

Annual Report 2023

EXTENDED HEALTH CARE PLAN

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Letters of Transmittal



His Honour the Honourable Russ Mirasty, S.O.M., M.S.M.,
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I have the honour to transmit herewith the twenty-eight Annual Report of the Extended Health Care Plan for the year ending December 31, 2023.

A handwritten signature in cursive script that reads "Donna Harpauer".

Donna Harpauer
Deputy Premier and Minister of Finance

The Honourable Donna Harpauer
Deputy Premier and Minister of Finance

Madam:

On behalf of the Joint Board of Trustees, I have the honour to transmit herewith the twenty-eight Annual Report of the Extended Health Care Plan for the year ending December 31, 2023.

A handwritten signature in cursive script that reads "Peggy Atkinson".

Peggy Atkinson, Chair
Joint Board of Trustees

Extended Health Care Plan

Introduction

The Extended Health Care Plan was established on October 1, 1996.

The Fund is used to account for the transactions of the Extended Health Care Plan which provides health care benefits to PS/GE SGEU and CUPE 600 employees.

As at December 31, 2023, participation in the Plan has been approved by the Lieutenant Governor in Council for all government organizations whose employees are employees of the Government of Saskatchewan as defined under *The Public Service Act, 1998*, and who are members of PS/GE SGEU or CUPE 600.

Joint Board of Trustees

Raelynn Douglas
Ministry of Health

Peggy Atkinson, Chair
Public Service Commission

Dave Morhart
Ministry of Health

Kelly Hardy
Public Service Commission

Andrea Lamont
Public Service Commission

Joella Moore
Public Service Commission

Saskatchewan Government and General Employees' Union (SGEU):

Carol Yuzik, Vice-Chair
Mac Trost
Justin Priel
Robert Cossette

Canadian Union of Public Employees (CUPE)
Local No. 600:

Nancy Seman
Angelena Louison

Participating Employers

The following employers participate in The Extended Health Care Plan:

With respect to employees who are members of the Saskatchewan Government and General Employees' Union (SGEU):

Advocate for Children and Youth (Office of The Board of Arbitration under *The Surface Rights Acquisition and Compensation Act (The*

Farm Land Security Board

Financial and Consumer Affairs Authority of Saskatchewan

Information and Privacy Commissioner (Office of the)

Ombudsman (Office of the)

Prairie Diagnostic Services Inc.

Provincial Archives of Saskatchewan

Public Interest Disclosure Commissioner (Office of the)

Saskatchewan Milk Marketing Board

Saskatchewan Municipal Board

The Government of Saskatchewan with respect to members of the Public Service of Saskatchewan as defined under *The Public Service Act, 1998*

With respect to employees who are members of the Canadian Union of Public Employees, Local No. 600:

The Government of Saskatchewan with respect to members of the Public Service of Saskatchewan as defined under *The Public Service Act, 1998*.

With respect to employees who are members of the Canadian Union of Public Employees, Local No. 600:

The Government of Saskatchewan with respect to members of the Public Service of Saskatchewan as defined under *The Public Service Act, 1998*.

Administration

The Plan was administered by the Public Employees Benefits Agency (PEBA) until December 31, 2023. Effective January 1, 2024, Planner Pensions and Benefits (Planner) began managing the Plan. As per Order in Council #627-2023, the Province of Saskatchewan authorized PEBA to delegate the administration of the Plan to Planner.

The Government of Saskatchewan has established a fund pursuant to *The Financial Administration Act, 1993*, for the purpose of providing benefits under the Plan. A Joint Board of Trustees, comprised of an equal number of management and union representatives, has been established and is responsible for reviewing the ongoing operations of the Plan.

The Plan pays a monthly premium to The Canada Life Assurance Company on behalf of employees. The Plan's risk is limited to the payment of the monthly premium as follows under the one-year contract effective January 1, 2023:

Single	\$67.29	per month
Couple	\$131.45	per month
Family	\$162.43	per month

Funding

Separate funding agreements are in effect for both PS/GE SGEU and CUPE 600 employees.

