



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

CHANGEOVER OF THE PUBLIC SERVICE HEALTH CARE PLAN FROM SUN LIFE TO CANADA LIFE

**Report of the Standing Committee on Government
Operations and Estimates**

Kelly McCauley, Chair

**JUNE 2024
44th PARLIAMENT, 1st SESSION**

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NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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THE STANDING COMMITTEE ON GOVERNMENT OPERATIONS AND ESTIMATES

has the honour to present its

TWENTIETH REPORT

Pursuant to its mandate under Standing Order 108(3)(c), the committee has studied the changeover of the Public Service Health Care Plan from Sun Life to Canada Life and has agreed to report the following:

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LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.

Recommendation 1

That the Government of Canada involve representatives of employees and retirees in the re-tendering process when the time comes to renew the “Administrative Services Only” contract for the Public Service Health Care Plan; and that efforts be made to involve people with disabilities and their caregivers in the process to ensure that their needs are understood. 17

Recommendation 2

That the Government of Canada work with the administrator of the Public Service Health Care Plan to improve communication with plan members when changes are made to coverage; and that in doing so, the government consider members’ access to the Internet and/or new information and communications technologies..... 17

Recommendation 3

That the Government of Canada begin monitoring the performance of the Plan Administrator on the first day when the contract comes into force; that the transition period prior to activation include monitoring milestones to ensure that the chosen contractor is capable of providing a functional website and bilingual services, among other things; and that in the future, contracts with plan administrators do not provide a grace period to a contractor that has no or few consequences for severe underperformance..... 17

Recommendation 4

That the Government of Canada provide the rationale behind the decision to transition to a new plan administrator and to modernize benefits on the same date, given that Canada Life acknowledged that this decision contributed to the issues facing the Public Service Health Care Plan since 1 July 2023. 18

Recommendation 5

That the Government of Canada ensure employees who have suffered financial loss as a result of Canada Life's unjustified delays or denials of claims are fully compensated for these losses..... 18

Recommendation 6

That the Government of Canada make available to employees the service standards included in its contract with Canada Life and provide regular updates to stakeholders on both Canada Life's adherence to those standards and any penalties levied against Canada Life for failing to meet those standards. 18

Recommendation 7

That the Government of Canada revisit its existing caps on coverage for physiotherapy services to bring them in line with previous coverage and distinguish between short and long-term needs. 18

Recommendation 8

That the Government of Canada develop separate processes for monitoring the timeliness and accuracy of a) prior authorization decision-making and appeals; and b) claims made for drugs, treatments, and devices not requiring prior authorization, in order to properly enforce the service-level standards contained in the contract. 18

Recommendation 9

That the Government of Canada ensure that the selected company has the capacity to provide services in French at all times and within the same amount of time as services provided in English. 18



CHANGEOVER OF THE PUBLIC SERVICE HEALTH CARE PLAN FROM SUN LIFE TO CANADA LIFE

INTRODUCTION

On 1 July 2023, the Canada Life Assurance Company (Canada Life) became the new plan administrator for the Public Service Health Care Plan (PSHCP). Canada Life replaced the Sun Life Assurance Company of Canada (Sun Life), which had been administering the PSHCP since 1996. Since the changeover from one administrator to the other, several issues have been reported by members and their dependants, such as the inability to get through to an agent when calling Canada Life and delays and denials in claims processing and payments.

Aware of these issues, the House of Commons Standing Committee on Government Operations and Estimates (“the committee”) adopted the following motion on 17 October 2023:

That, pursuant to Standing Order 108(3)(c), the committee undertake a study of the changeover of the Public Service Health Care Plan (PSHCP) from Sun Life to the Canada Life Assurance Company and that, to do so, the committee examine matters including:

- the quality of the insurance coverage, taking into account the circumstances and needs of federal public service employees;
- the efficiency and effectiveness of the new insurance plan, particularly as concerns the online claims service and the telephone service offered to participants and health professionals;
- the mechanisms that Public Services and Procurement Canada (PSPC) used in awarding the PSHCP contract to ensure the contractor had the capacity to serve the entire federal public service and provide the expected services, and;



- the measures that will be taken to correct the situation.¹

The motion also called on the committee to present its findings and recommendations to the House of Commons, and to request a comprehensive response from the government.

The committee held two meetings as part of this study, receiving testimony from Canada Life, PSPC, the Treasury Board of Canada Secretariat (TBS) and the Public Service Alliance of Canada (PSAC). The committee also received three written briefs, including one from the Canadian Association of Professional Employees (CAPE).² In addition, the committee received emails from plan members; due to privacy concerns, these will not be referred to in this report, but they did help inform the committee's work. This report first offers some context regarding the PSHCP before providing observations and recommendations stemming from this study.

CONTEXT

The Public Service Health Care Plan

The PSHCP is a negotiated, optional, employer-sponsored health insurance plan offered to current and retired employees of the federal public service, including members of the Royal Canadian Mounted Police and the Canadian Armed Forces, as well as to designated groups such as parliamentarians. It offers supplementary coverage (supplementing provincial or territorial health care) to participants residing in Canada; it offers comprehensive coverage to those deployed or posted abroad by their employers or living abroad as a retiree. With over 1.7 million participants (members and their dependants), the PSHCP is the largest employer-sponsored health care plan in the country. The committee also heard that it is “an extremely complex plan... [with members] demographically spread out across Canada.” Moreover, the plan covers a broad range of services and medications.

The plan's administration by Canada Life is overseen by the federal Public Services Health Care Plan Administration Authority (“the Authority”), a not-for-profit corporation accountable to the President of the Treasury Board and the Partners Committee (representing the employer, employees, and pensioners). Among other things, the

1 House of Commons, Standing Committee on Government Operations and Estimates [OGGO], *Minutes of proceedings*, 17 October 2023.

2 The Canada Association of Professional Employees and the Public Service Alliance of Canada are two of the largest federal public service unions in Canada, representing tens of thousands of members benefiting from the Public Service Health Care Plan.

Authority is responsible for managing the claims appeal process. According to [Marie-Chantal Girard](#), Senior Assistant Deputy Minister at TBS, her organization also receives “information on an ongoing basis on how the plan is doing” from the Authority and the Partners Committee, which helps the employer know how the plan is being implemented and where there may be issues.

Updated Plan Coverage and New Administrator

According to [Mollie Royds](#), Associate Assistant Deputy Minister, Procurement Branch, PSPC, the government “began the process to re-tender [the administration of the plan] in 2018.” David Prest, Executive Director, Benefits Policies and Programs, Employee Relations and Total Compensation, TBS, [explained](#) that one of the objectives behind “the retendering process was to improve the contract in the area of fraud detection, auditing and reporting, greening government and opportunities for [Indigenous people] under the new [PSHCP] administrative contract as well.”

