

## Section I – Items for Board of Directors Action

**TO:** Chair and Members of the Board of Directors  
Meeting #4/19, Friday, April 26, 2019

**FROM:** Lolita Holden, Associate Director, Human Resources

**RE:** **BENEFITS OVERVIEW AND PLAN ADMINISTRATION TRANSITION - CHALLENGES AND OPPORTUNITIES**

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### KEY ISSUE

Toronto and Region Conservation Authority (TRCA) staff interest in pursuing a procurement for a broker/consultant for group benefits.

### RECOMMENDATION

**WHEREAS TRCA participates in a group benefits plan led by Conservation Ontario;**

**AND WHEREAS TRCA believes that a modernized benefits plan would improve service, reduce costs and enhance employee experiences;**

**THEREFORE LET IT BE RESOLVED THAT staff be authorized to issue a Request for Proposals for a benefits Broker/Consultant and report back to the Board.**

### BACKGROUND

TRCA has worked in partnership with Conservation Ontario and Buffett Taylor (third party administrator) for several years. In 2017, Conservation Ontario issued a request for proposals (RFP) for benefit carriers, to reduce costs under the premise that a group benefits plan would assist with the cost savings for all Conservation Authorities. Buffet Taylor was awarded as the third-party administrator with benefits provided by SunLife Financial at the outcome of this process and has been providing services to TRCA since this time.

TRCA staff have experienced some specific challenges with our current benefits provider and note that there is little in the way of value-added services being provided by Buffet Taylor. In fact, the current arrangement resulted in time lags and delays for matters such as employee onboarding. While Buffet Taylor plays a larger administrative role for smaller conservation authorities with limited or no human resources capacity this is not the case at TRCA.

TRCA staff reviewed the existing group benefits from Sun Life Financial and identified a need to go to market outside of the umbrella group to determine if any insurers could improve upon service, administration and reduce the cost of the plan. On a no-cost, complimentary basis, Baynes & White, an external broker, prepared and directed specifications to the following insurers: Desjardins, Green Shield, Industrial Alliance and Great-West Life. The results of the review reflected that annual savings of approximately \$110,000 were possible. In a new model, the plan administration would be self-administered by TRCA staff, which would greatly enhance the employee onboarding experience by eliminating delays in enrolling employees onto the benefits plan, which currently takes over five weeks on average.

Based on a review of the agreement between Conservation Ontario and Buffett Taylor, Conservation Ontario is entitled to terminate the contract without liability, cost or penalty at any time, without cause, by giving 60 days written notice. The arrangement between Conservation

## Item 8.5.

Ontario and member Conservation Authorities permits participating members to cancel their coverage with 90 days advance written notice, stating the reasons for the proposed cancellation. The Agreement further states that it is not mandatory that TRCA participate in the Conservation Ontario's umbrella group.

### **RATIONALE**

The following are the potential benefits from a transition to a new service provider subject to the outcome of responses from an RFP:

- 1) The current plan administration is inefficient and an onerous process. It requires continual manual monitoring and intervention. A direct insurer relationship would be more efficient, financially secure, and benefit employees and TRCA Human Resources staff.
- 2) The commission and third party administration fees are high relative to the service provided. With reduced commissions and the preferred rates through the insurer, savings of approximately \$110,000 per year could be realized.
- 3) The additional cost of the third-party administration services, which is 1.1% of total premium (approximately \$32,500 per year) would be eliminated. TRCA does not require a third-party administrator as the organization has internal resources in HR that can complete these tasks on a timely basis.
- 4) Direct payment of monthly premiums to the successful benefit carrier eliminates the third-party handling of TRCA's insurer premium.
- 5) Improved employee onboarding experience through real-time enrollments, terminations and changes, delivered through the provider's online administration system.
- 6) Improved disability claims management with an insurer who will collaborate with TRCA's Human Resources staff to enhance the employee experience.
- 7) The potential to freeze fee increases pertaining to Life Insurance, Long Term Disability rates and for health and dental expenses.
- 8) TRCA's current plan design does not meet the diverse needs of our employees. Savings realized by moving to another benefit carrier may be used to improve the current plan.

### **Impact to other Conservation Authorities should TRCA transition to a new insurer**

In discussions with Conservation Ontario, they have indicated their concerns with TRCA leaving the group. If TRCA exited the Conservation Ontario group, it is expected that there would be a financial impact to the other conservation authorities. However, the financial impacts of TRCA's departure have not been quantified. If TRCA departed, at that time, the change in demographics and claims history would be subject to the insurer's underwriting and pricing factors for the remaining group.

### **Relationship to Building the Living City, the TRCA 2013-2022 Strategic Plan**

This report supports the following strategy set forth in the TRCA 2013-2022 Strategic Plan:  
**Strategy 11 – Invest in our staff**

### **DETAILS OF WORK TO BE DONE**

Upon approval by the Board, staff will move forward with a RFP for a broker/consultant. This process of seeking responses through an RFP would provide an opportunity for an updated plan design and savings for TRCA. TRCA staff will inform Conservation Ontario of our planned approach after we report back to the Board on the results of the responses to the RFP.

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