Funding for PS/GE SGEU members covered is:

- effective October 1, 1996, 1.03 per cent of straight time annual payroll to the fund on a monthly basis for payment of premiums of eligible employees;
- effective October 1, 2001, 1.28 per cent of straight time annual payroll;
- effective October 1, 2006, 1.78 per cent of straight time annual payroll;
- effective October 7, 2012, 1.79 per cent of straight time annual payroll;
- effective October 6, 2013, 1.80 per cent of straight time annual payroll;
- effective October 5, 2014, 1.82 per cent of straight time annual payroll;
- effective October 4, 2015, 1.84 per cent of straight time annual payroll;
- effective October 2, 2016, 1.86 per cent of straight time annual payroll;
- effective October 1, 2017, 1.87 per cent of straight time annual payroll;
- contributions to the Benefit Plans' Surplus fund are:
 - effective September 30, 1996 - 0.07 per cent of straight time annual payroll;

- effective September 30, 1997 – 0.37 per cent of straight time annual payroll;
- effective October 1, 1999 - 0.47 per cent of straight time annual payroll;
- effective October 1, 1999 – lump sum contributions \$2.0 million;
- effective October 1, 2001 – lump sum contributions \$3.5 million;
- effective October 1, 2004 – lump sum contributions \$6.9 million;
- for the period December 1, 2004, to November 30, 2005, the Government and PS/GE SGEU decided to divert the 0.25 per cent funding from the Retiree Plan to the PS/GE SGEU Benefits Plans' Surplus Fund. This amounted to \$1,013,682;
- effective August 1, 2007, to December 31, 2009, and extended to March 31, 2010, the 0.47 per cent SGEU Benefit Plans' Surplus Funding was redirected to the Public Employees Dental Plan; and
- effective June 28, 2013, SGEU arbitration settlement of \$8,561,193.

Funding for CUPE 600 members covered is:

- effective October 1, 1996, 1.08 per cent of straight time annual payroll to the fund on a monthly basis for payment of premiums of eligible employees;
- effective September 30, 1997 - 1.23 per cent of straight time annual payroll;
- effective October 1, 2006 - 1.43 per cent of straight time annual payroll;
- effective December 28, 2003, to December 31, 2004, additional contribution rates were \$11.54 per pay period for members paid bi-weekly and \$25.00 per pay period for members paid monthly.
- contributions to the Benefit Plans' Surplus fund are:
 - effective September 30, 1996 - 0.07 per cent of straight time annual payroll; plus the amount required to make up the difference between contributions and the cost of monthly premiums for eligible employees, up to 0.15 per cent of straight time annual payroll;
 - effective September 30, 1997 - 0.37 per cent of straight time annual payroll;

- effective December 20, 1999 - 0.82 per cent of straight time annual payroll; and
- effective January 1, 2005 – lump sum contributions of \$748,070.

Benefits

An employee is eligible for benefits on the first day of the month of the pay period following a six-month period of employment.

Claims are paid on behalf of eligible family members and covers certain health and vision care benefits.

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

As members of management of the Extended Health Care Plan, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian public sector accounting standards.

The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

The Extended Health Care Plan has a system of internal controls adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian public sector accounting standards.

A Joint Board of Trustees, comprised of an equal number of management and union representatives, has been established and is responsible for reviewing the ongoing operations of the Plan.

Enclosed are the financial statements of the Extended Health Care Plan for the year ended December 31, 2023, and the Provincial Auditor's report on these financial statements.