Ms. Royds [said](#) that three bids by “major players in the health care plan administration space” were ultimately received.³

[They] were evaluated against the government's technical and financial criteria. Significantly, all three bids were found to be compliant, with the bid from Canada Life ultimately ranking first. The contract was awarded to Canada Life on November 30, 2021. The current contract is valued at \$514 million for eight and a half years, and there are options available to extend the contract.

In October 2023, however, CBC News had [reported](#) that Canada Life had been the only bidder, citing the President of the Treasury Board. Ms. Royds [addressed](#) this during her testimony:

I don't know the context of the comment by the minister, but I can confirm that we had a separate tendering process associated with the dental care plan for public servants' and pensioners' dental plan, where there was one compliant bidder, and Canada Life was the winning bidder in that scenario.

Perhaps there may be a misunderstanding between the two plans, but I can confirm that for this one there were three compliant bidders.

3 Government witnesses were unable to say who the other two bidders were due to the confidentiality requirements in the request for proposal.



Ms Royds [indicated](#) that, following the competitive process, “[t]he contract was awarded to Canada Life on November 30, 2021.”⁴ The contract is for “Administration Services Only,” meaning the plan is funded and designed by the employer, while the administrator is contracted for specific services such as claims processing and payment. It is valued at \$514 million and has a duration of eight and a half years, with possibilities for extension.

Seth Sazant, Pension and Benefits Officer at PSAC, [explained](#) that finding a new plan administrator “was entirely under the purview of the employer” and that plan members and their representatives were not privy to the decision. In its [brief](#), CAPE recommended that unions be invited “to play a greater role in the renewal of the [PSHCP], the call for tenders and the transition.”

Ms. Royds [explained](#) that, before the formal transition from Sun Life to Canada Life on 1 July 2023, there was “a start-up phase of approximately 18 months, during which Canada Life prepared to take on the claims administration.” Pascale Archambault, Acting Director General, Business and Technology Solutions Sectors, PSPC, [noted](#) that “[t]he purpose of the start-up phase was for Canada Life to take the necessary steps to prepare to administer the plan, getting the website ready, setting up the claims process, hiring staff, finding office space and so forth.” Ms. Girard [indicated](#) that “Sun Life and Canada Life were in touch... to ensure a smooth transition.” Similarly, Mr. Sazant [said](#):

The [PSHCP] has an administration authority that is responsible for oversight of this contract. They worked very diligently for 18 months before the move from Sun Life to Canada Life. They spent 18 months working to ensure that things would go smoothly. Now, obviously, that was not the case, but there was substantial work that was done beforehand. I want to be clear that this was not just a “let’s flip the switch and see what happens”. There was significant work that did go on behind the scenes.

Following the start of the operations phase on 1 July 2023, a six-month transition period began, which Ms. Girard [qualified](#) as “standard practice in the industry.” Thi Vu, Regional Vice-President, Group Customer Division, Quebec Region, Canada Life, [described](#) the transition of the plan administration from Sun Life to Canada Life as “the largest transition of a benefits plan in Canadian history.”

On 1 July 2023, the coverage offered by the plan was also [updated](#) (see Appendix A). The plan coverage had not been updated since 2006, despite what Ms. Girard [described](#) as “significant advancements in health care.” According to [her](#), “everything that was

4 During this study, the committee was made aware that the contract was not shared with unions representing public service employees. Seth Sazant, Pension and Benefits Officer, Public Service Alliance of Canada, indicated that his organization was told it was “not entitled to that information.”

covered before [1 July 2023] remains covered.” She explained that the updated plan now “provides enhanced support for mental health and well-being as well as supports for seniors, families, young adults, persons with disabilities and members of the 2SLGBTQIA+ community.”⁵ She also noted that “market-tested mechanisms... were introduced to align with industry standards and ensure the long-term viability of the plan. The measures include mandatory generic drug substitution and a prior authorization process.”⁶ Overall, Ms. Girard characterized the updates to coverage as “enhancements” and an overall “modernization of the plan.”

According to Mr. Sazant, negotiations related to the updated coverage concluded in August 2022, “a full 10 months before the changeover from Sun Life to Canada Life.” He continued: “So there was a significant lead time. But when July 1, 2023 came along there were no surprises to Canada Life at that point. Yet, the administration of this plan, and people’s ability to call in, have their basic questions answered, have their claims adjudicated, was just in complete disarray for months.”

Moreover, in a brief submitted to the committee, a group called Employees with Disabilities of the Public Service of Canada wrote that,

[a]lthough the plan was improved in very minor ways, in a few categories, the overall changes are overwhelmingly detrimental to public servants with disabilities and chronic illnesses. There are major deficits in the plan and in the way that the plan has been administered by Canada Life... The cutbacks to physiotherapy and medications, the extensive justifications and proof required that coverage does not exist anywhere else creates financial stress, long wait times for reimbursement, and heavy administrative burdens.

They also criticized the fact that “[t]hese changes were made without any consultation for persons with disabilities” and that “public sector unions fail[ed] to consult members with disabilities” or to even answer their emails and calls. They are of the view that, as a result, “[t]he changes to the PSHCP will very likely result in more public servants with disabilities becoming unable to continue to work, more public servants with disabilities going on long-term disability [leave].”

5 2SLGBTQIA+ refers to Two-Spirit, lesbian, gay, bisexual, transgender, queer, intersex and asexual people, and other sexual and gender-diverse communities.

6 It was later clarified that mandatory generic drug substitution came into effect on 1 January 2024 so that plan participants could “consult a doctor or nurse practitioner about taking a generic drug. If they cannot take the generic drug, a form must be completed by the doctor or nurse... As soon as the attending physician provides a medical reason, the individual will be exempted from the requirement.”



In a [brief](#) submitted to the committee, CAPE also warned that

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.

This could explain some of the confusion following the July 2023 transition and the surge in calls to Canada Life. Ryan Weiss, Senior Vice-President, Group Benefits, Canada Life, [noted](#) that “[Canada Life has] been working collaboratively with the government not only to increase the level of understanding of those changes in communication but also to give people avenues and escalated support if they have continued questions so that we can help them understand the new planned provisions and how they may work through that.”

Updates to Coverage for Physiotherapy and Pharmacy Dispensing Fees

The Employees with Disabilities of the Public Service of Canada specifically [mentioned](#) the changes to coverage surrounding physiotherapy as an issue: “The reductions in physiotherapy coverage from unlimited coverage (at 80%) to a cap of \$1,500 dollars a year creates a disproportionate harm to individuals with chronic/complex issues and permanent disabilities... Furthermore, physiotherapy was the only [benefit] that was reduced.”

