



The Canada Life fiasco

Submitted to: Standing Committee on Government Operations and budget forecasting (OGGO). Study—Transition of the Public Service Health Care Plan from Sun Life to Canada Life

Submitted by: The Canadian Association of Professional Employees (CAPE)

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Background

On July 1, 2023, the Public Service Health Care Plan (PSHCP) changed providers, moving from Sun Life to Canada Life, which impacted more than 1.7 million federal public sector employees, retirees and their dependents.

However, Canada Life has not been able to effectively keep up with the influx of new members. Following this transition, many PSHCP members are now faced with unprocessed reimbursements, denial of eligible claims and serious delays in administrative processing by their insurance provider.

In reaction to this chaotic transition, a parliamentary committee has been tasked with investigating the issues linked to the health care plan for federal public sector employees. The Standing Committee on Government Operations and Estimates adopted a motion to examine what is described as the “Canada Life fiasco”. According to a CBC News report, the parliamentary committee will address the following points:

- Quality of insurance coverage
- Efficiency and effectiveness of the new insurance provider, particularly online claims and telephone service
- Public Services and Procurement Canada’s process to award the contract
- Measures that will be put in place to fix the situation.

Against this backdrop, CAPE submits the following recommendations on the impact of the transition to Canada Life for federal employees and retirees. By implementing these measures, Canada Life will be able to regain our members’ trust and demonstrate its commitment to the quality of the services it provides and the wellbeing of the people it insures. We hope that these requests will be taken into consideration.

Issue

In response to this invitation from the parliamentary committee, CAPE sought to hear from its members regarding the study on the Transition of the Public Service Health Care Plan from Sun Life to Canada Life. An announcement was posted on CAPE’s website encouraging members to share their experiences with Canada Life in writing by email.

After having compiled and analyzed all of the testimonies, CAPE identified several issues which have a significant impact on its members. These include long delays in the processing of medical expense claims, denial of some treatments previously covered by Sun Life, major challenges trying to contact Canada Life, poor customer service, and an increased administrative burden to submit claims, which, combined, led to significant financial and health-related consequences for plan members. These issues will be examined in detail in the section below.

Key recommendations

1. **Canada Life to take the necessary measures to fulfil its contractual obligations.**
2. **Members who have suffered financial loss as a result of the delays experienced or unjustified denials of claims to be compensated until Canada Life is able to fulfil its contractual obligations.**
3. **Canada Life to organize training sessions with members and union representatives to clarify the benefits covered and documentation required to submit a claim and explain the appeal process.**
4. **Canada Life, as Sun Life did before, to make its supervisors available to members within 48 hours, when the officers they are dealing with do not have the required skills/training.**
5. **Canada Life to simplify the claims process, thus reducing the administrative burden.**
6. **Unions to play a greater role in the renewal of the PSHCP, the call for tenders and the transition.**

➤ **Issue 1: Long delays in processing medical expenses claims**

One of the most frequently raised issues in the stories that we have received relates to the processing times for medical expenses claims. Since the transition to Canada Life, these processing times have grown considerably. In some cases, wait times for approval of reimbursements can spread over several weeks, indeed even months. One of our members recounted that they had to persevere and demand explanations over a five-month period before finally managing to obtain a reimbursement. These delays generate significant consequences for plan members.

Delays in processing medical expenses claims create considerable financial pressure for plan members, especially considering medical expenses sometimes amount to several thousands of dollars. During these lengthy wait times, our members are forced to personally bear these expenses, causing significant pressures on their budget. This situation is particularly worrying in the current economic climate, marked by high interest rates and above-normal inflation. Several of our members have admitted that they have had to resort to using credit cards to cover outstanding amounts, exposing themselves to high interest rates for which they will never be reimbursed.

These delays also cause impacts on the quality of life and health of our plan members. First, a period of uncertainty takes hold during claim processing. Plan members have to live with the potential stress that their claim may be refused, requiring them to personally bear the expenses. Second, some members put off medical treatment or buying medication while waiting to receive confirmation that they will be reimbursed. For example, one of our members told us about his spouse's dilemma, as she is now considering delaying dental surgery because her first surgery has still not been reimbursed by Canada Life.

➤ **Issue 2: Several treatments previously covered by Sun Life are no longer covered**

We have received numerous stories stating that some treatments, which were covered by Sun Life, are no longer covered by Canada Life. Indeed, several of our members have seen their claims for medical care, which were previously reimbursed for many years, be denied by their new insurance provider. However, members of the previous plan were assured that each

prescription already approved by Sun Life would also be accepted by Canada Life. For many, this has proven to be false.

