

Meeting Minutes

Health Care Benefits Trust Board

Regular Meeting

June 12, 2024| 4:00 pm
Council Chambers Conference Room
88 East Chicago Street, Chandler, AZ



The meeting was called to order by Vice Chair Terry Bond at 4:02 pm.

Roll Call

Commission Attendance

Chair - Vacant
Vice Chair Terry Bond
Secretary Jennifer Huppenthal
Zachary Cumnard
Mark Knight
Carson Mohr

Other Attendance

Rae Lynn Nielsen, HR Director
Fernanda Acurio, HR Manager
Kristen Maier, HR Manager
Lina Alam, Accounting Supervisor
Rachel Calisi, Segal Consultants
Dawn Gingerich, Assistant City Attorney
Sarah Meland, Management Assistant

Absent

None

Scheduled and Unscheduled Public Appearances

None.

Consent Agenda and Discussion

1. **February 28, 2024 City of Chandler Health Care Benefits Trust Board Minutes.** Move to approve the City of Chandler Health Care Benefits Trust Board meeting minutes from February 28, 2024.

Consent Agenda Motion and Vote

Secretary Huppenthal moved to approve the Consent Agenda for June 12, 2024 Health Care Benefits Trust Board Meeting; Board Member Wright seconded the motion. Motion carried unanimously (5-0).

Briefing

2. Medical Trust Actuarial Report – Rachel Calisi, Segal

Ms. Calisi explained that she would be comparing first quarter 2024 to first quarter 2023. She reported that employee contributions were up while medical claims increased slightly, but pharmacy claims decreased (with a net increase in claims and expenses). Stop loss and admin expenses were also up compared to last year, mainly attributable to an increase in our stop loss with is at 17% currently.

Our loss ratio has decreased from 111% to 105%. It would be preferable to be under 100%, but it is trending in the right direction.

Pharmacy spends saw generic go down from \$32 to \$25. Preferred brand was down, but non-preferred brand was up, and specialty cost was up about 31% which is the trend. Plan paid per script is holding at 3.6%. Secretary Huppenthal ask who our PBM is; Ms. Calisi responded that it was Blue Cross Blue Shield. Secretary Huppenthal ask if they could come to a future meeting. Ms. Nielsen responded that the Board's responsibility is on the fiduciary side so we need to be careful what we are inviting them to present. Ms. Nielsen went on to say that they could be invited to address specific questions.

Concerning our medical utilization, we're at four large claimants, which is anybody who's got medical and pharmacy claims over \$100,000 combined. This year those four members attributed to \$469,168 and account for four point or 7.6% of our total claims spent. Ms. Calisi cautioned that we are at the beginning of the year so these numbers may appear skewed.

Our medical network, we're still strong at 97.8% in network penetration, which is fantastic. Our discount is at 67%, which is a slight drop, and our member cross share for this year is 17.6%, plan paid is at 82.4%. Again, Ms. Calisi cautioned that we are at the beginning of the year, so people are still meeting their deductibles.

3. Financial Statements and Wellness Report – Lina Alam, Management Services

Ms. Alam reported that the audit for the Medical Trust Actuarial Report is not yet complete and will be presented at the next meeting.

Regarding the Statement of Net Position, Ms. Alam reported total assets of just over \$21 million which is not significantly different from the prior quarter, total liabilities of just over \$5.8 million which a decrease of \$213 thousand from the prior quarter, and unrestricted net position of just over \$15.6 million which is an increase of \$213 thousand. There's a surplus of just over \$6.2 million.

Total operating revenues are just over \$7 million which is about \$132 thousand over budget and total operating expenses are almost \$7 million which is about \$475 thousand over budget, resulting in operating income of over \$39,000. An operating loss was anticipated, but we experienced lower than expected expenditures during the 1st quarter.

Non-operating revenues exceeded expenses by just over \$174 thousands due to stronger than anticipated interest income. The result is a change in net position of just over \$213 thousand and an ending net position of over \$15.6 million.

Regarding cash flow, Ms. Alam reported we have cash investments of over \$21 million which agrees to the statement of that position. Wellness fund remaining total \$121,933.26 after \$25,000 in new funds were received. Board Member Terry Bond asked why there was a significant decrease. Ms. Nielsen replied that Wellness money

rolls over every year and then we spend it programmatically; for example, some will be spent on a revamp of the mezzanine level of City Hall which will become a Wellness space.

4. Investment Report – Lina Alam, Management Services

Ms. Alam moved on to the investment report. As of March 31, 2024, yield at cost is 3.89% up from 3.64% in the prior quarter, yield at market of 4.74% up from 4.55% in the prior quarter, and effective duration of 1.86 compared to 1.33 in the prior quarter and the benchmark 1.76.

Investments are in U.S. Treasuries. S&P credit quality of the portfolio is 93% with AA or higher ratings. Money markets are trending downward, current we are at 5.16%. U.S. Treasuries are considered quality and safe securities; our portfolio allocation is 87.3% up from 85.2%.

5. Election of Chair, Vice Chair, and Secretary

After a brief introduction of Board Members and other presented, the Board moved on to electing officers.

Action Agenda

6. Election of Chair, Vice Chair, and Secretary

Board Member Huppenthal made a motion to nominate Terry Bond as Chair of the Health Care Benefits Trust Board. Board Member Bond accepted the nomination. The motion was seconded by Board Member Wright. Motion passed unanimously (5-0).

Board Member Bond made a motion to nominate Jennifer Huppenthal as Vice Chair of the Health Care Benefits Board. Board Member Huppenthal accepted the nomination. The motion was seconded by Board Member Wright. Motion carried unanimously (5-0).

Board Member Bond made a motion to nominate Zach Cumnard as Secretary. Board Member Cumnard accepted the nomination. The motion was seconded by Board Member Mohr. Motion carried unanimously (5-0).

Member Comments/Announcements

None.

Calendar

The next regular meeting will be held on Wednesday, August 14, 2024 at 4:00 pm in the Council Chambers Conference Room, 88 East Chicago Street.

Informational Items

None.

Adjourn

Board Member Huppenthal motioned to adjourn the meeting; seconded by Board Member Wright. Motion passed unanimously (5-0). The meeting was adjourned at 4:43 pm.

Sarah Meland, Secretary

Terry Bond, Chair