



**PUBLIC EDUCATION BENEFITS TRUST**



**2019 RENEWAL OF THE PUBLIC EDUCATION BENEFITS TRUST PROGRAM**

**REPORT TO SCHOOL DISTRICT #64 (GULF ISLANDS)**

Prepared June 2019

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## About this Report

This report provides details regarding the renewal process and necessary rate adjustments for the PEBT program.

**Section 1.0** outlines industry updates, including changes in government coverage and updates from your insurers.

**Section 2.0** provides a detailed breakdown of how each benefit’s renewal rate and/or administration charge was calculated or negotiated, as well as a breakdown of the cost categories for both your extended health and dental benefits.

**Section 3.0** identifies major industry cost drivers affecting benefit renewal rates.

**Appendix A** contains an overview of underwriting arrangements used within the PEBT program.

**Appendix B** contains renewal rate and claims experience summaries by employee group.

## EXECUTIVE SUMMARY

Your school district's Public Education Benefits Trust (PEBT) benefits program, which includes all benefits for support staff members, is scheduled to renew July 1, 2019.

The next scheduled renewal will be July 1, 2020, allowing a 12-month rate guarantee for benefits renewing at this time, provided there is no material change in any government benefit programs or plan amendments made jointly by districts and union locals.

The following rate adjustments will take effect on July 1, 2019:

### RENEWAL RATE SUMMARY

Benefit	Rate Adjustment (%)	Monthly Cost Adjustment (\$)	Total Monthly Cost (\$)
Basic Life	-2.22%	-\$15	\$644
Optional Life	0.0%	N/A	N/A
Optional Accident	0.0%	N/A	N/A
Extended Health	+14.57%	+\$1,469	\$11,545
Dental	-0.81%	-\$99	\$12,059
<b>Overall</b>	<b>+5.92%</b>	<b>+\$1,355</b>	<b>\$24,248</b>

The adjustment used to account for projected inflation, utilization, and government changes is 7.0% and 5.0% for extended health and dental, respectively.

The administration fees for your extended health and dental benefits will be 8.5% and 5.0% for the upcoming plan year, respectively.

Your district is eligible for a contribution holiday for your extended health and dental benefits. This will be reflected on the October 2019 premium statement and will continue for the number of months shown in the following table. In addition, **the negotiated Basic Life premium rate will continue on a 50% contribution holiday for this policy year, resulting in a reduced premium rate.** The reduced rate is shown in the rate summary provided in Appendix B.

### 2019-2020 PREMIUM HOLIDAYS

Extended Health (# of months)	Dental (# of months)	Total Estimated Contribution Holiday
1	1	\$16,353

It is important to note that the contribution holiday was made available as a result of better than expected claims experience of the PEBT pool for extended health and dental. However, this does not mean contribution rate adjustments for these benefits are not necessary at renewal. The rates need to be reviewed at each renewal to ensure there are adequate contributions to pay anticipated claims and expenses for the upcoming policy year.

## NEXT STEPS

The following is a list of steps required to finalize this year's renewal:

- If you are using the payroll file available through the PEBT administration website, please let us know if there has been any change to your payroll deduction schedule for the summer months to ensure that the administration system is aligned with your current schedule.
- Ensure that your benefit administrator(s) is advised of the rate changes so that any required payroll deductions can be revised accordingly. Rate summaries are in Appendix B.

The renewal material has been reviewed by the PEBT consultant and approved by the Board.

We thank you for this opportunity to be of service.

Respectfully submitted,

MORNEAU SHEPELL



Brandy Stahlbrand  
Consultant



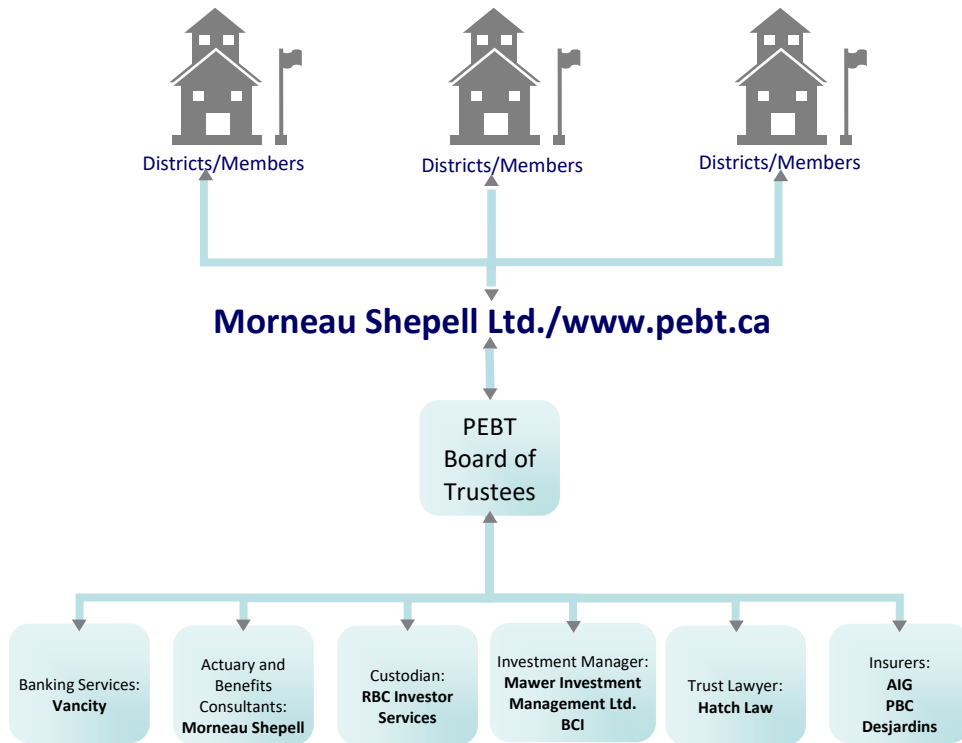
Clara Wong  
Analyst

### NOTE ON PROFESSIONAL STANDARDS

Morneau Shepell believes it is imperative that clients receive the best advice at all times. To this end all reports and recommendations are subject to review by a second qualified consultant within our organization. This report was prepared by Clara Wong, Analyst and reviewed by Brandy Stahlbrand, Consultant.

