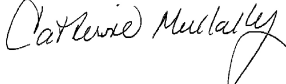




PO Box 1749
Halifax, Nova Scotia
B3J 3A5, Canada

Item No. 6
Halifax Regional Council
June 8, 2010

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Catherine Mullally, Director, Human Resources

DATE: May 14, 2010

SUBJECT: HRM Partnership with UNSM Benefits Program

INFORMATION REPORT

ORIGIN

In the summer of 2009 the Union of Nova Scotia Municipalities (UNSM) asked HRM to participate in a Market Study for health, dental and insurance providers. HRM's participation was at no obligation and was only to determine if such an alliance would produce cost savings for all parties. HRM's participation would in such a program would be limited areas of commonality, specifically to do with vendor selection and management. HRM would continue to independently control its benefits programs, accounting and experience. Based on the benefits of the arrangement HRM has agreed to partner with the UNSM on benefits going forward.

BACKGROUND

The UNSM Employee Benefits Program provides benefit coverage for many smaller municipalities in Nova Scotia. By combining their populations, UNSM is able to provide competitive group rates for these municipalities. In the past, UNSM has asked HRM to join, but each time the analysis has shown that while the partnership would benefit UNSM, it had no benefit for HRM and, in fact, created more work for HRM.

In April 2009, UNSM moved forward with a market study for providers of health, dental and insurances (life, accident and LTD). HRM was invited to participate in the process, with the ability to withdraw from it at any time. The RFP was structured such that each bidding company had to provide proposals for UNSM and HRM separately and together. The terms and conditions of HRM's participation included HRM remaining completely separate from UNSM for purposes of experience rating and accounting. The partnership was proposed to include HRM simply for the purposes of vendor selection, in order to offer potential vendors a substantial block of business in the hopes of obtaining economies of scale and cost reductions.

As a result of the RFP process, the UNSM Benefits Committee selected Medavie Blue Cross as their Health and Dental provider, Desjardin Financial as their Life and LTD provider, and AXA insurance as their AD&D provider. HRM is currently under contract with these three providers. The structure of the market proposals and the arrangement with UNSM are beneficial for both UNSM and HRM. As a result HRM has accepted UNSM's invitation and agreed to participate in the UNSM program. HRM's representative on the UNSM benefits committee is Britt Wilson, Manager of Total Compensation.

DISCUSSION

The combination of UNSM and HRM as a single block of business has produced reduced costs for both UNSM and HRM. HRM continues to operate its benefits programs independently and is able to withdraw from the partnership with 60 days notice.

BUDGET IMPLICATIONS

This arrangement will provide HRM with cost certainty on these benefits for the next three budget cycles.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ATTACHMENTS

None

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Britt Wilson, Manager Total Compensation, 490-5099