



HEALTHCARE EMPLOYEES BENEFITS PLAN

2000 Annual Report

**Our focus is
providing the best
possible benefits
and service to
you today and
in the future**

annua report

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HEALTHCARE EMPLOYEES BENEFITS PLAN – MANITOBA

For more detailed financial information or additional information about HEBP, please contact us.

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Introduction

The Healthcare Employees Benefits Plan (HEBP) is pleased to present our first annual report to you.

Not all employers participate in all of the benefits plans offered through HEBP.

Should you require coverage clarification, please check with your employer. Retirees may contact HEBP for coverage clarification.

stability

Our commitment is strong.

Welcome to our first annual report! 2000 was a year in which the growth and success of the Healthcare Employees Benefits Plan – Manitoba (HEBP) was evident.

2000 has been an exciting year for HEBP as we focused on providing members and their families with comprehensive healthcare and healthcare related benefits as well as disability and life insurance coverage. Some key highlights from 2000 include:

- The Long Term Disability Plan came under the trusteeship of HEBP
- 2 staff members were assigned as Long Term Disability Service Representatives
- Improved Long Term Disability claims processing was introduced
- The BlueNet Point of Sale drug card was introduced
- A general open enrolment was offered to healthcare employees with no Group Healthcare coverage or Basic Group Healthcare coverage

The Board set key goals for service and communication with members. We committed to

focusing on providing information and support to our members, facilities and staff. Three exciting results of this focus will be evident in 2001 - HEBP's website, an orientation video and an employer manual.

I am honoured to succeed Bob Romphf as the Chair of the HEBP Board of Trustees. The Board works in a collaborative environment based on mutual respect and teamwork, with union and non-union trustees working together in the best interests of the plan members we represent. I sincerely thank all Board members for their contributions to HEBP.

Feedback from members, facilities and unions contributes greatly to HEBP's success. Goals and initiatives to meet your needs are based on this feedback. We thank you for your feedback and your support of HEBP.

HEBP management and staff have worked hard to improve administration systems and processes. They have used technology and communication vehicles to enhance the services we deliver to

members, facilities and unions. On behalf of the Board, we thank you for your dedication.

As you read through this annual report, my hope is that you will see the scope and importance of the benefits program we provide for healthcare employees and their families.

We look forward to serving you and providing you with a comprehensive and stable benefits program now and in the future.

Sincerely,

A handwritten signature in blue ink that reads "Penny Sorensen". The signature is fluid and cursive, with a large initial "P" and "S".

Penny Sorensen
Chair, HEBP – Manitoba

focus

We are here to serve you.

Since 1998, the focus of HEBP has been to build a stable and service driven organization.

We are successfully achieving this through the commitment of the HEBP Board of Trustees and staff and we are sincerely pleased to provide you with our first annual report.

Your jointly trustee HEBP Board is committed to ensuring that HEBP is a leader in benefits administration and communication.

During the year 2000, we worked towards improving our administrative systems and procedures and decreasing turnaround and response times for benefit related queries.

We also worked to improve our written documents to foster better communication with you, our plan members and participating employers.

Member service is what HEBP is all about. We want to ensure that you have the confidence that your benefits are looked after by professional, knowledgeable, competent and friendly people

supported by up to date technology and accurate, secure and complete data.

In the year 2000, HEBP staff has responded to record numbers of requests for information and conducted over 50 benefits seminars. As we are part of an ever-changing world and face growing job and family demands, I am truly appreciative of their admirable efforts to provide the best possible service to members of HEBP.

By the time you read this report, our new website will be in operation. Log on to **www.hebp.mb.ca** and see what we are all about. In addition to the latest information on plan benefits and changes, you will find contact information, forms to download, newsletters and annual reports. The website will be expanded in the future to offer even more services to you.

Your feedback is important to us. Improved service quality comes from hearing your questions, comments and suggestions. We want to know what is on your mind and what your needs are so we can ensure quality, timely service

for you. We invite you to complete and return the enclosed response card.

