

### **NOTICE OF REGULAR MEETING**

NOTICE OF SAN LUIS HEALTH BENEFIT TRUST MEETING IN ACCORDANCE WITH SECTION 38-431.01 OF THE ARIZONA REVISED STATUTES OF THE STATE OF ARIZONA, NOTICE IS HEREBY GIVEN TO THE TRUSTEES OF SAN LUIS EMPLOYEE HEALTH BENEFIT TRUST AND TO THE GENERAL PUBLIC THAT THE TRUSTEES OF THE SAN LUIS EMPLOYEE HEALTH BENEFIT TRUST WILL HOLD A BOARD MEETING AT 5:30 P.M., WEDNESDAY, MAY 8TH, 2019. THE MEETING WILL TAKE PLACE AT THE CITY HALL, COUNCIL CHAMBERS, LOCATED AT 1090 E. UNION STREET, SAN LUIS, ARIZONA, 85349. EVERYONE FROM THE PUBLIC IS INVITED TO ATTEND THE OPEN MEETING.

In accordance with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973, the City of San Luis does not discriminate on the basis of disability in the admission of or access to, or treatment of employment in its programs, activities, or services. For information regarding rights and provisions of the ADA or Section 504, or to request reasonable accommodations for participation in City programs, activities or services contact: ADA/Section 504 Coordinator, City of San Luis Human Resources Department, 1090 East Union Street, San Luis, Arizona 85349; (928) 341-8579.

Notice is hereby given that pursuant to A.R.S. §1-602.A.9, subject to certain specified statutory exceptions, parents have a right to consent before the State or any of its political subdivisions make a video or audio recording of a minor child. Meetings of the City Council are audio and/or video recorded, and, as a result, proceedings in which children are present may be subject to such recording. Parents in order to exercise their rights may either file written consent with the City Clerk to such recording, or take personal action to ensure that their child or children are not present when a recording may be made. If a child is present at the time a recording is made, the City will assume that the rights afforded parents pursuant to A.R.S. §1-602.A.9 been waived.

THIS NOTICE IS APPROVED BY:

/s/ Maria Munoz, HR Benefits Coordinator

### **AVISO DE JUNTA REGULAR**

AVISO DE JUNTA DEL FONDO DE BENEFICIOS MEDICOS DE ACUERDO A LA SECCION 38-431.01 DE LOS ESTATUTOS REVISADOS DEL ESTADO DE ARIZONA. SE LE INFORMA A LOS MIEMBROS DE LA MESA DE PERSONAL DE SEGURIDAD PUBLICA Y PUBLICO EN GENERAL QUE EL PRESIDENTE Y MESA DIRECTIVA DE FONDO DE BENEFICIOS MEDICOS, SAN LUIS, ARIZONA TENDRAN UNA JUNTA REGULAR A LAS 5:30 P.M., EL DIA MIERCOLES, MAYO 8 DEL 2019. LA JUNTA SE LLEVARA A CABO EN LAS OFICINAS DE LA CIUDAD, EN LA SALA DEL CABILDO, UBICADA EN EL 1090 E. UNION STREET, SAN LUIS, ARIZONA, 85349. EL PUBLICO ESTA CORDIALMENTE INVITADO.

De acuerdo con el Acta de Americanos con discapacidades y la Sección 504 del Acta de Rehabilitación del 1973, la Ciudad de San Luis no discrimina por causa de discapacidad la admisión y acceso a sus programas, actividades, servicios o en el trato en cuanto a empleo. Para mas información referente a derechos y provisiones del Acta de Americanos con discapacidades o Sección 504, o para solicitar adaptaciones que sean razonables para la participación en programas, actividades o servicios de la ciudad, contactar al: Coordinador del Acta de Americanos con discapacidades/Sección 504, Departamento de Recursos Humanos de la Ciudad de San Luis, 1090 Este Calle Unión, San Luis, Arizona, 85349; (928) 341-8579.

Por medio de este aviso y de acuerdo con los Estatutos Revisados del Estado de Arizona, sujeto a ciertas excepciones reglamentarias, los padres de familia tienen el derecho de dar o no dar el consentimiento antes que el Estado o alguna subdivision política grabe a un menor de edad, ya sea en audio o video. Las juntas del Concilio se graban en audio y/o video y como resultado, el hecho de que haya menores presentes puede ser sujeto a que sean grabados. Para que los padres de familia puedan ejercer sus derechos pueden solicitar por escrito con la Secretaria de la Ciudad a tal grabación, o tomar acción personal para asegurarse que su hijo/hija menor no esté presente cuando la grabación se lleve a cabo. Si un menor de edad esta presente en el momento de la grabación, la Ciudad asumirá que los padres de familia están cediendo los derechos sobre una posible grabación de acuerdo con el Estatuto Revisado del Estado de Arizona §1-602.A.9.

ESTE AVISO ES APROBADO POR:

/f/ Maria Munoz, Coordinadora de Beneficios de Recursos Humanos

**AGENDA**  
**Regular Meeting**  
**City of San Luis Employee Benefit Trust**  
**Council Chambers – City Hall**  
**1090 E Union Street**  
**San Luis, AZ 85349**  
**Wednesday, May 8, 2019**  
**5:30 P.M.**

**NOTE: Some members of the Board of Trustees of the City of San Luis Employee Benefit Trust may attend the meeting telephonically. If authorized by majority vote of the Board of Trustees, an executive session will be held immediately following the vote in accordance with A.R.S. §38-431.03(A) and the meeting will be temporarily recessed while the Board retires to executive session which will not be open to the public.**

**1. CALL TO ORDER/ROLL CALL**

**2. DISCUSSION AND POSSIBLE ACTION ITEM:**

- 2. A.** Discussion and possible action on any and all matters regarding changes to the Mexico Plan to reduce the urgent care visit co-pay with labs from \$75.00 to \$20. **(Susan Posada, Consultant and Broker)**

**3. EXECUTIVE SESSION**

Vote to hold an Executive Session pursuant to A.R.S.§§38-431.03(A) subsections (3) and (4)

