APPENDIX U.1

MEMORANDUM OF AGREEMENT

HEALTH AND WELFARE BENEFITS

Preamble

The Parties recognize that a comprehensive and sustainable health care benefit plan is essential to the health and productivity of nurses in British Columbia.

In the last 10 years, the utilization of massage therapy covered by the benefit plan has increased by over 900% from $3 million to $31 million dollars. At the current growth rate, massage therapy costs alone will be 3% of payroll by 2022. It is clear that the current rate of increase on spending for these benefits is unsustainable and that changes need to be made to secure the future of the nurses' benefits plan.

As the cost of massage therapy benefits is 71% of all paramedical benefits, the increased utilization of massage therapy benefits comes at the expense of improving other extended health and dental benefits such as vision care, prescription drug coverage, dental benefits and psychology.

The current benefit plan is also inflexible and fails to respond to the individual needs of nurses. Nurses are healthcare professionals and want to have a choice in the benefits that are provided. Any benefit plan changes must improve the health, social and economic well-being of all nurses.

The parties understand the need to have further discussions and conduct extensive consultation with benefit providers and nurses to determine what is driving the escalating costs of massage therapy at the expense of increasing other benefits.

A re-allocation of benefit funding could provide several opportunities for flexibility and benefit improvements for nurses. For instance, it could eliminate the plan deductible and co-pay, and allow nurses to purchase any benefit considered a medical expense by the Canada Revenue Agency, such as fertility treatment, laser eye surgery and occupational therapy. This potential re-allocation could also ensure that benefits are not lost annually, and may be carried forward for future use.

The parties are committed to improving the value of benefits to nurses and ensuring that those who are most vulnerable and in need are protected, while securing the sustainability of the benefit plan.

NBA Benefit Plan Working Group

Therefore, the parties agree to establish a joint Working Group consisting of representatives from the NBA and HEABC. Over a period of twelve (12) months or otherwise mutually agreed by the parties, the Working Group will commit to examine the underlying causes of massage therapy utilization, including conducting comprehensive consultation with experts and nurses across the province. The Working Group will explore options for addressing the concern while continuing to protect the sustainability of benefits for all nurses, including the most vulnerable.

The Working Group will be tasked with providing recommendations that ensure the following principles are met:

- Continuation of 100% Employer paid benefits
- A sustainable program that protects nurses' benefits
- Increased flexibility to the individual needs of nurses
- Increased individual decision-making over benefits
The parties will study two potential options for addressing massage therapy and other paramedical benefit utilization that will also meet these principles:

1. **The creation of an Enhanced Flex Benefit Account**

   The Enhanced Flex Benefit Account ("Flex Benefit") would be an innovative, superior benefit which requires further exploration and development to maximize the benefit provided to nurses. The Flex Benefit would provide each nurse with an annual amount for all paramedical benefits, including massage therapy.

   Unlike the current plan, the Flex Benefit would accrue and allow nurses to carry forward their balance every year, giving them individual choice on when and how the benefit may be used. This approach provides nurses with the freedom to use their benefits as they see fit, and will not change LTD, dental, prescription drug, or other Health and Welfare benefits currently provided.

   The Flex Benefit may be used to purchase any benefit recognized as a medical expense by the Canada Revenue Agency including new benefits not covered by the current plan. It may also be used to provide increased coverage of existing benefits.

   As the Flex Benefit is never lost, the balance may be withdrawn at retirement as a retiring allowance or pension enhancement.

2. **Reimbursement limit applied to massage therapy and other benefits improved**

   The parties acknowledge that nursing is a physically demanding profession that requires higher utilization of massage therapy by its members. This option would include capping the currently unlimited massage therapy benefit but at a level that would continue to cover a majority of massage claimants. The parties may consider re-allocating savings from this plan change to increase other benefits, such as vision care, dental coverage, psychology, and the elimination of deductible and co-pay.

   Nurses across BC will be extensively consulted and will have a voice over which option they prefer. Either option will secure the sustainability of the nurses' benefits and provide an improved benefit plan.

   In addition, the Working Group will explore opportunities to further support ill and injured workers, and add value to the benefits offered. Opportunities to be considered include but are not limited to:

   - Improved access to Early Intervention Services for nurses enrolled in the Enhanced Disability Management Program (EDMP)
   - Access to paramedical benefits at reduced rates
   - Joint Employer-Union Wellness initiatives

**Benefits Funding**

Depending on the option chosen, one of the following two benefits cost approaches will be implemented.
In the event the Parties are unable to reach agreement on the Benefits Funding approach by December 31, 2019, the matter will be determined by binding decision of Vince Ready.

A. Flex Benefit Funding Option

1. Upon formation of the Working Group, HEABC will provide or cause the Healthcare Benefit Trust ("HBT") and the HBT’s contracted benefit providers to provide directly to HEABC or the NBA, all reasonable data requested by either the HEABC or the NBA and their respective designated advisors for purposes of analyzing the future provision by the Flex Benefit Account of benefits currently provided by the HBT. For purposes of clarity, such data will include all data necessary to perform an actuarial valuation of the benefit costs.

2. HEABC, NBA and their respective members on the Working Committee will maintain strict confidentiality in respect of the data.

3. The Parties agree that the current benefits provided by the collective agreement shall be maintained until January 1, 2021.

4. The Parties, through the Working Group shall negotiate an agreed-upon benefits funding model expressed as a fixed percentage of regular straight-time.

5. For clarity, the Parties, through the Working Group, will agree upon a reference period to determine the fixed percentage using the following formula: actual Employer cost of paramedical benefits divided by total straight time payroll.

6. The Parties agree that the funding formula determined for Benefits Funding pursuant to paragraph 4 shall remain fixed for the period January 1, 2021 to December 31, 2022 and will be subject to renegotiation under any renewal collective agreement.

7. If this option is selected, HEABC will ensure interim funding as necessary for the Flex Benefit program between January 1, 2021 and March 31, 2021.

8. The Working Group may enter into negotiations to effect an asset and liability transfer from HBT.

9. The HEABC will indemnify and save harmless the NBA, its constituent unions, and the Flex Benefit program from any and all claims from HBT, the HEABC or the Government of the Province of British Columbia, including any exit levies from HBT or any other person or entity.

B. Reimbursement Limit Funding Option

1. If the recommendation is to implement reimbursement limits, the parties agree to negotiate limits for paramedical benefits that result in total paramedical benefit costs which approximates the benefits funding model above.

Recommendations

One year after ratification and comprehensive consultation with NBA members (or as mutually agreed between the parties), the Working Group shall make a recommendation to the Chair of the NBA and the CEO of HEABC to determine which benefit plan change option is most appropriate.

The parties shall implement the recommended option, effective January 1, 2021, or at an earlier date by mutual agreement.