## INTRODUCTION

The PEBT is a health and welfare trust representing both school districts and support workers across British Columbia. Established in 2002, the PEBT is governed by a Board of Trustees (Board) and partners with a number of providers to assist in managing the trust.



Through the PEBT, support staff and their eligible dependents and beneficiaries receive various health and welfare benefits. Among them are basic and optional life (including dependent and optional dependent life), basic and optional accidental death and dismemberment, Joint Early Intervention Service, “core” and “other” long term disability, extended health and dental. The following report is intended to provide you with details regarding the renewal process for the PEBT program and any necessary rate adjustments.

Leslie Franklin  
Board Chair

Alan Chell  
Vice Chair

## SECTION 1.0 – WHAT’S NEW THIS YEAR

We wish to bring the following to your attention:

1. CUPE and the BCPSEA have reached a tentative Provincial Framework Agreement (PFA), which includes improvements to the Unionized Support Staff Provincial Standardized Extended Health Care Plan (Standard Plan). For groups that are not currently participating in the Standard Plan, the opportunity to vote on whether to opt into this plan or continue with their existing extended health plan will be provided. For union locals that opt in to the Standard Plan and ratify the PFA as part of the collective agreement, there will be an opportunity for those individuals that have previously waived their extended health coverage to enroll in this plan without Late Applicant rules. For union locals already participating in the Standard Plan, benefit plan improvements will be implemented upon conclusion of each district’s local bargaining and ratification of the PFA as part of the collective agreement. A bulletin outlining further information regarding these changes will be provided to secretary-treasurers, benefits administrators, and support staff locals at the end of March. If you have any questions about the improvements to the Standardized Provincial Extended Health Care Plan please contact your Morneau Shepell consultant.
2. Unlike hospital and physician services, prescription drugs are not covered by our national medicare system, except when used in hospitals. This has resulted in both inconsistent funding and unequal access to critical prescription medications. On June 20, 2018, the Advisory Council on the Implementation of National Pharmacare (the “Advisory Council”) released a discussion paper on options for a national pharmacare model. Since the creation of the Advisory Council, input has been gathered from various stakeholders that will help to inform the Advisory Council’s final report and recommendations for the Minister of Finance and Minister of Health which is expected by mid 2019. Please refer to Section 3.0 for additional information.
3. In an effort to control costs related to prescription drug use, PBC created the Preferred Partner Network (PPN), which is a partnership with a number of major pharmacies across Canada. PBC encourages plan members to visit the pharmacies that are part of the PPN to receive financial savings for themselves and the plan through lower dispensing fees, lower mark ups on high cost prescription drugs, access to discounted or free wellness support and disease management care.

4. Pocket Pills, which is a full service online pharmacy, was recently added to PBC's Preferred Partner Network (PPN). Pocket Pills sorts medications by dose into pre-set packages, and offers free delivery anywhere in BC. This results in no pharmacy mark-up, and a low \$7 dispensing fee.
5. In conjunction with BC PharmaCare, PBC has introduced claims technology to instantly confirm benefit coverage for plan members with Special Authority prescription drug approvals from the provincial health plan. The PharmaCare Special Authority gives access to certain drugs that are not standardly covered by PharmaCare and requires a special application. With this new technology, plan members will no longer be required to submit BC PharmaCare approval paperwork to Pacific Blue Cross, reducing claims adjudication wait times.
6. As of April 1, 2019, legislative changes have made ICBC first payor of expenses associated with eligible automobile accident benefits (except wage loss). Based on this change, PBC is eliminating the advancement of funds for Extended Health and Dental plans for ICBC related injuries, as it may impede plan members' ability to collect on future claims from ICBC. With these changes, plan members are now encouraged to take their claims directly to ICBC for payment.
7. Updates have been made to the PBC mobile app for plan members and plan sponsors that includes a digital member ID card, pharmacy compass features and the ability to expedite claims submission electronically.

➤ For the PBC mobile app  
please visit  
[pac.bluecross.ca/mobile](http://pac.bluecross.ca/mobile)

## SECTION 2.0 – RENEWAL ANALYSIS

The current underwriting arrangement for your district is as follows:

Benefit	Carrier	Underwriting Arrangement	Large Claims Pooling
Basic Life	Pacific Blue Cross	Fully pooled	N/A
Optional Life	Pacific Blue Cross	Fully pooled	N/A
Optional Accidental Death & Dismemberment	AIG	Fully pooled	N/A
Extended Health	Pacific Blue Cross	Experience-rated, non-refund	\$25,000 <sup>1</sup>
Dental	Pacific Blue Cross	Experience-rated, non-refund	N/A

↪ See **Appendix A** for descriptions of underwriting arrangements available within the PEBT program.

### 2.1. Basic and Optional Life

The basic life benefit is pooled with other districts in the program. Accordingly, claims incurred by your district have no direct impact on the premium rate levels charged to you.

The rate is reviewed at each renewal to reflect the performance of the PEBT pool. When evaluating the performance of the pool, the ratio of claims to premiums for all participating districts in aggregate is considered (for up to five years) as well as the reserves held to fund life waivers for disabled employees. The level of required life waiver reserve varies depending on the disabled employee's gender, duration of disability, amount insured and retirement date.

The optional life (including dependent and optional dependent life) benefits are pooled within the insurer's block of similar business. Accordingly, claims incurred by your district have no direct impact on the premium rate levels charged to you. Rather, these benefits are rated solely on the insurer's overall experience and the plan design.

The premium rate for the basic life benefit will be decreasing for the upcoming plan year. A premium holiday will also be implemented via a 50% rate reduction. This is reflected in the rate summary in Appendix B.