In December 2023, when responding to questions from committee members related to physiotherapy, Ms. Girard [answered](#) that this change represents “an enhancement for the vast majority of plan users... For physio, we covered \$500 before. Then you had a corridor where you had to be out of pocket for \$500, which then took you to a larger amount. For many people, \$500 of physio was insufficient.” The committee notes that, based on documents submitted by TBS (see Appendix A), the coverage for physiotherapy was unlimited beyond the \$500-\$1,000 corridor that was paid by plan members. The member-paid corridor was indeed removed, but physiotherapy is now only covered up to a maximum of \$1,500 per calendar year.

Another change to coverage that was specifically discussed at committee is the new pharmacy dispensing fee cap. As of 1 July 2023, the PSHCP reimburses dispensing fee up

to a maximum of \$8, reimbursed at 80% (with some exceptions). The coverage for pharmacy dispensing fees was not previously capped. Mr. Sazant explained that it was “an employer proposal to decrease the pharmacy dispensing fees.” Dispensing fees for maintenance drugs are also now covered up to a maximum of five times per year (see Appendix A).

Issues Surrounding the Public Service Health Care Plan since 1 July 2023

On 7 December 2023, Mr. Weiss acknowledged that “the transition has not been smooth for all members of the [PSHCP]” and apologized on behalf of the administrator. His colleague, Ms. Vu, agreed that “the service some PSHCP members and their families received did not meet their expectations or ours. Their experience is not acceptable.” She also recognized that some of the challenges “were not anticipated.”

On 29 January 2024, CAPE submitted a brief to the committee in which it wrote that “many PSHCP members are now faced with unprocessed reimbursements, denial of eligible claims and serious delays in administrative processing by their insurance provider.” CAPE consulted its members electronically and identified several issues:

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.

On 26 February 2024, Mr. Sazant told the committee that several issues persisted, more than two months after Canada Life’s appearance:

The ability of our members to contact Canada Life for routine issues, questions and reimbursement for regular services has appeared to improve. However, many problems remain. We believe there need to be discussions on ways to make things right for what has gone on and to fix the existing problems.

Phoenix was bad enough. Our members have dealt with not getting paid properly or on time for years. Now accessing their benefits has become incredibly difficult. The employer has repeatedly fallen down on providing the basics of compensation for our members.



Claims Processing Delays

According to [CAPE](#), long processing times for claims was one of the issues most frequently raised by its 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.

In December 2023, [Ms. Royds](#), [Ms. Girard](#) and [Mr. Weiss](#) all told the committee that the average processing time for claims was down to 2.2 days. Ms. Girard [stated](#) that “[m]uch of the backlog had been cleared.” As of 5 March 2024, Canada Life's [dashboard](#) indicates that the average processing time was one day for digital claims and five days for paper claims. Data provided to the committee by PSAC showed that, as of 26 February 2024, the Canada Life claims processing backlog of more than 16 days was 3,867, with 226 of these claims being over 60 days old.

Claims Denials

CAPE also [wrote](#) that some of its members reported being denied reimbursement for claims that were previously covered when Sun Life was administering the PSHCP:

[M]embers 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...

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...

In a [brief](#), Pamela M. White, a former public servant who retired as Director of Health Data Analysis at Statistics Canada, also wrote that “TBS ‘Service Level Performance monitoring’ [did] not come into effect until 1 January 2024, some 6 months after the transition from [Sun Life] to [Canada Life] on July 1, 2023.” In her opinion, “the contract did not require [Canada Life] to fully deliver the PSHCP to 100% of the 1.7 million Members and Dependents on 1 July 2023. It appears that there was no expectation of full delivery of the service until 1 January 2024 when TBS monitoring would commence.” Ms. White called on the committee to recommend that the Office of the Auditor General of Canada look into the contract between TBS and Canada Life as “[i]t does not deliver value for money,” in her opinion. She partly attributed the full and partial denials of claims to this six-month interval where monitoring was not in place.

According to [Mr. Sazant](#), “accountability lies primarily with the government, as they negotiated this contract. We would expect, for example, that they would enforce the service level standards that are contained in that contract.” He also stated that “[i]f Canada Life cannot adhere to the service standards in their contract they must provide fee credits back to the Government of Canada. However, they were given a six-month grace period when such credits did not apply, and we're still puzzled why this was allowed to happen.”

Contacting Canada Life’s Call Centre

CAPE [stated](#) that wait times are also lengthy when trying to simply contact Canada Life. Its [brief](#) further highlights issues in the handling of calls: “No call queue or call-back system had been implemented.” Mr. Prest [acknowledged](#) that one of the main issues was the “unanticipated volume of calls” that Canada Life was facing, compared to what Sun Life was receiving before the transition on 1 July 2023. Ms. Vu [explained](#) that “[t]he high call volumes we experienced in July were unexpected. On July 1, we were receiving eight times as many calls as the previous provider, so I would say it was the number of calls that took us by surprise.”

CAPE also [criticized](#) the poor quality of customer service once participants’ calls were finally answered: “Exchanges with [Canada Life] often prove to be difficult.” According to the union’s members, staff at Canada Life’s call centre were sometimes “completely incapable of answering... most basic questions.” Explanations for claims denials were described as unclear. CAPE adds that “[i]t 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.”

According to [Ms. Royds](#), as of 7 December 2023, “Canada Life has advised the government that call centre wait times are one to three minutes.” Mr. Weiss [confirmed](#) this. Ms. Girard [indicated](#) that such improvements were the result of Canada Life’s “action plan, which included hiring additional staff to answer calls and process claims.” She later [added](#) that Canada Life “has more than doubled the staff” dealing with calls and claims processing, and the company has increased training to ensure that staff are “able to better answer questions from our members.” Mr. Sazant [confirmed](#) that “there have been significant improvements” in terms of wait times when calling Canada Life’s call centre.

Ms. Girard also [noted](#) that Canada Life had extended its hours of operation to address issues. Mr. Weiss [assured](#) that Canada Life expected to be “within target services” after the remaining changes to plan coverage enter effect in January 2024: “We do still expect elevated volumes [following these last changes]. However, our staff can handle those, and those volumes will continue to decrease to what we project in late 2024 to return to historical standards.”

Mr. Weiss [stated](#) that Canada Life was committed “to making this right.” He added that:

As part of this commitment, Canada Life implemented a customer service action plan. This reduced call centre wait times. It accelerated claims payments and it escalated urgent cases. This included, as noted previously, extending call centre hours to seven days a week, doubling our call centre agents and adding more claims examiners. It also included introducing urgent escalation process channels to identify and resolve special cases.

We've also worked hard to be transparent to plan members throughout this period, publicly posting our progress on improving service standards and updating frequently asked questions on a regular basis.