Discussion and possible action on any and all matters regarding action to hold an executive session pursuant to A.R.S.§§38-431.03(A) subsections (3) and (4) for discussion or consultation for legal advice with the City Attorney or attorneys in order to consider the Trustees' position and instruct the City Attorney or attorneys regarding their position regarding the proposed agreement with Susan Posada Agency, Inc. for brokerage services. ITEM CONTINUED FROM REGULAR BOARD MEETING HELD APRIL 10 AND APRIL 24, 2019. **(Kay Marion Macuil, City Attorney)**

**4. MOTION TO GO BACK INTO REGULAR SESSION**

**5. DISCUSSION AND POSSIBLE ACTION ITEM:**

- 5. A.** Discussion and possible action on any and all matters regarding renewal of a broker agreement with Susan Posada Agency, Inc. and possible recommendations to City Council. ITEM CONTINUED FROM BOARD MEETINGS HELD APRIL 10 and APRIL 24, 2019. **(Kay Marion Macuil, City Attorney)**

**6. ADJOURNMENT**

**Employee Benefit Trust Board Meeting**

**2.A.**

**Meeting Date:** 05/08/2019

**Department Head:** Kay Macuil, City Attorney, Attorney's Office

**Submitted By:** Kay Macuil, City Attorney, Attorney's Office

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**ITEM:**

Discussion and possible action on any and all matters regarding changes to the Mexico Plan to reduce the urgent care visit co-pay with labs from \$75.00 to \$20. **(Susan Posada, Consultant and Broker)**

**SUMMARY:**

On May 2, 2019, Consultant and Broker Susan Posada spoke to Dr. Galindo of SIARMED. He had not brought up this change when she had asked him earlier in the year, but he hoped that this item get on the agenda for the up-coming fiscal year's benefits plan.

**Current Plan**

Under the current plan,

1. urgent care visits without labs and x-rays and other imaging has a \$20 co-pay,
  2. urgent care visits with labs and x-rays and other imaging has a \$75 co-pay
- Labs and imaging have a separate co-pay of \$25.

**Proposed Change in Plan**

Urgent care \$20 co-pay regardless of whether or not labs or imaging is needed.  
Labs and imaging \$25 co-pay remains the same.

**RECOMMENDATION / SUGGESTED MOTION:**

**I MOVE TO APPROVE THE CHANGE IN THE MEXICO PLAN FROM \$75 CO-PAY FOR URGENT CARE IF LABS AND IMAGING ARE NEEDED TO \$20 AND THE \$25 SEPARATE CO-PAY FOR LABS AND IMAGING SHALL REMAIN THE SAME.**

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**Attachments**

email

ER Copay

How to get Medical Services

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## Kay Macuil

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**From:** Susan Posada <sposada@sposadaagency.com>  
**Sent:** Thursday, May 2, 2019 4:34 PM  
**To:** Kay Macuil  
**Cc:** Maria Munoz; Tadeo A. DeLaHoya  
**Subject:** Siarmed Change Requested - Important  
**Attachments:** Emergency Room Copay.pdf; HOW TO GET MED SERVICES ENG JUL 2018.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

*Kay, I spoke to Dr. Galindo today and I wish he would have brought this up before when I asked him for changes, but here we are.*

*So Right now for Urgent care here is how it is paid.*

- 1. Urgent care visit without lab/x-rays \$20 Copay*
- 2. Urgent care visit wit lab/x-ray \$75 copay*

*He would like to leave at \$20 copay for all Urgent Care because if there is lab's then the \$75 is more for the Employee than \$20 plus the lab', Cat Scans etc which are \$25.*

*We had it like this because as you can see this is what he gave us.*

*The Urgent Care visit does not include the CAT, MRI's lab's and x-rays.*

*Is it too late to add to the agenda?*



**SUSAN POSADA**  
AGENCY

Kausan Posada

Phoenix 602-212-9400

Fax: 602-212-9424

Email: sposada@sposadaagency.com

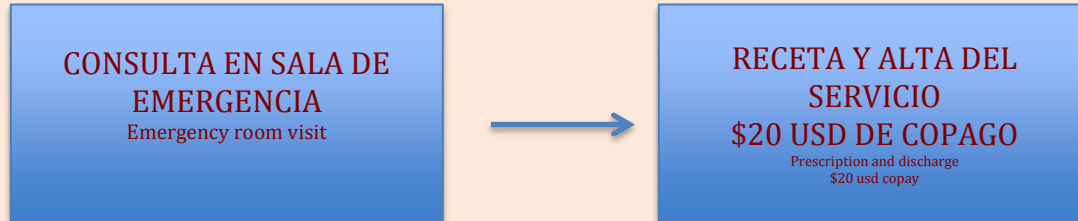
Web site: [Http:www.sposada@sposadagency.com](http://www.sposada@sposadagency.com)



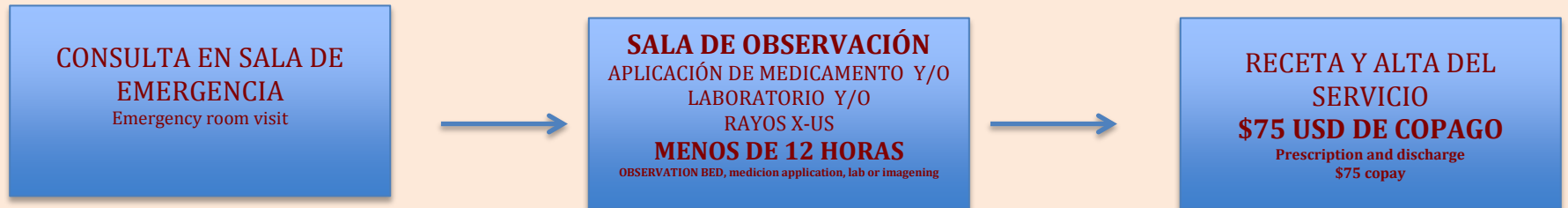
*Leading Producers Round Table - Eagle*

# SIARMED

## CASO 1



## CASO 2



## CASO 3



**SAN LUIS CITY**  
**HOW TO GET MEDICAL SERVICES**  
SAN LUIS RIO COLORADO, SONORA, MÉXICO, JULY 1st, 2018

Please follow the recommendations and requirements to be complied in order to provide excellent medical attention, and will help to obtain fasters services when the sickness is present.

.....**THANKS FOR YOUR COOPERATION**.....