Optional life benefit rates will continue without change for the upcoming plan year.

### 2.2. Optional Accidental Death and Dismemberment

The optional accidental death and dismemberment (AD&D) benefit is pooled within the insurer's block of similar business. Accordingly, claims incurred by your district have no direct impact on the premium rate levels charged to you. Rather, these benefits are rated solely on the insurer's overall experience and the plan design.

The optional AD&D benefit rates will continue without change for the upcoming year.

<sup>1</sup> Per person, per calendar year



### 2.3. “Core” Long Term Disability

The benefit level provided under the “Core” LTD, which is funded by the provincial government, may change with the advice of the PEBT Actuary depending on whether there is an actuarial surplus or deficit associated with the program.

The “Core” LTD is funded by the government, so there are no premiums paid by the district or members for this benefit.

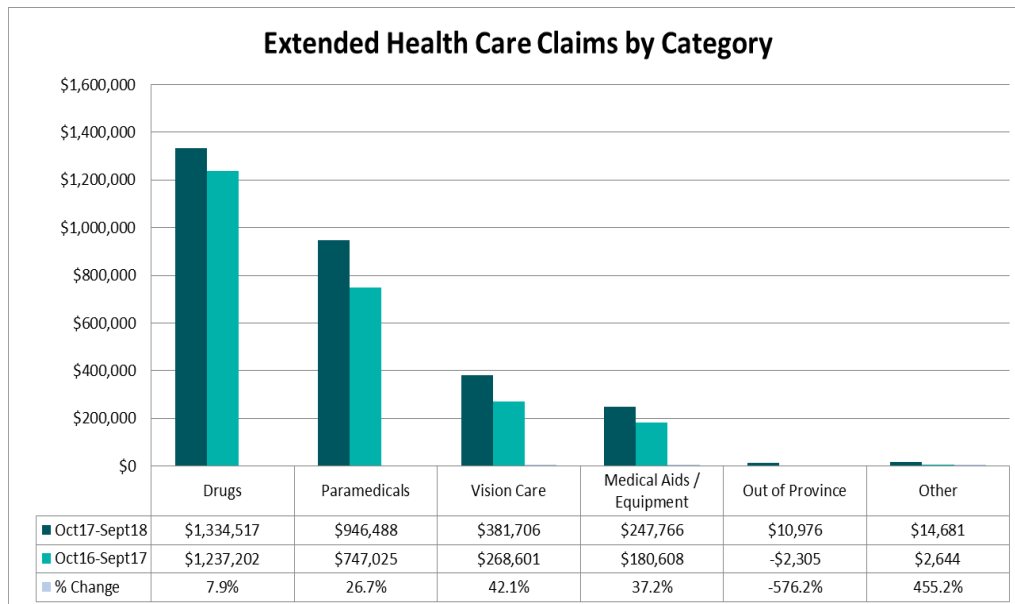
The cost for LTD coverage is impacted by several factors including the number and duration of claims, the size and demographics of the group, CPP approval rates and expenses charged by the claims administrator.

### 2.4. Extended Health

The extended health care benefit is underwritten on an experience-rated, non-refund arrangement within the PEBT pool. Under this arrangement, future premiums are based on your district’s past claims history, to the extent appropriate given the size of your district (based on the number of employees covered). There is no sharing of any deficit/surplus that arises from your district alone. This is the most appropriate arrangement for smaller districts or those not wanting to assume the risk of potentially volatile claims experience.

The premium rates are increasing by 14.57% for the upcoming plan year.

The following graph provides a breakdown of extended health claims by service category for the PEBT pool in aggregate, compared to the previous policy year:

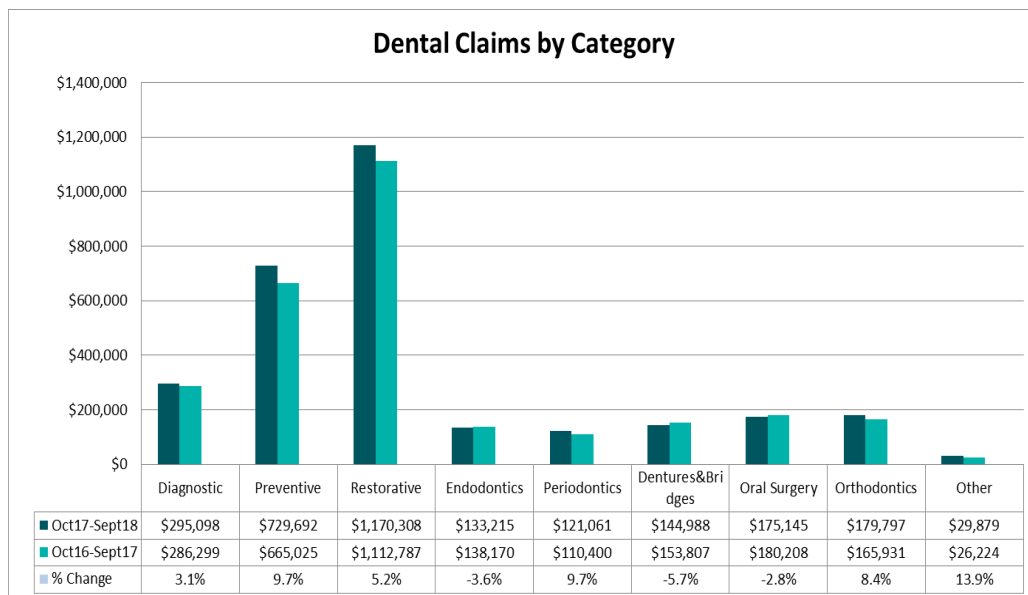


## 2.5. Dental

The dental benefit is underwritten on an experience-rated, non-refund arrangement within the PEBT pool. Under this arrangement, future premiums are based on your district's past claims history, to the extent appropriate given the size of your district (based on the number of employees covered). There is no sharing of any deficit/surplus that arises from your district alone. This is the most appropriate arrangement for smaller districts or those not wanting to assume the risk of volatile claims experience.