Administrative Burdens

Finally, CAPE [complained](#) that the

the transition to Canada Life has also led to an additional administrative burden for PSHCP members. According to [CAPE] 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.

Furthermore, following the change of administrator, Canada Life required participants to manually re-enrol. The committee was told that privacy and logistical concerns were behind the decision to proceed that way:

[W]e knew there were privacy issues and personal information that could not be transferred from one person to another. There were 1.7 million [members].... Some have retired. Some were dependants who were now out of school and were no longer covered by the plan. Some are deceased, unfortunately. From all of that we had to make sure we had a clean slate and a clean base of information to implement the new plan. That's part of the reason pre-enrolment was done.

Mr. Weiss similarly indicated the following:

[O]ne of the objectives of that enrolment process to collect good data and refresh all the data on where other coverage existed. It was one of the main objectives as people went through that process not only to confirm contact information, details around the members and dependents who might be covered, but also to make sure they would cite whether they had other coverage so that we could coordinate that seamlessly and automatically.

We did achieve some good objectives there in cleaning that up, and it was certainly to the betterment of members that we have accurate information on coordinating benefits.

On the issues surrounding re-enrolment, Mr. Sazant said the following:

I think there had been some discussion about positive enrolment to ensure that those who are in the plan are correctly in the plan. In a general sense I will say that as the union, we don't object to that. We think that's fair.

That being said, clearly the process that was used was absolutely atrocious to load in all of these things at the same time led to a huge bottleneck. I think where we also saw significant problems is a number of our members and retirees all having a lot of difficulty navigating this process. So while there was awareness, this isn't something that we asked for. I think that obviously this created significant problems along the way.

Mr. Sazant also noted that PSAC “heard from a number of members who have provided information from their physicians to the old plan that was not passed forward, and that is of significant concern to us. It puts burdens on members financially, as well as the Canadian health system generally.” According to Ms. White, the need to re-enrol created additional barriers for some members and constitutes a form of discrimination against certain demographics who are less tech-savvy or underserved by IT networks:



A careful reading of the 480-page contract shows that while online and paper processes were to be in place for Members, there exist no accommodation clauses that expressly establish the obligations of [Canada Life] to address the needs of those lacking Internet connectivity or the ability to access online services. Notification of registration and completion of registration was to be undertaken online. The online registration process was complex, error prone, and impossible for persons without a computer and access to the Internet to undertake. On 1 July 2023, Members could contact [Canada Life] directly. But phonenumber capacity was insufficient and [Canada Life] operators were unable to deal with call volumes and Members' questions.

...

TBS put Members into a Catch-22 situation. If they had no online access, they could not be contacted. Once they were made aware, they could not enrol because they did not have Internet. In fact, most of these Members discovered their lack of coverage when they tried after 1 July 2023 to obtain PSHCP benefits, such as prescription renewals. Since 1 July 2023 elderly Members and Dependents have struggled to get registered, to file claims, and to have their claims paid in a timely manner.

The failure of the TBS contract to recognize special needs is an example of how easily we allow social media and modern technology to disenfranchise, stigmatize, and exclude groups.

...

We must face the reality of disadvantage due to lack of Internet connectivity and IT ability. The narrative that 'blames the victim' for being old and unable to negotiate complex IT systems stigmatizes, discriminates, and disenfranchises Canadians.

Mr. Sazant also [spoke](#) about the move towards digitalization of the PSHCP:

[The plan] covers retirees, some of whom will have different levels of comfort with digital methods. I think this is also underpinned by a number of failures for the people to be able to submit electronically adequately. There's been all sorts of problems with people being able to make their submissions.

Another issue [highlighted](#) by Mr. Sazant was the prior authorization required for certain drugs: "This is a new process where people who take certain drugs—usually due to their high cost—must navigate system approvals before any coverage. This system is failing our members and causing serious health issues for many." He later explained that the prior authorization system "as something the employer very much wanted to introduce to the plan. During negotiations, this was something we felt we did not have much of a choice in terms of ultimately settling with some form of prior authorization in place." On this matter, Ms. White [wrote](#) that

[p]rior Authorisation (PA) is a double-edged sword. Insurers and plan funders justify the application of PA as a tool to safeguard the healthcare system, achieve insurance cost reductions, and effect physician oversight. US research provides evidence that PAs curbed physician over-prescribing of anti-psychotics and opioids during the 2010s.

Yet there is another side to this story. For PAs to improve the efficiency for the health system overall, any cost savings for insurers would need to be larger than the cost incurred by physicians completing PA requests and the cost of any decreased health or well-being that patients may experience. Research shows that PA use in the US has resulted in a substantial administrative burden, unnecessary delays in patient care, and care-delivery inequities with rejections being more common for women, racial minorities, those with low education, and for low-income groups.

Cyber Incident Affecting MSH International

In February 2024, TBS confirmed that MSH International, subcontracted by Canada Life to provide emergency travel and coverage services abroad under the PSHCP, has been affected by a cyber incident of an undisclosed nature. As a result, MSH International has been unable to process claims. Mr. Sazant indicated that this was a major problem:

[For] members who are posted abroad working in Canada's embassies, consulates, military bases or anyone who is travelling, the entire system is actually currently down and has been for two weeks. This is a result of a cybersecurity incident. However, even before this complete shutdown service for members outside of Canada has been a major issue with an enormous backlog of unprocessed claims. There are currently more than 3,500 claims that are over 60 days old waiting to be adjudicated and paid.

Mr. Sazant also said that he was not aware whether this incident had been communicated directly to participants, or if they learned about it through the news media.

In her brief submitted weeks before the cyber incident, Ms. White had argued that “[t]he MSH IT system is deficient, phones are not answered promptly, claims are delayed, and MSH management of PSHCP benefits appears chaotic.” She had called on the committee to recommend that TBS immediately audit MSH “and demand changes as needed.”

As of 27 February 2024, MSH International’s systems are now operational again and services have resumed. However, the company is still investigating the impacts of the cyber incident, and delays are anticipated due to a backlog of claims having accumulated since the beginning of the month.



General Observations and Recommendations

Ms. Girard acknowledged that the change to a new plan administrator and the modernization of coverage, which both happened on 1 July 2023, created challenges: “Of course, it requires some training, and we understand that the previous administrator had 27 years of implementing the same plan.” According to Ms. Vu, “[t]he combined impact of the government’s changes in coverage and the transition of plan administration to Canada Life resulted in thousands of calls to our call centre, leading to long wait times and service disruptions.” Mr. Weiss also stated that challenges were intensified by “the complexity of the change and the quantity of changes” and the “the addition of all of those changes together.” Ms. Vu said that “the many changes to the plan taking place at the same time as the transition to Canada Life is the reason [for delays].”

