

ASEBP Trustees' Report

Volume 28-20 No. 02 February 2020

Highlights of the February 21, 2020, Trustees' Meeting

1. Plan Design – Second Reading (for March 1, 2020)

- 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)
- The ASEBP Trustees gave **final approval** (second reading) to **Extended Disability Benefits** plan design changes effective **March 1, 2020**. These changes, while relatively minor, support the continued participation of employer groups in the Service Canada Employer Insurance Premium Reduction Program. Participation in this program has provided significant savings to employer groups in the past and it's anticipated these savings will continue
- The revised Extended Disability Benefits Plan Document can be found on the ASEBP Employer Services Portal. **Note: ASEBP has submitted a copy to Service Canada and they have requested that employers refrain from sending in additional copies unless specifically requested to do so by Service Canada**
- **Reminder:** a number of plan design changes went into effect on January 1, 2020. Check out the [Planning Ahead for Plan Changes](#) article on our website, asebp.ca, for a summary of changes

ASEBP TRUSTEES

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

CHIEF EXECUTIVE OFFICER

Kelli Littlechilds

2. Premium Rates 2020-21 – First Reading

- The ASEBP Trustees gave **initial approval** (first reading) to September 1, 2020, premium rates. Instead of an 11.9% increase (which, based on claims experience, would be break-even), the ASEBP Trustees are pleased to report that the increase will be limited to 4.7% for 2020-21
 - The increase follows several years of relatively stable premium rates
 - 20% of the increase is due to government changes resulting in cost shifting to the Extended Health Care plan, particularly from the Seniors drug benefit program
 - The overall increase is lower than trends in the industry
 - Aon, who provides benefits advice and actuarial services to the ASEBP Trustees, estimates that in Alberta, the industry faces a 6.4% increase in costs for 2020 due to various factors, such as:
 - 6% cost increase to medical claims in 2020 (Aon Global Trend report)
 - 1.5% cost increase from Government of Alberta changes to the Seniors drug benefit program
 - 4.4% increase to 2020 Alberta Dental Fee Guide



- 6.5% increase in long-term disability costs due to rising incidence rates and worsening experience
 - Current premium rates are 1% lower than in 2014-15
- Here are the premium rate changes by plan:
 - Life Insurance: no change
 - Accidental Death and Dismemberment Insurance: no change
 - Extended Disability Benefits: 2% increase
 - Extended Health Care: 10.8% increase
 - Dental Care: no change
 - Vision Care: 2.4% 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 ASEBP Trustee action when the Capital Adequacy Reserve is fully funded and additional monies are available. These actions include the potential for premium rate reductions as well as benefit improvements. Capital Adequacy Reserve funds were drawn down for benefit improvements that took effect on January 1, 2019, such as the increase to massage therapy, physiotherapy and acupuncture per visit maximums as well as historical changes, including funding the Employee and Family Assistance Program since its 2015 inception. The Capital Adequacy Reserve has also been used to offset premium rates for the last six years
- Future premium rates will be dependent on claims experience, investment returns, plan design changes, etc.
- A breakdown of the monthly premium rates, except as noted, is provided below:

Life		
Plan 2	per \$1,000 of coverage	\$0.113

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

Extended Disability Benefits		
Plan D	% of monthly earnings	1.74%
Plan E	% of monthly earnings	1.74%

Extended Health Care		
Plan 1	Single	\$95.75
	Family	\$230.25
Plan 2	Single	\$69.75
	Family	\$167.25
Plan 5	Single	\$86.50



	Family	\$206.25
--	--------	----------

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 2	Single	\$5.00
	Family	\$12.00
Plan 3	Single	\$10.00
	Family	\$24.75

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

*Closed to new participants as of September 1, 2011

Supplemental Package		
<i>Without Dental</i>		
Package 1	Single	\$79.50
Package 2	Family	\$180.50
Package 3	Single	\$84.75
Package 4	Family	\$185.00
<i>With Dental</i>		
Package 1	Single	\$149.50
Package 2	Family	\$345.75
Package 3	Single	\$154.75
Package 4	Family	\$350.25

Blanket Life Insurance for School Trustees		
	Annual	\$60.00

Employee and Family Assistance Program		
	Provided by ASEBP at no cost	

- **Please note** that final approval (second reading) is required and changes may occur between readings

-
- Notification to employer groups about their final 2020-21 premium rates, including any discounts and surcharges, will be sent to employer and employee representatives following final approval in late March or early April. Preliminary information is available by contacting your ASEBP school jurisdiction liaison
 - Level 1 and 2 Health Benefits Claims Experience Reports will also be distributed in April or May

3. Spending Accounts' Administration Fees

- There are no changes to Spending Accounts' administration fees for 2020-21
- A breakdown of the monthly administration fees is provided below:

Spending Accounts		
Standalone HSA	Per employee	\$2.55
Combined HSA/WSA	Per employee	\$2.80

- The ASEBP Trustees have requested Administration review the design and flexibility of Spending Accounts

4. Investments

- As noted in the *October 2019 ASEBP Trustees' Report*, the results of asset-liability optimization modelling led to changes in the strategic asset mix policy. Implementation of that policy includes establishing an investment manager structure followed by selection of investment managers (some existing managers may exit while new managers are added) and ongoing monitoring of managers and strategy
- The asset mix transition plan is underway. The ASEBP Trustees named PH&N Institutional, a division within RBC Global Asset Management, as Canadian mortgage manager, increasing the asset allocation to mortgages and replacing Great-West Life Investment Management

5. Appointments

- The ASEBP Trustees welcomed Arlene Hrynyk to her first meeting. Arlene was appointed as an ASEBP Trustee by the Alberta School Boards Association



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.



Allendale Centre East • Suite 301, 6104-104 Street NW • Edmonton, AB T6H 2K7
Phone: 780-438-5300 • Email: trustees@asebp.ca • Website: asebp.ca