I am very thankful for the support of our Board members and the outstanding staff at HEBP. As their commitment continues, HEBP will be able to work towards becoming stronger both financially and as an organization.

It is our privilege to serve you. We look forward to your feedback.

A handwritten signature in blue ink that reads "Brian LaBelle". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Brian LaBelle
Executive Director

about us

How we work for you.

The Healthcare Employees Benefits Plan (HEBP) was established in 1998 to meet the benefits coverage needs of Manitoba's healthcare employees. Dedicated people allow us to continue to grow and improve service to you, the members.

Currently, there is a wide range of group benefits coverage offered through HEBP. For actively employed members these include a Basic and an Enhanced Healthcare Plan, a Dental Plan, a Long Term Disability (LTD) Plan, a member and dependent Life Insurance Plan and an Accidental Death and Dismemberment (AD&D) Insurance Plan. For retirees, a Healthcare Plan with a choice of two levels of coverage as well as a post-retirement Life Insurance Plan is available.

HEBP provides members and their families with comprehensive healthcare benefits as well as disability and life insurance coverage. HEBP also provides coverage for the cost of health related expenses such as ambulance services, travel health, vision care, private duty nursing, prescription drugs, prosthetics and dental expenses.

At the end of 2000, HEBP has 19,926 active members in the Healthcare Plan, 17,042 active members in the Dental Plan, 3,224 retirees in the Healthcare Plan, 27,200 active and 2,696 retired members in the Life Insurance Plan and 23,885 active members in the LTD Plan. 200 participating employers offered these benefits to employees and their families.

HEBP is governed by an independent, 10 member joint Board of Trustees representing both union and employer participants:

Five Trustees represent participating HEBP employers.

Five Trustees represent employees. These trustees represent a wide range of healthcare related unions in Manitoba.

Please refer to the HEBP Directory on page 18 of this annual report for Board member names and affiliations.

Trustees are appointed based on their experience in employee benefits, finances, human resources and the healthcare industry. HEBP supports

Trustees' continuing education to ensure they are informed and knowledgeable about related legislation, trends and governance issues.

We work with the following benefit plan carriers to provide excellent customer service to you:

Manitoba Blue Cross

- Healthcare Plan
- Dental Plan

Great-West Life Assurance Company

- Member and Dependent Life Insurance Plan
- AD&D Insurance Plan

Manulife Financial

- LTD Plan

The HEBP Board is supported by the management team and a full-time staff of 35. Staff provide administrative and member services for HEBP as well as for the Healthcare Employees Pension Plan (HEPP). We are building a full customer service model where our Member Service Representatives (MSR's) are trained to provide support in all of our benefits and service areas. This supports our goal to have a fully cross-trained staff.

Our focus is service.

The Healthcare Employees Benefits Plan (HEBP) experienced an exciting, key year in 2000.

The HEBP Board approved a general open enrolment initiative to address the needs of members with no Group Healthcare coverage or those with only Basic Group Healthcare coverage. Between June 1, 2000 and August 31, 2000, employees of participating healthcare facilities and retirees were given the opportunity to enrol in the HEBP Group Healthcare Plan or increase their coverage. HEBP worked with Manitoba Blue Cross in processing new enrolments and changes which were effective July 1, 2000. The results of the open enrolment were:

- 1,163 active employees were newly enrolled in the HEBP Group Healthcare Plan.
- 4,788 active employees changed from Basic to Enhanced Healthcare coverage.
- 921 retirees enrolled for Level I coverage.
- 920 retirees enrolled for Level II coverage.

In conjunction with the open enrolment, the BlueNet Point of Sale (POS) Drug Card was introduced June 1, 2000 on an optional basis. 4,425 active employees and 1,231 retirees signed

up for the BlueNet POS drug card. The card provides members with the convenience of only having to pay their portion of the cost of prescription drugs at time of purchase, up to the maximum benefit.

Two HEBP staff members were dedicated as LTD Service Representatives to provide members with assistance regarding LTD claims and rehabilitation programs. They held a total of 160 one-on-one LTD counselling sessions during 2000.