The premium rates are decreasing by 0.81% for the upcoming plan year.

The following graph provides a breakdown of dental claims by service category for the PEBT pool in aggregate, compared to the previous policy year:



## SECTION 3.0 – TRENDS AND ISSUES

### 3.1. Extended Health

To explain why health care costs continue to rise, we have included below a list of health sector trends obtained through review of market research and data from group benefits providers. These issues, national in scope, affect all group benefits programs in Canada and have likely had an impact on health care expenditures continuing to outpace annual inflation.

#### Prescription Drugs

1. Pharmacare is defined as a system of health insurance that provides people with access to necessary prescription drugs. Only prescription drugs administered in hospital are part of basic medicare coverage in Canada. Accordingly, there are gaps in coverage or high costs for many Canadians, particularly the self-employed, part-time employees and those with low incomes. On June 20, 2018, the Advisory Council on the Implementation of National Pharmacare (the “Advisory Council”) released a discussion paper on options for a national pharmacare model. On March 6, 2019 an interim report from the Advisory Council was released outlining what the core principles of a national pharmacare system would look like, along with three foundational elements:

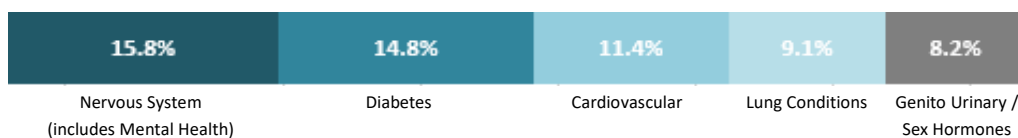
- Create a national agency
- Develop a comprehensive, evidence-based national formulary
- Invest in drug data and information technology (IT) systems

The federal budget released in March 2019 proposed initial funding for some of these initiatives. The Advisory Council’s final report will be submitted later this spring and is expected to include a recommendation on a particular model for national pharmacare, along with details on how such a plan would be implemented, managed, and funded.

2. Pharmacogenetics is a health-science field that studies how our genes affect our reaction to medication. Pharmacogenetic testing can help to determine the most effective prescription drug and dosage for each individual due to differences in how people metabolize drugs. Pharmacogenetics testing may be the future standard of effective patient care in Canada. Many insurers have pilot projects underway to test whether pharmacogenetics may shorten disability claims and/or reduce drug costs through less wastage and better adherence. For instance, Sun Life Financial has collaborated with the Center for Addiction and Mental Health (CAMH) for a study that targets patients on short and long-term disability. This study solely focuses on improving mental health, as it is a huge cost driver for employers when it comes to disability, absenteeism, and drug programs. Other large insurance companies such as Great-West Life and Manulife are also piloting studies that investigate chronic pain, mental health, anxiety, and antidepressant medications. To protect the interest of those who choose to participate in pharmacogenetics testing, the federal government recently passed the *Genetic Non-Discrimination Act*. This allows individuals to participate in genetic testing without having to disclose their results to insurance carriers as a condition of coverage.

3. Specialty drugs include biologics and Subsequent Entry Biologics (SEB's) which involve special manufacturing techniques and can include using bacteria or viruses to produce drugs. Biologic drugs, synthesized from living entities such as cells and tissues, continue to be a major source of costs for drug payers. While the development of biologics called "biosimilars" or "subsequent entry biologics (SEBs)" is a time-and cost-intensive process, these drugs are now making their way into the marketplace after patents on the brand name biologic expires. Although SEBs are not expected to provide the same magnitude of savings as traditional generic drugs, there may be savings of 15-30% when compared to their reference biologic. The main issue facing stakeholders in the biosimilars market is the extent to which they can be interchanged for the original biologic and how that will be determined. Drug plan designs can encourage plan members who were prescribed a biologic drug to use a biosimilar instead. These options include step therapy, which encourages plan members to try less expensive medications such as biosimilars before having access to the brand name biologic, as well as reference-based pricing where the plan member would pay the difference in price if they prefer the brand name drug to the biosimilar.
4. With the legalization of cannabis as of October 2018, adults age 19 and over are now able to purchase and possess up to 30 grams of non-medical cannabis. The new legislation is not expected to have any impact on the way individuals access cannabis for medical purposes. An increasing number of individuals are viewing medical cannabis as an acceptable form of treatment and the pressure is likely to increase on plan sponsors to provide coverage while the potential cost impact for medical cannabis could be significant. Although insurance companies are still hesitant to provide specifics on the projected cost impact, citing a lack of credible data, the estimated cost of a regular medical cannabis user is projected to be around \$10,000 per year. Beyond group benefits, medical cannabis in the workplace raises a number of concerns for employers and relevant policies should be proactively reviewed.

For your reference we have included the top prescription drug therapeutic classifications for the PEBT in aggregate over the most recent experience period.



### Mental Health in the Workplace

Mental health continues to impact the Canadian workplace, and in turn the Canadian economy. According to the Conference Board of Canada, improved treatment for depression could boost economic output by \$32.3 billion per year, and better treatment for anxiety could add up to \$17.3 billion per year.

Targeting mental health related issues is often achieved through employer sponsored wellness programs; however, Sanofi Canada's 2018 Healthcare study found that the number of plan sponsors offering wellness programs has declined from 51% in 2017 to 41% in 2018.

The Sanofi Healthcare survey noted further that of those plan sponsors that focus on providing wellness programs, 45% offer training to help employees recognize and appropriately respond to signs of depression

or other mental illnesses. This compares to just 14% and 15% respectively, among plan sponsors without formal wellness programs.

Morneau Shepell's 2018 workplace mental health research has identified improvements in the workplace regarding mental health wellness, resources, and culture. In addition, stigma associated with mental health related issues has declined year-over-year, however 67% of employees continue to believe that mental health issues would limit their career options.