Mr. Weiss observed that Canada Life has “not yet seen a return to the level that was expected or that was historically experienced by the previous administrator. That said, we are achieving our target service levels now with the increased resourcing that we have brought on board over the last several months.”

Mr. Sazant observed that “[w]e don't interact directly with [Canada Life]. It's the employer’s obligation. They have the contract. We don't even have a copy of the contract between the employer and Canada Life. We can't intervene with Canada Life. What the employer is doing here, we're not entirely sure. I'm sure the steps have been taken, but we don't think that's sufficient.” He later added:

[T]here was essentially that six-month grace period before any of those standards were enforced. Certainly it would be our position that this is just unacceptable. It seems like maximum advantage was taken of the fact that there were no safeguards there. We would certainly question the wisdom of providing essentially completely open-ended service standards in those first six months.

According to him,

Recently, PSAC filed a policy grievance against Treasury Board arguing that in terms of the poor transition of the plan's administration it has failed to protect the rights of members to a functioning health care plan, as well as caused adverse impacts on members with disabilities and other intersecting identities. As part of that grievance, we are asking for general damages for the pain and suffering and stress that this transition has caused. We are asking for financial compensation for those who incurred financial losses as a result of the poor transition, as well as a declaration that the way this has been managed has indeed breached the collective agreement as well.

In its brief, CAPE also recommended that participants “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.” Ms. White added the following:

During the six-month start-up period, the federal government and retirees paid for a health benefit plan that could not and would not be knowingly delivered in full until 1 January 2024. It is my view that the inclusion of the 6-month transition clause in the [Canada Life] PSHCP contract breaches terms and conditions of negotiated union/management agreements to provide health benefits to employees and the agreement that retirees signed when they elected to continue their health benefit plan on a 50:50 payment basis.

Ms. Girard stated that “every person who is owed money based on the plan parameters and the admissibility has been or will be made whole. They are being reimbursed everything that was due to them according to the plan. It might take longer, but they will get their reimbursement.”

Based on the testimony, the committee recommends:

Recommendation 1

That the Government of Canada involve representatives of employees and retirees in the re-tendering process when the time comes to renew the “Administrative Services Only” contract for the Public Service Health Care Plan; and that efforts be made to involve people with disabilities and their caregivers in the process to ensure that their needs are understood.

Recommendation 2

That the Government of Canada work with the administrator of the Public Service Health Care Plan to improve communication with plan members when changes are made to coverage; and that in doing so, the government consider members’ access to the Internet and/or new information and communications technologies.

Recommendation 3

That the Government of Canada begin monitoring the performance of the Plan Administrator on the first day when the contract comes into force; that the transition period prior to activation include monitoring milestones to ensure that the chosen contractor is capable of providing a functional website and bilingual services, among other things; and that in the future, contracts with plan administrators do not provide a



grace period to a contractor that has no or few consequences for severe underperformance.

Recommendation 4

That the Government of Canada provide the rationale behind the decision to transition to a new plan administrator and to modernize benefits on the same date, given that Canada Life acknowledged that this decision contributed to the issues facing the Public Service Health Care Plan since 1 July 2023.

Recommendation 5

That the Government of Canada ensure employees who have suffered financial loss as a result of Canada Life's unjustified delays or denials of claims are fully compensated for these losses.

Recommendation 6

That the Government of Canada make available to employees the service standards included in its contract with Canada Life and provide regular updates to stakeholders on both Canada Life's adherence to those standards and any penalties levied against Canada Life for failing to meet those standards.

Recommendation 7

That the Government of Canada revisit its existing caps on coverage for physiotherapy services to bring them in line with previous coverage and distinguish between short and long-term needs.

Recommendation 8

That the Government of Canada develop separate processes for monitoring the timeliness and accuracy of a) prior authorization decision-making and appeals; and b) claims made for drugs, treatments, and devices not requiring prior authorization, in order to properly enforce the service-level standards contained in the contract.

Recommendation 9

That the Government of Canada ensure that the selected company has the capacity to provide services in French at all times and within the same amount of time as services provided in English.

APPENDIX A:

CHANGES TO THE PUBLIC SERVICE HEALTH CARE PLAN COVERAGE ON 1 JULY 2023

Benefits	Coverage before 1 July 2023, reimbursed at 80%	Coverage after 1 July 2023, reimbursed at 80%	Additional information
1. Registered dietician	New benefit	\$300 per calendar year	No prescription required
2. Occupational therapist	New benefit	\$300 per calendar year	No prescription required
3. Lactation consultant	New benefit	\$300 per calendar year	No prescription required
4. Acupuncturist	New benefit	\$500 per calendar year	No prescription required
5. Nurse practitioner	New benefit	n/a	To alleviate the pressure on physicians and to enable access for those without family doctors, nurse practitioners can now prescribe medical supplies and prescription drugs, if authorized by their province or territorial government
6. Batteries for hearing aids	New benefit	\$200 per calendar year	<ul style="list-style-type: none"> • This benefit is in addition to the existing benefit that covered batteries with an initial hearing aid purchase. • This benefit can also be used to cover replacement hearing aid batteries
7. Injectable lubricants for joint pain and arthritis	New benefit	\$600 per calendar year	<ul style="list-style-type: none"> • Prescription required to ensure medical necessity • This benefit does not cover injectable lubricants used for cosmetic purposes

Benefits	Coverage before 1 July 2023, reimbursed at 80%	Coverage after 1 July 2023, reimbursed at 80%	Additional information
8. Needles and syringes for injectable drugs	New benefit	\$200 per calendar year	Prescription required to ensure medical necessity (valid for 3 years)
9. Gender Affirmation	New benefit	\$75,000 per lifetime	<ul style="list-style-type: none"> • This industry-leading benefit provides coverage for gender-affirming care not covered by an individual's province or territory • A Gender Affirmation Application form must be submitted to Canada Life prior to incurring expenses for services
10. Continuous Glucose Monitor Supplies	New benefit	\$3,000 per calendar year	Valid for Type 1 diabetics only
11. Diabetic Monitors	New benefit	\$700 every five years	<ul style="list-style-type: none"> • Prescription required • Removal of blood testing requirement to expand access to coverage. • Valid for Type 1 diabetics only
12. Diabetic testing supplies	New benefit	\$3,000 per calendar year	Valid for Type 1 and Type 2 diabetics
13. Psychological services	\$2,000 per calendar year	\$5,000 per calendar year	<ul style="list-style-type: none"> • No prescription required • In addition to existing coverage for psychologists, coverage has expanded to include psychotherapists, social workers, and registered counsellors

