



sheridan student union

MEMORANDUM

TO: Board of Directors, SSU

FROM: Ben LeBlanc, President, SSU
Jamie King, General Manager, SSU
Hanh Ngo, Senior Manager, Finance, SSU

DATE: December 6, 2019

RE: Health and Dental Fee Setting – 2020-21

PURPOSE:

The purpose of this report is to seek the SSU Board's approval of a recommended 2020-21 Health and Dental Fee.

BACKGROUND:

Please find a report prepared by StudentCare attached that provides some background surrounding our health and dental fee setting process over the last several years, and that also includes a recommendation surrounding a 2020-21 fee.

Please also find a short report prepared by SSU Finance illustrating our current Health and Dental Reserve holdings, and some scenarios based upon several fee-setting scenarios.

It is important for the SSU Board to approve a health and dental fee so that communications surrounding this fee can be established with the college.

Ben & Jamie will be available to speak to these reports and recommendation.

FINANCIAL IMPACT:

The fiscal viability of the health and dental plan is important since it is a very popular service offered through SSU. As outlined in the analysis, the costs involved are significant, and the ongoing strategic management of the reserve is important to SSU and Sheridan students. It is important to set a health and dental fee that minimizes the impact of fiscal loss for the health and dental plan.

RECOMMENDATION:

SSU management recommends increasing the health and dental fee from \$285 per year, to \$299. This price has been recommended to align with Projection Analysis A from the StudentCare report, and to assist SSU to mitigate losses should costs be closer to Projection Analysis B.

Please note that any potential losses will be covered through the established Health and Dental Reserve.

Board members should note that the health and dental fee has only risen 2% over the last six years, with a significant increase in 2014-15 building plan stability for a considerable amount of time. This year we plan a minor subsidy from the reserve to offset minor losses, however it is now recommended that we cannot continue to hold firm on this fee. Particularly as the integration of a large cohort of international students is being considered, having a strong reserve to offset losses will be critical to our plan's future success.

REQUEST:

SSU management respectfully requests the SSU Board to approve the following motion recommending this increase:

BE IT RESOLVED THAT the SSU Board authorizes increasing the domestic student 2020-21 Health and Dental Fee from \$285 to \$299 per year, from \$191 to \$200 for students starting in the Winter Term, and from \$98 to \$103 for students starting in the Spring Term.

Sheridan Student Union Inc.
Forecast Health & Dental Plan Balance

2019/2020

SSU Health & Dental Fee	\$285.00	
SSU Supplement	\$4.01	1.41%
Health & Dental Premium	\$289.01	

Health & Dental Plan Fund Balance as of Aug. 31, 2019	\$1,434,806	
Forecasted Revenue	\$4,527,244	
Anticipated Premium (1.41% more)	-\$4,591,078	
SSU Supplement		-\$63,834
Forecast Health & Dental Plan Fund Balance as of Aug. 31, 2020	\$1,370,972	

Health & Dental Reserve Fund (Pre-SCI) per Board approval	\$500,000.00
Interest earned	\$1,465.00
Health & Dental Reserve Fund (Pre-SCI) as of Dec. 2, 2019	\$501,465.00

2020/2021 Health & Dental Plan Fee Proposal

Student Union Ancillary Fees	Academic Year 2013/2014	Academic Year 2014/2015	Academic Year 2015/2016	Academic Year 2016/2017	Academic Year 2017/2018	Academic Year 2018/2019	Academic Year 2019/2020	Propose Fee 2020/2021
Health & Dental Plan Fees								
Fall	\$240.00	\$255.00	\$280.00	\$285.00	\$285.00	\$285.00	\$285.00	\$299.00
Winter	\$160.00	\$170.00	\$186.00	\$191.00	\$191.00	\$191.00	\$191.00	\$199.00
Spring	\$80.00	\$85.00	\$93.00	\$98.00	\$98.00	\$98.00	\$98.00	\$99.00

