
Decision Profile

Employee Benefits Premiums & Coverage Changes

Decision Required:

To approve changes in benefits premium rates and/or coverages for the district extended health and dental plan effective November 1, 2022.

Why It's Coming to DEXCOM:

Per the *DEXCOM Policy Governance Manual*, 4.4.14, any proposed substantive changes to the Employee Benefits Plan must come to DEXCOM for approval.

Background:

The extended health and dental insurance portions of the CPD benefits plan are self-funded. This means that the CPD acts as the insurer and settles the claims submitted by insured employees through RWAM, our insurance administrator. Therefore, this also means that the CPD assumes the financial risks that might arise when total claims exceed the premiums it collects. This risk, however, is limited to a certain extent by stop-loss insurance, whereby the maximum exposure to a single employee is limited to \$15,000 per year.

In April 2022, DEXCOM approved a 10% increase in benefits premiums to deal with the ongoing deficits that went into effect on May 1, 2022. It was anticipated that claims would begin to decrease as pandemic effects waned and that the reserve fund would be reduced to approximately \$132K by the end of the year. In the communication regarding the premium increase, it was noted that a further increase may be required in 2023. However, usage has remained higher than projections and as of July 31, the reserve fund was at \$77K. According to the CPD benefits consultant, a healthy level of reserve for a plan of our size is \$200K.

It is now expected that deficits will continue to reduce the reserve fund each month and that high inflation will continue to be a significant factor contributing to claim costs. At current levels, the reserve fund may be depleted by the end of October if changes are not made to premium rates and/or coverage levels. It is therefore essential to have any changes in place by November 1 to stabilize the fund and protect the benefits plan.

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The Finance Committee met on August 18 to discuss information from the CPD insurance broker and District staff regarding the current benefits situation and agreed that there is urgency to prevent depletion of the reserve fund. Multiple alternatives were presented, and it was agreed that given the impact of the level of changes required that input on the decision should be sought from churches and workers. As such, a survey will be open from September 6-19 that asks for a preference for one of the following three options:

1. **Increase Premium Rates Only** – To maintain current benefits coverage levels, the benefits premium rate would be increased by 32% and there would be no reduction in benefits coverage.

2. **Decrease Benefits Coverage Only** – To maintain the current premium rate, the following benefits would be reduced significantly and there would be no increase in premium rates:
 - Physiotherapy limited to \$500/year per person
 - Paramedical care¹ changed to 80% coverage
 - Paramedical care¹ individual category limit of \$500/year, with total paramedical coverage limited to \$1500/year
 - Vision coverage decreased to \$200 every 24 months
 - Dental coverage changed to 90% coverage and the annual maximum limited to \$1500/year combined for basic and major services
 - Dental recall² extended to 12 months

3. **Increase Premiums Rates and Decrease Benefits Coverage** – A middle ground option with both a premium rate increase of 20% and moderate benefits reductions as follows:
 - Physiotherapy limited to \$750/year
 - Chiropractic coverage decreased to \$500/year
 - Massage therapy decreased to \$500/year
 - Dental coverage decreased to 90%
 - Dental recall² extended to 12 months

¹ Paramedical care includes categories such as physiotherapy, chiropractic, massage therapy, naturopathy, psychologist/counselling, and more. Please refer to your coverage booklet for more information.

² Dental recall includes regular cleanings. Please refer to your coverage booklet for more information.

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The results of the survey to date will be provided at the DEXCOM virtual meeting on September 12 to indicate the option with the most support at that time.

It is recognized that as with the May 2022 benefits premium increase, communication will need to be carefully crafted to explain the changes and that this should be communicated as early as possible to allow churches and workers to budget for the changes.

The Finance Committee noted that waiting for DEXCOM's decision at the October 12 meeting would provide churches and workers with only just over two weeks' notice and that delaying implementation of changes until December 1 would likely require significant funds from the Operating Reserve Fund to cover the deficit for benefits claim expenses. The Finance Committee is meeting on September 21 after the close of the survey to evaluate the results and they recommend that DEXCOM give approval in advance for the survey option with the majority of support to be the option implemented effective November 1.

District Staff Premiums

In the work to address the reserve deficits, it came to light that benefits premiums for District Office staff were not being paid into the plan, with a total cost of approximately \$58K per year. In the modified 2023 budget and all district budgets moving forward this will be rectified. This will not solve the current deficit issues but will mitigate some of the costs.

Alternatives Considered:

District staff and the Finance Committee evaluated several other options, with input from the CPD insurance broker:

- Make no changes to benefits premiums or coverage levels
 - Continue to await post-pandemic decreases in claim levels as originally projected in hopes that the reserve fund will stabilize. It is not believed that this option is viable and was not recommended.

- Move away from a self-funded plan
 - This would be a move to a fully funded plan (ex. Blue Cross) and the CPD insurance broker estimates that there would be a 35% increase in premiums because our group is considered higher than average users. The risk is lower for the District, however, the cost is higher and the flexibility to change benefit levels is much lower and so this option was not recommended.

Two-Tier Benefits Plan

At the April 2022 DEXCOM meeting, the following action item was created:

District staff and the Finance Committee to investigate the possibility of having basic and enhanced tiers within the benefits plan.

After investigation by District staff and the Finance Committee, it was determined that this is not a viable option and is not recommended. The CPD benefits consultant noted that a two-tier plan is very difficult to manage as it reduces flexibility for employees due to the necessity to limit movement between plans, which often causes employee frustration or difficulty when increased benefits are needed. It may also force churches to make judicious actions as to which employees are covered for each tier, cause relational staff issues, and significantly increases administration work for both churches, District staff, and the insurance broker. [An article](#) outlining the challenges may help give context to this.

Recommendation/Motion:

THAT, pending District Finance Committee approval, DEXCOM approves the option with the majority of support from the benefits survey results regarding premium rates and/or coverage changes to the district extended health and dental plan, to be effective on November 1, 2022.