Regina, Saskatchewan
March 26, 2024



Jeremy Phillips
President and Chief Executive Officer
Plannera Pensions and Benefits

Extended Health Care Plan

**Financial Statements
Year Ended December 31, 2023**

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of Extended Health Care Plan, which comprise the statement of financial position as at December 31, 2023, and the statement of operations and changes in net financial assets and accumulated surplus, and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Extended Health Care Plan as at December 31, 2023, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Extended Health Care Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in *The Extended Health Care Plan Annual Report for 2023*, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or any knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Extended Health Care Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Extended Health Care Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Extended Health Care Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Extended Health Care Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Extended Health Care Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Extended Health Care Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

Regina, Saskatchewan
March 26, 2024



Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

**Extended Health Care Plan
Statement of Financial Position**

Statement 1

As at December 31

	2023				2022
	Extended Health Care Fund	PS/GE SGEU Benefit Plans' Surplus Fund	CUPE Benefit Plans' Surplus Fund	Total	Total
Financial Assets					
Due from General Revenue Fund (Note 3)	\$ 594,604	\$ 28,735,540	\$ 249,522	\$ 29,579,666	\$ 29,062,143
Contributions Receivable	1,216,542	301,057	9,089	1,526,688	1,505,900
Other Receivables	15,150	359,552	3,049	377,751	274,899
	<u>1,826,296</u>	<u>29,396,149</u>	<u>261,660</u>	<u>31,484,105</u>	<u>30,842,942</u>
Liabilities					
Accounts Payable and Accrued Liabilities	<u>24,152</u>	<u>-</u>	<u>-</u>	<u>24,152</u>	<u>19,285</u>
Net Financial Assets and Accumulated Surplus (Statement 2)	<u>\$ 1,802,144</u>	<u>\$ 29,396,149</u>	<u>\$ 261,660</u>	<u>\$ 31,459,953</u>	<u>\$ 30,823,657</u>

(See accompanying notes to the financial statements)

Extended Health Care Plan

Statement 2

Statement of Operations and Change in Net Financial Assets and Accumulated Surplus

For The Year Ended December 31

	2023					2022
	Budget (Note 6)	Extended Health Care Fund	PS/GE SGEU Benefit Plans' Surplus Fund	CUPE Benefit Plans' Surplus Fund	Total	Total
Revenues						
Contributions (Note 1)	\$ 14,305,084	\$ 11,145,200	\$ 2,751,905	\$ 108,662	\$ 14,005,767	\$ 14,327,929
Interest Income (Note 3)	1,173,627	54,445	1,344,245	11,974	1,410,664	544,631
	<u>15,478,711</u>	<u>11,199,645</u>	<u>4,096,150</u>	<u>120,636</u>	<u>15,416,431</u>	<u>14,872,560</u>
Expenses						
Insurance Premiums	13,320,591	13,639,305	-	-	13,639,305	13,048,335
Transfer to PEDF (Note 1)	500,000	-	1,000,000	-	1,000,000	-
Administration	152,000	140,830	-	-	140,830	143,003
	<u>13,972,591</u>	<u>13,780,135</u>	<u>1,000,000</u>	<u>-</u>	<u>14,780,135</u>	<u>13,191,338</u>
Surplus (Deficit) for the Year before the following:	1,506,120	(2,580,490)	3,096,150	120,636	636,296	1,681,222
Interfund Transfers (Note 1) (Statement 3)	-	3,190,000	(3,030,000)	(160,000)	-	-
Operating Surplus (Deficit)	1,506,120	609,510	66,150	(39,364)	636,296	1,681,222
Net Financial Assets and Accumulated Surplus, Beginning of Year	30,823,657	1,192,634	29,329,999	301,024	30,823,657	29,142,435
Net Financial Assets and Accumulated Surplus, End of Year (Statement 1)	<u>\$ 32,329,777</u>	<u>\$1,802,144</u>	<u>\$ 29,396,149</u>	<u>\$ 261,660</u>	<u>\$ 31,459,953</u>	<u>\$ 30,823,657</u>

(See accompanying notes to the financial statements)