Alternative Health & Dental Fees 2020/2021

A: Project H&D Premium \$297.36

Increase by	Option 1 \$5	Option 2 \$10	Option 3 \$12	Option 4 \$14
Health & Dental Plan Fees	1.75%	3.50%	4.21%	4.91%
Fall	\$290.00	\$295.00	\$297.00	\$299.00
Winter	\$193.33	\$196.67	\$198.00	\$199.33
Spring	\$96.67	\$98.33	\$99.00	\$99.67
Actual Premium				
Fall	\$297.36	\$297.36	\$297.36	\$297.36
Winter	\$198.24	\$198.24	\$198.24	\$198.24
Spring	\$99.12	\$99.12	\$99.12	\$99.12
Surplus/(Shortfall)				
Fall	-\$7.36	-\$2.36	-\$0.36	\$1.64
Winter	-\$4.91	-\$1.57	-\$0.24	\$1.09
Spring	-\$2.45	-\$0.79	-\$0.12	\$0.55
Anticipated Surplus/(Shortfall)				
Fall	-\$93,796	-\$30,076	-\$4,588	\$20,900
Winter	-\$10,633	-\$3,409	-\$520	\$2,369
Spring	-\$1,052	-\$337	-\$51	\$235
Co-op	-\$250	-\$80	-\$12	\$56
Total	-\$105,731	-\$33,903	-\$5,172	\$23,560

B: Project H&D Premium \$307.09

Increase by	Option 1 \$5	Option 2 \$10	Option 3 \$12	Option 4 \$14
Health & Dental Plan Fees	1.75%	3.50%	4.21%	4.91%
Fall	\$290.00	\$295.00	\$297.00	\$299.00
Winter	\$193.33	\$196.67	\$198.00	\$199.33
Spring	\$96.67	\$98.33	\$99.00	\$99.67
Actual Premium				
Fall	\$307.09	\$307.09	\$307.09	\$307.09
Winter	\$204.73	\$204.73	\$204.73	\$204.73
Spring	\$102.36	\$102.36	\$102.36	\$102.36
Surplus/(Shortfall)				
Fall	-\$17.09	-\$12.09	-\$10.09	-\$8.09
Winter	-\$11.39	-\$8.06	-\$6.73	-\$5.39
Spring	-\$5.70	-\$4.03	-\$3.36	-\$2.70
Anticipated Surplus/(Shortfall)				
Fall	-\$217,795	-\$154,075	-\$128,587	-\$103,099
Winter	-\$24,689	-\$17,466	-\$14,577	-\$11,687
Spring	-\$2,444	-\$1,729	-\$1,443	-\$1,157
Co-op	-\$581	-\$411	-\$343	-\$275
Total	-\$245,509	-\$173,681	-\$144,950	-\$116,218



STUDENTCARE

SSU HEALTH & DENTAL PLAN

Projected Fee Setting Analysis
2020-2021

Introduction

The insurance policies which underlie the SSU Health & Dental Plan are one-year contracts which must be renewed with the Plan insurer each year. This typically occurs in the spring prior to the plan year in question, once current year claims experience is reasonably established.

This report provides an overview of the projected Plan cost structure for 2020-2021 based on an analysis of the Plan's historical claims experience. This analysis is provided prior to the actual premium renewal, as the Plan fee must be set nearly one year in advance due to Sheridan's early deadlines for submission of Plan fees they collect on behalf of SSU.

Reviewing the Claims Experience

Since it was introduced in September 2007, the SSUI Plan has experienced very robust use by students. While this is positive - there is obviously strong demand and many students are using and benefitting from the program - it has also resulted in rapidly rising claims. In order to set the Plan on an "even footing" in response to this inflationary pressure, SSUI introduced fee and benefit changes over the past few years. These changes included:

2010-2011

- Introduced dispensing fee cap of \$5.
- Scaling reduced from 4 to 2 units per policy year.
- Recall exam reduced from once per 6 months to once per 12 months.