Benefits		Coverage before 1 July 2023, reimbursed at 80%	Coverage after 1 July 2023, reimbursed at 80%	Additional information
14.	Psychotherapists	\$2,000 per calendar year	\$5,000 per calendar year	<ul style="list-style-type: none"> • No prescription required • In addition to existing coverage for psychologists, coverage has expanded to include psychotherapists, social workers, and registered counsellors
15.	Social workers	\$2,000 per calendar year	\$5,000 per calendar year	<ul style="list-style-type: none"> • No prescription required • In addition to existing coverage for psychologists, coverage has expanded to include psychotherapists, social workers, and registered counsellors
16.	Registered counsellors	\$2,000 per calendar year	\$5,000 per calendar year	<ul style="list-style-type: none"> • No prescription required • In addition to existing coverage for psychologists, coverage has expanded to include psychotherapists, social workers, and registered counsellors
17.	Physiotherapist	Up to \$500, then a member-paid corridor from \$500 to \$1,000, then unlimited after \$1,000 in claims submitted	\$1,500 per calendar year	<ul style="list-style-type: none"> • Prescription not required • To enable access for 99% of plan members, the member paid corridor between \$500 and \$1,000 was removed to provide continuous coverage • The Treasury Board (TB) President approved utilization of the entire annual amount of \$1,500, per plan participant, from July 1 to December 31, 2023, reimbursed at 80%

Benefits		Coverage before 1 July 2023, reimbursed at 80%	Coverage after 1 July 2023, reimbursed at 80%	Additional information
18.	Flexibility	Up to \$500, then a member-paid corridor from \$500 to \$1,000, then unlimited after \$1,000 in claims submitted	\$1,500 per calendar year	<ul style="list-style-type: none"> • Prescription not required • To enable access for 99% of plan members, the member paid corridor between \$500 and \$1,000 was removed to provide continuous coverage • The TB President approved utilization of the entire annual amount of \$1,500, per plan participant, from July 1 to December 31, 2023, reimbursed at 80%
19.	Massage therapist	\$300 per calendar year	\$500 per calendar year	Prescription not required
20.	Osteopath	\$300 per calendar year	\$500 per calendar year	Prescription not required
21.	Naturopath	\$300 per calendar year	\$500 per calendar year	Prescription not required
22.	Podiatrist or chiroprapist	\$300 per calendar year	\$500 per calendar year	<ul style="list-style-type: none"> • Prescription not required • Coverage has expanded to enable access for plan members who receive services of a podiatrist/chiroprapist/licensed nurse in a community nursing station
23.	Nursing services	\$15,000 per calendar year	\$20,000 per calendar year	Must be medically necessary and provided by a licensed nurse in the personal residence of the plan participant

Benefits		Coverage before 1 July 2023, reimbursed at 80%	Coverage after 1 July 2023, reimbursed at 80%	Additional information
24.	Electrologist	Limited to \$20 per visit, with no annual maximum	\$1,200 per calendar year	<ul style="list-style-type: none"> Reimbursement is no longer limited to \$20 per visit New annual maximum of \$1,200 Prescription required unless plan participant is undergoing gender affirming care
25.	Speech language pathologist and audiologist	\$750 per calendar year	\$750 per calendar year	In addition to existing coverage for speech language pathologists, coverage has expanded to enable access to the services of an audiologist
26.	Prescription eyeglasses, contact lenses (purchase and repairs)	\$275 every two years	\$400 every two years	n/a
27.	Laser eye surgery	\$1,000 per lifetime	\$2,000 per lifetime	n/a
28.	Smoking cessation drugs	\$1,000 per lifetime	\$2,000 per lifetime	n/a
29.	Wigs	\$1,000 every five years	\$1,500 every five years	n/a
30.	Orthopedic shoes	\$150 per calendar year	\$250 per calendar year	Prescription required from a physician or nurse practitioner or podiatrist
31.	Aerotherapeutics supplies	\$300 per calendar year	\$500 per calendar year	In addition to supplies, this benefit also includes coverage for repairs
32.	Hearing aids	\$1,000 every five years	\$1,500 every five years	n/a

Benefits	Coverage before 1 July 2023, reimbursed at 80%	Coverage after 1 July 2023, reimbursed at 80%	Additional information
33. Insulin jet injector	\$760 every three years	\$1,000 every three years	n/a
34. Walkers and wheelchairs	Subject to Reasonable and Customary charges every five years	Subject to Reasonable and Customary charges every five years	<ul style="list-style-type: none"> Coverage expanded to enable access for plan members who require a walker or wheelchair outside of a private residence Coverage expanded to enable access to reimbursement for expenses incurred within the same 5-year period, less the amount reimbursed for the previously claimed chair
35. Medical monitoring devices	Subject to Reasonable and Customary charges every five years	Subject to Reasonable and Customary charges every five years	In addition to existing coverage for apnea and enuresis monitors, coverage expanded to enable access for: oxygen saturation meters, pulse oximeters, saturometers, blood pressure monitors, coagulation monitors, and heart monitors

Hospital Coverage for members with Supplementary Coverage	Coverage before 1 July 2023, reimbursed at 100%	Coverage after 1 July 2023, reimbursed at 100%	Additional information
36. Level I	\$60 per day	\$90 per day	n/a
37. Level II	\$140 per day	\$170 per day	n/a
38. Level III	\$220 per day	\$250 per day	n/a

Out-of-province benefit		Coverage before 1 July 2023, reimbursed at 100%	Coverage after 1 July 2023, reimbursed at 100%	Additional information
39.	Emergency benefit while travelling	\$500,000 every trip	\$1 million every trip	Out-of-province coverage for 40 consecutive days, excluding any time out of the province for business on official travel status
40.	Family Assistance Benefits	\$2,500 per travel emergency	\$5,000 per travel emergency	Coverage for meals and accommodations increased from \$150 to \$200 each day, per plan participant, reimbursed at 100%
41.	Meals & Accommodations	\$150 per day	\$200 per day	Coverage for meals and accommodations increased from \$150 to \$200 each day, per plan participant, reimbursed at 100%

Pensioner Relief Provision		Coverage before 1 July 2023	Coverage after 1 July 2023	Additional information
42.	Pensioner relief provision	Members who retired before April 1, 2015, are eligible	Members who retired after April 1, 2015, until March 31, 2025, are eligible	To support low-income retired members who are either in receipt of a Guaranteed Income Supplement (GIS) or have a net/combined income lower than the GIS thresholds, the relief provision was amended to include plan members who retire after April 1, 2015, until March 31, 2025

