

BENEFITS *BY* DESIGN

CGIB CHIP PLAN RENEWAL

| 2023 REVIEW AND ANALYSIS





CGIB CHIP PLAN RENEWAL REVIEW

RENEWAL DATE: SEPTEMBER 1, 2023

Number of groups (including affiliates) that are part of this year's block renewal = 49

Current loss ratio = 63.2%

Target loss ratio = 72.3%

As the block approaches its second renewal, the pool is continuing to perform below target. However, with the increase in participation over last year we saw a +12.5% increase in claims while paid premium increased +2.5%, increasing the loss ratio from 57.6% last year, to 63.2% this year.

Along with the upward trend of claims, we also need to consider that groups within the pool renew at different points throughout the year and won't pay the updated renewal rates for a good portion of the next 12-month experience period, if at all. We have also yet to see the full impact the new groups will have on the claims experience of the pool.

The number of pooled claims remain fairly stable within the block with the stop-loss claims equaling roughly 39% of total claims paid. There is more than one group with pooled claims, and there are a handful of groups with high loss ratios that haven't exceeded the pooling threshold. Obviously, based on plan design, this impact is due to drug claims which are for ongoing and chronic conditions, so we don't expect these to decrease unless an employee or group terminates coverage.

For these reasons, we are suggesting an +8% increase to the current block rates. This is to cover off the risk of the higher claiming groups, the staggered renewal dates, and the unknown experience of the new groups. Our ultimate goal is for the pool to remain stable and consistent, year over year. The block is still relatively small and could be swayed by one or two new high claimers. By putting in a small increase now (which continues to be below the average trend), we are hoping to continue avoiding any significant changes at the next renewal. As the block continues to grow, it will more easily be able to absorb the increases in claims.

This would impact the rates as follows:

New Non-Pharmacare Rates

Single = \$22.04 (\$1.64 increase)

Couple = \$38.62 (\$2.92 increase)

Family = \$54.96 (\$3.96 increase)

New Pharmacare Rates

Single = \$13.23 (\$0.98 increase)

Couple = \$18.74 (\$1.39 increase)

Family = \$29.75 (\$2.20 increase)

These rates will become the rates for all new groups entering the pool. They will also become the renewal rates for all existing groups renewing between September 2023-August 2024.



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In order to streamline the renewal process, all new groups that join the block will have a September renewal date, to renew alongside the pool. This will result in the below rate guarantee periods for new groups.

Effective Date	STD, CI, EHC Renewal	Rate Guarantee (Months)	Life, AD&D, LTD Renewal	Rate Guarantee (months)
Jun-23	Sep-24	15	Sep-25	27
Jul-23	Sep-24	14	Sep-25	26
Aug-23	Sep-24	13	Sep-25	25
Sep-23	Sep-24	12	Sep-25	24
Oct-23	Sep-24	11	Sep-25	23
Nov-23	Sep-24	10	Sep-25	22
Dec-23	Sep-25	21	Sep-26	33
Jan-24	Sep-25	20	Sep-26	32
Feb-24	Sep-25	19	Sep-26	31
Mar-24	Sep-25	18	Sep-26	30
Apr-24	Sep-25	17	Sep-26	29
May-24	Sep-25	16	Sep-26	28



Extended Health	
Weighted Premium ¹	\$88,881.34
Weighted Paid Claims ²	\$56,204.14
Change in Reserves	\$468.54
Incurred Claims ³	\$56,672.68
Incurred Loss Ratio	63.8%
Inflated Incurred Claims ⁴	\$65,740.31
Loss Ratio (Inflated)	74%
Credibility	100%
Calculated Rate Change	2.3%
High Claims Risk Charge (for claims between \$1,000-\$9,999)	5%
Adjusted Rate Change	7.3%
Implemented Rate Change w/Travel ⁵	8%

Travel Rates		
Type	Current	Renewal
Single	\$4.51	\$4.75
Family	\$8.61	\$9.07

Pharmacare Rates		
Type	Current	Renewal
Single	\$12.25	\$13.23
Couple	\$17.35	\$18.74
Family	\$27.55	\$29.75

Non-Pharmacare Rates		
Type	Current	Renewal
Single	\$20.40	\$22.04
Couple	\$35.70	\$38.62
Family	\$51.00	\$54.96

Premium and Claims History			
Date	Premium	Paid Claims	Paid Loss Ratio
May 1, 2022 – April 30, 2023	\$88,881.34	\$56,204.14	63.2%
May 1, 2021 – April 30, 2022	\$86,723.65	\$49,956.94	57.6%
May 1, 2020 – April 30, 2021	\$69,251.10	\$47,851.76	74.6%

Renewal Factors	
IBNR	7.5%
Inflation & Utilization	12%
Applied Trend Factor	16%
Target Loss Ratio ¹	72.3%
Stop-Loss Charge ¹	16.18%

\$36,249.88 in claims removed due to In Canada Pooling (over the \$10,000 pooling threshold)

1. Premiums and Target Loss Ratios do not include In Canada Pooling & Out of Country charges (EHC only) or Premium Taxes. Travel rates are \$4.75 single and \$9.07 family.
2. Paid Claims do not include In Canada claims exceeding \$10k per participant or any Out of Country claims.
3. Incurred claims equal paid claims plus a claims reserve established to pay claims that are incurred but not yet reported. The reserve is calculated based on paid claims.
4. Incurred claims are multiplied by the inflation factor to estimate next year's claims.
5. Rates may vary slightly due to rounding