2011-2012

- Changed drug formulary to the National Formulary.
- Added psychologist visits at \$20/visit, up to \$400 per policy year. (Same as other health care practitioners)

2012-2013

- Added Special Authorization Formulary and list of additional drugs as suggested by Health Services (Carol Nagy).
- Dispensing fee cap increased from \$5 to \$8.
- Eyeglass/Contacts coverage increased from \$75 to \$100 per 12 months.
- Psychologists and Naturopaths each increased to \$50/visit and \$500/policy year. All other health practitioners increased to \$25/\$400

2013-2014

- Added coverage for composite (white) fillings for all teeth
- Increased eye exam coverage from \$50 to \$75 per policy year
- Increased coverage for eyeglasses and contact lenses from \$100 to \$175 per 12 months

2014-2015

- Introduced annual prescription drug maximum of \$5,000
- Reduced coverage for eyeglasses and contact lenses from \$175 to \$150 per 12 months

2015-2016

- No Benefit Changes

2016-2017

- No Benefit Changes

2017-2018

- No Benefit Changes

2018-2019

- Increased Physiotherapist & Chiropractor COVERAGE @ (60% to \$400) from (\$25 to \$400)
- All other paramedical coverage: \$40/visit \$400 max from (\$25 to \$400)
- Increased Psychologists/Social Worker/Councillor coverage TO (60% to \$500) from (\$50 to \$500)

Reviewing the Claims Experience

This document is a projected analysis of Plan Fee and ***NOT*** a formal insurance quote. It is intended to assist the SSU in setting the Health& Dental Plan fee for 2020-2021, **which may differ from the insurer premiums (plan cost) at the time of premium renewal.**

Projecting Plan costs two years into the future always presents unique challenges and places limitations on our ability to meaningfully forecast Plan costs. Sheridan is very unique in its requirements to set fees in the Fall for the following academic year, and this requires us to project claims for the current policy year (2019-2020) and then the subsequent policy year (2020-2021). This two step projection process increases the variance and uncertainty of the projection.

There are a number of factors which are beyond the control of the SSU, Studentcare, and the insurer, and which are only exacerbated by the long forecasting horizon. These include but are not limited to:

- Overall utilization of the Plan by Sheridan students
- Underlying cost of health care services (e.g. annual changes to dental fee guide)
- Introduction of new drugs and therapies
- Changes in size of population and demographic makeup of Sheridan students
- College enrolment

As a result, these projections should be considered with due caution.

OHIP+ Pharmacare Program

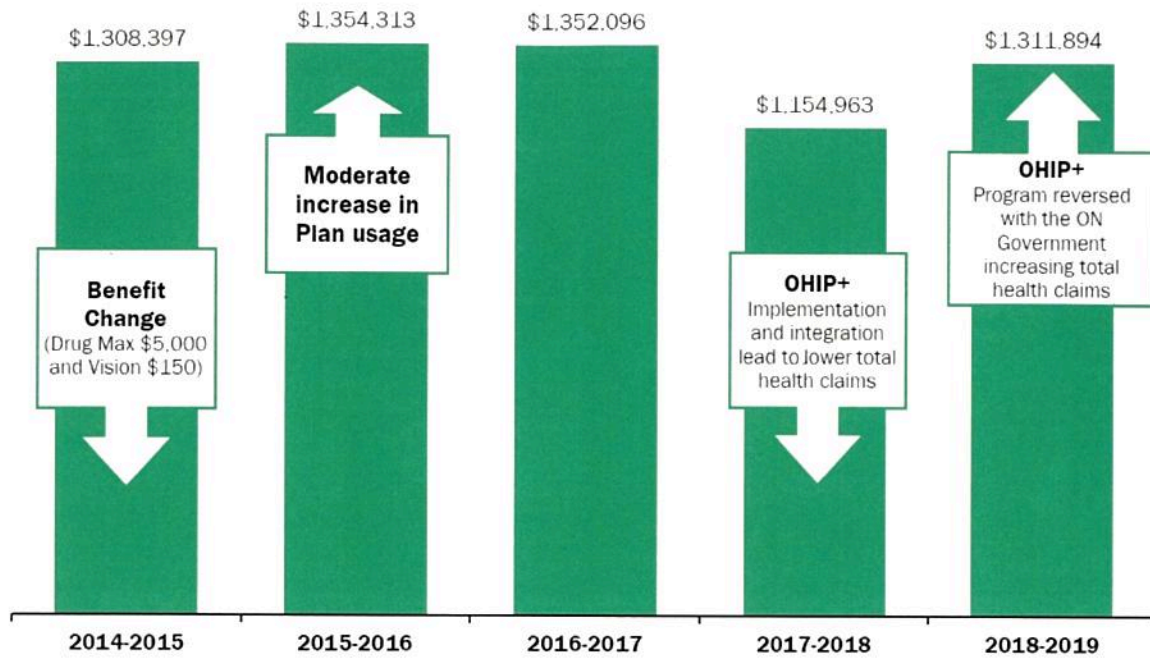
The Ontario government announced a provincial drug program for "children and youth" under the age of 24 in the summer of 2017 and confirmed its operation in Nov of 2017. The program covered medications listed on the ODB (Ontario Drug Benefit Formulary) and came in to effect January 1st, 2018.

