

Self-Insured Healthcare Trust Board

Goodyear City Hall - La Jolla Vista Conference Room 2nd Floor
1900 N. Civic Square
Goodyear, AZ 85395



Thursday, October 30, 2024

3:00 p.m.

Meeting Minutes

Present: Chair Michael Balsan; Vice Chair Wade Foster; Boardmember Jennifer Preyer-Bonton; Ex-Officio Jared Askelson; Committee Member Kathleen Koncel

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

Attendees: Krystle Edmonds, Cigna Strategic Account Executive; Charlie Broucek, Sr. Vice President, Brown & Brown; Paula Campbell, Benefits Consultant, Brown & Brown

CALL TO ORDER

ROLL CALL

BUSINESS

1. **APPROVE MINUTES**

Approve draft minutes from the Self-Insured Healthcare Trust Board meeting March 5, 2024

MOTION BY Chair Michael Balsan, **SECONDED BY** Vice Chair Wade Foster to **APPROVE** the draft minutes of the Self-Insured Healthcare Trust Board meeting held on Wednesday, October 30, 2024. The motion carried by the following vote:

AYE: Chair Michael Balsan, Vice Chair Wade Foster, Boardmember Jennifer Preyer-Bonton, Ex-Officio Jared Askelson, Committee Member Kathleen Koncel

Passed - Unanimously

2. Introduction of New Board Member

Lyman Locket introduced and welcomed new board member Kathleen Koncel who is replacing Richard Newcomer. Board member Koncel gave an overview of her background and advised she comes with 30 plus years of experience in pharmaceuticals and has been in Arizona 6 years. Each board member and attendee introduced themselves and also provided their background and experience information.

3. Review, discuss and take possible action on financials.

Jared Askelson explained the claims experience noting rebates on the investment income are coming in better than expected. For the first quarter FY 25, we expect net assets to decrease in our budget plan and expected the fund balance to go down approximately \$600K for the first quarter. We are showing down approximately \$200K in change of net assets. The numbers are slightly off due to not getting rebates on a quarterly basis. Right now, we are on schedule of where we expected to be at this point. FY 24 ended better and stated that we are right on schedule of where we expected to be for FY 25. The reserve is \$5.8M as of September 2024 and we have about \$8.6M so we are exceeding our fund balance by \$2.8M. There was a discussion on the reserve and there is no cap on the reserve, but there is a minimum on the reserve. The \$5.8M reserve threshold is set based upon two months of expected claims and all fixed plan expenses. There was a question whether the reserve is strictly held for healthcare or if other parts of the government can use if needed. Lyman Locket clarified that everything in the \$8.6M balance can only be used for healthcare. The plan is running well. FY 24 actually was better than expected with the claims coming in a little bit lower and the rebates on the investment income. There was discussion on whether that was due to attrition of employees or has that remained constant. The group discussed the wellness center as a cost containment component.

4. Review, discuss and take possible action on FY'25 claims experience.

A question was asked about what accounted for the claims being less than expected. Lyman explained the plan was running well. Charlie Broucek further explained the claims experience and how Brown & Brown is tracking how the plan is running based upon the budget.

Charlie discussed the executive dashboard and mentioned the plan is running at 95% which means we set out on a year-to-date budget through September and we are running 5% better with a year-to-date surplus of \$187K. Because claims fluctuate, the first three months is not indicative of the next nine months, but shows the plan is performing well. The total medical costs on a year-to-date basis is \$3.535M against the budget of \$3.723M which forms the surplus of \$187K. There was discussion of the top 10 claimants. The population of the plan was reviewed at 803 employees and 2064 dependents covered as of September 2024. The average of employees and covered dependents is higher than in previous years. The board reviewed large claimants summary information at or above \$50K. The HSA plan was discussed as well as sharing the advantages of that plan with members. Lyman shared that the city has added another benefits analyst in order to help with the retiree healthcare program and the city will look at educating employees about city benefits. Charlie discussed the pharmacy trend is 10.3%. Lyman asked if Brown & Brown can include in the reporting the claimants that will potentially come off the plan and Charlie confirmed this data can be provided on a monthly basis.