PSHCP Changes: Market-Tested Measures	Coverage before 1 July 2023	Coverage after 1 July 2023, reimbursed	Additional information
43. Mandatory Generic Substitution	n/a	<ul style="list-style-type: none"> Plan members with existing brand name prescriptions prior to July 1, 2023, continue to be reimbursed at 80% of the cost of the brand name drug until December 31, 2023 As of January 1, 2024, plan members will be reimbursed 80% of the lowest-cost generic drug Plan members can continue taking the brand name drug, but will need to pay the difference between 80% of the lowest-cost generic and the brand name drug out-of-pocket 	<ul style="list-style-type: none"> Generic drugs are identical to their brand name drug counterparts as they contain the same pharmaceutical ingredients Exceptions are granted based on medical necessity; plan members granted an exception will receive reimbursement for 80% of the cost of the brand name drug

PSHCP Changes: Market-Tested Measures	Coverage before 1 July 2023	Coverage after 1 July 2023, reimbursed	Additional information
44. Legacy coverage	n/a	<ul style="list-style-type: none"> • Plan members with existing brand name prescriptions prior to July 1, 2023, continue to be reimbursed at 80% of the cost of the brand name drug until December 31, 2023 • As of January 1, 2024, plan members will be reimbursed 80% of the lowest-cost generic drug • Plan members can continue taking the brand name drug, but will need to pay the difference between 80% of the lowest-cost generic and the brand name drug out-of-pocket 	<ul style="list-style-type: none"> • Generic drugs are identical to their brand name drug counterparts as they contain the same pharmaceutical ingredients • Exceptions are granted based on medical necessity; plan members granted an exception will receive reimbursement for 80% of the cost of the brand name drug

PSHCP Changes: Market-Tested Measures	Coverage before 1 July 2023	Coverage after 1 July 2023, reimbursed	Additional information
45. Medical flexibility	n/a	<ul style="list-style-type: none"> Plan members with existing brand name prescriptions prior to July 1, 2023, continue to be reimbursed at 80% of the cost of the brand name drug until December 31, 2023 As of January 1, 2024, plan members will be reimbursed 80% of the lowest-cost generic drug Plan members can continue taking the brand name drug, but will need to pay the difference between 80% of the lowest-cost generic and the brand name drug out-of-pocket 	<ul style="list-style-type: none"> Generic drugs are identical to their brand name drug counterparts as they contain the same pharmaceutical ingredients Exceptions are granted based on medical necessity; plan members granted an exception will receive reimbursement for 80% of the cost of the brand name drug
46. Prior Authorization	n/a	The prior authorization program applies to a sub-set of specific prescription drugs that require special handling, and was implemented to ensure that plan members are receiving reasonable treatment	Plan members with existing prescriptions prior to July 1, 2023, will continue receiving reimbursement for their treatment without having to submit a prior authorization request

PSHCP Changes: Market-Tested Measures	Coverage before 1 July 2023	Coverage after 1 July 2023, reimbursed	Additional information
47. Legacy coverage	n/a	The prior authorization program applies to a sub-set of specific prescription drugs that require special handling, and was implemented to ensure that plan members are receiving reasonable treatment	Plan members with existing prescriptions prior to July 1, 2023, will continue receiving reimbursement for their treatment without having to submit a prior authorization request
48. Originator biologics	n/a	<ul style="list-style-type: none"> • The prior authorization program also applies to biologic drugs; • If there is a biosimilar drug available for a given treatment, a plan member may be contacted with transition details 	Exceptions will be granted based on medical necessity
49. Medical flexibility	n/a	<ul style="list-style-type: none"> • The prior authorization program also applies to biologic drugs; • If there is a biosimilar drug available for a given treatment, a plan member may be contacted with transition details 	Exceptions will be granted based on medical necessity

PSHCP Changes: Market-Tested Measures		Coverage before 1 July 2023	Coverage after 1 July 2023, reimbursed	Additional information
50.	Compound drugs	Eligible for reimbursement	Compound drugs now require one active ingredient with a Drug Identification Number (DIN) that is covered under the PSHCP to be eligible for reimbursement	<ul style="list-style-type: none"> • During the legacy period, plan members with existing compound drug prescriptions without an active ingredient with a DIN, will continue receiving reimbursement • Until January 1, 2024, members who were reimbursed for a compound drug, regardless of ingredient, between January 1, 2023, and June 30, 2023, can have a subsequent compound drug (for that same compound drug) reimbursed without the need for one active ingredient to have a DIN
51.	Legacy coverage	Eligible for reimbursement	Compound drugs now require one active ingredient with a Drug Identification Number (DIN) that is covered under the PSHCP to be eligible for reimbursement	<ul style="list-style-type: none"> • During the legacy period, plan members with existing compound drug prescriptions without an active ingredient with a DIN, will continue receiving reimbursement • Until January 1, 2024, members who were reimbursed for a compound drug, regardless of ingredient, between January 1, 2023, and June 30, 2023, can have a subsequent compound drug (for that same compound drug) reimbursed without the need for one active ingredient to have a DIN

PSHCP Changes: Market-Tested Measures	Coverage before 1 July 2023	Coverage after 1 July 2023, reimbursed	Additional information
52. Catastrophic Drug Coverage	Eligible drug expenses will be reimbursed 100% when out-of-pocket drug expenses exceed \$3,000 in a calendar year, per plan participant	Eligible drug expenses will be reimbursed 100% when out-of-pocket drug expenses exceed \$3,500 in a calendar year, per plan participant	n/a
53. Pharmacy Dispensing Frequency Limit	n/a	Pharmacist dispensing fees will now be reimbursed up to a maximum of five times per year, per plan participant, for maintenance drugs	<ul style="list-style-type: none"> • Exceptions will be granted based on medical necessity • Due to provincial pharmaceutical regulations, exceptions are in place for plan members residing in Saskatchewan and Quebec
54. Medical flexibility	n/a	Pharmacist dispensing fees will now be reimbursed up to a maximum of five times per year, per plan participant, for maintenance drugs	<ul style="list-style-type: none"> • Exceptions will be granted based on medical necessity • Due to provincial pharmaceutical regulations, exceptions are in place for plan members residing in Saskatchewan and Quebec
55. Pharmacy Dispensing Fee Cap	n/a	Pharmacist dispensing fees will now be covered up to a maximum of \$8, per plan participant, reimbursed at 80%	<ul style="list-style-type: none"> • The dispensing fee cap does not apply to biologic or compound drugs • Exceptions will be granted based on medical necessity • Due to provincial pharmaceutical regulations, an exception is in place for plan members residing in Quebec

PSHCP Changes: Market-Tested Measures		Coverage before 1 July 2023	Coverage after 1 July 2023, reimbursed	Additional information
56.	Medical flexibility	n/a	Pharmacist dispensing fees will now be covered up to a maximum of \$8, per plan participant, reimbursed at 80%	<ul style="list-style-type: none"> • The dispensing fee cap does not apply to biologic or compound drugs • Exceptions will be granted based on medical necessity • Due to provincial pharmaceutical regulations, an exception is in place for plan members residing in Quebec

Source: Documents submitted by the Treasury Board of Canada Secretariat.

