



Trustees' Report

Information for school trustees, participating employers, and employee representatives
published following each regularly scheduled meeting (Sept. – June)

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Highlights of the March 17-18, 2017, Trustees' Meeting

1. CEO's Report

- ◆ The customary overview of claims statistics was presented.

2. Premium Rates 2017/18 – Second Reading

- ◆ The ASEBP Trustees gave **final approval** (second reading) to September 1, 2017, premium rates. Instead of a 4.9 per cent increase (which, based on claims experience, would be break even), the Trustees have decided on a **1 per cent increase** for 2017/18. This increase follows a 1 per cent increase last year and four previous years of maintaining or decreasing rates.
- ◆ The changes by plan:
 - Life Insurance: 1.2 per cent decrease
 - Accidental Death and Dismemberment Insurance: no change
 - Extended Disability Benefits: 1.3 per cent increase
 - Extended Health Care: 0.3 per cent increase
 - Dental Care: 1.2 per cent increase
 - Vision Care: 5.8 per cent increase
 - Employee and Family Assistance Program: no change
- ◆ The ASEBP Trustees are drawing down part of the capital adequacy reserve to offset premium rate increases for the coming year. The capital adequacy policy includes guidelines for Trustee action when the capital adequacy reserve is fully funded and additional monies are available. These actions include the potential for reducing premium rates and/or making benefit improvements. Capital adequacy funds were drawn down for benefit improvements that were effective January 1, 2015, such as Dental Care and the Employee Family and Assistance Program. The capital adequacy reserve was also used to offset premium rates the last three years.
- ◆ The ASEBP Trustees decided to keep the ASEBP Dental Benefit List fees frozen at 2015 levels for 2016 and again for 2017 (see the [December ASEBP Trustees' Report](#) for more information). This action has kept Dental Care premiums 4.8 per

cent lower than they would be otherwise (the increase/break even for 2017/18 would have been 6 per cent instead of 1.2 per cent.) It appears that some dentists have increased their charges in 2017, but this has not resulted in a significant increase to out-of-pocket expenses for ASEBP covered members. The situation will continue to be monitored.

- ◆ Future premium rates will be dependent on claims experience, investment returns, plan design changes, etc.
- ◆ A breakdown of the monthly* premium rates is provided below:

*except as noted

Life		
Plan 2	per \$1,000 of coverage	\$0.112
Accidental Death and Dismemberment		
Plan 2	per \$1,000 of coverage	\$0.011

Extended Disability Benefits		
Plan D	% of monthly earnings	1.92%
Plan E	% of monthly earnings	1.92%

Extended Health Care		
Plan 1	Single	\$84.00
	Family	\$201.75
Plan 2	Single	\$61.25
	Family	\$146.50
Plan 5	Single	\$75.75
	Family	\$180.75

Dental Care		
Plan 1	Single	\$42.25
	Family	\$105.50
Plan 2	Single	\$55.00
	Family	\$133.75
Plan 3	Single	\$55.00
	Family	\$149.50

Vision Care		
Plan 1	Single	\$2.50
	Family	\$5.75
Plan 2	Single	\$4.75
	Family	\$11.00
Plan 3	Single	\$9.00
	Family	\$22.50

Early Retirement Benefits Package 2**		
	Single	\$125.00
	Family	\$200.00

**closed to new participants as of September 1, 2011

Substitute Teachers and Casual Staff / Part-time Employees		
<i>Without Dental</i>		
Package 1	Single	\$69.75
Package 2	Family	\$158.25
Package 3	Single	\$74.25
Package 4	Family	\$162.25
<i>With Dental</i>		
Package 1	Single	\$139.75
Package 2	Family	\$323.50
Package 3	Single	\$144.25
Package 4	Family	\$327.50