5. Review, discuss and take possible action on Cigna Total Health Insight Overview.

Krystle Edmonds provided information on Cigna Total Health Insight. She introduced herself to new board member Koncel and outlined her role with having the City of Goodyear account. Krystle explained the Cigna data provided is based on gross, all employee/member cost share, copays, deductibles, coinsurance combined with what the city pays for the claims so the full picture analysis will not reconcile with the financials. Data reviewed was for plan year July 1, 2023 through June 30, 2024. The city has maintained an average of 5% trend from year to year compared to Cigna's book of business of 9% average trend. There was a jump from 2022 plan year into 2023 plan year overall with the plan performing better than the national trend level. The city had a 6.5% increase in members enrolled in the plan which is a little higher than Cigna's book of business. The medical and pharmacy trend was reviewed. The medical saw a 2.7% increase year over year and the pharmacy decreased 6%. The biggest reason for the decrease in pharmacy was a high-cost medication that one member was on and that member has come off the plan. With this member coming off the plan,

it led to a decrease on the catastrophic medical and specialty pharmacy. Catastrophic medical refers to any claim that was paid over \$100K, these are called catastrophic claimants for the purposes of the report. Anything non-catastrophic claimants is less than \$100K and includes normal utilization of office visits, outpatient surgeries, and professional services. The medical spend for 2023-2024 plan year was just under \$11M compared to the prior year at almost \$10M. The top three diagnosis accounted for 40% of the medical spend. Pharmacy spend was discussed. The top three therapeutic classes account for 47% of the pharmacy spend. In the current year there are 14 catastrophic claimants compared to 17 in the prior plan year. There was discussion of capturing the percentage of the population who doesn't use their health plan to promote services and as a minimum getting them to go to their wellness visit. The city does well at promotion, but with new members it is not unusual to see this percentage of non-users. Pharmacy saw a 15% decrease in specialty which is huge as those costs are rising. 17 members had 52 interactions with Accredo specialty pharmacy which delivers specialty medication and managed dispensing to a facility of members' homes. These are typically injections or infusions. The overall pharmacy trend costs are driven by inflation, utilization and drug mix. Drug mix was discussed and the top 10 medications included ADHD and antidepressants which shows patients are being treated for these conditions. There was discussion of the catastrophic summary showing 14 claimants this year account for 26% of total spend and all these members have chronic conditions. Krystle advised the board that the city has a 79% overall engagement rate.

6. Review, discuss and take possible action on Wellness Center Request for Proposal (RFP) update.

Chi Herrington informed the board that the RFP for the Wellness Center is in the ten-day protest period so the city cannot announce who will have the contract at this time. Once the RFP has been finalized, the board will be notified about the contract.

INFORMATION ITEMS

Comments, Commendations, Report on Current Events and Presentations by Board, Commission or Committee Members, staff or members of the public. The members may not propose, discuss, deliberate or take any legal action on the information presented pursuant to A.R.S. § 38-431.02.

NEXT MEETING

Tentatively scheduled for February 5, 2025

Board Chair Balsan advised the board that the next meeting is tentatively scheduled for February 5, 2025. It was mentioned the goal of the February meeting is to set rates for next plan year.

ADJOURNMENT

MOTION BY Chair Michael Balsan, **SECONDED BY** Vice Chair Wade Foster

AYE: Chair Michael Balsan, Vice Chair Wade Foster, Boardmember Jennifer Preyer-Bonton,
Ex-Officio Jared Askelson, Committee Member Kathleen Koncel

Passed - Unanimously

There being no further business to discuss, Chairman Balsan adjourned the meeting at 2:30 p.m.

Respectfully Submitted by:

Lyman Locket, Human Resources Director

Michael Balsan, Board Chairman

Date: _____