APPENDIX B: LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [webpage for this study](#).

Organizations and Individuals	Date	Meeting
<p>Canada Life</p> <p>Thi Vu, Regional Vice-President, Quebec Region</p> <p>Ryan Weiss, Senior Vice-President, National Accounts</p>	2023/12/07	95
<p>Department of Public Works and Government Services</p> <p>Pascale Archambault, Acting Director General, Business and Technology Solutions Sector</p> <p>Mollie Royds, Associate Assistant Deputy Minister, Procurement Branch</p>	2023/12/07	95
<p>Treasury Board Secretariat</p> <p>Marie-Chantal Girard, Senior Assistant Deputy Minister, Employee Relations and Total Compensation</p> <p>David Prest, Executive Director, Benefits Policies and Programs, Employee Relations and Total Compensation</p>	2023/12/07	95
<p>Public Service Alliance of Canada</p> <p>Sasha Hart, General Counsel</p> <p>Seth Sazant, Pension and Benefits Officer</p>	2024/02/26	106

APPENDIX C: LIST OF BRIEFS

The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [webpage for this study](#).

Canadian Association of Professional Employees

ECCC Employee Accessibility Network

White, Pamela

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 95, 106 and 123](#)) is tabled.

Respectfully submitted,

Kelly McCauley
Chair

Canada Life Supplementary Report

Introduction

The Conservative Party has many concerns regarding not only the changes to, and lack of planning for, the new public service health care plan, but also the administration of the new plan.

The change of the contents of the public service health care plan at the same time as the administrator has placed undue hardship on public servants as they have tried to claim their benefits since July 1, 2023.

Process to procure the plan administrator

Information on how the new administrator for the PSHCP was chosen changed from what was initially reported. The public was told by the President of the Treasury Board, Anita Anand, that Canada Life was chosen because it was the only option. Members have now learned that three companies competed for the contract.

Process to Change the PSHCP

The Liberal government, while in the process of retendering the plan administrator for the PSHCP, decided to change the benefits simultaneously.

These changes caused a miscommunication for thousands of members that were unsure if their benefits were rejected because of the differences in administrative requirements, for example documentation, between administrators changed, or if it was a change to the benefits themselves. Members were unsure throughout the process if the blame lied with Canada Life or the government due to the overlap of changes.

Failures in reimbursement and manual transfers

Many members of this plan were not properly reimbursed for months, which led to financial and medical challenges for members and their dependents. Those with severe health challenges, who did not have additional financial support, had to choose between their health and their financial security.

Members could not solve this problem themselves, as they could not get through to the call centre. This issue was exacerbated by the government's mandatory manual transfer of information to Canada Life. There were many members who had not switched over by the required time which led to unreimbursed expenses. Additionally, those that did not have access to computers struggled to sign up as there was no clear paper process.

MSH International

MSH International is a subcontractor for Canada Life which experienced a security breach on February 9, 2024. This breach compromised the security of Canadians working abroad and prevented them from submitting claims for several weeks. This was in addition to the severe backlog that already existed under this subcontractor.

It is concerning that a plan administrator can claim to be secure and efficient, while simultaneously not maintaining the same service standards for their subcontractors.

There is still a backlog of claims that continue to impact Canadians abroad.

Conclusion

Instead of ensuring the change in administrators was as seamless as possible, this Liberal government decided to switch the administrator and plan benefits simultaneously. These changes led to numerous health impacts and missed benefits for members.

Recommendations

1. The inclusion of physiotherapy limitations has discriminated against seniors and people with disabilities. In future negotiations, the government should consider age and medical discrimination when making decisions.
2. The government should have standards not only for contractors, but also subcontractors to ensure the safety of Canadians' information abroad and that those abroad have equal access to claim benefits.
3. Canada Life should cover any losses attributed to the lack of timely benefits as they were responsible for the influx of new plan members.

Bloc Québécois supplementary opinion

The federal government continues to demonstrate its inability to properly manage issues within its jurisdiction. The list of files under federal jurisdiction where there have been management problems include:

- Phoenix pay system;
- Canada Post (access to services in rural/remote/isolated regions, closing of postal outlets, etc.);
- National defence;
- Passports;
- Immigration;
- Services to veterans;
- Border control;
- Lack of surveillance at the Port of Montreal;
- Public Service Health Care Plan;
- Gun smuggling;
- Etc.

These files and so many others speak volumes about how dysfunctional the federal government has become, despite the fact that the public service has grown by more than 40%.

The Sun Life to Canada Life fiasco is another example of the federal government's abysmal incompetence in managing files under its jurisdiction. Current federal management is a last-minute effort, done in response to newspaper articles. There is a glaring lack of monitoring and supervision, as well as overall planning, which is necessary for the long-term management of a government.

Paradoxically, while the government is completely incapable of managing its own files, it has increased its level of interference in areas of provincial jurisdiction. The list grows almost by the day, but here are a few examples:

- Dental care;
- Health;
- Housing;
- Education,
- Etc.

Even more worrisome are the words of Prime Minister Justin Trudeau, who publicly said that respecting jurisdictions was not that important to him: "I always respect the Constitution, but my primary responsibility is to ensure that all Canadians have a bright future." He went on to say, speaking of the provinces, "If we have to, I will bypass them."¹ These statements are contradictory in themselves, since the Prime Minister claims to "always respect the Constitution" but adds that he will bypass the provinces. The Constitution, however, is clear on the rights and powers of the federal government and those of the governments of Quebec and the Canadian provinces. "Bypassing the provinces" is not a demonstration of respect for the Constitution. The

premiers wrote him a letter denouncing these intrusions, but the Prime Minister dismissed these criticisms out of hand with inelegant arrogance, saying that he did not have to respect the Constitution when he thinks he can do better.

This response is further proof of the refusal by the federal government and the Prime Minister in particular to respect the Law of Laws, the Canadian Constitution. While this government is failing miserably on every issue, it is trying to extend its incompetence to the provinces. For these reasons, the Bloc Québécois would like to remind the government of its poor record and ask it to take care of its own files instead of looking for new ways to encroach on the provinces. Canada Life, as a reminder, is one of those areas of federal jurisdiction that should have been properly monitored and managed.

Additional Bloc Québécois recommendation: “That the federal government look for ways to pay its employees, to provide them with the health care they are entitled to and to properly manage its own files rather than enter into an open conflict with the provinces by refusing to offer compensatory opting-out and increasing intrusions into their areas of jurisdiction.”