Despite the above noted improvements in addressing mental health in the workplace, our research has identified that personal and workplace stress continues to increase with:

- More than one in three employees reporting higher levels of stress now than five years ago;
- One in four feeling more isolated than five years ago, with greater increases for small-to mid-sized organizations;
- 27% of employees reporting extreme work related stress in the last six months

Workplace stress correlates with workplace isolation and a lack of recognition or not feeling valued at work. Employees that report workplace isolation or not feeling valued at work are far more likely to experience:

- Sleep issues
- Less support for mental wellness
- Workplace stigma

The workplace plays an important role in supporting mental health with 58% of employees noting the workplace can be helpful to mental health in addition to reducing harm.

One area of focus relative to mental health treatment, Cognitive Based Therapy (CBT), addresses the development of personal coping strategies and skills that target solving current problems and changing unhelpful patterns of thought. More recently, Internet Based Cognitive Therapy (ICBT) now combines the convenience of online access with the same benefits of in-person Cognitive Behavioural Therapy. This not only allows for individuals dealing with mental illnesses such as depression and anxiety greater access for treatment, but also flexibility in how they receive their treatments.

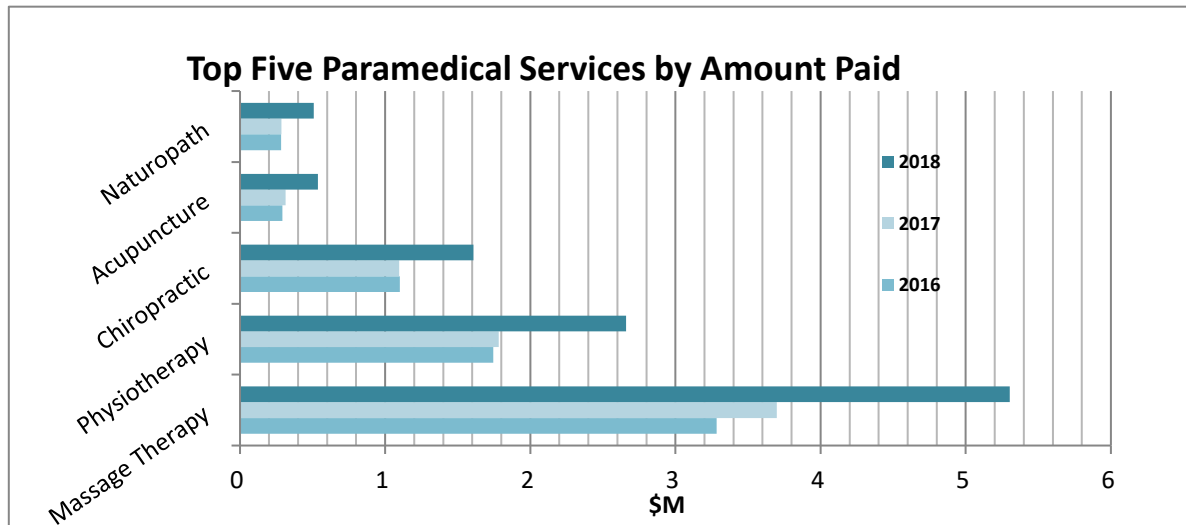
In light of the above, it is imperative to recognize the need to offer proper resources and programs to address mental health conditions. When reviewing your mental health strategy, you may want to consider these four areas to determine where you want to focus your priorities:



As a participant in the PEBT JEIS and “Core” LTD programs, your district/union local has resources in place to assist employees with mental health issues. The Health Care Management Specialists (HCMS) are trained to identify these types of issues to ensure that proper care is accessed quickly. This can include working as a liaison between the plan member, physician and appropriate specialists to identify the resources needed and the resources available (for example, an EFAP and extended health plan) and determine the best plan for the member’s recovery. If you have any concerns regarding mental health issues or how these issues are handled through the JEIS program, please contact your HCMS at Desjardins or your consultant at Morneau Shepell.

## Paramedical Costs

- We have summarized paramedical practitioner utilization for all districts participating in the PEBT extended health plan over the past three experience periods:



- Paramedical services continue to be the second largest component of extended health claims costs for the PEBT in aggregate, increasing 49% from the previous year. With the implementation of the Unionized Support Staff Provincial Standardized Extended Health Care Plan effective September 1, 2017, service maximums for the paramedical practitioner may have increased for participating districts/union locals, driving overall usage higher.
- The top five services indicated above have been consistent over the past three years.

## Sleep Disorders

Chronic sleep disorders can reduce cognitive capacity and increases an individual's risk of developing cardiovascular, metabolic and psychological problems. More than 40% of Canadian adults have trouble sleeping, and those with sleep disorders are often not diagnosed. On average, employers lose approximately \$5,000 worth of productivity per affected employee. Employees with a sleeping disorder can also have up to 75% higher healthcare costs in comparison to their peers. Several factors contribute to sleeping disorders including respiratory problems, chronic pain, stress and anxiety. Assessing the fatigue caused by a sleeping disorder is important, not only for the success and safety of the employee, but also for the overall productivity of the employer. Sleeping disorders can generally be treated with the help of a physician along with a change in lifestyle. Several employers have also turned to sleep clinics to help combat sleep disorders and its effect on the workplace. Sleep clinics can screen employees for sleep disorders, connect patients to healthcare providers, and provide aggregate data to employers to understand the prevalence of sleep disorders amongst their employee population.

## Virtual Medicine

Access to care continues to be a significant struggle as the Canadian Institute for Health Information reports 57% of Canadians are unable to get a same or next-day appointment with a doctor. A number of

organizations have emerged to provide virtual medicine in efforts to mitigate this issue. Virtual medicine (also known as telemedicine), is a new model for delivering healthcare. Virtual medicine uses internet technology to facilitate communication between patients and doctors, including instant message, video chat and voice conferencing. It is a direct alternative to walk-in clinics and visiting a hospital emergency room, both of which can take a substantial amount of time out of a person's day. Virtual doctors can treat the majority of common healthcare concerns online, enabling proactive identification of issues and early interventions, as well as treatment and management of chronic diseases.

