

# ASEBP Trustees' Report

Volume 28-20 No. 07 November 2020

## Highlights of the November 20, 2020, Trustees' Meeting

### 1. COVID-19 Update

- Administration continues to respond to an increase in reported sick leaves and is preparing for a potential increase in disability claims

### 2. Plan Design

- The ASEBP Trustees are constantly striving for value, balancing plan benefits and the cost of investing in the current and future health of covered members. They are sensitive to participant needs and stakeholder concerns, as well as the impact of changing medical, dental, pharmaceutical and other practices, in addition to changes to the health care system. The ASEBP Trustees are also cognizant of plan utilization, statutory or regulatory requirements and market conditions (i.e. competition from other benefit providers and fiscal constraints)
- **Second Reading (Final Approval)**
  - **Extended Health Care (EHC): January 1, 2021**
    - Batteries for cochlear implants will be added to the hearing aid benefit (the \$3,000 combined maximum every three years will remain in place)
  - **Extended Disability Benefits (EDB): January 1, 2021**
    - When EDB claimants do not share details about Canada Pension Plan disability payments and Administration cannot accurately offset EDB benefits as stipulated under the EDB plan document, Administration will suspend EDB benefits until information is received from the covered member
- **First Reading (Initial Approval)**
  - **EDB: September 1, 2021**
    - The calculation of EDB benefits will recognize different remuneration schedules and more closely reflect actual earnings, ensuring more equitable payments to covered members when they are in receipt of EDB
  - **Please note** that final approval (second reading) is required and changes may occur between readings

### 3. ASEBP Dental Benefit List Fees


- ASEBP Dental Benefit List fees will remain the same for 2021 (no changes)
- Analysis shows that submitted charges from dental providers decreased following the introduction of the Alberta Dental Association & College (ADA&C) fee guide in 2017. However, with recent increases to the ADA&C fee guide, charges from dental providers have again started to climb

#### ASEBP TRUSTEES

Drew Chipman, Chair  
Fred Kreiner, Vice-Chair  
Holly Bilton  
Evelyn Chan  
Arlene Hrynyk  
Doug Lerke  
Shirene Napier  
Kim Pasula  
Daryl Scott  
Natashya Shewchuk

#### CHIEF EXECUTIVE OFFICER

Kelli Littlechilds

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- Preventative services are a key component of oral health, including regular checkups. To continue to encourage covered members to be proactive with their oral health, ASEBP's checkup coverage is higher than the rates suggested by the current ADA&C fee guide
  - ASEBP will continue to closely monitor trends, balancing the health of covered members and their dependants with fiscal responsibility

#### 4. Reserves

- Each fiscal year end (August 31), ASEBP must establish regular reserves to:
  - Ensure that promised benefits will be paid in the event of an interruption of premiums or a partial wind-up of a benefit plan; and
  - Reflect the impact of claims in the year in which they occurred.
- The ASEBP Trustees set reserve requirements at approximately \$538M (\$510M in 2019). Liabilities have increased primarily due to the application of accounting policies under International Financial Reporting Standards, as well as an increase in EDB recipients. The increase in liabilities is partially offset by a release of reserves due to the recent Retirement Incentive for Teachers and Employees (RITE) program
- Most reserves relate to future payments of EDB claims, as ASEBP must set aside enough money to pay each claim as long as required, sometimes until the member turns 65. Since the bulk of this money will be paid out at some point in the future, reserves have an opportunity to earn investment income. The expected investment income is also factored in when determining reserve requirements. As at August 31, 2020, the reserves were fully funded and invested with a variety of investment managers

#### 5. Experience Adjustment System – First Reading (Initial Approval)

- The ASEBP Trustees reviewed the Experience Adjustment System (EAS) policy and three changes were given first reading (initial approval) effective September 1, 2021:
  - **New graded exit schedule:** Historically, as soon as an employer group drops below the EAS enrolment threshold, they lose eligibility to participate in the EAS and move to base premium rates. Adding an exit schedule will limit large changes in EAS position and allow for more stability for those employer groups with fluctuating enrolment that can take them above or below the enrolment threshold from one year to the next. The graded exit schedule will mirror the existing graded entry schedule
  - **Equal Life/EDB experience weighting:** Instead of the most recent experience having a heavier weighting, all five experience years will be weighted equally. This will align the EAS with the methodology used in premium rate setting
  - **Increased EHC pooling threshold:** Currently, an employer group is protected from a covered member's EHC combined claims exceeding \$15K per year; this amount will change to \$25K per year. Graded movement already limits the degree of change in an employer group's surcharge or discount position from year to year to provide increased stability. If not properly balanced, the two pooling mechanisms can work against each other, which is the impetus for changing the EHC combined claims pooling threshold
- **Please note** that final approval (second reading) is required and changes may occur between readings


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## 6. Appointments

- The ASEBP Trustees appointed Shelley Russell as the EDB Appeal Committee third party alternate member. Committee members include Daryl Scott, Doug Lerke and Dwight Anthony, as well as alternate members Holly Bilton and Natashya Shewchuk
- The Executive Committee includes the Chair, Drew Chipman, and Vice-Chair, Fred Kreiner
- The Audit and Risk Committee includes Shirene Napier and Kim Pasula

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The ASEBP Trustees' Report provides an overview of topics discussed at all ASEBP Trustees' Meetings. These meetings provide the opportunity for ASEBP Trustees to come together to discuss matters of importance at ASEBP—from the financial health of the benefit plan to the introduction of new benefits and programs. While all information in each report is an accurate account of decisions made at the meetings, there can be changes that occur between first and second readings of certain topics, which may result in differences between their reporting.

To learn more about the ASEBP Trustees, please visit the Governance page, found in the About section of our website, [asebp.ca](http://asebp.ca).



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