Blanket Life for School Trustees		
	Annual	\$60.00

Employee and Family Assistance Program		
Provided by ASEBP at no cost		

- ◆ The ASEBP Trustees have suspended the Extended Health, Dental and Vision Care component of the Experience Adjustment System for 2017/18. This will allow time to review the system and the impact of high cost claims (for example, outside Canada emergency travel, specialty prescription medicines, etc.). The Life/Extended Disability Benefits component of the Experience Adjustment System will operate as usual for 2017/18.
- ◆ Notification to school jurisdictions about their final 2017/18 premium rates, including any discounts and surcharges, will be sent to employer and employee representatives following final approval of premium rates (late March or early April). Preliminary information is available by contacting their ASEBP School Jurisdiction Liaison.
- ◆ *Level 1 and 2 Health Benefits Claims Experience Reports* will be distributed in April/May.

3. Health Spending Account Administration Fees – Second Reading

- ◆ The ASEBP Trustees gave **final approval** (second reading) to September 1, 2017, health spending account (HSA) administration fees. The fees for 2017/18 will remain the same:
 - HSA Package 1: \$2.00/employee/month
 - HSA Package 2: \$10.00/employee/year

4. Audited Financial Statements

- ◆ The audited financial statements for the year ended August 31, 2016, were approved by the ASEBP Trustees. The external auditors gave an unqualified opinion. Investment returns for the year were strong, and a significant reduction in liabilities related to Extended Disability Benefits means ASEBP is in a positive financial position. Regular reserves and the capital adequacy reserve were both fully funded at year end.
- ◆ Financial statement highlights will be published in ASEBP's annual report, which will soon be available on ASEBP's website.

5. Investments

- ◆ The ASEBP Trustees reviewed the detailed 2016 investment portfolio results. The overall return was 7.0 per cent (and below the benchmark). Returns for 2015 were 7.6 per cent (and above the benchmark).
- ◆ The ASEBP Trustees also met with two of their investment managers regarding several specific mandates.

6. Plan Design – First Reading

- ◆ The ASEBP Trustees gave **initial approval** (first reading) to a change in approach to the composition of the ASEBP Drug Benefit List.
- ◆ The ASEBP Trustees have continued to enhance their management of the ASEBP Drug Benefit List in recent years, striving to balance the health needs of covered members and their families with the financial realities of operating a benefit plan. This is due, in large part, to enhanced reporting and data analytics capabilities as well as greater access to clinical pharmaceutical expertise.
- ◆ ASEBP has also developed a more comprehensive understanding of the end-to-end cycle of the prescription drug world, from the time the drug receives notice of compliance from Health Canada to the time it's listed on the ASEBP Drug Benefit List. When listing a drug, appropriate criteria are developed to ensure coverage for the right drug is available at the right time for the right person at a fair price.
- ◆ To date, all drugs that have been approved by Health Canada have been added to the ASEBP Drug Benefit List with cost and utilization managed through a variety of

mechanisms, including pricing policies, such as least cost alternative pricing and therapeutic alternatives reference pricing, and clinical management, such as step therapy and special authorization, to name a few. Not all new drugs bring good value, however. At times, clinical effectiveness is not substantially improved yet the price of a new drug is considerably higher than those of existing drugs that have proven clinical effectiveness at a lower cost.

- ◆ The ASEBP Trustees will continue to carefully consider the composition of the ASEBP Drug Benefit List. In the meantime, most drugs will continue to be added and managed through the variety of mechanisms already in place. Going forward, the ASEBP Trustees may choose to exclude select drugs to ensure coverage is available for the right drugs—ones that offer both good value and proven efficacy.
- ◆ **Please note** that final approval (second reading) is required and changes could occur between readings.

The ASEBP Trustees' Report is distributed to participating employers, school trustees, ATA and CUPE locals and other employee representatives. It provides an overview of issues discussed by ASEBP's Trustees. Information from this report may be provided to covered members, but please note that changes may occur between first and second readings. ASEBP will continue to confirm policy changes in Administration Bulletins. If you would like to be included on the distribution list, please contact ASEBP.



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