1. Refer to your Human Resources department in your company or organization for a detailed eligibility status and detailed coverages.
2. If you and your family are eligible for medical services, please visit our office (address below) to get a photo of every dependant eligible for coverage. **The photo is mandatory and is free.**
3. Choose a family doctor from the directory (back of this page) that become your doctor on charge of your family care and will indicate when you need other medical services.
4. We highly recommend to get an appointment in order to avoid loose time waiting, you can set it by phone. If you can not attend your appointment, please cancel it with 24 hours in advance and avoid charges for no show.
5. You will be required with an ID. You must pay a \$5.00 usd COPAY for every doctor's visit.
6. Prescriptions must filled in Farmacias Benavides or Farmacia San Jorge. You must pay a \$6 usd COPAY for each medicine accordingly your healthcare plan.
7. Children under 18 years may visit the pediatrician and women the ginecologist without referral if they wish to, or can choose a family doctor.
8. If the family doctors need a specialty doctor's opinion, a referral will be provided. Specialty doctors will provide services **ONLY** with a referral pass, valid only in the current month. SIARMED's office do not provide specialty doctor referrals.
9. Emergency Room services will be provided at HOSPITALS LISTED BACK OF THIS FLYER. **Hospital do not provide regular office visits other than medical emergencies and urgent care.**
10. If your family doctor gives a specialty referral, you must pay \$5.00 USD to the specialty doctor also.
11. The following COAPYS apply for must common medical services. Other COPAYS info may be consulted in your company or in the SIARMED office.

Office doctor visit .....	\$5.00 usd	
Mammogram.....	\$5.00	(Except for preventive care)
Lab, X ray and Ultrasound.....	\$5.00	
CAT scan or MRI.....	\$25.00	
Urgent Care Visit .....	\$20.00	If lab and/or imagening needed .....\$75
Emergency care Visit.....	\$250.00	(Waived if hospitalized)
Hospitalization (Inpatient) .....	\$50.00	

12. If you need information, or if you want to make suggestion or complain please visit our DEDICATED office. We are open Monday to Friday from 9am to 2 pm and 4pm to 8 pm. Saturday 9am to 1:30 pm. Tel from USA 01152-653-536-3542. Fax (653)536-3616 or e mail [info@siarmed.com.mx](mailto:info@siarmed.com.mx)



over .....

### MEDICINA GENERAL

DRA. HILDA ZENDEJAS ESPEJEL  
CALLE MORELOS #178  
TEL.(653) 534-3045  
Lunes a viernes de 10:30 a 1:00 y de 5:00 a 8:00  
(NO HAY CONSULTA LOS JUEVES)  
Sábado de 10:30 a 1:00

DR. ARTURO HERRERA ARRIETA  
AVE. LIBERTAD Y CALLE 21  
TEL.(653) 534-0151  
Lunes a viernes de 9:30 a 1:00 y de 4:00 a 8:00  
Sábado de 10:00 a 1:00 pm.

DR. JOEL GODINEZ LÓPEZ  
AVE. INTERNACIONAL Y CALLE 3a  
TEL.(653) 536-7336  
Lunes a viernes de 3:00 pm a 8:00 pm  
Sábado de 10:00 a 1:00 pm

DRA. IRENE QUEZADA GUARDADO  
AVE. REVOLUCION #910  
TEL.(653) 534-4812  
Lunes a viernes de 9:00 a 1:00 y de 4:00 a 8:00  
sábado de 10:00 a 1:00pm

DR. CARLOS OCHOA RAMOS  
CJON. HIDALGO Y 17  
TEL.(653) 534-2923  
Lunes a viernes de 4:00 a 8:30  
Sábado de 9:00 a 4:00 (HORARIO CORRIDO)

DR. VICTOR HUGO MAYA CRUZ  
CALLE 2DA. Y CJON. INTERNACIONAL #200  
INTERIOR #4 TEL.(653) 536-9088  
Lunes a viernes de 9:00 a 1:00 pm.  
Sábado de 9:00 a 1:00

### PEDIATRAS

DR. HÉCTOR VEGA FELIX  
AV. 5 DE MAYO 7 Y 8 (CLINICA AYUS)  
TEL. 534-5252 Y 534-1129  
Lunes a viernes de 9:30 a 1:00 y de 4:00 a 8:00  
Sábado de 9:00 a 1:00 PM.

DR. GABRIEL VELEZ WALLDEZ  
CJON 5 DE MAYO Y SÉPTIMA PLANTA ALTA  
TEL. 536-2099  
lunes a viernes de 9:30 a 1:00 y de 5:00 a 9:00  
Sábado de 9:00 a 1:00 PM.

DR. ELMER FONTES LORH  
FELIX CONTRERAS 11 Y 12  
TEL. 534-9990 (SIN PREVIA CITA)  
Lunes a viernes de 5:00 PM a 8:00 PM  
Sábado de 11:00 a 12:30 PM.

DR. LUIS FRANCISCO BARRAGAN O.  
AV. HIDALGO 2 Y 3 # 220  
TEL. 536-3061  
Lunes a viernes de 4:00 a 8:00 PM  
Sábado de 9:00 AM A 1:00 PM

### GINECOLOGOS

DR. RAMÓN DE JESÚS CASTELLANOS  
AV. FÉLIX CONTRERAS Y 7 #701  
TEL. (653) 534-5670

DR. CARLOS HIRAM LOPEZ JIMENEZ  
AVE. CARRANZA Y 10 #1000  
TEL. (653) 535-8945

DRA. E. GABRIELA FERNANDEZ SANTACRUZ V.  
AV. FÉLIX CONTRERAS Y 7 #701  
TEL. (653) 534-5670

DR. CECILIA KELLY SALAS  
AVE. KINO Y 8  
TEL. (653) 534-4633

### FARMACIAS

FARMACIAS BENAVIDES  
(Sucursal) OBREGÓN Y 1RA.  
(Sucursal) CJON. MADERO Y 2DA.

