental Resilience; Economic Prosperity, Good Health and Well-Being; Social Equity; and City Building contained in this Plan.

1.18 Responsive, Representative and Resilient Workforce: Provide responsive municipal service delivery, through an accountable, informed, qualified, competent, creative, healthy and productive workforce that is representative of the community it serves including the use of equitable, anti-oppression recruitment, training, and retention processes.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

N/A

SUBMITTED BY

Department: Human Resource Services
Division: Total Compensation & Benefits, Corporate Human Resources
Prepared by: Angie Cusson & Corrin Musey Denisuik
Date: March 8, 2022
File No: N/A