The prescription drug category is the highest profile and most-costly student benefit. Studentcare took considerable measures to fully integrate (with no interruption to the students) the SSU Health Plan with the Provincial pharmacare program to ensure the SSU would benefit from a significant savings.

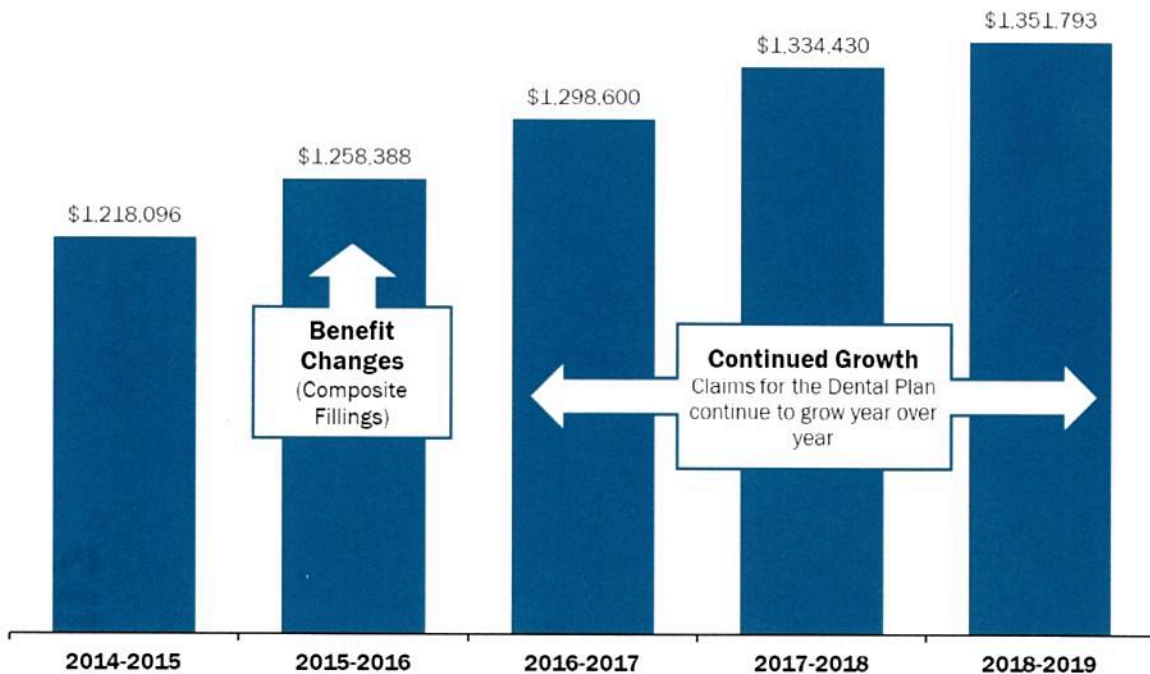
Studentcare executed the following:

- Worked with each institution administration to augment data files to include necessary fields
- Built a platform for students to confirm/change status (as necessary/if required)
- Created a full back-end integration structure with insurer
- Fully effective Jan. 1st, 2018 with no service interruption to students
- Result: \$342,000+ of savings refunded to the SSU
- Result: Lowered Premium for the 2018-2019 Plan year – leading to the continued funding of the SSU Internal reserve fund.