In 2000, six Member Service Representatives (MSR's) were our frontline representatives. MSR's serve as an information resource and a liaison between the Plan and its' members. They made 57 group benefit presentations during 2000. These presentations were delivered in the following regional healthcare centers:

Marquette	1
Nor-Man	3
Southwest	4
Central	2
Burntwood	1
Churchill	2
Winnipeg	44

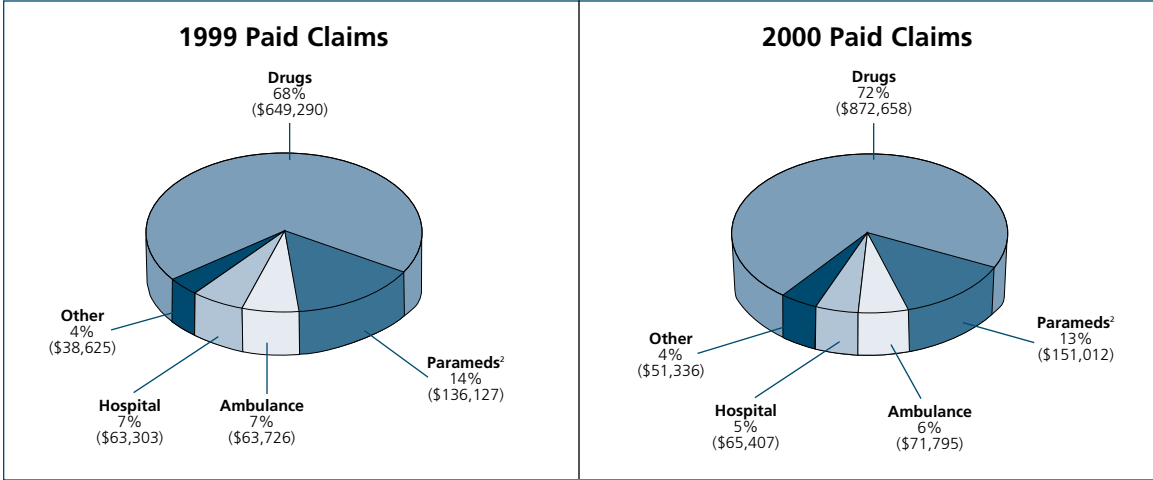
Plan Membership

<i>Active Members</i>	Dec. 31/99	Dec. 31/00	Increase
Basic Healthcare Plan	6,549	7,512	15%
Enhanced Healthcare Plan	8,537	12,414	45%
Dental Plan	15,972	17,042	7%
POS Drug Card	N/A	4,425	N/A
Life Insurance Plan	N/A	27,200	N/A
LTD Plan	N/A	23,885	N/A
<i>Retirees</i>	Dec. 31/99	Dec. 31/00	Increase
Healthcare Plan (Levels I & II)	2,060	3,224	57%
POS Drug Card	N/A	1,231	N/A
Post-Retirement Life Insurance	2,225	2,696	21%

