Meeting Minutes
Health Care Benefits Trust Board
Regular Meeting

June 16, 2022 | 4:00 p.m.
Council Chambers Conference Room
88 E. Chicago St., Chandler, AZ

CHANDLER
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Community of Innovation

Call to Order

The meeting was called to order by Chairman Bohnert at 4:02 p.m.

Roll Call

Board Attendance

Chair Michael Bohnert
Vice Chair Terry Bond
Lily Longacre
Jennifer Huppenthal

Absent

Secretary Val Gale

Other Attendance

Dee Hooker, Benefits Analyst
Fernanda Osgood, Benefits/Compensation Manager
Joshua Jumper, Heinfeld Meech
Kristi Smith, Accounting Manager
Rachel Calisi, Segal Consultants
Rae Lynn Nielsen, HR Director
Roni Laxa, Assistant City Attorney
Teresa Canjar, Management Assistant

Consent Agenda and Discussion

1. March 3, 2022 Minutes
   Ms. Bond made a motion to approve the minutes as presented from the March 3, 2022, meeting of the City of Chandler Health Care Benefits Trust Board, seconded by Ms. Longacre, motion carried.

Scheduled and Unscheduled Public Appearances

Briefing

1. Financial Audit Report
   Joshua Jumper from Heinfeld Meech presented the audit results from the December 2021 year end. He highlighted the Financial Statements and Report on Internal Control and on Compliance. The

audit was reported as unmodified which means the financial statements are free from material misstatement. The financial section of the report shows comparison numbers between 2020 and 2021. There were no internal control deficiencies noted this audit year. He gave a brief overview of the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards letter that was sent to the Board in May.

2. Medical Trust Actuarial Report

Rachel Calisi from Segal provided an overview of the Medical and Prescription Drug Plan Quarterly Report from January 1, 2022, through December 31, 2022 - data through March 31, 2022. The Dashboard report has been changed to show the previous years' information and compares it to our current year's information. Expenses have decreased which is attributed to how we were capturing COVID expenses and for this year we have moved that to a claim. When you compare claims and expenses, we are at $1,246.70 last year compared to $1,082.14 this year. We are experiencing some deficits, but it is not as significant as last year. The pharmacy claims have decreased by 17%. The demographics have had no significant changes; it has remained steady. The total number of large claimants is 3 at $406,028 compared to 6 at $831,705 last year. Inpatient hospital bed days/1,000 and average length of stay has decreased. Usually this time of year, we have our annual meeting with Blue Cross and we will be able to highlight some of these changes at the next meeting. Our in-network utilization is remaining very high at 98.6% versus 97.1% last year. I would expect this to remain in the 90s. Our discounts have decreased a little compared to last year, but again that compares the mix of claims versus inpatient, physician, and outpatient. Our member cost share has increased to 18.9% compared to 13.4% last year, but keep in mind this is the beginning of the year where the deductibles and out of pockets have a reset. The beginning of the year is always going to be more and as we get further in the year, these numbers will shift.

Rachel highlighted the 2021-2022 Medical/RX Contributions and Expenses Report. The key numbers between 2021 and 2022 were noted. Enrollment and contributions have remained pretty steady. There were stop loss refunds in 2021 of $1,241,629 and $331,011 for 2022. Our plan expenses to date are $787,433 reflecting an average of $262,478. Our deficit to date is $100,937. The total loss ratio was 101.8% versus 116.3% last year.

The 2022 Enrollment by Status and Plan report shows no significant changes. There was a slight increase in enrollment with a small shift between plans.

The Medical/RX YTD Claims Paid by Plan and Status comparison chart shows the difference between the different plans and actives versus retirees. Here you can see shifts in the orange which are retirees; actives are performing a bit higher but remember this is the beginning of the year and retirees will outpace the actives in claims. Overall, the claims spent so far this year is lower than in 2021.

The 2022 Contributions and Paid Claims by Status and Plan Report shows a further breakdown of the actives and retirees looking at the loss ratios with contributions and total expenses. The blue and white plan contributions are exceeding claims. The red plan claims are larger than contributions and our retirees are outpacing our contributions for the red and blue plan, but not the white plan. The overall loss ratio is 108% when we look at total expenses.

The 2022 Contributions and Expenses by Status and Plan charts are broken out by active versus retiree. The red active plan is at a deficit of $366; the retiree white plan is the only one that has a surplus. By adding up all the expenses for active employees there would be a $69 deficit per employee per month and doing the same with the retirees there would be a $176 deficit per retiree per month. Overall retirees make up 12% of enrollment,10% of contributions, and 11% of claims and expenses.