### **Addictions and Substance Abuse in the Workplace**

- Alcohol and substance abuse can have a direct influence on an employee's productivity in the workplace, increases the risk of injury, and contributes to other health issues leading to higher health and disability costs.
- The use of cannabis for both medicinal and recreational purposes requires the workplace to look at their approach and policies around impairment at work. This includes safe work return and accommodation for employees prescribed this drug.
- Addressing substance abuse in the workplace can be supported by:
  - 1) Investing in prevention and awareness strategies. This includes education to the general employee population regarding the use and health affects of various substances, including cannabis.
  - 2) Developing strategies to support those individuals struggling with addiction.
  - 3) Training staff to identify these types of issues to ensure that proper care can be accessed quickly.
  - 4) Ensuring your EFAP has resources for employees and managers to support addictions and substance abuse issues.

### **3.2. Dental**

All provinces issue a General Practitioners Dental Fee Guide, which is updated annually. The fee guide for BC increased 2.5% in aggregate effective February 1, 2019.

To reflect these increasing costs from expected utilization and fee guide adjustments, providers are using trend factors of 6.0-10.0%. For the upcoming year, we anticipate inflationary and utilization factors will impact dental claims by approximately 5.0% annually.

### **3.3. PEBT Joint Early Intervention Service**

The PEBT LTD programs include a confidential Joint Early Intervention Service (JEIS) to assist plan members in their return to work. The JEIS is supported by support staff unions, school districts and the PEBT, and is arranged through Desjardins, which is also the claims administrator/insurer for the PEBT disability programs.

The mission of the JEIS is to complement the LTD program by providing a pro-active and timely service to plan members that facilitates their return to work in a caring and safe manner. Along with work-related

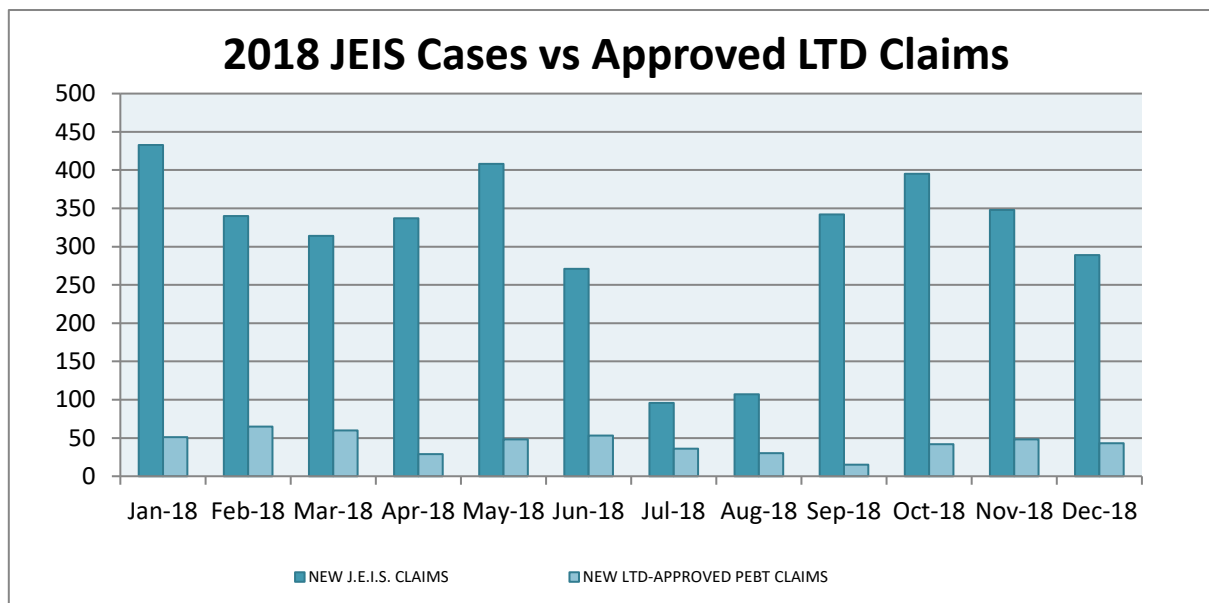


benefits of the JEIS come the obvious advantage of an earlier and, in many cases, more complete return to health and well-being for disabled individuals and their families.

The success of the JEIS ultimately depends on the participation and support received from plan members, union locals and school districts. For plan members, seeking timely medical treatment, following medical recommendations of the treating physician or health care professional and, if appropriate, participation in a return to work accommodation plan are vital in improving their quality of life and successful return to pre-disability health.

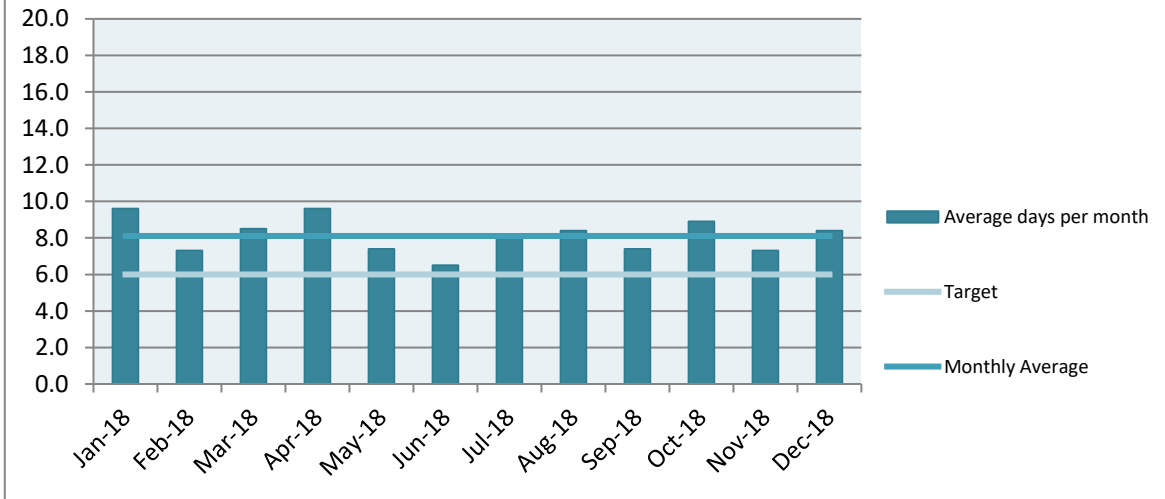
### Plan Performance

- In 2018, there were 3,680 JEIS cases reported under the program, an increase from the prior year’s figure of 3,586. There were 520 new LTD claims approved during 2018 compared to 464 new claims incurred in 2017. For your reference, we have provided an illustration comparing the JEIS activity to approved LTD claims in the 2018 calendar year under the program:



For your reference, we have also included an illustration of the average number of working days by month that school district Absence Advisors took to notify Desjardins and their Union JEIS Coordinator of absences in 2018. Please note the target is six business days and the average for 2018 was 8.1, which is a slightly lower than the prior year’s average of 8.3.

## Average JEIS Notification Times for 2018



### Disability Management Strategic Advisor

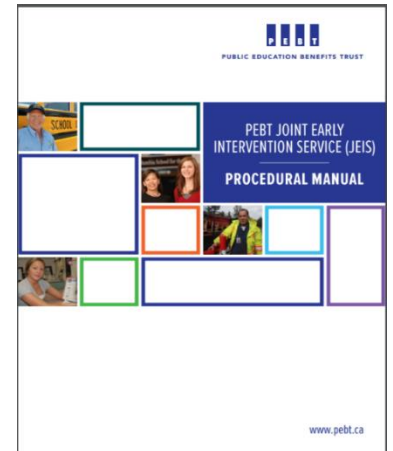
Recently, the PEBT engaged Ray Parker in the role of Disability Management Strategic Advisor to help with the management and operations of the JEIS and Core LTD programs. The position mandate will be to analyze data from the JEIS and LTD programs, gather feedback from PEBT stakeholders, and engage with industry experts to develop, implement and monitor disability management support programs for members.

Ray Parker has worked in the disability management field for over 17 years, including 10 years as Disability Manager at Desjardins Insurance, the PEBT's JEIS provider and LTD claims administrator, managing claims and rehabilitation specialists. During his time with Desjardins, Ray acquired an in-depth knowledge of the K-12 education sector and wants to use this experience to continue to evolve and improve the program ensuring members receive the services and support they need when they are away from work due to disability.

To begin gathering feedback from stakeholders, Ray will be in contact with the JEIS committee at each school district/local union in the coming months to set up a meeting to discuss a variety of aspects of the program to see what is currently working well and where there is room for improvement. Ray's analysis, recommendations, and action plan will be available later this year and an update will be presented during the next Regional Meetings tour in the Spring of 2020.

### JEIS Procedural Manual

As a result of an audit of the JEIS program, a procedural manual was created to provide guidelines and joint expectations of how stakeholders can best work together to achieve the common objective of recovery support and return to work of members. The roles and responsibilities for the District, the District Joint JEIS



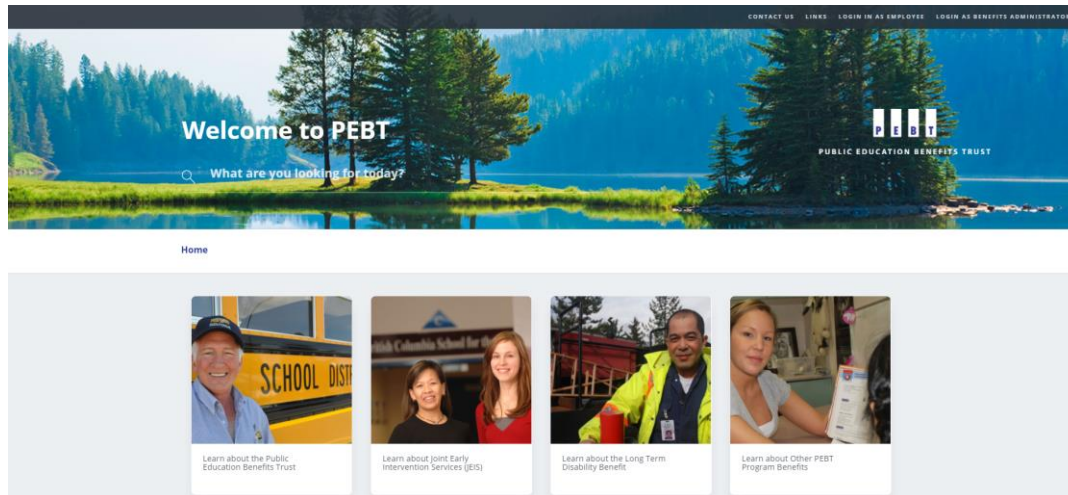
Committee (which includes the Union Local), the Health Care Management Specialist and the Member at each phase of absence are outlined in this easy-to-read, colour-coded manual.

The manual can be found on the [pebt.ca](http://pebt.ca) website by choosing the “Learn About the Joint Early Intervention Service (JEIS)” option on the home page, selecting “General Information” and then clicking on the link for the JEIS Procedural Manual.

### 3.4. PEBT Communication Strategy

Communication to all stakeholders regarding the structure, performance and offerings of the plan is an important objective of the Board. The Board continues to look for opportunities in which to achieve this objective. This year, communication efforts are focused on the following:

#### PEBT Website



The PEBT website, [www.pebt.ca](http://www.pebt.ca), was updated with a new look and updated navigation features. The information on the site is continuously updated to provide relevant and helpful information for all stakeholders. With the transition to a new administration system, the district specific pages of the website accessible by clicking on the login links at the top of the screen will also be updated as groups roll onto the new system.