Plan Experience

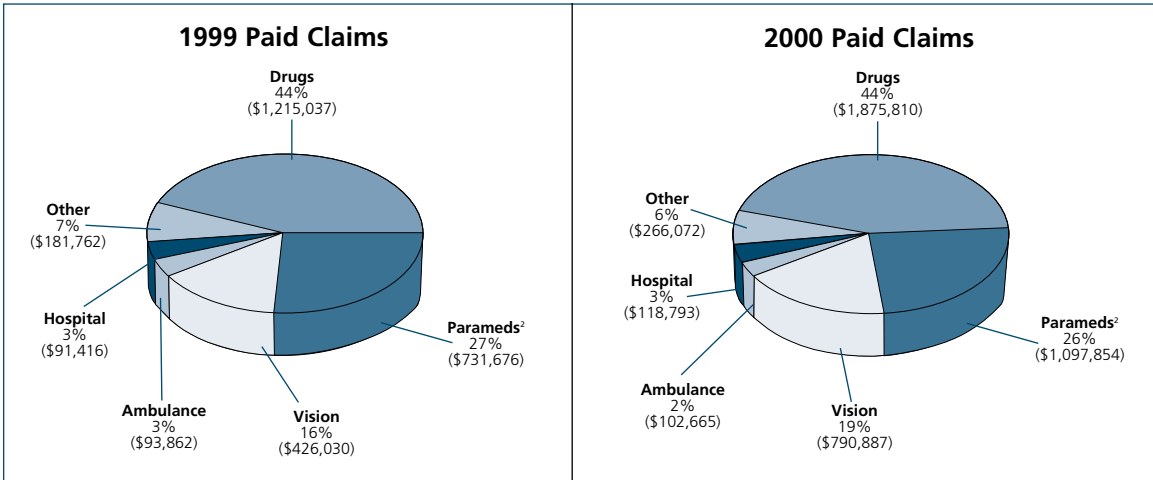
Basic Healthcare Plan

Comparison of Paid Claims¹ 1999 vs. 2000



Enhanced Healthcare Plan

Comparison of Paid Claims¹ 1999 vs. 2000

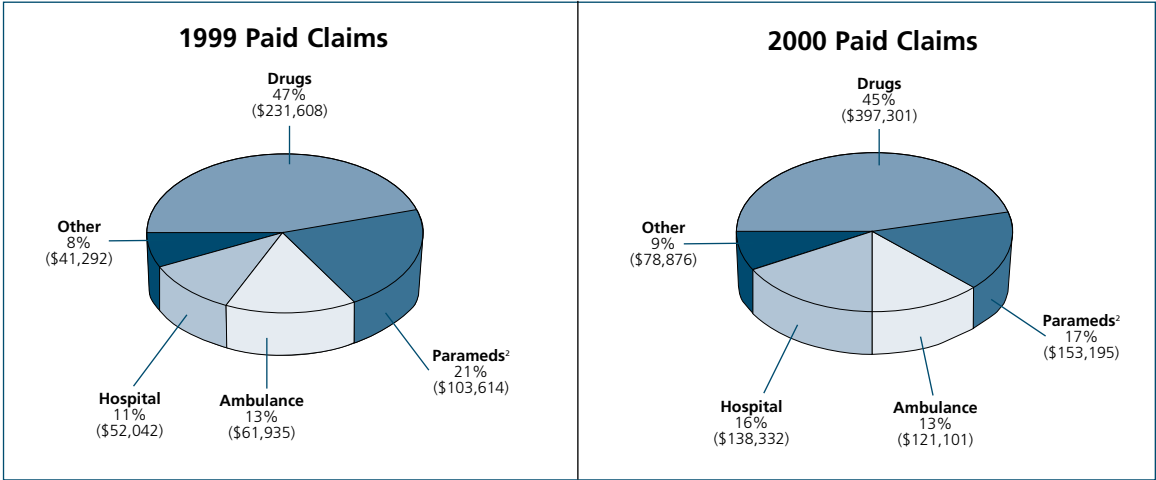


¹ The paid claims figures shown in these charts will not match the financial statements which are stated on an incurred basis.

² Parameds include Physiotherapy, Podiatry, Chiropractic, Audiology, Nutritional Counselling, Clinical Psychology, Naturopathy, Osteopathy, Massage, Speech and Athletic Therapy.