FARMACIA SAN JORGE  
(Sucursal) CJON. FELIX CONTRERAS Y 7.  
(Sucursal) KINO Y 22

### URGENCIAS y EMERGENCIAS MÉDICAS

CENTRO MEDICO DEL NOROESTE  
CJON. KINO Y 12

HOSPITAL MIGOO  
CALLE 7ª Y FELIX CONTRERAS

### LOS ALGODONES BAJA CALIFORNIA

MEDICINA GENERAL  
DR. ARTURO HERRERA SERRANO  
AVE. "B" #210 TEL. (658) 517-7032  
Lunes a Sábado de 8:00 AM a 3:00 PM

FARMACIA DOC'S  
AVE. B -210 TEL. (658) 517-7032

**Employee Benefit Trust Board Meeting**

**3.**

**Meeting Date:** 05/08/2019

**Department Head:** Maria Munoz, HR Technician, Human Resources Department

**Submitted By:** Maria Munoz, HR Technician, Human Resources Department

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**ITEM:**

**EXECUTIVE SESSION**

Vote to hold an Executive Session pursuant to A.R.S. §§38-431.03(A) subsections (3) and (4)

Discussion and possible action on any and all matters regarding action to hold an executive session pursuant to A.R.S. §§38-431.03(A) subsections (3) and (4) for discussion or consultation for legal advice with the City Attorney or attorneys in order to consider the Trustees' position and instruct the City Attorney or attorneys regarding their position regarding the proposed agreement with Susan Posada Agency, Inc. for brokerage services. ITEM CONTINUED FROM REGULAR BOARD MEETING HELD APRIL 10 AND APRIL 24, 2019. **(Kay Marion Macuil, City Attorney)**

**SUMMARY:**

The trustees can be properly advised by holding an executive session for the purposes described in the agenda item

**RECOMMENDATION / SUGGESTED MOTION:**

**I MOVE TO HOLD AN EXECUTIVE SESSION PURSUANT TO A.R.S. §§38-431.03(A) SUBSECTIONS (3) AND (4)**

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**Employee Benefit Trust Board Meeting**

**5.A.**

**Meeting Date:** 05/08/2019

**Department Head:** Maria Munoz, HR Technician, Human Resources Department

**Submitted By:** Maria Munoz, HR Technician, Human Resources Department

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**ITEM:**

Discussion and possible action on any and all matters regarding renewal of a broker agreement with Susan Posada Agency, Inc. and possible recommendations to City Council. ITEM CONTINUED FROM BOARD MEETINGS HELD APRIL 10 and APRIL 24, 2019. **(Kay Marion Macuil, City Attorney)**

**SUMMARY:**

The current broker agreement expires on June 30, 2019. Susan Posada has advised the Trustees and the City of San Luis since 2013. Attached to this Agenda Item, Ms. Posada provided commission history, the initial April 1, 2013, contract with its exhibits and the 2016 amendment.

**Services**

The services include (but are not limited to) the following consultant and brokerage services on the following benefits for both the U.S. and Mexico Plans:

- Medical,
- Prescription Drugs,
- Dental,
- Short-term Disability/Salary Continuation,
- Long-term Disability,
- Group Life Insurance,
- Voluntary Life and Accidental Death and Disability, and
- Other related services.

In addition, the agreement provides that Ms. Posada will :

- give information on legislative developments affecting employee benefit plans,
- meet quarterly, semi-annually and annually for strategic planning for the Trust, and
- assist with the administration of the programs, including resolution of vendor service issues and addressing employee and management questions.

**Cost**

The Third Party Administrator, EBSO, determines the "fully insured equivalent" (the estimated premiums for the upcoming fiscal year) for the medical and dental plans both U.S. and Mexico. times the enrolled employees and dependents and takes 5% of that total. From that percentage, EBSO determines the rate Per Employee Per Month (PEPM). The City pays that PEPM for each employee and dependent enrolled each month. EBSO pays the Broker and invoices the City. The PEPM rate is expected to be less than in prior years. In 2013, the rate was \$34.07. This year it is expected to be \$31.00.

**RECOMMENDATION / SUGGESTED MOTION:**

**I MOVE TO \_\_\_\_\_**

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**Fiscal Impact**

**Fiscal Impact:**

It is expected that the rate will be \$31 per enrolled employee and per dependent per month.

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**Attachments**

Amendment and Broker Agreement

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Amendment to Broker/Consultant Agreement dated May 27, 2013, Exhibit 1, page 7

The three year agreement is hereby extended to July 1, 2019. The Broker/Consultant Commission shall not exceed 5% of the fully insured equivalent as determined by MMSI/Mayo or the appointed Third Party Administrator (TPA) each year. This amount is calculated by the TPA and provided as a Per Employee Per Month (PEPM) format.

Each plan year beginning July 1, 2013 the fee is calculated based on 5% of the fully insured equivalent. Beginning July 1, 2013 the rate was determined to be \$34.07 and the Broker agreed to a reduced fee of \$30.00 PEPM. The fee was later increased to \$32.00 (PEPM). The rate will not exceed the 5% as determined each year for Medical and Dental Benefits as administered by the TPA as the fully insured equivalent rate per month.

Effective July 1, 2016 the fee will change to \$33.50 Per Employee Per Month. Based on the 2015/2016 Plan Year the present rates the percentage for \$32.00 is 3.4% PEPM and \$33.50 is 3.5%. This fee shall not be less than 3% of the Fully Insured Equivalent Rate for July 1, 2016 Plan Year and beyond with mutual consent.

Any other ancillary fees as paid by the carrier are standard fees paid by the carrier such as for coverage for vision, disability and life. Such payment is paid directly by each carrier and not by the Trust through MMSI/Mayo.

IN WITNESS WHEREOF, the undersigned have executed this Agreement.

Susan Posada Agency, Inc.

Signed: <u>[Signature]</u>	Signed: <u>[Signature]</u>
Date: <u>8/1/16</u>	Date: <u>8/23/2018</u>
Name (Print): <u>Gerardo Saborido</u>	Name (Print): <u>Susan Posada</u>
Title: <u>Mayor</u>	Title: <u>Broker</u>

Commissions History

City of San Luis

For Susan Passada  
as of March 31, 2019

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Commission PFTM	\$34.07	\$30.00	\$32.00	\$31.50	\$29.50	\$35	\$35
Percentage of Premium	5.00%	5.0%	2.70%	3.10%	3.00%	3.10%	3.13% (a)

Commissions are calculated by ERG and determined based on the fully insured requirement.

## **Broker/Consultant Agreement**

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This Broker Agreement, hereinafter referred to as "Agreement" is between City of San Luis, hereinafter referred to as "Client" and Susan Posada Agency Inc., hereinafter referred to as "Broker/Consultant."

