

## Healthcare Pooling at a Glance

Provision	Number of Extended Health Benefit (EHB) Lives	
	2 to 19	20+
Thresholds	\$10,000 Threshold applies to all classes	Standard is \$10,000, or Choice of \$15,000, \$20,000, or \$25,000 Threshold applies to all classes
Threshold increase	No	Yes
Threshold decrease	No	Yes, according to Empire Life underwriting approval
Pooled benefits	Those covered under the EHB benefit. This may include drugs, hospital, paramedical, medical services and supplies, vision.	
Pooling premium funding arrangement	EP3 and LAP are fully pooled at the Empire Life block level in separate and distinct pools. For EP3, this is mandated by CDIPC guidelines; for LAP, this is our general approach and is discretionary.	
Pooling charge	<p>Pooling charge is based on dollar threshold, employees' province of residence, the Empire Life block of pooled claims experience, administrative expenses, and inflationary trend factors.</p> <p>For insured EHB policies, the Healthcare pooling charge includes EP3 and LAP charges where applicable. Charges are developed separately and blended to present customers with a single charge. Pooling premium for Out of Province and provincial pooling (QUDP) is excluded from the Healthcare pooling charge and is included in the EHB rate.</p> <p>ASO EHB policies have two sets of rates. The ASO rates represent the self-insured components of the EHB and Dental benefits. The Extended Health insured rate includes the LAP charge, the Out of Province pooling charge (at first dollar), provincial pooling (QUDP) charge, and the rate for any insured EHB component, where applicable.</p>	
Plan eligibility	<p>For fully insured plans, the EP3 is the primary arrangement (mandatory) and the LAP is the secondary arrangement (for excluded certificates).</p> <p>For insured plans not eligible to pool claims in the EP3 because of provisions around deductibles and maximums, LAP is the only pooling arrangement.</p> <p>For ASO plans, the LAP is the only pooling arrangement.</p>	
Certificate eligibility  Applies to EP3 arrangements only	<p>EHB plans that became eligible for EP3 after June 7, 2011 may have certain certificates excluded from EP3 and pooled in LAP. A policy is deemed to have become eligible after June 7, 2011 if one of the following occurred on or after this date:</p> <ul style="list-style-type: none"> <li>• policy was amended to remove exclusionary plan design provisions,</li> <li>• policy was ASO and was amended to become fully insured, or</li> <li>• new policy was established with customer having no history of employee benefits.</li> </ul> <p>If one of the above applies, all certificate claim costs will be eligible for pooling in the EP3 if they did not exceed the Industry Pool ongoing threshold in the benefit year before the EHB policy became EP3 eligible. If claim costs are excluded in these circumstances, they will continue to be excluded until they are less than the industry pool or EP3 threshold for two consecutive benefit years.</p>	

### EP3 Eligibility Dashboard

Policy Status	Is the policy EP3 eligible?	Will certificate claims be pooled in the EP3?
1. Eligible June 7, 2011 and eligible today	Yes	Yes
2. Ineligible today	No	No
3. Converted to eligible policy, or implemented new eligible EHB policy, after June 7, 2011	Yes	Maybe. See below
3a. Certificate claim costs (or for new customers, medical costs incurred by employees prior to customer having benefits) exceeded Industry Pool threshold in year before policy's EP3 eligibility	Yes	Deemed to be pre-existing claims, so mandatorily excluded from EP3 Eligibility re-instated once claims are below Industry Pool threshold for two consecutive years Eligibility status transitions to the new carrier in the event of a move
3b. Certificate claim costs are between the EP3 threshold and Industry Pool threshold in year before policy's EP3 eligibility	Yes	Deemed to be pre-existing claims, only excluded from EP3 at discretion of Empire Life If option to exclude is exercised, eligibility will be re-instated once claims are below EP3 threshold for two consecutive years Eligibility status transitions to the new carrier in the event of a move

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