

To: ELCIC Group Benefits Plan Members
Subject: Important notes regarding Manulife claims and spending accounts

The ELCIC Benefits Plan continues to evolve according to industry trends and our members' plan usage. Below are a couple of changes that you should be aware of.

Claims Adjudication

June 1, 2022 Changes

Manulife made changes, starting in the Spring, to the adjudication of prescription drug claims. These changes included imposing new limits on eligible amounts based on a stricter analysis of 'reasonable and customary' (R&C) pricing in the market. The changes also implemented a new formula for paying claims when a plan member is coordinating benefits with their spouse, which considered the R&C eligible amount rather than the original submitted amount. Following recommendations by the insurance regulatory body, Manulife made these changes in an effort to pressure pharmaceutical companies and dispensaries to limit cost increases.

GSI was not made aware of the changes prior to their being applied to our plan, due to an omission on Manulife's part. At the recent GSI Board meeting, these changes were reviewed with detailed examples of the adjudication outcomes and in discussion with GSI's independent consultant. The GSI Board concluded that the extent of the changes to the R&C amount were not warranted for our members. The adjudication will therefore revert back to the policy GSI had prior to June 1, 2022.

In light of this decision, Manulife has agreed to re-adjudicate the claims made since June 1, 2022 based on the previous R&C limits and coordinated claims payment method. **Please check your Manulife on-line account in the coming weeks to review your prescription drug claims and check for corrections to your assessment.** Manulife has committed to completing this by November 30, 2022. If you have any concerns after that date, please contact GSI, and we will follow up for you.

January 1, 2023 Changes

In the new year, the claims adjudication for prescription drugs will follow a new R&C policy that attempts to provide better coverage for our members while still protecting the sustainability of the plan. Dispensing fees will be capped at \$25 per claim. The balance of the prescription (excluding the dispensing fee) will be limited to R&C plus a margin. Any amount that is not covered within this policy can be claimed under your Health Care Spending Account (HCSA). Manulife has developed a tool to assist you with choosing a pharmacy and this video provides instruction on how to use the tool.

[Video | Pharmacy saving search | Manulife](#)

A margin will also be applied to R&C for eye exams in recognition of the importance of a thorough and complete check of eye health. As with dispensing fees, any amount that is not covered within this policy can be claimed under the HCSA.

The cost of professional services will no longer be subject to R&C limits, as the plan already has maximum limits of coverage by professional. For those, any amount for co-pay or after the maximum is reached can be claimed under the HCSA.

Spending Accounts

The benefits redesign became effective on January 1, 2021. In the time leading up to the new modular plan, GSI committed to continual review of the success of the plan, based on member and employer feedback, sustainability measures, and benefits usage. The review at the recent GSI Board meeting showed that the LifeStyle Spending Account (LSA) has had very few claims. Feedback noted that although some members appreciated being able to use their benefits plan to cover, for example, a gym membership, the taxable nature of the LSA usage makes it less appealing. Others found it confusing to have two different spending accounts that covered different things. The GSI Board made a decision to simplify the Spending Account benefit to promote greater usage of it.

Starting January 1, 2023, the amount of your LSA benefit will be combined with your Health Care Spending Account (HCSA). That entire amount will now be non-taxable. **Any claims for expenses actually incurred in 2022 must be submitted by March 31, 2023.** Any unused LSA balance for 2022 will be added to your HCSA on April 1, 2023 and you will have to end of 2024 to use this amount.

What expenses can be put towards your HCSA? The HCSA can be used

- to cover your portion of the co-pay (i.e., the portion not covered by Manulife: 40% under the Blue Module, 30% under the Green Module, 20% under the Teal Module)
- for benefits costs in excess of the maximum under the plan that you may have reached the maximum on (such eye glasses, professional services, or dental care).

This allows for more flexibility in the plan, as you can decide where you want to use it. Combining the spending accounts simplifies making a claim, and we hope that you will make more use of this benefit!

Please review this chart to see what amount you can expect in your HCSA for 2023.

	Health Care Spending Account		Health Care Spending Account	LifeStyle Spending Account
	January 1 2023		2021 + 2022	2021 + 2022
Blue Single	\$ 450		\$ 200	\$ 250
Blue Family	\$ 900		\$ 400	\$ 500
Green Single	\$ 550		\$ 300	\$ 250
Green Family	\$ 1,100		\$ 600	\$ 500
Teal Single	\$ 650		\$ 400	\$ 250
Teal Family	\$ 1,300		\$ 800	\$ 500