



Report to County Council

From: Amy Thomson, Director of Human Resources

Date: March 26, 2024

Subject: 2024 Benefit Plan Renewal

Recommendation(s):

THAT County Council approve the 2024 negotiated renewal rate adjustments with Manulife Financial for all County of Elgin benefit plans.

Introduction:

The annual employee benefits renewal report from our benefit consultants at 'Mosey and Mosey' has been received by HR staff. The report summarizes Mosey's analysis of the group benefits renewal action required by Manulife Financial (our current benefit plan provider).

County staff are satisfied with the renewal as negotiated on our behalf by Mosey and Mosey with Manulife Financial and recommends this years' benefit plan renewal.

Background and Discussion:

The County of Elgin's employee group benefits program is underwritten by Manulife Financial and AIG Insurance. The County of Elgin is combined with other local municipal partners forming a "consortium" in order to provide benefits at the most competitive rates (through a broadening of risk sharing arrangement). Manulife Financial underwrites the Life Insurance, Long Term Disability (LTD), Health and Dental benefits. AIG underwrites the Accidental Death and Dismemberment (AD&D) benefit. The detailed report was received via Mosey & Mosey on March 1st, 2024, following their negotiations with Manulife.

The County wide consortium represents a total of over four million dollars in annual premiums. Annual premiums for the County of Elgin will be almost two-million with the extended health and dental representing almost 70% of total cost.

The group benefit program for the County of Elgin is broken down into two main components, based on the underwriting arrangements that apply to each, as follows:

1. **Life Insurance and Long Term Disability:** These are underwritten on a partially pooled, partially experience rated basis. The rating of these benefits takes into consideration the overall performance of the insurer's pool, changes in employee

demographics (e.g. aging) and the claims experience for the overall consortium. As a result of the 2020 marketing, life insurance rates were guaranteed until 2023; and Long Term Disability rates come off rate guarantee in 2022 – therefore all “savings” that came with the marketing of our plan have now expired. Manulife has incorporated an increase of **0%** to Group Life and **5%** to Long Term Disability premiums for 2024.

2. **Extended Health Care and Dental:** These are underwritten on a fully experience-rated basis by Manulife. Rates are established based on the results generated by the premium and claims experience for a twelve-month period each year (Dec – Nov.) combined for all participating municipalities. Effective in 2020, the consortium municipalities share experience on a 50/50 basis (50% is based on experience of the countywide plan, and 50% is based solely on our own municipality’s experience).

For the County, extended Health Care rates will increase **8.2%** and dental rates will increase **3.3%** for 2024.

Extended Health Care is the highest cost driver and has various contributing factors. Typically, increased paramedical utilization and the impact of specialty drugs contribute to escalating costs. Additionally, there is a stop loss pooling arrangement in place designed as added protection against the impact of catastrophic claims. Stop loss is a mandatory insurance, the costs of which have increased steadily over the years.

Financial Implications:

Following negotiations with the insurance carrier and the impact of the extended health care experience results over the last quarter, renewal costs reflect an upward adjustment in overall premiums of **5.9%** for the County of Elgin’s plans. This represents an additional annual cost over current rates of approximately \$118,788 as outlined in detail, below:

Benefits	Classifications	Volume or # of Lives	Current Cost	Negotiated Renewal Costs	
			Monthly Premium	Monthly Premium	% Change
Group Life	All Employees	\$22,718,500	\$10,201	\$10,201	0.0%
AD&D	All Employees	\$14,381,500	\$360	\$360	0.0%
Long Term Disability	All Employees	\$649,513	\$38,016	\$39,915	5.0%
POOLED BENEFITS MONTHLY PREMIUM :			\$48,577	\$50,476	3.9%
Extended Health Care	All Employees	225	\$76,939	\$83,246	8.2%
Dental Care	All Employees	222	\$29,166	\$30,127	3.3%
EXPERIENCE-RATED BENEFITS MONTHLY PREMIUM:			\$106,105	\$113,373	6.8%
Overall Monthly Premium			\$154,682	\$163,849	
Provincial Sales Tax (Currently 8%)			\$12,375	\$13,107	
Total Monthly Premium Including Sales Tax			\$167,057	\$176,956	
Annual Premium Adjustment Over Current				\$118,788	5.9%

Alignment with Strategic Priorities:

Serving Elgin	Growing Elgin	Investing in Elgin
<input checked="" type="checkbox"/> Ensuring alignment of current programs and services with community need. <input type="checkbox"/> Exploring different ways of addressing community need. <input type="checkbox"/> Engaging with our community and other stakeholders.	<input type="checkbox"/> Planning for and facilitating commercial, industrial, residential, and agricultural growth. <input type="checkbox"/> Fostering a healthy environment. <input type="checkbox"/> Enhancing quality of place.	<input type="checkbox"/> Ensuring we have the necessary tools, resources, and infrastructure to deliver programs and services now and in the future. <input checked="" type="checkbox"/> Delivering mandated programs and services efficiently and effectively.

Local Municipal Partner Impact:

While the County is part of a benefit plan consortium with all seven local municipalities, each benefit plan renews separately and thus the current report does not have an impact on our LMPs.

Communication Requirements:

N/A

Conclusion:

Human Resources staff recommends acceptance of the renewal rate adjustments with Manulife Financial effective April 1, 2024. A copy of the benefit consultant's report is available with Human Resources for review if desired.

All of which is Respectfully Submitted

Approved for Submission

Amy Thomson
Director of Human Resources

Blaine Parkin
Chief Administrative Officer/Clerk