



TO: Chair and Members of the Board of Health

FROM: Emily Williams, Chief Executive Officer  
Dr. Alexander Summers, Medical Officer of Health

DATE: 2023 December 14

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## CANADA LIFE BENEFITS – 2024 RENEWAL RATES

### Recommendation

*It is recommended that the Board of Health approve the renewal of the group insurance rates administered by Canada Life as described in Report No. 83-23 re: “Canada Life Benefits – 2024 Renewal Rates”.*

### Key Points

- The group benefits with Canada Life is an annual contract from January to December.
- Staff reviewed draft details with AON Hewitt on November 8, 2023.
- The benefits are administered under two separate policies:
  - The first policy covers Life, AD&D, and LTD which is premium based.
  - The second policy covers Extended Health Care (health, drug, vision) and Dental which is ASO based (*ASO = Administrative Services Only*).
- The overall change to the annual premium is a decrease of 3.0% or \$54,039 annually. For comparison, 2023 was a 7.2% increase which amounted to \$116,200 annually.

### Background

Since 2013, the Middlesex London Health Unit (MLHU) has been insured by Canada Life, formerly Great West Life, to provide benefits to staff. The MLHU has partnered with AON Hewitt (Aon), a consulting firm, to assist with negotiations with benefit providers. Premium rates were guaranteed and remained constant from 2019 to 2021 but are subject to review/increases beginning 2022 and thereafter.

This business will be tendered during the spring of 2024 to ensure value for money is maximized and rates remain competitive.

### Proposed Rate Summary

The following table is a summary to illustrate the annual decrease of 3.0% or \$54,039.  
(current total \$1,776,863 to negotiated total \$1,722,825 = \$54,039 decrease or 3.0%, +/- rounding)

Please note that Canada Life’s proposal was an increase to \$1,978,076 or 11.3%. Aon successfully negotiated a lesser amount, and a decrease to the previous rates.

| Benefit                          | Current          | Canada Life      |              | Aon              |              |
|----------------------------------|------------------|------------------|--------------|------------------|--------------|
|                                  |                  | Proposal         | % Change     | Negotiated       | % Change     |
| Life Insurance                   | 148,209          | 161,170          | 8.7%         | 152,154          | 2.7%         |
| Accidental Death & Dismemberment | 13,972           | 13,972           | 0.0%         | 13,972           | 0.0%         |
| Long-Term Disability             | 165,741          | 181,993          | 9.8%         | 175,011          | 5.6%         |
| Extended Health Care             |                  |                  |              |                  |              |
| Single                           | 52,389           | 62,028           | 18.4%        | 49,928           | -4.7%        |
| Family                           | 822,129          | 973,137          | 18.4%        | 783,486          | -4.7%        |
| Dental Care                      |                  |                  |              |                  |              |
| Single                           | 41,156           | 41,982           | 2.0%         | 39,262           | -4.6%        |
| Family                           | 527,109          | 537,636          | 2.0%         | 502,854          | -4.6%        |
| GMA/Virtual Health Care          |                  |                  |              |                  |              |
| Single                           | 1,010            | 1,010            | 0.0%         | 1,010            | 0.0%         |
| Family                           | 5,148            | 5,148            | 0.0%         | 5,148            | 0.0%         |
| <b>Total</b>                     | <b>1,776,863</b> | <b>1,978,076</b> | <b>11.3%</b> | <b>1,722,825</b> | <b>-3.0%</b> |

### Analysis:

**Life (premium based):** The proposed increase is driven by the difference in the MLHU's current billed rate vs Canada Life's manual rate.

2018 rate \$0.255; 2023 rate \$0.263; proposed 2024 rate \$0.270 (+5.9% higher from the 2018 rate).

**AD&D (premium based):** The rate is based on the carrier's manual rate and therefore negotiated no increase. This rate is rarely revised following the implementation of a plan.

**Long-Term Disability (premium based):** The proposed increase is again driven by the difference in the MLHU's current billed rate vs Canada Life's manual rate.

2018 rate \$2.890; 2023 rate \$2.825; proposed 2024 rate \$2.983 (+5.6% higher than the 2018 rate).

**Health Care (ASO based):** Claims paid for the 12 months ended July 2023 amounted to \$693,136. Of these claims, 67.3% are claims for drugs; 15.7% are for vision and the remaining 17.0% are for paramedical/other/hospital.

**Dental Care (ASO based):** Claims paid for the 12 months ended July 2023 amounted to \$441,086. Of these claims, 32.8% are claims for periodontics & endodontics; 27.6% are for minor surgery & restorations; 27.1% are for diagnostic & preventive and the remaining 12.5% are for major surgery/orthodontics.

### ASO Based:

*ASO Expenses or Administrative Services Only: Calculated on deposit rates that are set based on claims activity for the previous 12 months, expected claims for the following year and the administrative fees incurred under the plan.*

There are no rate changes on these administrative services from 2023 to 2024. The fees are calculated as a percent of claims ranging from 2.96% to 4.23%, with profit calculated at 1.33% of claims.

### Conclusion

The Health Unit's contract with Canada Life to provide group insurance will be renewed from January 1<sup>st</sup> to December 31<sup>st</sup> of 2024. Based on the number of employees and benefits selected, the premium decrease for 2024 is estimated to be \$54,039.

This report was prepared by Finance Team, Healthy Organization Division.

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