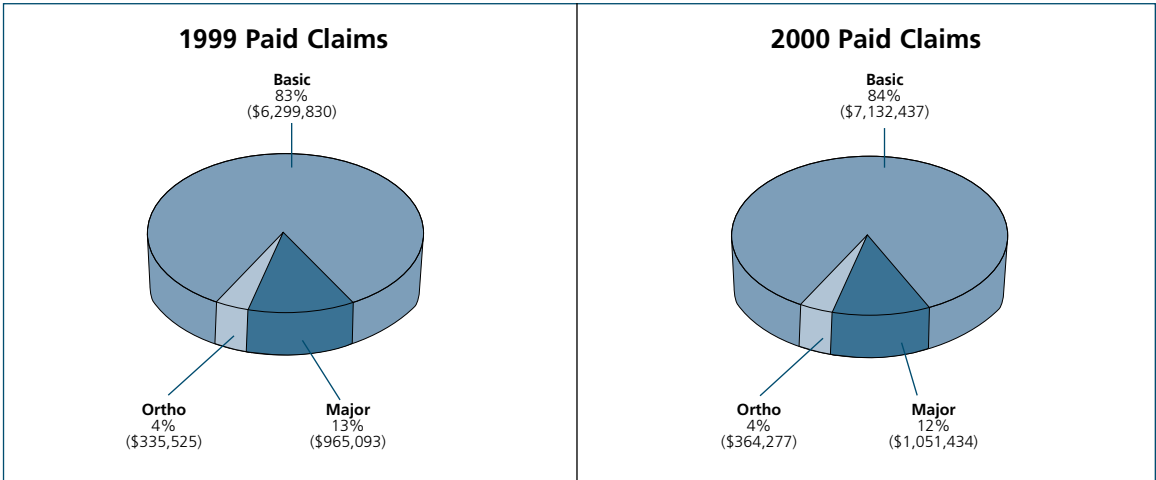
Retired Healthcare Plan

Comparison of Paid Claims¹ 1999 vs. 2000



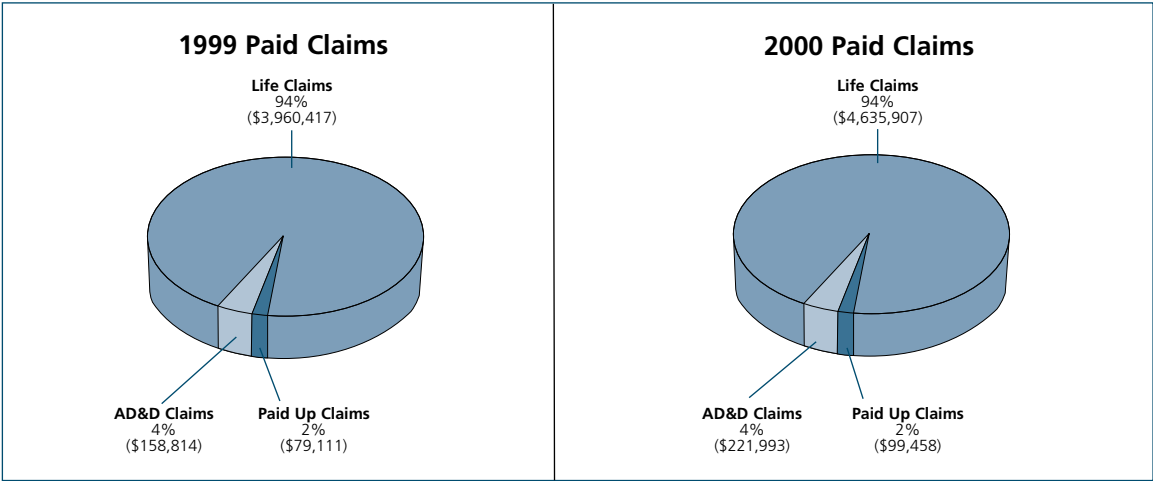
Dental Plan

Comparison of Paid Claims¹ 1999 vs. 2000



Life Insurance Plan

Comparison of Paid Claims 1999 vs. 2000



The total number of Life Insurance claims in 2000 was 164, up from 146 in 1999.

The increases in overall paid claims from 1999 to 2000 for the plans were:

Basic Healthcare Plan	27.5%
Enhanced Healthcare Plan	55.2%
Dental Plan	12.5%
Retired Healthcare Plan	81.2%
Group Life Plan	18.0%

Long Term Disability (LTD) Plan Experience

There were 893 members receiving LTD benefits as of the end of 2000.

The total amount paid in LTD claims during 2000 was \$11,334,882.

Management's Responsibility for Reporting.

The financial statements of HEBP have been prepared by management and approved by the Board of Trustees. Management is responsible for the integrity and fairness of the data presented.