WHEREAS, Client wishes to obtain the assistance of Consultant with strategic benefit planning, design, funding, administration, and communication with respect to its employee benefit programs;

WHEREAS, Consultant has knowledge and expertise in assisting employers with designing and servicing employee benefit plans; and

WHEREAS, the parties wish to set forth their respective expectations;

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereby agree as follows:

### **I. Scope of Services to be Provided by Consultant**

Consultant will provide Client with consulting, and brokerage services for the following compensation and benefit programs listed below:

- Medical (including retirees)
- Prescription Drugs
- Dental
- Vision
- Short-term Disability/Salary Continuation
- Long-term Disability
- Group Life Insurance
- Voluntary Life and AD&D
- Other Related Services

#### **1. Purpose:**

Our Purpose is to provide the following general services, but not limited to the following:

- a. To review, advise and make recommendations on the appropriate types of insurance coverage's.
- b. Market, manage and coordinate the bidding process for proposals as required and make recommendations on various carriers and plan designs, stop loss carriers and other related vendors.
- c. Act as a liaison and advocate for the City with the selected insurance companies.
- d. Develop new alternatives to traditional insurance plans as appropriate for the City.
- e. Develop and produce communication material including a custom benefit website.

#### **2. Approach:**

Annual Renewal Process

The approach in performing the scope of work is detailed as follows:

- a. As the assigned consultant, a review of the employee benefits, contracts, certificates of coverage and premiums will be performed. An analysis of the insurance proposal will be done and findings will be presented to management. Consult with the Human

- Resources Manager or designee to understand the City's goals, objectives, and proposed changes to plan designs. Listen to concerns and challenges with present carriers. Obtain the needed information to properly design and prepare bid specifications, including but not limited to census information, premium history and carrier statistics (e.g. claims experience, network utilization, RX utilization, premium and loss ratio reports).
- b. Consult with the City on alternative methods to reduce premium dollars and maximize benefit plan designs based on market conditions.
  - c. Prepare bid specifications and review with Human Resources Manager or designee. The bid specifications are designed based on the City's goals, objectives, employees' input, cost and knowledge of the market place.
  - d. Distribute bid request to carriers based on their ability to provide service, history of service, claims experience and general market conditions.
  - e. Analyze bids received. The bids are reviewed for accuracy, ability to perform services in geographic and specific specialty areas. The bids are compared to ensure that the highest benefit is received for the least premium dollar while maintaining the quality of service.
  - f. Negotiate premiums and benefits with the carriers where appropriate.
  - g. Written and verbal recommendations are made to the Human Resources Manager or designee and to the City Council and others as required by the City of San Luis. Once the bid is accepted, a review for any changes is made with the Human Resources Manager or designee.
  - h. Review each carrier's summaries, certificate of coverage, contracts and other printed material to ensure accuracy and adherence to agreements. Coordinate with carrier's and order orientation material and prepare necessary documents required by the carrier to hold enrollment meetings as required by the City of San Luis.
  - i. Manage and Coordinate Open Enrollment Meetings and coordinate with various carriers and the City staff for a successful enrollment.
  - j. Develop and produce benefit material for Open Enrollment meetings and preparation of website for use by Human Resources and employees.

### 3. Work Plan: Approach, Annual Renewal and Reviews

#### Approach:

The approach in performing the scope of work is detailed as follows:

#### Bidding/Renewal Process Continued:

- a. Follow up with carriers to ensure timely receipt of enrollment cards and material.
- b. Review with Human Resource Manager monthly and/or Quarterly carrier status (e.g. claim experience, network utilization, Rx utilization premium and loss ratios) and make modification recommendations, work with carrier or third party administrator to reduce cost.

### 4. Work Plan: Approach, Ongoing Communication and Meetings

Our objective is to assist, support and educate employees and management with all of the selected benefits. To continually monitor all plans to ensure employee and management satisfaction. The following is our approach:

- a. Coordinate with carrier (s) and prepare necessary documents required by the carrier and hold enrollment meetings as required by the City.

- b. Assist in the enrollment process and obtain new enrollment information for all employees. Work with Human Resources to ensure accuracy of those enrolled with each carrier.
- c. Prepare a brochure that includes cost, summary of benefits, carrier contact and general employee benefit information, to be provided along with all enrollment material to employees.
- d. Prepare and update a custom benefit website with carrier and other required information for the employees and Human Resources.
- e. Follow up to ensure accuracy and timely receipt of member ID cards, summaries, certificates of coverage and claim forms.
- f. Review and present copies of contracts, applications of all benefits to Human Resource Manager in a form that is easily accessible.
- g. Act as consultant on an ongoing basis on various employee benefit related issues; assist in claim and billing management. Interact with City as changes may develop in the employee benefits area that impact the City and its employees.
- h. To review and analyze claim reports, monthly or quarterly as deemed necessary and review with the Human Resource Manager or designee, Management and City Council as needed.
- i. Assist the City in any written procedures and proposals as needed. Communicate and assist in coordinating meetings, answering questions and communicating changes as needed.
- j. Consultant will advise and counsel regarding program funding alternatives, including review fee proposals, recommend budget rates, employee contribution rates, and COBRA rates; select and procure appropriate stop loss terms; and monitor program costs against expectations.
- k. Communication - assist in drafting employee communications regarding benefit program performance and changes, and assist in the review of plan documents and insurance certificates during the planning and enrollment process.

## 5. Other Services

- A. **Compliance Tools & Legislative Information.** Consultant will provide informational materials on legislative developments affecting employee benefit plans, including access to online reference tools on topics such as FMLA, COBRA, HIPAA, HIPAA Privacy, and Section 125.
- B. **Meetings with Client and Vendors.** Services will include attendance at and facilitation of regular meetings with Client and vendors as needed to facilitate program management including day-to-day operations and planning program changes.
  - Consultant shall meet with Client on a quarterly basis to review all activities performed by Consultant during the prior quarter. The meetings will include discussion of business concerns, including presentations of options and recommendations.
  - Consultant shall meet with Client semi-annually to discuss review of the program, state of the marketplace, progress made toward strategic plan, and developments within Client's organization.
  - Consultant shall meet with Client annually to review the claims reports and review plan performance for the preceding year, review goals and objectives for the upcoming year, and agree upon Consultant's fees for the next twelve-month period.