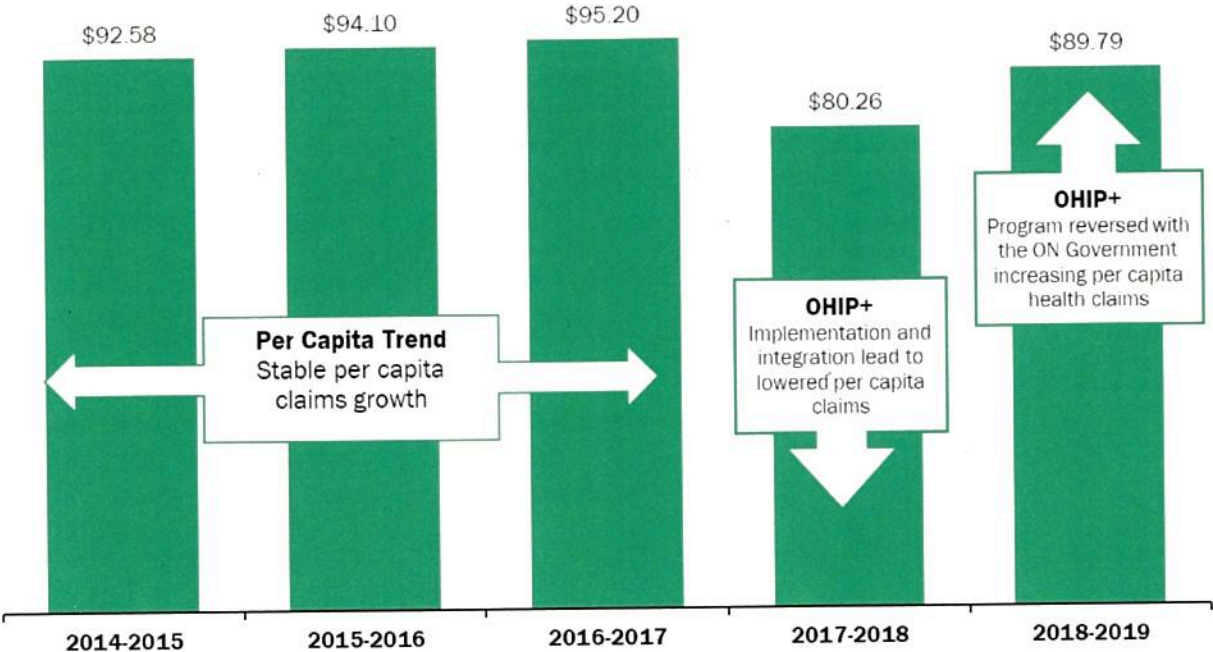
Annual Total Claims Health Plan



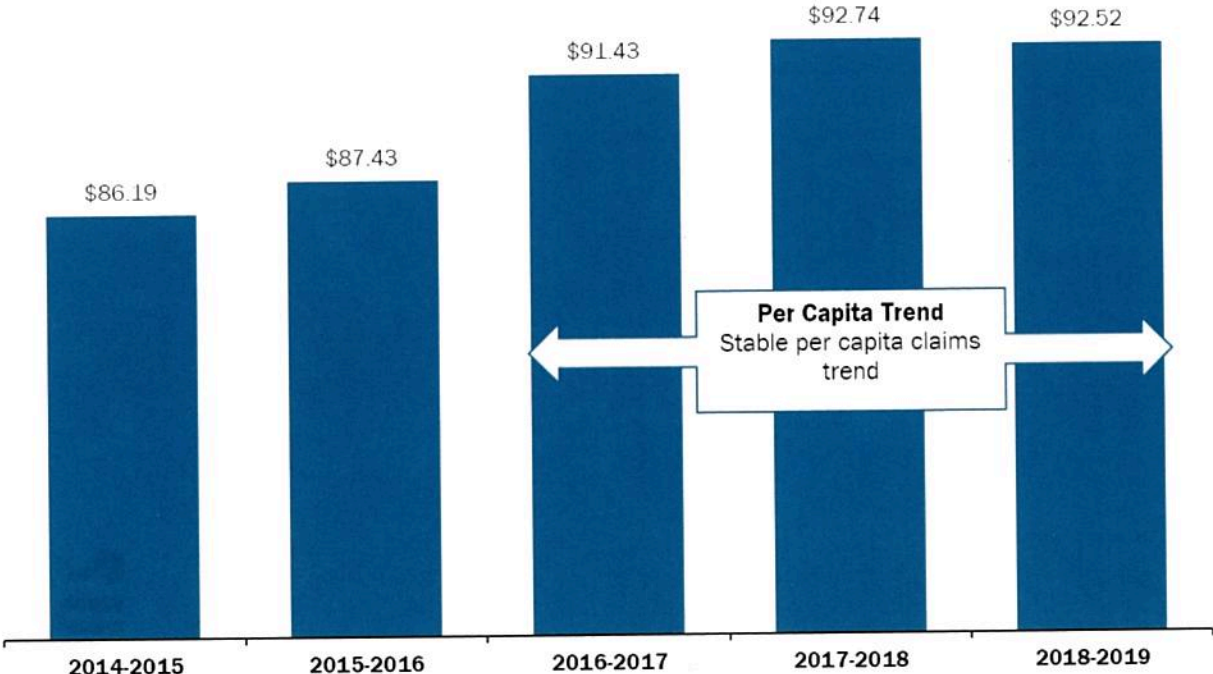
Annual Total Claims Dental Plan



Annual Per Capita Health Plan

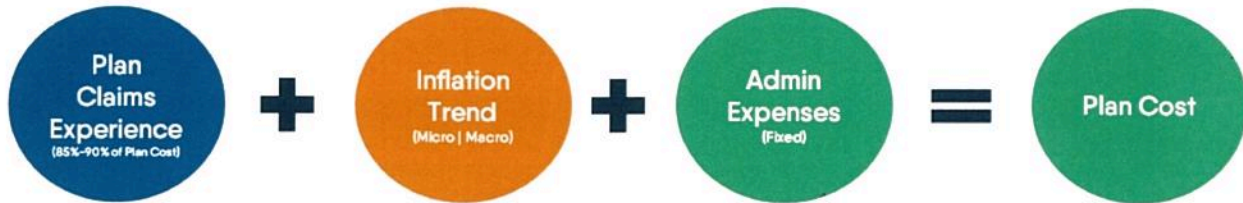


Annual Per Capita Dental Plan



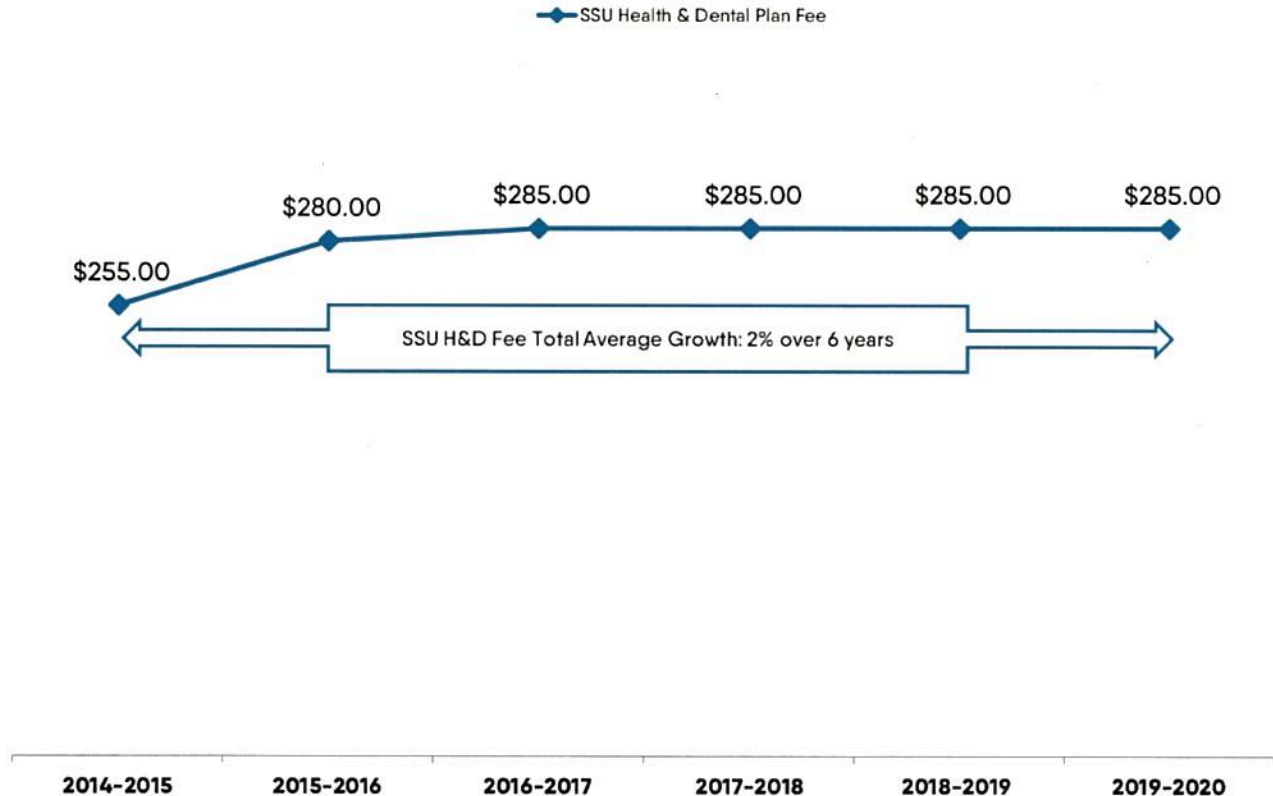
Determining the Plan Cost

Our projected renewal rate for the upcoming policy year is based on an analysis of the Plan’s claims experience. We project forward the current year’s claims, adjust for