

Highlights of the November 24, 2022, Trustees' Meeting

1. ASEBP DENTAL CARE UPDATES

- The ASEBP Trustees gave **final approval** (second reading) to an increased maximum for dental implants effective January 1, 2023. Fee guides do not cover all dental procedures, so certain maximums are set outside of those parameters. Dental implants are one such procedure, and its maximum will be increased to \$2,100 to reflect changes that have occurred in the marketplace.
- Effective January 1, 2023, the ASEBP Dental Benefit List (DBL) fees will be set to the levels outlined in the College of Dental Surgeons of Alberta 2022 fee guide. ASEBP DBL fees are used to adjudicate eligible reimbursement amounts for Dental Care claims. So, while covered members may have 100% coverage for a certain dental service, 100% of the dentist's bill may not be covered as they may charge more than what is outlined in the ASEBP DBL. The increase to ASEBP DBL fees is intended to minimize these types of out-of-pocket expenses for covered members; however, each dentist sets their own rates so out-of-pocket expenses will vary.
- The ASEBP Trustees have also determined that future ASEBP DBL fees will be set to the levels outlined in the College of Dental Surgeons of Alberta fee guide published for the prior calendar year.

ASEBP TRUSTEES

Drew Chipman, Chair
James Gerun, Vice-Chair
Meagan Kuik
Doug Lerke
Judy Muir
Brett Nixon
Kim Pasula
Daryl Scott
Natashya Shewchuk
Brad Toone

CHIEF EXECUTIVE OFFICER

Kelli Littlechilds

2. REMINDER: EMPLOYEE AND FAMILY ASSISTANCE PROGRAM CHANGES COMING

- On December 1, 2022, ASEBP will be moving to a new Employee and Family Assistance Program (EFAP) provider—Inkblot, a Canadian company aiming to create the world's most cost-effective and accessible EFAP. Homewood Health will continue as ASEBP's EFAP provider until November 30, 2022. Information has been shared with employers and publicly announced to covered members on [ASEBP's website](#). Inkblot is hosting a general public orientation on December 8, 2022. Covered members can learn more about their services and how their platform works by [registering to attend](#) (the session is offered in both English and French). This orientation is open to all of Inkblot's clients, not just ASEBP covered members.

3. 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



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- Reflect the impact of claims in the year in which they occurred.
- The ASEBP Trustees set reserve requirements at approximately \$503M (\$452M in 2021). Liabilities have increased primarily due to an increase in Extended Disability Benefits (EDB) recipients and payments.
- 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, 2022, the reserves were fully funded and invested with a variety of investment managers.

4. FINANCIAL HEALTH

- ASEBP measures its financial health through the use of ratios under its Capital Adequacy Policy and the related Capital Adequacy Reserve. The intent of this reserve is to provide financial stability during unusual times.
- ASEBP's Capital Adequacy Policy identifies how much capital ASEBP reasonably requires under unusual circumstances. The Policy is based on the premise that capital adequacy is more than simply being able to meet day-to-day expenses or being solvent—ASEBP has a number of measures in place to protect the plan from risks associated with regular operations. These include having reserves for future disability payments, analyzing past claims experience and projecting expected changes, including margins to account for some degree of fluctuation, etc. The Capital Adequacy Reserve is in addition to all regular reserves.
- The financial framework captured in the Capital Adequacy Policy strives to establish an appropriate balance between assets and liabilities, thus helping the ASEBP Trustees determine when ASEBP has sufficient financial resources to meet specific risks during unusual times that impact overall financial performance. These risks are related to asset, reserve, and claims variability:
 - Asset variability takes into account the market value of investments and other assets held by ASEBP, which can be subject to significant variation.
 - Reserve variability takes into account the impact of changes to the number of EDB claims on related reserves, which make up nearly 90% of ASEBP liabilities.
 - Claims variability takes into account the possibility of an unusual fluctuation in claims.

A factor of financial risk has been assessed for each of these areas of variability to determine total capital requirements. The greatest amount of potential variability for ASEBP typically comes from assets, followed by reserves, followed by in-year claims.

- The funded ratio of the plan is the ratio of total available assets recognized on the balance sheet divided by the total liabilities. This captures the extent that the total plan is funded or unfunded. For example, a funded ratio of 110% would indicate the plan has 10% more assets than liabilities, whereas a funded ratio of 90% would indicate that the plan assets are 10% lower than the plan liabilities. Pension plans and many other self-funded disability plans and trusts consider their funded ratio when looking at the overall funding levels of the plan.
- In addition to the funded ratio, there is a target funded ratio, which is the funding level that would be calculated if both the plan's liabilities and Capital Adequacy Reserve were fully funded.



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- The plan actuary calculated that, as of August 31, 2022, the funded ratio is 111% while the target funded ratio is 121%. Overall, ASEBP's financial health continues to be good.

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.

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