

ASEBP Trustees' Report

Volume 29-21 No. 04 March 2021

Highlights of the March 19-20, 2021, Trustees' Meeting

1. Premium Rates 2021-22 – Second Reading

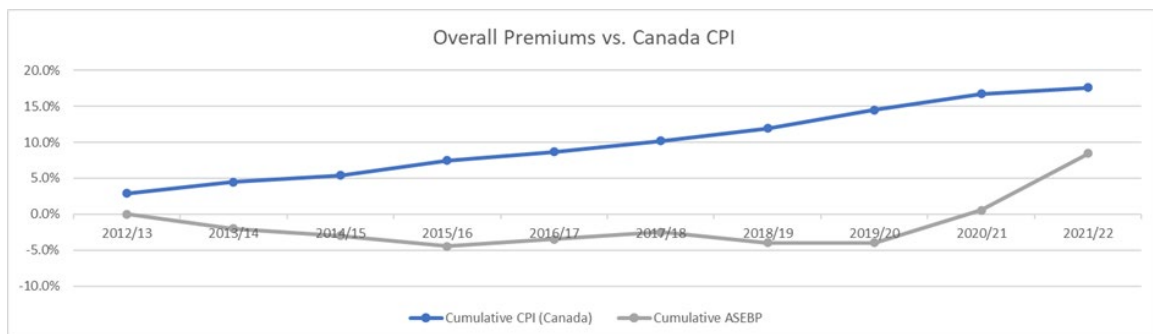
- The ASEBP Trustees gave **final approval** (second reading) to September 1, 2021, premium rates. Instead of a 12.3% increase (which, based on claims experience, would be break-even), the ASEBP Trustees have limited the increase to 7.85% for 2021-22
 - The increase follows several years of relatively stable premium rates that were subsidized through excess investment returns. Including this increase of 7.85%, overall premium rates for ASEBP have increased at a rate of only 0.8% per year over the past 10 years. This is largely due to premium subsidies the ASEBP Trustees were able to apply; however, the pandemic and its impact on investment markets has resulted in an accelerated depletion of the fund used for those premium subsidies. As a result, the ASEBP Trustees are working toward balancing premium rates with actual premium costs. Recognizing these are difficult economic times, this is anticipated to occur over a period of three years
 - After the 7.85% increase for 2021-22, increases in the following two years could be anywhere from 4% to 8%, depending on plan experience
 - A review of key plan design changes over the last three years has shown net savings of approximately \$250K per year and therefore are relatively neutral. Strategic plan design discussions will include a review of potential cost containment measures while at the same time supporting the health of covered members
 - The overall increase to premium rates continues to be lower than trends within the industry, where suggested increases to long-term disability are averaging over 25%*. The increase also trails the Canadian consumer price index (CPI). CPI changes reflect the annual change in CPI for the calendar year preceding the premium rate change

ASEBP TRUSTEES

Drew Chipman, Chair
Fred Kreiner, Vice-Chair
Evelyn Chan
Arlene Hrynyk
Doug Lerke
Judy Muir
Shirene Napier
Kim Pasula
Daryl Scott
Natasha Shewchuk

CHIEF EXECUTIVE OFFICER

Kelli Littlechilds



*as per Aon



- Here are the premium rate changes by plan:
 - Life Insurance: no change
 - Accidental Death and Dismemberment Insurance: no change
 - Extended Disability Benefits: 3.8% increase
 - Extended Health Care: 11.7% increase
 - Dental Care: 10% increase
 - Vision Care: 11.6% increase
 - Employee and Family Assistance Program: no change
- The ASEBP Trustees are continuing to draw 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 not fully funded. These actions include the potential for additional premium rate increases as well as containing costs through plan design
- 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	1.81%
Plan E	% of monthly earnings	1.81%

Extended Health Care		
Plan 1	Single	\$107.00
	Family	\$257.25
Plan 2	Single	\$78.00
	Family	\$186.75
Plan 5	Single	\$96.50
	Family	\$230.50

Dental Care		
Plan 1	Single	\$46.50
	Family	\$116.00
Plan 2	Single	\$60.50
	Family	\$147.25



Dental Care		
Plan 3	Single	\$60.50
	Family	\$164.50

Vision Care		
Plan 2	Single	\$5.50
	Family	\$13.50
Plan 3	Single	\$11.25
	Family	\$27.50

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	\$88.75
Package 2	Family	\$201.50
Package 3	Single	\$94.75
Package 4	Family	\$206.75
<i>With Dental</i>		
Package 1	Single	\$165.75
Package 2	Family	\$383.25
Package 3	Single	\$171.75
Package 4	Family	\$388.50

Blanket Life Insurance for School Trustees		
	Annual	\$60.00

Employee and Family Assistance Program		
	Provided by ASEBP at no cost	

- Notification to employer groups about their final 2021-22 premium rates, including any discounts and surcharges**, will be sent following final approval in late March or early April. Preliminary information is available by contacting your ASEBP client consultant

**Please refer to the [December 2020 Trustees' Report](#) for a summary of changes to the Experience Adjustment System, which take effect alongside the new premium rates

- Level 1 and 2 Health Benefits Claims Experience Reports will be distributed to their respective employer groups in April or May



2. Spending Accounts' Administration Fees

- There are no changes to Spending Accounts' administration fees for 2021-22
- 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

3. Retiree Benefits Plan – First Reading

- The ASEBP Trustees gave **initial approval** (first reading) to a retiree benefits plan and related premiums effective July 1, 2021
- Retirees of ASEBP-participating employers are eligible to participate in this voluntary plan, which includes Extended Health Care, Dental Care, Vision Care, Life Insurance, Basic Accidental Death & Dismemberment Insurance and Voluntary Accidental Death & Dismemberment Insurance in different combinations. Details about eligibility criteria, coverage and premium rates will be communicated in April
- An open enrolment period will be established from July 1, 2021, to December 31, 2022, to allow eligible retirees who are currently not participating in ASEBP to join the new retiree benefits plan
- A referral program will also be in place from July 1, 2021, to December 31, 2022, for covered members participating in the retiree benefits plan. Any covered member who successfully refers a new retiree benefits plan enrollee not currently covered by ASEBP will receive a one-time, 5% discounted premium rate for 12 months
- **Existing** early retirees may **continue** to participate in early retirement benefits or they may switch to the new retiree benefits plan. Covered members under 65 may choose to enrol in the current early retirement benefits plan until December 31, 2021, or they can enrol in the new retiree benefits plan. Covered members over 65 can enrol in the new retiree benefits plan starting July 1, 2021
- Experience under the new retiree benefits plan will not be tied to employer groups under the Experience Adjustment System (EAS). Early retiree experience under the current plan will continue to be considered under the EAS; however, the impact to employer groups will diminish as enrolment in early retiree benefits drops off over time
- **Please note** that final approval (second reading) is required and changes may occur between readings

4. Employee Life and Health Trust Transition

- In 2018, the federal government proposed legislation for phasing out health and welfare trusts in favour of employee life and health trusts by the end of 2020. This date was revised to December 31, 2021. Transitional rules have now been released, and as a result, several changes to the ASEBP Deed of Trust have been identified. These changes will ensure ASEBP is compliant with legislation by the end of the year. Any amendment to the Deed of Trust requires the agreement of ASEBP's two parent bodies as well as the 10 ASEBP Trustees

5. Governance Effectiveness

- The ASEBP Trustees continued their governance effectiveness activities with a risk management workshop and an investment beliefs workshop

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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