The financial statements have been prepared in accordance with generally accepted accounting principles and, of necessity, include some amounts that are based on estimates and judgements. Financial information presented in the 2000 Annual Report that relates to the operations and financial position of HEBP is consistent with that in the financial statements.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, a code of conduct, the establishment of an organizational structure that provides a well-defined division of responsibilities and accountability for performance, and the communication of policies and guidelines throughout the organization.

The ultimate responsibility of the financial statements rests with the Board, assisted by management. HEBP's external auditors, KPMG LLP, have conducted an independent examination of the financial statements in accordance with generally accepted auditing standards, performing such tests and procedures as they consider necessary to express the opinion in their audit report. The external auditors have full and unrestricted access to the Board to discuss the audit and related findings as to the integrity of HEBP's financial reporting and adequacy of internal control systems.



Brian LaBelle
Executive Director,
HEBP – Manitoba



Rohini Halli, CA
Director of Finance,
HEBP – Manitoba

HEALTHCARE EMPLOYEES BENEFITS PLAN – MANITOBA

Statements of Net Assets
December 31, 2000 and 1999

	Group Life Plan	Dental and Extended Health Plan	Long-term Disability Plan	2000 Total	1999 Total
Assets:					
Premiums receivable	\$ 519,382	\$1,018,443	\$ 3,361,053	\$ 4,898,878	\$ 1,316,821
Investments, at market value:					
Stocks	11,307,745	—	—	11,307,745	10,338,227
Bonds	10,975,566	—	—	10,975,566	9,444,087
Cash and short-term deposits	984,581	204,274	8,741,475	9,930,330	1,008,007
Prepaid expenses	6,614	3,407	10,021	20,042	32,504
Due from Manitoba Blue Cross	—	2,738,441	—	2,738,441	3,793,639
Due from Manitoba Health	—	—	14,715,095	14,715,095	—
Due from Manitoba Health Organizations Inc.	—	—	—	—	19,424
Due from Manulife Financial	—	—	33,621,539	33,621,539	—
Due from The Great-West Life Assurance Company	1,185,610	—	—	1,185,610	1,344,951
	\$24,979,498	\$3,964,565	\$60,449,183	\$89,393,246	\$27,297,660
Liabilities and Net Assets					
Premiums payable and accrued liabilities	\$ 1,000,097	\$1,161,815	\$ 712,965	\$ 2,874,877	\$ 2,022,980
Due to Healthcare Employees Pension Plan	20,277	12,505	38,970	71,752	57,054
Due to MHO Long-term Disability Plan	—	—	—	—	39,169
Reserves:					
For future paid-up insurance	4,615,030	—	—	4,615,030	4,615,030
For contributions stabilization	2,700,000	—	—	2,700,000	1,500,000
For disability life waiver	10,200,000	—	—	10,200,000	12,392,000
For IBNR	—	2,297,523	6,393,440	8,690,963	1,955,845
For claims fluctuation	—	—	688,745	688,745	—
For disabled lives	—	—	47,766,351	47,766,351	—
	18,535,404	3,471,843	55,600,471	77,607,718	20,462,875
Unrestricted net assets – Manulife	—	—	4,775,691	4,775,691	—
Net assets	6,444,094	492,722	73,021	7,009,837	4,715,582
	\$24,979,498	\$3,964,565	\$60,449,183	\$89,393,246	\$22,297,660

These are extracts from the audited Financial Statements of the Healthcare Employees Benefits Plan – Manitoba.
For a complete set of Financial Statements, please call our office.

