

Self-Insured Healthcare Trust Board

Goodyear City Hall, Room 117
190 North Litchfield Road
Goodyear, AZ 85338



Thursday, January 27, 2022

3:00 p.m.

Meeting Minutes

CALL TO ORDER

ROLL CALL

Present: Chairman Michael Balsan; Vice Chairman Wade Foster; Boardmember Doug Sandstrom; Boardmember Richard Newcomer

Absent: Secretary Jennifer Preyer-Bonton

Staff Present: Human Resources Director Lyman Locket; Total Compensation & HRIS Manager Jeanni Ruddy; Benefits Analyst Chanda Washington

Attendees: Rick Shuckerow, GBS Consultant; Samuel Gish, GBS Consultant; Erica Emmons, Cigna Strategic Account Executive

BUSINESS

1. APPROVE MINUTES

MOTION BY Chairman Balsan, SECONDED BY Vice Chairman Foster, to APPROVE the draft minutes of the Self-Insured Healthcare Trust Board meeting held on August 12, 2021. The motion carried by the following vote:

AYE: Chairman Michael Balsan, Vice Chairman Wade Foster, Boardmember Doug Sandstrom, Boardmember Richard Newcomer

Other: Secretary Jennifer Preyer-Bonton (Excused)

Passed - Unanimously

2. Financial Overview

Jared Askelson discussed the financial overview for expenses incurred by not reported (IBNR). Jared explained the plan is doing well with revenues exceeding expenses by \$550K.

3. FY Q2 Claims Experience

Samuel Gish discussed the claims experience. The current plan year has an estimated 78.9% medical/prescription loss ratio and the plans are sitting at a healthy percentage. In the first few months of the year, the plan has a \$1.14M surplus. The year-to-date numbers show a 12% increase in subscribers, 14% decrease in pharmacy spend and an overall decrease of .7% in overall spend. There is also 6% decrease in medical spend from last year. Sam explained the experience by quarter and plan and noted that the goal to move people in the proper plans has come to fruition. All

three medical plans are running below 100%. The medical loss ratio (MLR) for the OAP/PPO plan is at 89%, HSA plan is at 81% and the HMO plan is at 71%.

The pharmacy has an overall decrease in total spend. Some of the larger cost prescription drugs have fallen off the plan. The plan paid 85.2% on brand prescription drugs and 14.8% in generic prescription drugs. There was a slightly higher percentage of scripts at 23.5% than the trend, but the total spend is in line with the amount paid. Sam explained how every percent of prescriptions that are switched from brand to generic is a \$52K savings to the plan.

Boardmember Sandstrom asked if the brand prescription drugs were mostly specialty or were there more of the common generic prescription drugs being prescribed. Sam advised most of the brand prescriptions are specialty drugs.

Rick Shuckerow commented that Express Scripts does a good job of getting the better pricing for brand prescription drugs.

Sam mentioned the large claimants decreased from 66 members last year to 55 members this year and there is 36% overall less spending in shock claimants. Last year shock claimants were at 65.6% of the plan spend and this year shock claimants are at 52.49%.

The board reviewed the top 20 prescription drugs. The IBNR report shows Cigna is processing and paying claims efficiently. Erica Emmons discussed auto adjudication occurs for standard claims and anything over \$250K has a different process for paying claims.

Sam discussed the dental claims report and explained it shows the dental plan is running well. The funding and claims loss ratio for dental is at 89%. Sam mentioned based upon their rating calculation that was reviewed, the dental plan is priced well.

4. Cigna FY 21 Overview & Recommendations for FY 23

Erica Emmons discussed the performance of the medical is down by 10.1% and the pharmacy is down by 4.8% with an 8.6% decrease in total spend. Erica went over the drivers of trend which include non-catastrophic medical, catastrophic medical, non-specialty pharmacy and specialty pharmacy that contributed to the 8.6% decrease in total spend.

Erica reviewed the top 10 drug classes by spend and advised the board the plan had \$188K in savings with the following two programs: Utilization Management and Cigna 90 Now. Erica recommended the SaveOn SP program for additional cost savings to the plan of \$106,302. Erica explained the SaveOn SP program would allow those enrolled in the program to have a zero member cost share because pharmaceuticals would be added as an additional payer. By adding the SaveOn SP program, Cigna would take 25% of the savings as their administrative fee and the remaining 75% would be sent back to the plan.

Boardmember Sandstrom asked why would employers or clients not want to do this. Erica explained that clients that have a high utilization of an H.S.A. plan would not benefit from having the SaveOn SP program as members on the H.S.A. plan are ineligible for this program.

Boardmember Foster asked about a generic (brand name drug) prescription that was listed as one of the top prescription drugs on the list stating that it came out in November 2021 in a generic and Erica said she would need to follow back up with the board after she received more information from pharmacy regarding this prescription drug.

Erica discussed another program that is considered a buy up program that adds a Cigna personal health team to use the clinical model/clinical management to do more outreach and reach more people to help manage chronic conditions. Erica explained the additional cost for this program is \$2.10 per employee per month and there are performance guarantees with this program. Erica advised the board that City of Buckeye has had this program in place for 6 months and are satisfied with the outreach.

5. Preliminary Discussion of FY 23 Healthcare Premiums

Jeanni Ruddy explained a timeline was needed for the board to discuss rates and finalize the rates. Board member Sandstrom advised he believes there is enough data to be able to determine the rates.

Erica explained Cigna renewal rates will be the end of the month (January) and Stop Loss renewal rates will be at the end of February.

NEXT MEETING

The board discussed the next meeting will be on March 3, 2022 from 3pm-4pm.

ADJOURNMENT

There being no further business to discuss, Chairman Balsan adjourned the meeting at 4:18 p.m.

Respectfully Submitted by:

Lyman Locket, Human Resources Director

Michael Balsan, Chairman

Date: _____