Information available on the PEBT website includes:

- Detailed descriptions of the JEIS process, including the JEIS Procedural Manual, and LTD claim and appeal processes
- Core LTD Plan Text
- Plan information by benefit
- Financial information
- An archive of current and past communications

- JEIS Notification reports
- Current and past PEBT Annual Reports

We encourage you to familiarize yourself with the information on the website and if you have any questions or concerns regarding any of the information please contact your Morneau Shepell consultant.

## Bulletins

With the implementation of the new benefits administration system currently in progress, it is important to keep everyone updated on the status of the project and any upcoming phases that may impact districts or members. As such, we will continue to send out communication bulletins via email on a regular basis to keep you informed. Please ensure you read these bulletins and if you have any questions contact your Morneau Shepell consultant.

## PEBT Posters

The posters that follow, which were developed to raise awareness and promote the JEIS to all PEBT plan members, are still available. **If you require more posters, you are encouraged to contact the PEBT.**



# APPENDICES

## APPENDIX A – UNDERWRITING ARRANGEMENTS

There are four basic underwriting arrangements used within the PEBT program. The following describes the features and characteristics of these arrangements:

### FULLY POOLED, NON-REFUND

Under a fully pooled underwriting approach, the cash flow requirement is established by the insurer and is simply known as the premium. It is established based on the performance of the pool and an assessment of the associated risk characteristics of each participant in the pool. The school district's responsibility is restricted to the payment of premium. The insurer (PEBT for Basic Life) carries all risk for the actual claim level.

This approach is appropriate for benefits subject to infrequent but large claims (e.g. life and accident insurance) or for other benefits where claims may be volatile due to the size of the school district.

### EXPERIENCE-RATED, NON-REFUND

The cash flow requirement for an experience-rated, non-refund underwriting approach is also known as the premium. However, it is established by determining expected claims plus expenses for the school district. Expected claims are determined by prospectively projecting past claims utilization and reserve requirements, at least in part depending on the extent to which past claims data can be relied upon (known as "credibility"), and adjusting for inflationary trend factors. In addition, expense levels associated with operating the plan are taken into account.

At the end of the policy year, the school district is not directly responsible for any deficits incurred; however, no refund is available when experience is better than expected.

### ADMINISTRATIVE SERVICES ONLY (ASO)

This approach places all of the risk with the school district. The school district is responsible for all claims plus the negotiated plan expenses. Contribution levels are generally established by the school district and determined based on past experience and future expectations. The school district has ownership of any excess contributions and remains responsible for any deficits created.

The cost of the plan is determined directly by the level of claims charged to the plan plus associated expenses. This method presents the school district with the highest risk of all methods since they are fully responsible for all claims payable.

### STOP LOSS COVERAGE

If a plan sponsor wishes to limit its exposure under an ASO approach, stop loss coverage can be implemented for a premium or pooling charge. Essentially the risk of catastrophic claims beyond the stop loss level will be transferred back to the insurer. Stop loss coverage is often considered for life insurance or extended health coverage. For the PEBT program, stop loss coverage provides protection from large extended health claims exceeding \$25,000 per year (per individual).

Public Education  
Benefits Trust

School District #64  
Gulf Islands  
Renewal Rate Comparison

Effective: July 1, 2019

Benefit	Billing Year	Volume	CURRENT		RENEWAL		RATE ADJUSTMENT
			Unit Rate	Monthly Premium	Unit Rate	Monthly Premium	Estimated
Basic Life	10 Months	\$4,879,000	\$0.1350	\$658.67	\$0.1320	\$644.03	-2.22%
Extended Health - Single - Couple - Family	10 Months	31	\$87.62	\$2,716.22	\$100.39	\$3,112.09	
		40	\$87.62	\$3,504.80	\$100.39	\$4,015.60	
		44	\$87.62	\$3,855.28	\$100.39	\$4,417.16	
		115		\$10,076.30		\$11,544.85	14.57%
Dental - Single - Couple - Family	10 Months	21	\$61.46	\$1,290.66	\$60.96	\$1,280.16	
		36	\$122.92	\$4,425.12	\$121.92	\$4,389.12	
		29	\$222.14	\$6,442.06	\$220.34	\$6,389.86	
		86		\$12,157.84		\$12,059.14	-0.81%
<b>Total Monthly Premium (excluding tax)</b>				<b>\$22,892.81</b>	<b>\$24,248.02</b>		
				<b>Overall Change in Monthly Premium</b>	<b>\$1,355.21</b>		<b>5.92%</b>

Notes:

Basic Life:

RENEWAL RATE REFLECTS THE NEGOTIATED ADJUSTMENT AND CONTINUED 50% PREMIUM HOLIDAY FOR THIS POLICY YEAR.

Optional Life:

There will be no change to your Optional Life Rates

Spousal Optional Life:

There will be no change to your Spousal Optional Life Rates

Optional AD&D:

There will be no change to your Optional AD&D Rates

**School District #64  
Gulf Islands  
Claims History and Other Key Information**

**Claims History**

Period from October 1, 2017 to September 30, 2018

Benefit	Paid Premiums	Paid Claims	Paid Loss Ratio
Extended Health	\$110,560	\$97,022	87.8%
Dental	\$118,679	\$97,865	82.5%

Period from October 1, 2016 to September 30, 2017

Benefit	Paid Premiums*	Paid Claims	Paid Loss Ratio
Extended Health	\$90,978	\$65,498	72.0%
Dental	\$115,685	\$103,662	89.6%

\*Paid premiums have been adjusted to reflect any premium holidays taken

**Other Key Information**

	EHC	Dental
<b>Trend Factor</b>	7.00%	5.00%
<b>Administration Costs</b>	8.50%	5.00%
<b>Margin For Adverse Claims</b>	N/A	N/A
<b>IBNR</b>	15% of average annualized EHC claims	8% of average annualized Dental claims

Benefit	Underwriting Method
Extended Health	Experience-Rated, Non-Refund
Dental	Experience-Rated, Non-Refund