**Extended Health Care Plan
Statement of Cash Flow**

Statement 3

For The Year Ended December 31

	2023				2022
	Extended Health Care Fund	PS/GE SGEU Benefit Plans' Surplus Fund	CUPE Benefit Plans' Surplus Fund	Total	Total
Cash Flow From (Used In) Operating Activities					
Contributions Received	\$ 11,129,427	\$ 2,747,596	\$ 107,956	\$ 13,984,979	\$ 13,839,579
Interest Received	44,096	1,252,016	11,700	1,307,812	282,046
Insurance Premiums Paid	(13,639,305)	-	-	(13,639,305)	(13,048,335)
Administration Expense Paid	(144,331)	-	-	(144,331)	(140,304)
Employer Payable Paid	8,368	-	-	8,368	-
Cash Flow (Used In) From Operating Activities	(2,601,745)	3,999,612	119,656	1,517,523	932,986
Net (Decrease) Increase Due From General Revenue Fund	(2,601,745)	3,999,612	119,656	1,517,523	932,986
Interfund Transfers (Note 1) (Statement 2)	3,190,000	(3,030,000)	(160,000)	-	-
Transfer to PEDF (Note 1)	-	(1,000,000)	-	(1,000,000)	-
Due from General Revenue Fund, Beginning of Year	588,255	(30,388)	(40,344)	517,523	932,986
Due from General Revenue Fund, End of Year	6,349	28,765,928	289,866	29,062,143	28,129,157
	\$ 594,604	\$ 28,735,540	\$ 249,522	\$ 29,579,666	\$ 29,062,143

(See accompanying notes to the financial statements)

Extended Health Care Plan Notes to the Financial Statements

December 31, 2023

1. Description of the Plan

The Extended Health Care Plan (Plan) was established on October 1, 1996, pursuant to subsection 64(2) of *The Financial Administration Act, 1993*. The Plan provides extended health care benefits to certain unionized employees of the Government of Saskatchewan.

The Plan consists of the Extended Health Care Fund, the Saskatchewan Government and General Employees' Union (PS/GE SGEU) Benefit Plans' Surplus Fund and the Canadian Union of Public Employees', Local 600 (CUPE) Benefit Plans' Surplus Fund.

As per Order in Council #627-2023, the Province of Saskatchewan authorized the Public Employees Benefits Agency (PEBA) to delegate the administration of the Plan to Plannera Pensions and Benefits (Plannera). Effective January 1, 2024, Plannera began managing the Plan under direction from the Joint Board of Trustees. The Joint Board of Trustees is made up of equal representation of union members and employers' representatives.

Extended Health Care Fund

The Extended Health Care Fund covers members from employers, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The contribution rate is 1.87 per cent of regular payroll for PS/GE SGEU and 1.43 per cent of regular payroll for CUPE members. The contribution rates are established pursuant to PS/GE SGEU and CUPE collective bargaining agreements with the Government.

The Government, through the Minister of Finance, has entered into an agreement with an insurance company to provide eligible employees with extended health coverage. The Plan pays premiums for eligible employees to the insurance company as set out in the agreement. The Plan's risk is limited to the payment of these premiums.

Benefit Plans' Surplus Funds

The PS/GE SGEU Benefit Plans' Surplus Fund and the CUPE Benefit Plans' Surplus Fund (Surplus Funds) were established to meet the terms of the PS/GE SGEU and CUPE collective bargaining agreements with the Government. The Surplus Funds receive contributions on behalf of members from employers whose participation in the Plan has been approved by the Lieutenant Governor in Council. The contribution rates are as follows:

- 0.47 per cent of regular payroll of PS/GE SGEU members.
- 0.82 per cent of regular payroll of CUPE members.

The intent of the Surplus Funds is to offset cost increases of the benefit plans. Enhanced dental benefits are provided to PS/GE SGEU and CUPE members through the Public Employees Dental Fund (PEDF). The Joint Board of Trustees must approve the use of the net financial assets of the Surplus Funds.

