

November 30<sup>th</sup>, 2017

**To: Benefit Administrators / Human Resource Personnel**

**From: Alana Shearer-Kleefeld  
Director, Employee Benefits**

**Re: Core Dental Plan Contribution Rate Increase**

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Effective April 1<sup>st</sup>, 2018 the contribution rate for Core Dental will increase from \$56.50 to \$73.60.

The Core Dental rate increase is required to cover the actual costs of the Core Dental plan and to re-establish a reserve amount equal to 6 months of claims plus expenses.

Background:

The Core Dental Plan is an ASO (Administrative Services Only) arrangement which means the plan covers the full cost of actual claims incurred plus an administrative fee for service to the insurance provider for paying the claims on the Plan's behalf.

The Core Dental Plan is funded by employer contributions based on a monthly rate multiplied by the number of full-time equivalents (FTE).

The Core Dental rate is reviewed annually by the Employee Benefits Committee and the Board of Trustees to ensure the rate is adequate to cover the actual costs of the plan. Any changes to the rate must be approved by the Board of Trustees.

Contributing factors to the Core Dental rate increase include:

- Dental care costs, utilization and enrolment have all increased
- ASO contracts (both claims and expenses) are now subject to 6% provincial sales tax
- Increased claim costs following the contribution holiday have depleted the Core Dental Plan reserves

Next Steps:

We anticipate that the Core Dental rate will continue to rise as dental costs continue to rise. Following is our projected rate increases over the next three years.

*Core Dental monthly contribution rate projections*

<b>April 1, 2019</b>	<b>April 1, 2020</b>	<b>April 1, 2021</b>
<b>\$77.27</b>	<b>\$81.13</b>	<b>\$85.18</b>

We will continue to monitor the Core Dental rate closely and will confirm the rate for 2019 in the fall of 2018. A rate increase will be implemented only if it is required.

If you have any questions about the Core Dental rate increase effective April 1, 2018, please contact me at [alana.shearer-kleefeld@3sHealth.ca](mailto:alana.shearer-kleefeld@3sHealth.ca) or 306-347-5599.