The 2022 Incurred Medical Claims Paid in Excess of $100,000 report shows that large claims over $100,000 account for 7.8% of the total medical/RX paid. The 3 large claims paid $406,028 in Medical/RX. None of these claims are in excess of the $350,000 Stop Loss Deductible.

The Thirteen Month Snapshot shows the net medical trend at 4.6% and the RX trend at -4.2%. At our last meeting, the medical trend was at 18% and the pharmacy trend was at 1%, so it has definitely come down. We are still running at a deficient just not as severe. The first quarter is typically the plans best quarter because deductibles and out of pocket expenses have reset. This will change as the year goes on.

3. Financial Statements and Wellness Report

Statement of Net Position as of March 31, 2022

Kristi Smith advised the Board that the total assets were $15,590,200 which is down from last quarter and due from the city is up at $392,472. There is $3,755,567 in liabilities which is down from the prior quarter related to decreases in due to city and claims payable. The unrestricted net position is $11,834,633 when comparing the total net position to the reserve goal of $6,934,000 there’s a surplus of over $4.9 million.

Statement of Revenues, Expenses and Changes in Net Position – March 31, 2022

The prorated budget is shown, some items are based on the number of payrolls with and without insurance, others are based on the number of months, and some may be at 100%, if fully expended. The total actual operating revenues are $5,768,168 which is under budget because of the reduced employer/employee self- insurance premiums. Actual operating expenses are at $5,309,438, which is under budget related primarily due to a reduction in claims paid. The actual operating income is at $458,731, while an operating loss was anticipated, an operating income is present for a swing of $1,766,321. The non-operating revenues exceeded expenses by $43,350 providing a positive change in net position of $502,080. The ending net position is $11,834,633 which agrees with the Statement of Net Position.

Statement of Cash Flows – March 31, 2022

Kristi Smith advised the Board that this report shows the inflows and outflows of cash by activity. The cash and investments total $15,160,482 which agrees with the Statement of Net Position.

Wellness Programs Tracking Report – March 31, 2022

Kristi Smith advised the Board that the Wellness Program tracking shows $122,573.39 which is cumulative over the years. We have received the $25,000 from Blue Cross and have expended $7,921. This number agrees with the wellness programs operating expense on the Statement of Revenues, Expenses and Changes in Net Position.

3. Investment Report – March 31, 2022

Kristi Smith provided a brief overview of the Investment Performance Review. The portfolio statistics yield at cost is 0.89% which is up from 0.88% the previous quarter. Maturity distribution shows the yield at market of 1.76% which is up from the prior quarter at 0.61%. The effective duration is 1.18 which is in line with the benchmark of 1.80. The money market rate for Allspring is 0.02% and FAF is 0.02%, which is a minimal increase from last quarter. On the Sector Allocation Review there is a continued shift from Agency to Treasury.

4. Election of Chairperson, Vice Chairperson, and Secretary

Action Items

Election of Chairperson, Vice Chairperson, and Secretary

Mr. Bohnert made a motion to nominate himself as Chairperson of the Healthcare Benefits Trust Board, seconded by Ms. Bond, motion carried unanimously.

Mr. Bohnert made a motion to nominate Terry Bond as Vice Chairperson of the Healthcare Benefits Trust Board, seconded by Ms. Longacre, motion carried unanimously.

Ms. Longacre made a motion to nominate herself as Secretary of the Healthcare Benefits Trust Board, seconded by Ms. Bond, motion carried unanimously.

Member Comments/Announcements

Fernanda Osgood introduced Dee Hooker the new Benefits Analyst and Jennifer Huppenthal our new board member. Welcome Dee and Jennifer!

Calendar

The next regular meeting will be held on Thursday, September 15, 2022, at 4:00 p.m., in the Council Chambers Conference Room, 88 E. Chicago Street.

Informational Items

Agenda Items for Future Meeting Dates

Actuarial Audit Report – Segal
Financial Statements and Wellness Report – Management Services
Investment Report – Management Services
Review of 2023 Rates – Management Services/Human Resources
Resolution for 2023 Rates

Adjourn

Ms. Bond made a motion to adjourn the meeting of the City of Chandler Health Care Benefits Trust Board of June 16, 2022, at 5:03 p.m., seconded by Ms. Longacre, motion carried.

Teresa Canjar, Secretary

Michael Bohnert, Chair