HEALTHCARE EMPLOYEES BENEFITS PLAN – MANITOBA

Statements of Changes in Net Assets

Years ended December 31, 2000 and 1999

	Group Life Plan	Dental and Extended Health Plan	Long-term Disability Plan	2000 Total	1999 Total
Increase in net assets:					
Premiums	\$5,469,338	\$14,856,441	\$ 7,436,159	\$27,761,938	\$17,776,790
Funding from Manitoba Health	—	—	6,923,297	6,923,297	—
Recoveries	—	—	—	—	521,467
Investment income	2,679,447	201,176	1,874,522	4,755,145	1,846,347
	8,148,785	15,057,617	16,233,978	39,440,380	20,144,604
Decrease in net assets:					
Claims incurred	4,957,360	14,942,858	11,334,882	31,235,100	15,980,136
Administrative – HEBP	214,452	197,320	468,985	880,757	864,342
Administrative and interest – Great-West Life	211,716	—	—	211,716	193,372
Administrative – Blue Cross	—	910,307	—	910,307	699,473
Stop loss premiums	131,820	—	—	131,820	121,639
Administrative – Manulife	—	—	1,043,965	1,043,965	—
Investment manager fees	69,657	—	—	69,657	46,784
	5,585,005	16,050,485	12,847,832	34,483,322	17,905,746
Net increase (decrease) in assets prior to appropriations to (from) reserves	2,563,780	(992,868)	3,386,146	4,957,058	2,238,858
Transfer of net assets from MHO	—	—	846,475	846,475	—
Appropriations from (to) reserves:					
Reserve for future paid-up insurance	—	—	—	—	(80,665)
Reserve for contributions stabilization	(1,200,000)	—	—	(1,200,000)	—
Reserve for disability life waiver	2,192,000	—	—	2,192,000	(1,763,000)
Reserve for IBNR	—	(341,678)	(525,438)	(867,116)	(135,244)
Reserve for claims fluctuation	—	—	835,767	835,767	—
Reserve for disabled lives	—	—	(4,253,438)	(4,253,438)	—
	992,000	(341,678)	(3,943,109)	(3,292,787)	(1,978,909)
Net increase (decrease) in assets after appropriations to (from) reserves	3,555,780	(1,334,546)	289,512	2,510,746	259,949
Net assets, beginning of year	2,888,314	1,827,268	—	4,715,582	4,455,633
Transfer of unrestricted net assets	—	—	(216,491)	(216,491)	—
Net assets, end of year	\$6,444,094	\$ 492,722	\$ 73,021	\$ 7,009,837	\$ 4,715,582

These are extracts from the audited Financial Statements of the Healthcare Employees Benefits Plan – Manitoba.
For a complete set of Financial Statements, please call our office.

outlook

What to look for

Providing you with Plan information and updates is one of our top priorities at HEBP. You will continue to receive PlanTalk newsletters, and in the coming year we are pleased to be introducing a new website and orientation video in addition to a manual for employers.

PlanSite

Our new website at www.hebp.mb.ca will feature the latest information on Plan benefits and changes as well as contact information, forms to download, newsletters and annual reports. The website will be updated and expanded on an ongoing basis.

PlanView

An orientation video is being produced to inform new healthcare employees about their Pension and Benefits Plans and to assist employers with enrolment and orientation.

PlanTalk

The PlanTalk newsletter for employees and retirees participating in the Healthcare Employees Pension and Benefits Plans continues to be distributed two times each year, in the spring and the fall.

PlanFacts

Introduced in 2000, PlanFacts continues to be sent to facility administrators to inform them of important Plan issues.

Employer Manual

Employer manuals will be distributed to facilities for administrators to refer to when counselling employees, particularly when a new employee is hired and being enrolled in the Plans or when an employee is being transferred from or to a facility or terminating employment

2001 HEBP Directory

Board of Trustees

Union Representatives

Ray Erb

Bob Romphf**

Jeffrey Dovyak

Doug Laurie

Larry Stratton

*Chair

**Vice-Chair

Employer Representatives

Gloria O'Rourke

Penny Sorensen*

Jean-Paul Gobeil

Mark Nesar

Frank Ryplanski

Management Team

Brian LaBelle, Executive Director

Rohini Halli, CA, Director of Finance

Ronald Queck, CFA, Director of Investments

Kay Dunthorne, Manager, Benefits

Roger Mousseau, B.Sc., Manager, Information Systems

Consultants

Auditor – KPMG LLP

Legal Counsel – Koskie Minsky

Actuarial Consulting – Worden Actuarial and Benefits Consulting Ltd.

Trustees Retiring in 2000

Malcolm Kirkland

Gary McIntosh