

October 12, 2011

HBT 2012 Contribution Rates & Rate Setting Process

Based on requests from clients, HBT altered our rate setting process to better coordinate with the timing of client budget cycles. This means that employers will receive their April 1, 2012 rates during the week of October 24, 2011. These rates are not estimates. They are the final rates that will be charged to employers on April 1, 2012. Other than the change in timing, the rate setting process has not changed.

HBT contribution rates are closely aligned with the expected cost of claims for each employer, while still providing a benefit from the Trust's pooling arrangements and collective purchasing power of health care benefits.

In advance of 2012 rates notices, we have provided a review of how contribution rates are determined

Long Term Disability (LTD) Rates

HBT's rate setting process for LTD incorporates adjustments for claims experience and the demographics of covered employees.

- » For employees covered by a provincial collective agreement, a province-wide base rate is set and adjusted for each employer's own experience.
- » For employees not covered by a provincial collective agreement, rates will vary by employer.

Extended Health and Dental Rates

HBT's rate setting process for Extended Health and Dental incorporates an employer's claims experience, demographics of covered employees and current cost of the plan design will factor into the rate setting.

- » For employees covered by a provincial collective agreement, a province-wide base rate will be set.
- » For employees not covered by a provincial collective agreement, rates will vary by employer.

Cost Sharing of Extended Health and Dental Coverage for Disabled Employees

Employers pay both 100% for active employees and 100% for employees on LTD. The rate for active and disabled employees is the same. The employer is responsible for collecting 50% of the contribution from those employees on LTD. Cost sharing reduces the cost to the entire pool and prevents employers with good LTD experience from subsidizing the cost of employers with claims poor experience.

Group Life and Accidental Death & Dismemberment (AD&D) Rates

Rates are set at the Trust level, with a single rate for Group Life and a single rate for AD&D.

Waiver of Premium for Employees on LTD

Employers are billed for Group Life and AD&D coverage for their employees on LTD.

- Employees *disabled prior to April 1, 2011*, who have been approved for LTD, will be billed effective April 1, 2012.
- Employees *disabled on or after April 1, 2011*, who are approved for LTD benefits, will be billed starting the first of the month the LTD claim commences. .

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Healthcare Benefit Trust (HBT) is a not-for-profit health and welfare trust that administers group health and welfare benefits on behalf of participating employers for eligible employees, their eligible dependents, and beneficiaries. The primary benefits administered by HBT are Group Life, Accidental Death & Dismemberment (AD&D), Weekly Indemnity, Long Term Disability (LTD), Extended Health, and Dental. HBT ensures these benefits are administered in accordance with provisions and Plan design negotiated by HEABC, CSSEA, and single-site collective agreements. For more information on HBT please visit the member website at www.hbt.ca.