- C. **Day-to-Day Administrative Issues.** Consultant shall provide assistance in the daily administration of programs, including resolution of vendor service issues and addressing questions and concerns raised by Client's employees and management.

## II. Disclosure and Recordkeeping

1. **Full Disclosure.** Client shall approve any arrangements and/or the utilization of any intermediaries in connection with, or arising out of, or in any way related to Client's insurance and risk management program. Consultant must seek approval from Client prior to the use of any of the above in connection with the Client's insurance and risk management program.
2. **Recordkeeping.** Consultant will maintain accurate and current files including, but not limited to, insurance policies and correspondence with insurers or brokers in accordance with industry standard record retention practice or as otherwise directed by Client.

## III. Term & Termination

1. **Term.** This initial term of this Agreement shall be 3 years, commencing on April 1, 2013 and ending July 1, 2016 ("Initial Term"). Thereafter, this Agreement will remain in effect until terminated as described below.
2. **Termination.** This Agreement may be terminated by either party only as follows:
  - Effective upon thirty (30) days advance written notice to the other party stating that such other party is in breach of any of the provisions or non-performance of this Agreement, provided such breach (if able to be cured) is not cured within fifteen (15) days after the notice is received;
  - The city can elect to extend or continue this contract beyond the 3 years.

## IV. Cost of Services

Consultant professional fees are based upon time expended by specific individuals. The fees do not include out-of-pocket expenses, including expenses related to travel outside of the state. Client agrees to pay Consultant professional fees as outlined in Exhibit I. These annual fees are payable in monthly installments and Consultant agrees to submit invoices to Client on a monthly basis.

Invoices are prepared and sent by the Third Party Administrator (TPA) according to the agreement and provided monthly by the TPA. Payment for the consultant professional fees, calculated by the TPA are paid by the TPA on a monthly basis.

Additional programs and services will be provided on a project basis for an additional fee to be disclosed in writing and shall be undertaken upon mutual agreement between Consultant and Client. Such programs and services may include, but not be limited to, retiree medical plans, special employee surveys, employee communication materials, and long-term care insurance, vision, disability, life, supplemental life and any other required by the Client. Such Ancillary benefits are paid by the carrier and not by the Client.

**V. Personnel**

Consultant will assign its personnel according to the needs of Client and according to the disciplines required to complete the appointed task in a professional manner. Consultant retains the right to substitute personnel with reasonable cause. The Account Management Team consists of the following individuals:

Primary Service Team: Susan Posada  
Broker/Consultant/ Account Manager

Other Personnel shall be assigned as designed for quality services

**VI. Client's Responsibilities**

Client will make available such reasonable information as required for Consultant to conduct its services. Such data will be made available as promptly as possible. It is understood by Consultant that the time of Client's personnel is limited, and judicious use of that time is a requirement of this Agreement. Client will make timely payments of the service fees as set forth elsewhere in this Agreement.

**VII. Records and Information**

Consultant understands and agrees to limit its use and disclosure of protected health information as described in Exhibit 2.

**VIII. Independent Contractor**

It is understood and agreed that Consultant is engaged by Client to perform services under this Agreement as an independent contractor. Consultant shall use its best efforts to follow written, oral, or electronically transmitted (i.e., sent via facsimile or e-mail) instructions from Client as to policy and procedure.

**IX. Fiduciary Responsibility.**

Client acknowledges that: (i) Consultant shall have no discretionary authority or discretionary control respecting the management of any of the employee benefit plans; (ii) Consultant shall exercise no authority or control with respect to management or disposition of the assets of Client's employee benefit plans; and (iii) Consultant shall perform services pursuant to this Agreement in a non-fiduciary capacity. Client agrees to notify Consultant as soon as possible of any proposed amendments to the plans' legal documents to the extent that the amendments would affect Consultant in the performance of its obligations under this Agreement. Client agrees to submit (or cause its agent, consultants, or vendors to submit) all information in its (or their) control reasonably necessary for Consultant to perform the services covered by this Agreement.

**X. Entire Agreement**

This constitutes the entire Agreement between the parties, and any other warranties or agreements are hereby superseded.

Subsequent amendments to this Agreement shall only be in writing signed by both parties.

Raese May  
Signature  
CITY MAN  
Title

6/05/2013  
Date

Susan Posada Agency Inc.  
[Signature]  
Signature  
Pres/owner  
Title

6/24/13  
Date

Exhibit I

Consulting Fees

The Broker/Consultant commissions shall not exceed 5% of the fully insured equivalent as determined by MMSI/Mayo or the appointed Third Party Administrator each year. This amount is calculated by the third party administrator and provided as a Per Employee Per Month (PEPM) format.

For the year beginning July 1, 2012 to July 1, 2013 the fee as determined by the TPA was \$33.00 and the Consultant agreed to a \$30.00 PEPM. The rate calculation for the \$33.00 fee is attached.

For the year beginning July 1, 2013, the rate as determined by MMSI/Mayo is \$34.07. For the plan year the Broker Consultant has elected to receive \$32 Per Employee Per Month instead of the \$34.07. The rate will not exceed the 5% as determined each year for Medical and Dental benefits as administered by MMSI/Mayo. The calculation by MMSI/Mayo for Plan year 2013/2014 is attached to this contract.

Each plan year beginning 7/1/13 the fee will be calculated based on the 5% of the fully insured equivalent as determined by the TPA.

Any other ancillary fees as paid by the carrier are standard fees paid by the carrier such as for coverage for vision, disability and life. Such payment is paid directly by each carrier and not by the Trust through MMSI/Mayo.