Confronted with denied claims, members are often faced with two difficult choices. They can launch a laborious process to dispute the decision or decide to pay the amount out of their own pocket, in the hope that they can find an alternative treatment covered by the insurance provider. One of our members recounted their situation, stating: “I finally took the initiative to personally pay for the treatment. The total cost amounted to almost \$600 out of my own pocket for something that was previously covered by Sun Life.”

This situation could cause serious consequences for our members with a disability or medical condition requiring regular care that is no longer covered by the new insurance provider. Sometimes, even if the treatment is still covered, the new plan only reimburses a small portion of what was previously reimbursed. For example, a member shared their experience: with the previous insurance provider, more than \$200 in medical expenses was covered at 80%, whereas with Canada Life, the maximum reimbursement is now \$700 over a 60-month period. This care is often essential to improve our members’ quality of life. This may become a barrier to employment for employees with a disability or requiring regular care, compromising our efforts to achieve equity objectives in relation to access to employment.

However, it is necessary to highlight that some of these cases may lead to confusion among plan members. It is plausible that members are not informed about new provisions by the insurance provider, such as the mandatory generic substitution policy, if a generic equivalent is available. Several members have expressed their surprise on discovering that their medication is no longer covered, as they were clearly not informed during their exchanges with Canada Life that their new insurance provider would only reimburse the cost of the corresponding generic drug.

Nevertheless, this raised the question of whether federal public service employees received adequate support during this transition, and in particular, whether they received the support required from Canada Life to navigate this period of change. We will examine this issue in more detail in the following paragraphs.

➤ **Issue 3: It is very difficult to contact Canada Life**

People who wish to dispute a decision by Canada Life or simply request support face lengthy wait times. For many federal public service employees, the transition to Canada Life has resulted in hours, indeed days, spent on the phone without managing to speak to a contact person. Stories that we have received describe phone wait times longer than two hours to get assistance. One member stressed: “It is practically impossible to reach them by phone. I only managed to speak to someone once after waiting 4 hours and 15 minutes.”

Other stories highlight problems in handling phone calls, where some members were forced to wait several hours on the phone before being able to leave their number, with a promise of a call-back within 48 hours. In some cases, other members have had to repeatedly call before getting hold of an agent. A member said that they contacted Canada Life 37 times before managing to speak to someone. A recorded message was played for each call stating that all of the agents were busy and advising members to call back later. No call queue or call-back system had been implemented.

People who were promised a call-back by an agent were not contacted again by Canada Life. Others reported that they were contacted up to 10 days after their first attempt, whereas the scheduled time frame was 48 hours.

These wait times are a considerable source of frustration for our members and lead to some of them giving up the support that they were normally entitled to receive. Some stories that we received detail how, due to the lengthy wait times, some have opted to abandon their efforts to obtain a review of a denied medical expenses claim and personally borne the costs of their medical care.

➤ **Issue 4: Poor customer service**

The customer service experience with Canada Life also prompts concerns. Exchanges with this company often prove to be difficult, as recounted by several of our members who expressed dissatisfaction with the quality of service. Stories we gathered describe the challenges encountered by members in contacting a Canada Life agent, highlight the shortcomings in the agents' ability to answer questions and, as underlined by one member: "This person had just started working for the company and was completely incapable of answering my most basic questions." Some members have also expressed their discontent in relation to the lack of clear explanations by Canada Life when claims are refused.

The stories we received also highlight the lack of follow-up by Canada Life agents. Although these agents commit to call back plan members to follow up on the progress of claims, this follow-up is not always carried out. Several members told us that they had contacted Canada Life agents, who had committed to call them back to keep them informed about the progress of their claims. However, in many cases, these calls were never made. A member even shared that they had been in contact with two different agents, and despite their respective commitments, neither of the two agents called the member back.

It also seems to be difficult for French-speaking members to obtain services in French. Many of our members have complained about the lack of French-speaking customer service representatives in their contacts with Canada Life.

➤ **Issue 5: Increased administrative burden for claims submission**

Lastly, the transition to Canada Life has also led to an additional administrative burden for PSHCP members. According to our members, the administrative process to submit a medical expenses claim appears to have become more complex since the transition to Canada Life. This complexity is particularly apparent in relation to claims for recurring medical expenses. Unlike the previous insurer, Canada Life now requires individual submission of each procedure code and related expenses on a separate claim form. In addition to generating an additional administrative burden, this also increases the risk of mistakes in the process.

About the Canadian Association of Professional Employees (CAPE)

With more than 25,000 members, the Canadian Association of Professional Employees (CAPE) is one of the largest federal public service unions in Canada, dedicated to advocating on behalf of federal employees in the Economics and Social Science Services (EC) and Translation (TR) groups, as well as employees of the Library of Parliament (LoP), the Office of the Parliamentary Budget Officer (OPBO) and civilian members of the RCMP (ESS and TRL).

For more information: www.acep-cape.ca