

# Meeting Minutes

## Health Care Benefits Trust Board

### Regular Meeting

March 2, 2023 | 4:00 p.m.  
Council Chambers Conference Room  
88 E. Chicago St., Chandler, AZ



### Call to Order

The meeting was called to order by Chair Bohnert at 4:05 p.m.

### Roll Call

#### Board Attendance

Chair Michael Bohnert  
Vice Chair Terry Bond  
Secretary Lily Longacre  
Val Gale

#### Absent

Jennifer Huppenthal

#### Other Attendance

Dee Hooker, Benefits Analyst  
Fernanda Osgood, Benefits/Compensation Manager  
Kristi Smith, Financial Services Assistant Director  
Rachel Calisi, Segal Consultants  
Robert Steele, Accounting Manager  
Roni Laxa, Assistant City Attorney  
Teresa Canjar, Management Assistant

### Consent Agenda and Discussion

1. November 17, 2022 Minutes  
Vice Chair Bond made a motion to approve the minutes as presented from the November 17, 2022, meeting of the City of Chandler Health Care Benefits Trust Board, seconded by Secretary Lily Longacre, motion carried.

### Scheduled and Unscheduled Public Appearances

### Briefing

1. 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 December 31, 2022.

Both medical and pharmacy contributions were down slightly compared to 2021, which still resulted in a deficit of \$135.10 PEPM. The loss ratio is 113% compared to 116% last year. Not as big of a loss as last year, but still a loss. In prescription drugs, our mail order scripts increased which is good and this should continue to trend up. We did have an increase of 82.2% in the generic dispensing rate.

We had an increase of 3.4% in the average number of employees and about 2% in average number of members. In 2022, we had 38 large claimants at \$7,813,002 which accounts for 33.3% of medical/pharmacy paid claims compared to 28 at \$7,006,649 last year. Our in-network utilization remains high at 97.3%. Our discounts have decreased to 66.4% compared to 67.2% last year. Our member cost share is the same as last year at 13.4%.

Rachel highlighted the 2021-2022 Medical/Rx Contributions and Expenses Report. The key numbers between 2021 and 2022 were noted. We received slightly more stop loss refunds this year \$1,319,006 compared to \$1,241,629 last year. The deficit was \$2,879,311 compared to \$3,602,836 last year.

The 2022 Enrollment by Status and Plan report shows the red plan increased by 2%, the blue plan increased by 15%, and white plan increased by 3%. The total increase combined was 3%.

The Medical/Rx YTD Claims Paid by Plan and Status Comparison Chart shows the difference between the different plans and actives versus retirees. The red and blue plans were down for 2021, and the white plan is slightly up from last year, but overall, all plans were down \$1,110 versus \$1,143.

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 results are very similar to 2021. Retirees are experiencing a high loss ratio. Expenses are outpacing our contribution for all plans. The only active plan below 100% loss ratio is the white plan at 95%. The numbers may not be the same in all the reports because stop loss reimbursements are not incorporated in this report.

The 2022 Contributions and Expenses by Status and Plan Charts are broken out by active versus retiree. The red and blue active plans are at a deficit and the active white plan is the only one that has a surplus. Slightly better than last year, but still all of the retiree plans are at a deficit. Overall retirees make up 12% of enrollment, 10% of contributions, and 17% of claims.

The 2022 Incurred Medical Claims Paid in Excess of \$100,000 Report shows 38 large claims over \$100,000. The large claims paid \$7,813,002 in Medical/Rx. Five of these claims are in excess of the \$350,000 Stop Loss Deductible which totaled \$945,019. The white plan has the most claimants at 17, the red plan at 16 and 5 blue claimants.

The Thirteen Month Snapshot shows the net medical trend at -1.7% and the Rx trend at -8.9%. Still at a deficit but going down slightly.

## 2. Financial Statements and Wellness Report

### Statement of Net Position as of December 31, 2022

Robert Steele advised the Board that the reports this month are unaudited as we are going through the audit right now and the audit report will be presented at the next meeting. The total assets were \$18,104,191 which is down from last quarter and Due from City is down \$2,788,860. There is \$4,473,977 in liabilities which is up from the prior quarter due to rise in retiree claims payable. Overall assets were down quarter over quarter and liabilities were slightly up which resulted in a change in the unrestricted net position. The unrestricted net position is \$13,630,215, a decrease from last quarter due to reduction in amount of Due from City. When comparing the total net position to the reserve goal of \$6,934,000 there's a surplus of just under \$6.7 million.

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

The full year budget is shown for this quarter as we have reached the end of the year. The total actual operating revenues are \$22,814,736 which is \$912,764 under budget because of reduced employer/employee self-insurance premiums. Total operating expenses are at \$25,672,497, which is \$1,582,188 under budget related primarily due to a reduction in claims paid. The actual operating loss is at \$2,857,761, while an operating loss was anticipated, the operating loss through December 31<sup>st</sup> is \$669,424. The non-operating revenues exceeded expenses by \$5,155,423 (which includes a \$5,000,000 contribution from the City) providing a change in net position of \$2,297,662. The ending net position is \$13,630,215 which agrees with the Statement of Net Position.

### Statement of Cash Flows – December 31, 2022

Robert Steele advised the Board that this report shows the inflows and outflows of cash by activity. The cash and investments total \$15,249,021 which agrees with the Statement of Net Position.

### Wellness Programs Tracking Report – December 31, 2022

Robert Steele advised the Board that the Wellness Program tracking shows \$112,349.55 which is cumulative over the years. We have received the \$25,000 from Blue Cross and have expended \$18,144.49. This number agrees with the wellness programs operating expense on the Statement of Revenues, Expenses and Changes in Net Position.

### 3. Investment Report – December 31, 2022

Robert Steele provided a brief overview of the Investment Performance Review. The portfolio statistics yield at cost is 1.79% which is up from 1.36% the previous quarter. Maturity distribution shows the yield at market of 4.65% which is up from the prior quarter at 4.19%. The effective duration is 1.26 which is in line with the benchmark of 1.74. The Fed's have increased rates two times since the last meeting, and we expect additional rate increases in 2023 which will benefit the trust. The Credit Quality shows what percentage of investments are in the credit quality, 83% is AA+ or higher which is good. The money market rate for Allspring is 4.08% and First American Funds is 3.86%, which is an increase from last quarter. The Sector Allocation Review shows changes from the prior quarter and the color graph shows minimal shifting between sectors.

## Member Comments/Announcements

Fernanda Osgood, Benefits/Compensation Manager, advised the group that Michael Bohnert was not renewing his term, and this was his last meeting. She thanked Michael for his service to the City of Chandler and wished him well.

## Calendar

The next regular meeting will be held on Thursday, June 15, 2023 at 4:00 p.m., in the Council Chambers Conference Room, 88 E. Chicago Street.

## Informational Items

### Agenda Items for Future Meeting Dates

- Financial Audit Report – Heinfeld Meech
- Medical Trust Actuarial Report - Segal
- Financial Statements and Wellness Report – Management Services
- Investment Report – Management Services
- New Members and Election of Officers

## Adjourn

Assistant Fire Chief Gale made a motion to adjourn the meeting of the City of Chandler Health Care Benefits Trust Board of March 2, 2023, at 4:30 p.m., seconded by Vice Chair Bond, motion carried.

  
Teresa Canjar, Secretary  
Terry Bond, Vice Chair