Mayo Clinic Health Solutions  
 Estimated Premium Rate Comparison for  
 City of San Luis  
 based on Reinsurer Expected Claims Liability

Current Premium - 2012/2013 Plan Year

- Dependent rates include Employee cost

Coverage	Enrollment Tier	Enrollment Count	Fully Ins'd Equiv Rate	Monthly Premium
Medical	US & Mexico - Employee Cost	89	\$ 428.00	\$ 38,181.00
Medical	US & Mexico - Emp & Spouse Cost	7	\$ 890.24	\$ 6,231.68
Medical	US & Mexico - Emp & Child(ren) Cost	40	\$ 890.24	\$ 35,609.60
Medical	US & Mexico - Emp, Spouse & Child(ren) Cost	17	\$ 1,351.84	\$ 23,151.28
Med & Dent	Mexico - Emp, Spouse & Child(ren) Cost	44	\$ 358.20	\$ 15,760.80
Dental	US & Mexico - Employee Cost	87	\$ 30.00	\$ 2,610.00
Dental	US & Mexico - Emp & Spouse Cost	6	\$ 67.88	\$ 407.16
Dental	US & Mexico - Emp & Child(ren) Cost	27	\$ 67.88	\$ 1,832.22
Dental	US & Mexico - Emp, Spouse & Child(ren) Cost	35	\$ 67.88	\$ 2,375.10
Dental Only	US & Mexico - Dependent Cost	0	\$ 37.88	\$ -
Monthly Premium -				<u>\$ 128,158.84</u>
Annual Premium -				<u>\$ 1,537,906.08</u>

Required Premium based on Rates and Factors - 2013/2014 Plan Year

Fixed Rates

Specific Premium - Employee (\$50K)	89	\$ 82.48	\$ 7,358.72
Specific Premium - Family (\$50K)	84	\$ 228.97	\$ 19,153.48
Aggregate Premium	197	\$ 4.24	\$ 835.28
Medical/Rx Claims Administration Fee	197	\$ 18.70	\$ 3,681.90
Dental Claims Administration Fee	188	\$ 2.60	\$ 491.20
Broker Fee	197	\$ 33.00	\$ 6,501.00
Utilization Review/Case Management Fee	197	\$ 3.00	\$ 591.00
COBRA/HIPAA Fee	197	\$ 0.78	\$ 153.63
PPO Fee - BCBSAZ Medical	153	\$ 13.50	\$ 2,069.50
PPO Fee - BCBSAZ Dental	153	\$ 1.50	\$ 229.50
PPO Fee - Slammed	197	\$ 4.00	\$ 788.00

Aggregate Factors - Medical & Rx

Employee	89	\$ 261.54	\$ 23,277.06
Family	108	\$ 625.09	\$ 67,509.50

Estimated Dental Claims

Monthly Premium -	\$ 6,500.00
Monthly Premium -	<u>\$ 134,247.13</u>
Annual Premium -	<u>\$ 1,610,965.56</u>

Proposed Premium - 2013/2014 Plan Year

- Dependent rates include Employee cost

Coverage	Enrollment Tier	Enrollment Count	Fully Ins'd Equiv Rate	Monthly Premium
Medical	US & Mexico - Employee Cost	89	\$ 458.50	\$ 40,828.50
Medical	US & Mexico - Emp & Spouse Cost	7	\$ 947.32	\$ 6,631.24
Medical	US & Mexico - Emp & Child(ren) Cost	42	\$ 947.32	\$ 39,897.60
Medical	US & Mexico - Emp, Spouse & Child(ren) Cost	17	\$ 1,449.16	\$ 24,635.53
Med & Dent	Mexico - Emp, Spouse & Child(ren) Cost	44	\$ 381.18	\$ 16,771.04
Dental	US & Mexico - Employee Cost	87	\$ 31.92	\$ 2,777.04
Dental	US & Mexico - Emp & Spouse Cost	6	\$ 72.21	\$ 433.26
Dental	US & Mexico - Emp & Child(ren) Cost	27	\$ 72.21	\$ 1,949.67
Dental	US & Mexico - Emp, Spouse & Child(ren) Cost	35	\$ 72.21	\$ 2,527.35
Dental Only	US & Mexico - Dependent Cost	0	\$ 40.29	\$ -
Monthly Premium -				<u>\$ 134,246.45</u>
Annual Premium -				<u>\$ 1,610,957.40</u>

Commissions based on expected liability:	
Commission Percent	5%
Annual Commission	\$ 80,547.87
Monthly Commission	\$ 6,712.32
PEPM Commission	\$ 34.07

**Exhibit 2**  
**Business Associate Contract**

This Business Associate Contract (Agreement) is entered into by and between the **City of San Luis**, and **Susan Posada Agency Inc.**, (Business Associate) effective as of July 1, 2013.

WHEREAS, the Covered Entity is a group health plan as defined in the privacy rules adopted pursuant to the Health Insurance Portability and Accountability Act of 1996<sup>1</sup> (HIPAA);

WHEREAS, the Business Associate wishes to perform on behalf of the Covered Entity treatment, payment, or health care operations as defined by HIPAA;

WHEREAS, the parties wish to set forth their understandings with regard to the use and disclosure of Protected Health Information (PHI) by the Business Associate in performance of its obligations;

In consideration of the mutual promises set forth below, the parties hereby agree as follows:

**A. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE**

1. Use of Protected Health Information (PHI). Business Associate shall not use or further disclose PHI other than as permitted or required by this Agreement or as required by law. To the extent practicable, Business Associate shall limit its use or disclosure of PHI or requests for PHI to a limited data set, or if necessary, to the minimum necessary to accomplish the intended purpose of such use, disclosure or request.
2. Safeguards. Business Associate shall use appropriate safeguards to prevent the use or disclosure of PHI other than pursuant to the terms and conditions of this Agreement, including establishing procedures that limit access to PHI within its organization to those employees with a need to know the information. Business Associate agrees that it will implement appropriate administrative, physical, and technical safeguards to protect the confidentiality, integrity and availability of electronic PHI that it creates, receives, maintains or transmits on behalf of the Covered Entity, as required by the HIPAA Security Rules.  
Business Associate acknowledges that the requirements of 45 C.F.R. Sections 164.308, 164.310 and 164.312 applicable to such administrative, physical and technical safeguards apply to Business Associate in the same manner that such sections apply to Covered Entity. Further, Business Associate shall implement, and maintain in written form, reasonable and appropriate policies and procedures to comply with the standards, implementation specifications or other requirements of the HIPAA Security Rule, in accordance with 45 C.F.R. Section 164.316, which applies to Business Associate in the same manner that such sections apply to Covered Entity.
3. Unauthorized Disclosures of PHI. Business Associate shall, within ten (10) business days of becoming aware of a disclosure of PHI in violation of this Agreement by Business Associate, its officers, directors, employees, contractors, or agents or by a third party to which Business Associate disclosed PHI (including a subcontractor), report to Covered Entity any such disclosure. Business Associate agrees to mitigate, to the extent practicable, any harmful effect of the unauthorized disclosure or misuse of PHI.
4. Security Incidents. Business Associate shall promptly report to Covered Entity any Security Incident of which it becomes aware, in accordance with the HIPAA Security Rule.
5. Agreements With Third Parties. Business Associate agrees to ensure that any agents and subcontractors that create, receive, maintain or transmit PHI on behalf of Business Associate with

respect to Business Associate's relationship with Covered Entity, agrees to the same restrictions and conditions that apply to Business Associate with respect to such information.