inflation, and add the insurer expenses, our provider fee and the Plan’s fixed costs. It is important to note that the current year’s claims are the largest factor in setting the Plan cost for the following year. Because the SSU Plan fee must be set for the 2020-2021 year, we must first project the 2019-2020 (current years) claims, as limited claims data from the current policy year is available.



SSU Plan Fee

The SSU Plan Fee has increased by an average of only 2% over the last 6 policy years and has not increased in the last the last 4 policy years. During this period, the SSU has been able to grow access to the plan, significantly modify benefits, and perhaps most importantly, establish and continue to grow a healthy internal reserve under our guidance.



Inflation Trend

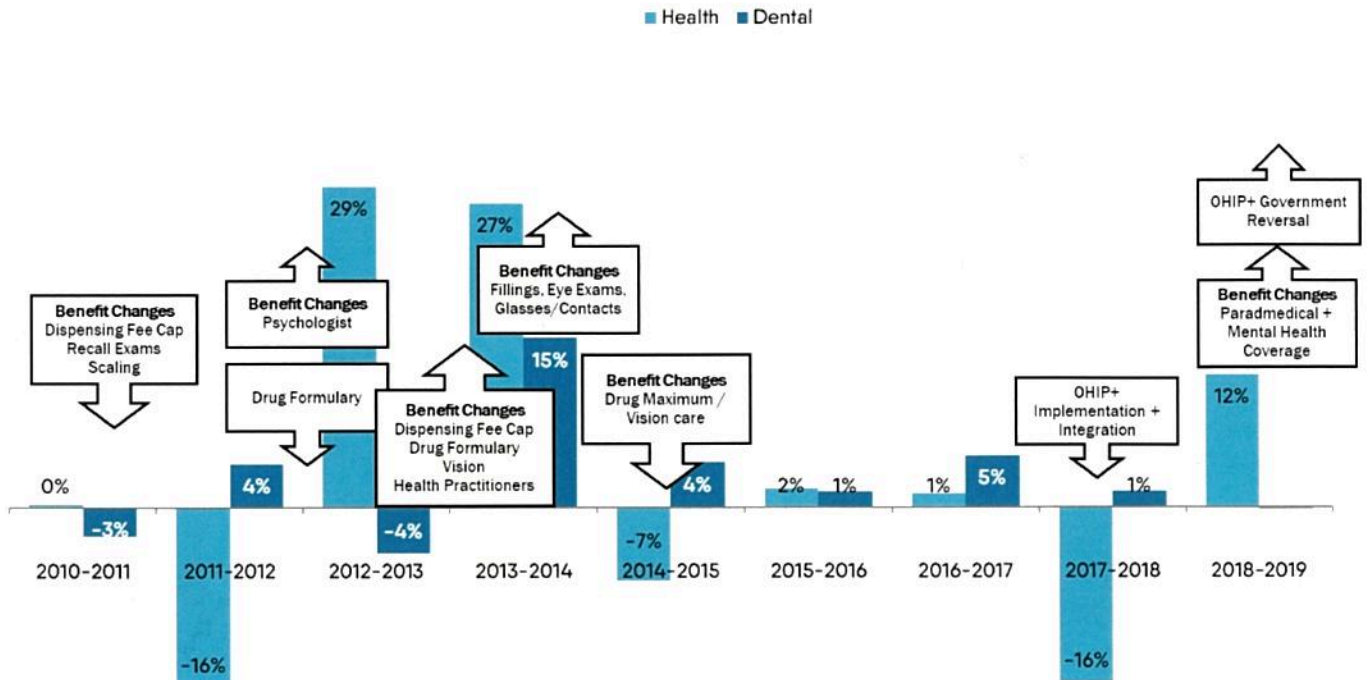
Claims generally tend to increase over time, leading to increases in Plan premiums. Various factors contribute to this inflation trend, including the following:

