



REPORT TO COUNCIL - 2020-002C

TO: Mayor Currie and Members of Council

FROM: Christine Hickey, CAO/Clerk

DATE: April 15, 2020

SUBJECT: Short Term Disability Options

Recommendation

For Open Session:

That Council of The Township of Amaranth direct staff to proceed the Salary Continuance Option managed through Sunlife for Short Term Disability Benefits temporarily until Sunlife is able to add Short Term Disability to our existing insured Plan

And that by-law 4-82, Section 4, Short Term Disability Plan be amended to indicate that Full-time Employees are eligible for Short Term Disability based on 66.67% of their weekly earnings to a maximum of \$1500.00 for up to 17 weeks. The management of Short Term Disability Claims will be administered through our current benefit Provider and employees shall abide by the processes and requirements they have.

AND THAT Short Term Disability will change to Sunlife's Insured plan with the same coverage as soon as possible.

AND FURTHER THAT the amendment to By-law 4-82 be brought to the April 15, 2020 Council Meeting for approval with an effective date of September 15, 2020.

Background

From January 15, 2020 to February 5, 2020, several discussions occurred in closed session on the current Short Term Disability Plan in place as well as other possible options available

On March 4, 2020 Council passed the following resolution in open session:

Support be given to Township of Amaranth Sunlife Policy to add short term disability for all active eligible employees as soon as possible and to obtain advice from an HR Professional to implement the policy.

Staff have been working with Mosey and Mosey, our Benefit coordinators on the requirements to implement the change to the benefits.

Analysis

In February 2020, Staff received a quote to add Short Term Disability as part of Sunlife's Insured plan with a monthly premium of \$558.34 resulting in a total annual cost of \$6,700.08. This included employees being eligible for 66.67% of their weekly earnings to a maximum of \$1500.00 for up to 17 weeks.

In further discussion, on April 8, 2020 staff were advised that, at the moment, Sunlife is not currently underwriting new life or disability plans, due to the current COVID-19 pandemic, this decision includes our plan. Although a monthly premium price was provided, it does not take effect until the contract is signed and the plan implemented.

As noted in the resolution above, staff were determining the notice requirements as Amaranth has employees with less than 1 year of service to over 30 years of service. Please note that there is no legislation that dictates the amount of notice that must be provided, but if a significant change is being introduced to the current benefit structure, particularly a change that will decrease an existing option, and you have long service employees the industry standard is to provide at least six months notice of the change. This timeframe allows the employee to prepare for the change and work through any questions or concerns that they may have.

Furthermore, the premium price could change from the quotation date to the implementation date as Sunlife would need to ensure there have been no changes both internally (employee) and externally (market) that impact the premium price. Once the COVID-19 crisis has subsided this service will resume.

To proceed with changes to the Short Term Disability Benefit Council could consider Salary Continuance through Sunlife. With this arrangement Amarnath would not be buying short term disability insurance, they would have Sunlife take over the management of the plan following guidelines we have in place. This option also removes the decision making and monitoring obligations from the Township as Sunlife manages the case from initial assessment to resolution of the claim. Once the initial assessment is completed Sunlife will advise if they support the claim and the duration of the case. The Township would provide salary continuance based on these details. If we disagree with the recommendation from Sunlife we would need to obtain our own legal/professional opinion and Sunlife would no longer manage this case. The fee for this is \$465.00 per case which covers the full administration of the claim.

To implement this, as Council was originally in agreeance with an insured plan were employees were eligible for 66.67% of their weekly earnings to a maximum of \$1500.00 for up to 17 weeks. Staff are suggesting that our current policy (By-law 4-82) be amended to replace Section 4 to include details on the following:

All Full-time employees for the Corporation, other than seasonal employees shall be eligible for the following Short Term Disability Plan.

Employees are eligible for 66.67% of their weekly earnings to a maximum of \$1500.00 for up to 17 weeks.

There will be no elimination period for claims related to an accident

For claims related to illness five consecutive days of total disability or the period up to the day you were hospitalized.

The management of Short Term Disability Claims will be administered through our current benefit Provider and employees shall abide by the processes and requirements they have.

In the notice, these details will be provided, and we can also advise that the intent is to have Short Term Disability as part of Sunlife's Insured plan with the same coverage. This would remove the need for any further notice and when Sunlife advises that they are able to add to our insured plan at that time Sunlife would provide to us an updated quote on the monthly premium.

Attached is the Application that we would complete to allow for Salary Continuance for your review.

Summary

Staff are recommending that Council proceed with the Salary Continuance option managed through Sunlife temporarily until Sunlife is able to add Short Term Disability to our existing Plan. During this time by-law 4-82 be amended to include the above noted changes to the Short Term Disability Plan and proceed with a six month notice requirement which will include the intent to move Short Term Disability to our existing plan.

Respectfully Submitted,

Christine Hickey
CAO/Clerk