



Staff Report

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Report To: Council

Date of Meeting: October 18, 2021

Report Number:

LGS-026-21

Submitted By: Rob Maciver, Director of Legislative Services

Reviewed By: Andrew C. Allison, CAO

Resolution#:

File Number:

By-law Number:

Report Subject: Health Benefit Program 2021 Renewal to November 1, 2022

Recommendations:

1. That Report LGS-026-21 and any related communication items, be received;
2. That the Health Benefit Program be renewed with Sun Life, to November 1, 2022 at an overall net increase of 1.4% and that the Stop Loss and Out of Country Pooling level be increased from \$15,000 to \$20,000 effective January 1, 2022; and
3. That the Library be advised of the renewal program, and that they continue to be invoiced for their portion of the benefit program as applicable.

Report Overview

The annual renewal of the Health Benefit Program is presented for approval for the period of November 1, 2021 to November 1, 2022.

1. Background

Existing Program for Health Benefits

- 1.1 The Extended Health (EHC) and Dental Benefits program with Sun Life remains under an Administrative Services Only (ASO) funding formula. The non-ASO benefits which include Life Insurance, Long Term Disability (LTD) and Accidental Death & Dismemberment (AD&D) continue under the traditional funding formula.
- 1.2 The Stop Loss and Out of Country Pooling level is currently at \$15,000 per person. This protects the EHC plan against claims in excess of \$15,000 and such claims are removed from the claims experience.

2. The 2022 Program Renewal

2022 Rates and Overall Impact

- 2.1 Mosey and Mosey has undertaken negotiations with Sun Life to reduce the proposed benefit program rate increase of 10.4%. They have provided two separate options for consideration. The first option involves keeping the current level of Stop Loss and Out of Country Pooling at \$15,000. This would result in an overall rate increase of 4.0% as detailed in Attachment #1. The second option is to increase the Stop Loss and Out of Country Pooling to \$20,000. This would result in an overall increase of 1.4% for both ASO and non-ASO benefits as detailed in Attachment #2. This is the option recommended by Mosey and Mosey with an effective date of January 1, 2022.
- 2.2 The impact of COVID-19 on services such as dental and paramedical services was less prevalent in 2021 than in 2020 with service providers able to provide their services with less closures and additional safety precautions in place.
- 2.3 The overall rate increase is also impacted by an increase to LTD benefit premiums which is based on claims experience.

3. ASO Funding Status

- 3.1 The Municipality has established the ASO Benefits Reserve Fund which can be used to fund fluctuations in actual benefits and stabilize the tax impacts of health benefits.
- 3.2 At January 1, 2021 the opening balance in the ASO Benefits Reserve Fund is approximately \$1.2 million. This balance came from the initial \$500,000 contribution and the unspent surplus from the 2020 fiscal year (where we saw a surplus due to benefit usage).
- 3.3 The Director of Financial Services/Treasurer will consider the appropriateness of using the Reserve Fund to offset increases as part of the 2022 Draft Budget preparation.

4. Recommendation

- 4.1 Staff recommend that the 2022 Health Benefit Program be renewed with an increase in the Stop Loss and Out of Country Pooling to \$20,000 thus benefiting from Mosey and Mosey's negotiations of an overall 1.4% increase.

5. Concurrence

This report has been reviewed and contributed to, by the Director of Financial Services/Treasurer who concurs with the recommendations.

6. Conclusion

It is respectfully recommended that the renewal of the Health Benefit Program be approved as outlined in this report.

Staff Contact: Lisa Wheller, Human Resources Manager lwheller@clarington.net or Kerri McMullen, Compensation and & Benefits Supervisor kmcmullen@clarington.net.

Attachments:

Attachment 1 – Mosey and Mosey Monthly Renewal Rates and Cost Summary, with \$15,000 Stop Loss

Attachment 2 – Mosey and Mosey Monthly Renewal Rates and Cost Summary, with \$20,000 Stop Loss

Interested Parties:

The following interested parties will be notified of Council's decision:

The Clarington Library