6. Access to Information. Within ten (10) days of a request by the Covered Entity for access to PHI about an individual contained in a Designated Record Set, Business Associate shall make available to the Covered Entity such PHI for so long as such information is maintained in a Designated Record Set and in accordance with the requirements of 45 C.F.R. Section 164.524. In the event any individual requests access to PHI directly from the Business Associate, Business Associate shall respond to the request for PHI within ten (10) days. Any denials of access to the PHI requested shall be the responsibility of the Business Associate.
7. Availability of PHI for Amendment. Business Associate agrees to make any amendments to PHI in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 CFR Section 164.526 at the request of the Covered Entity or an individual, and in the time and manner designated by Covered Entity.
8. Inspection of Books and Records. Business Associate agrees to make its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of Covered Entity available to the Covered Entity, or at the request of the Covered Entity to the Secretary of the U.S. Department of Health and Human Services or its designee (the "Secretary"), in a time and manner designated by the Covered Entity or the Secretary, for purposes of the Secretary determining Covered Entity's compliance with HIPAA.
9. Accounting of Disclosures. Business Associate agrees to maintain and make available to the Covered Entity an accounting of disclosures of PHI as would be required for Covered Entity to respond to a request by an individual made in accordance with 45 CFR Section 164.528. Business Associate shall provide an accounting of disclosures made during the six (6) years prior to the date on which the accounting is requested (or during the three (3) years prior to the date the accounting is requested for PHI maintained in an electronic health record, beginning on the applicable effective date pursuant to the American Recovery and Reinvestment Act of 2009). At a minimum, the accounting of disclosures shall include the following information:
  - a. Date of disclosure,
  - b. The name of the person or entity who received the PHI, and if known, the address of such entity or person,
  - c. A brief description of the PHI disclosed, and
  - d. A brief statement of the purpose of such disclosure, which includes an explanation of the basis of such disclosure.

In the event the request for an accounting is delivered directly to the Business Associate, the Business Associate shall respond to the request within ten (10) days. Any denials of a request for an accounting shall be the responsibility of the Business Associate.

Business Associate agrees to implement an appropriate record keeping process to enable it to comply with the requirements of this Section.

10. Remuneration in Exchange for PHI. Effective Sept. 23, 2013, the effective date of the final HIPAA regulations pursuant to the American Recovery and Reinvestment Act of 2009 and subject to the transition provision of 45 CFR Section 164.532 regarding prior data use agreements, Business Associate shall not directly or indirectly receive remuneration in exchange for any PHI without a valid authorization permitting such remuneration, except as permitted by law.

3. Return or Destruction of PHI

Upon termination of this Agreement, Business Associate shall return or destroy all PHI received from Covered Entity, or created, maintained or received by Business Associate on behalf of Covered Entity that the Business Associate maintains in any form. Business Associate shall retain no copies of the PHI.

Notwithstanding the above, to the extent that it is not feasible to return or destroy such PHI, the terms and provisions of Sections A, B and C shall survive termination of this Agreement and such PHI shall be used or disclosed solely for such purpose or purposes that prevented the return or destruction of such PHI. When the PHI is no longer needed by the Business Associate, the Business associate shall return the PHI to Covered Entity or shall destroy it.

**F. DEFINITIONS**

Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the HIPAA Privacy, Security, Breach Notification and Enforcement Rules at 45 CFR Part 160 and 164.

**G. GENERAL PROVISIONS**

1. Amendment. This Agreement may be amended only by the mutual written agreement of the parties. The parties agree to take such action to amend this Agreement from time to time as is necessary for the Covered Entity or Business Associate to comply with the requirements of HIPAA.
2. Indemnification. Each party shall release, indemnify and hold the other harmless from and against any claims, fees, and costs, including, without limitation, reasonable attorneys' fees and costs, which may be incurred by the acts of that party as a result of or related to the other party's activities pursuant to this Agreement.
3. Remedies. The parties acknowledge that breach of Paragraphs A or B of this Agreement may cause irreparable harm for which there is no adequate remedy at law. In the event of a breach, or if either party has actual notice of an intended breach, such party shall be entitled to a remedy of specific performance and/or injunction enjoining the other party from violating or further violating this Agreement. The parties agree the election of the party to seek injunctive relief and or specific performance of this Agreement does not foreclose or have any effect on any right such party may have to recover damages.
4. Survival. Business Associate's obligation to limit its use and disclosure of Protection Information as set out in Paragraphs A and B survive the termination of this Agreement so long as Business Associate has PHI received during the performance of its services as described in this Agreement.
5. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Arizona.
6. Assigns. Neither this Agreement nor any of the rights, benefits, duties, or obligations provided herein may be assigned by any party to this Agreement without the prior written consent of the other party.
7. Third-party Beneficiaries. Nothing in this Agreement shall be deemed to create any rights or remedies in any third party.
8. Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits the Covered Entity and/or Business Associate, as applicable, to comply with HIPAA.

9. Notices. Any notice given under this Agreement must be in writing and delivered via first class mail, via reputable overnight courier service, or in person to the following addresses, or to such addresses or facsimile numbers as the parties may specify by like notice:

If to Covered Entity:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to Business Associate:

Susan Posada  
\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, the undersigned have executed this Agreement.

Susan Posada Agency Inc.

Signed:



Date:

6/24/2013

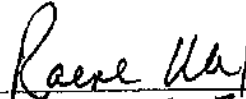
Name (Print):

Susan Posada

Title:

broker / pres

Signed:



Date:

6-05-2013

Name (Print):

Rane Hays

Title:

CITZ Mgr