

Decision Profile

District Benefits Status

Decision Required:

To determine if a change in benefits premium rates and/or coverages for the district extended health and dental plan should be implemented.

Why It's Coming to the Finance Committee:

Per the *DEXCOM Standing Committee on Finance Terms of Reference*, the committee is responsible to ensure there are sufficient funds in deferred revenue, annually review and recommend any increases to premiums, and recommend substantive changes that increase benefits claims by \$25K or more 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. However, usage remained higher than projections and the reserve fund, which the CPD benefits consultant notes a healthy level of reserve for a plan of our size is \$200K, was nearly depleted by the fall of 2022.

On September 12, 2022, DEXCOM passed the following motion:

Moved (Kyla Ward) and seconded that DEXCOM approves an increase of 20% to benefits premium rates as well as the following benefits reductions effective November 1, 2022:

- **Physiotherapy limited to \$750/year**
- **Chiropractic coverage decreased to \$500/year**
- **Massage therapy decreased to \$500/year**
- **Dental coverage decreased to 90%**
- **Dental recall extended to 12 months**



This change will be communicated to all employers and employees on the benefits plan by September 23, 2022.

CARRIED

As well, DEXCOM struck the following action item:

The District Finance Committee to discuss the implementation of annual increases to benefits premium rates.

The Finance Committee agreed that a review of benefits rates and any corresponding need for an increase would be discussed at the fall 2023 meeting, along with the discussion of whether annual increases would be helpful to mitigate the near depletion of the benefits reserve fund and corresponding sharp increases in premiums in 2022.

Recommendation/Motion:

THAT the Finance Committee review the status of the benefits reserve fund and determine if there is a need for any premium rate changes for 2024.

THAT the Finance Committee determine if annual rate increases to benefits premium rates is necessary and/or helpful.