- Increases in the cost of health services (e.g. annual increase in dental fees)
- Legislative changes
- Introduction of new services (e.g. new or previously unavailable medications)
- **Benefit Changes to the Plan**
- Changing patterns of use (e.g. increase in consumption of anti-depressants)
- SSU claims experience
- Fluctuating Enrollment

The inflation trend is used to calculate projected claims, which determine a significant portion of the Plan premium. While the typical inflation trend for an employee benefit plan is in the double-digits, the demographics and usage patterns of a student health and dental plan enable the use of a much lower inflation trend. Studentcare uses customized inflation trend assumptions derived from its large block of student business across Canada to negotiate with the plan insurers.

Type of Health Plan	Typical Inflation Trend
Group Health & Dental Plan	15% - 20%
Typical Student Health & Dental Plan	8% - 10%
SSU Health & Dental Plan (Per Capita Trend)	5% - 12%

SSU Health & Dental Plan Per Capita Annual Inflation Trend



Projection Analysis A

SSU Health & Dental Plan Projected Fee Setting Analysis Inflation Trend: Health 10.0% Dental 10.0%

2020-2021 Plan Cost Analysis	Health	Dental	Total
Inflation Trend	10.00%	10.00%	
Projected Monthly Premium	\$10.23	\$10.35	\$20.58
Projected Annual Premium	\$122.72	\$124.19	\$246.91
Studentcare Fee (Fixed Cost)	\$10.00	\$10.00	\$20.00
Accidental Death & Dismemberment (Pooled-Fixed Cost)	\$2.42	-	\$2.42
Travel (Pooled-Fixed Cost)	\$6.00	-	\$6.00
Projected Total Annual Cost	\$141.14	\$134.19	\$275.33
Ontario Retail Sales Tax	\$11.29	\$10.74	\$22.03
Projected Plan Premium	\$152.43	\$144.93	\$297.36

SSU PLAN FEE	Total
2019-2020 PLAN FEE	\$285.00
2020-2021 PROJECTED FEE - SCENARIO A	\$297.36
% Change	4%

Projection Analysis B

SSU Health & Dental Plan Projected Fee Setting Analysis Inflation Trend: Health 15.0% Dental 10.0%

2020-2021 Plan Cost Analysis	Health	Dental	Total
Inflation Trend	15.00%	10.00%	
Projected Monthly Premium	\$10.98	\$10.35	\$21.33
Projected Annual Premium	\$131.73	\$124.19	\$255.92
Studentcare Fee (Fixed Cost)	\$10.00	\$10.00	\$20.00
Accidental Death & Dismemberment (Pooled-Fixed Cost)	\$2.42	-	\$2.42
Travel (Pooled-Fixed Cost)	\$6.00	-	\$6.00
Projected Total Annual Cost	\$150.15	\$134.19	\$284.34
Ontario Retail Sales Tax	\$12.01	\$10.74	\$22.75
Projected Plan Premium	\$162.16	\$144.93	\$307.09

SSU PLAN FEE	Total
2019-2020 PLAN FEE	\$285.00
2020-2021 PROJECTED FEE - SCENARIO B	\$307.09
% Change	8%