

Meeting Minutes

Health Care Benefits Trust Board

Regular Meeting

November 16, 2023 | Immediately following
the Workers' Compensation and
Employer Liability Trust Board which
Begins at 4 p.m.
Council Chambers Conference Room
88 E. Chicago St., Chandler, AZ



Call to Order

The meeting was called to order by Chair Terry Bond at 4:18 p.m.

Roll Call

Board Attendance

Chair Terry Bond
Vice Chair Lily Longacre
Secretary Jennifer Huppenthal
Assistant Fire Chief Val Gale
Mark Knight

Other Attendance

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

Consent Agenda and Discussion

1. August 17, 2023 Minutes
Secretary Huppenthal made a motion to approve the minutes as presented from the August 17, 2023, meeting of the city of Chandler Health Care Benefits Trust Board, seconded by Vice Chair 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, 2023, through December 31, 2023 - data through September 30, 2023. The Dashboard report shows the previous years' information and compares it to our current year's information. Contributions are up \$1,141.21 compared to \$1,063.64. Net Paid Medical Claims are down compared to last year but pharmacy is up. Total claims are down from last year. Stop Loss and Admin Expenses are up from last year. Total Claims and Expenses are up from last year and our Surplus/Deficient is down. We are at a 107% loss ratio this year compared to 114% last year. The reason we are seeing an increase in our pharmacy claims is because of a specialty drug claim.

Chair Bond asked if semaglutides for weight loss are covered under the plan and are you seeing an increase in these prescriptions? Rachel responded they are covered, but they make sure the claims are for diabetic reasons.

There has been an increase in enrollment 1,812 compared to 1,773 last year. Age and gender index remains consistent. We have 12 large claimants compared to 28 last year, and the total dollar amount paid was down 48.9% and they make up 17% of our medical/pharmacy claims. Bed days has dropped 325 days versus 350 days and the average length of stay is about the same. Medical In-Network Usage and Discounts are up slightly to 97.6% and Discount from Billed is up at 68.3%.

Member cost share is at 14.8% and Plan Paid is down by 85.2%. 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 2022-2023 Medical/RX Contributions and Expenses Report. The key numbers between 2022 and 2023 were noted. This report shows the medical claims paid detail. In 2022, the medical paid average was \$1,614,365 and for 2023 an increase to \$1,667,500. Our deficit for this year is \$1,365,317. Our Stop loss ratio is at 107.3%. Stop Loss reimbursements are up at \$1,879,447, which is driven by stop loss reimbursements. She also noted the pharmacy decreased from \$4,291,893 to \$3,915,361.

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 claims are down, but the white plan is up compared to last year. Overall claims were higher per employee per month not including stop loss claims. Retirees are higher on all plans except the blue plan.

The 2023 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. All plans

are over 100% loss ratio except the active white plan at 97% and the retiree blue plan at 69%. The actives are running at a 107% loss ratio and the loss ratio for the retirees is 215. The overall loss ratio is 117% when we look at total expenses.

The 2023 Contributions and Expenses by Status and Plan charts are broken out by active versus retiree. There is a deficit in all plans except the active white plan and the retiree blue plan. Overall retirees make up 12% of enrollment, 10% of contributions, and 18% of claims and expenses.

The 2023 Incurred Medical Claims Paid in Excess of \$100,000 report shows that large claims over \$100,000 account for 20% of the total medical/RX paid. There are 5 on the red plan, 1 on the blue plan, and 8 on the white plan. The six large claims paid \$3,784,960 in Medical/RX. Three of these claims are in excess of the \$350,000 Stop Loss Deductible.

The Thirteen Month Snapshot shows the net medical trend at -3% and the RX trend at 18.9% due to the large pharmacy claim. These percentages will continue to fluctuate.

2. Financial Statements and Wellness Report

Statement of Net Position as of September 30, 2023

Robert Steele advised the Board that the total assets were \$22,460,578 which is down from last quarter due to change in due to city and due from city amounts. There is \$5,482,620 in liabilities which is down from the prior quarter related to increases in due to city. The unrestricted net position is \$16,977,958 when comparing the total net position to the reserve goal of \$8,314,000 there is a surplus of over \$8.5 million.

Statement of Revenues, Expenses and Changes in Net Position – September 30, 2023

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 \$18,784,438 which are \$43,813 over budget. Actual operating expenses are at \$19,687,072, which is \$1,862,491 under budget. The actual operating income is at a loss of \$902,634, while an operating loss was anticipated, we saw a lower loss than expected due to lower than expected expenditures. The non-operating revenues exceeded expenses by \$5,850,586 due to a \$5M contribution from the city's general fund providing a positive change in net position of \$550,529. The ending net position is \$16,977,958 which agrees with the Statement of Net Position.

Statement of Cash Flows – September 30, 2023

Robert Steele advised the Board that this report shows the inflows and outflows of cash by activity. The cash and investments total \$18,018,840 which agrees with the Statement of Net Position.

Wellness Programs Tracking Report – September 30, 2023

Robert Steele advised the Board that the Wellness Program tracking shows \$102,526.15 which is cumulative over the years. We have received the \$25,000 from Blue Cross and there have been \$28,688 expenditures to date. This number agrees with the wellness programs operating expense on the Statement of Revenues, Expenses and Changes in Net Position.

3. Investment Report – September 30, 2023

Robert Steele provided a brief overview of the Investment Performance Review. The portfolio statistics yield at cost is 3.00% which is up from 2.73% the previous quarter. Maturity distribution shows the yield at market of 5.16% which is up from the prior quarter at 4.96%. The effective duration is 1.42 which is in line with the benchmark of 1.75. The money market rate for Allspring is 5.20% and FAF is 5.21%, which is an increase from last quarter. There is a +change on the Sector Allocation Review shift from Agency to Treasury.

Member Comments/Announcements

Calendar

The next regular meeting will be held on Wednesday, February 28, 2024, at 4:00 p.m., in the Council Chambers Conference Room, 88 E. Chicago Street.

Informational Items

Agenda Items for Future Meeting Dates

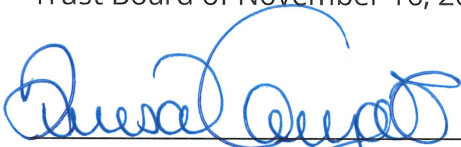
Actuarial Audit Report – Segal

Financial Statements and Wellness Report – Management Services

Investment Report – Management Services

Adjourn

Assistant Fire Chief Gale made a motion to adjourn the meeting of the City of Chandler Health Care Benefits Trust Board of November 16, 2023, at 4:46 p.m., seconded by Vice Chair Longacre, motion carried.



Teresa Canjar, Secretary



Terry Bond, Chair