In 2022 and 2023, the Joint Board of Trustees authorized PEBA to transfer adequate resources from the Surplus Funds to the Extended Health Care Fund in order to provide extended health care benefits over the term of the contract with the insurance company.

Accordingly, PEBA transferred to the Extended Health Care Fund \$160,000 (2022 - \$40,000) from the CUPE Benefit Plans' Surplus Fund, and \$3,030,000 (2022 – \$1,030,000) from the PS/GE SGEU Benefit Plans' Surplus Fund.

The Joint Board of Trustees also authorized PEBA to transfer adequate resources from the PS/GE SGEU Benefit Plans' Surplus Fund to the PEDF in order to provide enhanced dental benefits to participating SGEU members to December 31, 2023. Accordingly, PEBA transferred \$1,000,000 (2022 - nil) from the PS/GE SGEU Benefit Plans' Surplus Fund to PEDF.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. These statements do not present a Statement of Remeasurement Gains and Losses as the Plan has no remeasurement gains or losses. The following accounting policies are considered significant:

a) Contributions

Contribution billings are done at the end of each month. Contributions are recognized as revenue when due.

b) Interest Revenue

Interest is recognized as income when earned.

c) Financial Instruments

The Canadian Public Sector Accounting Handbook, Section 3450 establishes standards for recognizing and measuring financial assets and financial liabilities. The measurement basis depends on whether the financial assets or liabilities have been categorized in one of two measurement categories: fair value, or cost or amortized cost.

The Plan's financial assets include Due from the General Revenue Fund, contributions receivable and other receivables. The Plan's financial liabilities include accounts payable and accrued liabilities. The Plan has categorized and measured all its financial assets and financial liabilities at cost.

3. Due from General Revenue Fund

The monies of the Extended Health Care Fund and Benefit Plans' Surplus Funds are co-mingled in one bank account. The Plan's bank account was included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan until December 15, 2023, and remained under the Government of Saskatchewan's Financial Services Agreement until December 31, 2023.

The General Revenue Fund calculates interest earned and owing on a quarterly basis using the Government's thirty day borrowing rate, and the Plan's average daily bank account balance. The Government's average thirty day borrowing rate in 2023 was 4.75 per cent (2022 – 1.86 per cent).

The Plan's bank account balance is recorded as Due from General Revenue Fund to the Benefit Plans' Surplus Funds and to the Extended Health Care Fund separately on the Statement of Financial Position. Effective January 1, 2024, the Plan's bank account was transitioned to the Plannera's Master Client Agreement.

4. Financial Risk Management

The nature of the Plan's operations results in a statement of financial position that consists primarily of financial instruments. The risk that arises from financial instruments is credit risk. The Plan is not exposed to market risk or liquidity risk as it does not hold any investments.

Credit Risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from the following distinct sources:

	<u>2023</u>	<u>2022</u>
Due from General Revenue Fund	\$29,579,666	\$29,062,143
Contributions Receivable	1,526,688	1,505,901
Other Receivables	377,751	274,899

The maximum credit risk to which the Plan is exposed is limited to the carrying value of the financial assets summarized above.

The Plan is exposed to minimal credit risk from the potential non-payment of contributions and other receivables as these are receivables from government agencies and were collected shortly after year end. The Due from General Revenue Fund account is minimal risk as the funds are held in the Plan's own bank account under the Consolidated Offset Bank arrangement for the Government of Saskatchewan. There has been no change in the risk exposure in 2023.

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Plan by virtue of common control by the Government of Saskatchewan, as well as key management personnel and their close family members (collectively referred to as "related parties"). Related party transactions with the Plan are in the normal course of operations and are recorded at fair market value.

6. Budget

PEBA prepared the 2023 budget for approval by the Joint Board of Trustees. The budget was approved on January 31, 2023.