

January 20, 2021

To: Benefit Administrators / Human Resource Personnel

From: Alana Shearer-Kleefeld
Director, Employee Benefits

Re: Out-of-Scope Extended Health Care and Enhanced Dental Plan Contribution Rate for 2021

Following their annual review with the plan actuary, the Employee Benefit Plans Board of Trustees approved maintaining the current contribution rate for the out-of-scope extended health care and enhanced dental plan through 2021. The current contribution rate is \$103.00/FTE + 0.5% of straight time pay.

The extended health care portion of the plan is underwritten on an insured refund basis. An insured refund arrangement means that Canada Life insures the claims risk but once reserves held by the insurer are fully funded remaining funds can be returned to the trust.

The enhanced dental portion of the plan is underwritten on an administrative services only (ASO) basis. An ASO arrangement means that the plan pays only the actual claims costs plus an administration fee to Canada Life for paying the claims on the trust's behalf.

In 2019, the out-of-scope plan paid \$5,064,628 in extended health care claims and \$1,296,134 in enhanced dental claims plus ASO expenses of \$399,364 compared to \$6,739,587 in contributions. The contribution rate was maintained in 2020 to reduce surplus funds to target levels. However, COVID-19's unforeseen disruption on claims was significant in 2020 and has resulted in a slower draw down of surplus than anticipated. It is important to note that there are still many unknowns pertaining to COVID-19 and potential implications on future claims experience.

We will continue to monitor the out-of-scope extended health care and enhanced dental rate closely. The rate will be reviewed again in December 2021. We do anticipate that a rate increase may be needed in 2022. A rate increase will be implemented only if it is required.

If you have any questions about the out-of-scope extended health care and enhanced dental rate for 2021, please contact Alana Shearer-Kleefeld at alana.shearer-kleefeld@3shealth.ca or 306.347.5599.