

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 6:00 P.M. , WEDNESDAY, JUNE 12, 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 6:00 P.M., MIERCOLES, JUNIO 12 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

AMENDED AGENDA

06/11/2019

AGENDA

Regular Meeting

City of San Luis Employee Benefit Trust

Council Chambers – City Hall

1090 E Union Street

San Luis, AZ 85349

Wednesday, June 12, 2019

6:00 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. CONSENT AGENDA

All matters are considered to be routine by the Employee Benefit Trust Board and will be enacted by one motion. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately

A. MINUTES OF

-Regular meeting held April 10, 2019

-Regular meeting held April 24, 2019

-Special meeting held May 8, 2019

3. DISCUSSION AND POSSIBLE ACTION ITEM:

A. Discussion and possible action on any and all matters regarding Stop Loss Renewal with Symetra Financial (Susan Posada, Consultant and Broker)

B. 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, APRIL 24 AND MAY 8, 2019. (Glenn Gimbut, Assistaant City Attorney)

C. Discussion and possible directions to staff on any and all matters regarding the process for fiscal year 2020/2021 and due diligence and fiduciary responsibilities of Board to be certain of expenditures of public funds for employee health benefit package (Glenn Gimbut, Assistant City Attorney)

4. ADJOURNMENT

Employee Benefit Trust Board Meeting

2.A.

Meeting Date: 06/12/2019

Summary

MINUTES OF

- Regular meeting held April 10, 2019
 - Regular meeting held April 24, 2019
 - Special meeting held May 8, 2019
-

Attachments

04/10/2019 RM

04/24/2019 RM

05/08/2019 SM

MINUTES
Regular Meeting
City of San Luis Employee Benefit Trust
Council Chambers – City Hall
1090 E Union Street
San Luis, AZ 85349
Wednesday, April 10, 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** Mayor Gerardo Sanchez called the meeting to order at approximately 5:38 p.m.

THOSE PRESENT:

Board Member Maria Gonzalez
Vice Chairman Emma Torres – Note: arrived at approximately 5:41 p.m.
Secretary Maria Sabori
Chairman Gerardo Sanchez
Board Member Gustavo MacGrew

OTHERS PRESENT:

Kay Marion Macuil, City Attorney, Attorney for the Board
Tadeo A. De La Hoya, City Manager
Glenn Gimbut, Assistant City Attorney
Janet Taylor, Acting Clerk of the Board
Maria Munoz, Benefits Coordinator
Susan Posada, Benefits Coordinator
Monica Castro, Director of Finance
Axel Chayra, IT Department
Rob Flunker, EBSO Representative – by phone

- 1.A.** Oath of Office & Swearing in for Maria Gonzalez, Board Member, Maria Sabori, Board Member, and Gustavo MacGrew, Board Member.

Janet Taylor, Notary Public performed the Oath of Office & Swearing-In for the above mentioned Board Members.

Chairman Gerardo Sanchez, welcomed new Board Member/Trustee Gustavo MacGrew and explained to Mr. MacGrew what the Employee Benefit Trust was and how it worked. Chairman Sanchez thanked all the board members for their commitment.

Mr. MacGrew thanked the Chairman and stated it was an honor to serve on the board.

Comments on consent agenda language missing from the agenda. Item AJA. taken up first.

Glenn Gimbut, Assistant City Attorney gave a brief presentation of the history of the city's provision of health benefits to its employees, including the history of the city becoming a self-insurer, and the history of the establishment of the health benefit trust and the thinking behind it. He stated that the end result is that the city, through the trust, offers to its employees the best health benefit coverage of any employer in Yuma County save the Federal government, and yet it costs the City less per employee to provide those benefits than any other political subdivision in Yuma County. That if one looks at the Board, one notices that the folks who have been appointed are a cross section of business talent who are there for the purpose of attending to the business of the trust as professionals. Each brings something to the table so that at the end of the day the best decisions can be made for both the employees and the City.

2. CONSENT AGENDA

2.A. MINUTES OF

Regular board meeting held March 13, 2019

MOTION: Chairman Gerardo Sanchez and Secretary Maria Sabori to approve minutes. Motion passed unanimously.

The vote was as follows:

Chairman Gerardo Sanchez – Aye
Vice Chairman – Emma Torres – Aye
Secretary Maria Sabori – Aye
Board Member Maria Gonzalez – Aye
Board Member Gustavo MacGrew - Aye

3. DISCUSSION AND POSSIBLE ACTION ITEMS:

3.A. Discussion and possible action on any and all matters regarding an amendment to current contract with Counseling & Family Resources, Ltd., for Employee Assistance Program Preferred (EAP) for coverage of all City Employees. **(Susan Posada, Benefits Consultant)**

Susan Posada, discussed the amendment to the current contract with Counseling & Family Resources, Ltd. for Employee Assistance Program Preferred (EAP) for coverage of all City Employees.

Board Member Emma Torres, stated that she valued the program because many of the issues are not because they are sick.

Ms. Posada, stated that she agreed and that right now the plan reads is that we do have mental health counselors for them but they have to pay their copay and when you have to go for six (6) visits it adds up to a family budget and if you look at the cost of an annual budget to benefit everybody they can take their child in, it is a beautiful benefit that most municipalities, counties and states have.

Maria Gonzalez, asked if this was a call-in only?

Ms. Posada, replied initially there would be a call-in but there are providers here in Yuma that we have identified and that is the reason we chose this company.

Secretary Maria Sabori, commented that at the last board meeting it was stated that it would go through the general budget but in this case it is going to fall under the trust?

Susan Posada; Yes Maria, good question, and here is the reason because the way we have it right now the EAP for this program is only for public safety and the right thing was to pay for it out of the City. Because this will be for all employees, I do recommend that it is in the Trust. And after we are finished with this discussion, I would like to discuss what goes in the Trust.

Maria Gonzalez, so right now we do not have to approve anything right?

Chairman Sanchez, no it is going to be part of the package part of the overall package we approve. But keep this in mind it is only six thousand.

Susan Posada, okay in your packets this is the same one (Susan is holding up a paper from the packets handed out).

Kay Macuil City Attorney asked the Mayor if we could formally continue this item so we can be in the right place on the agenda.

Chairman Sanchez replied, so are we going to go to item 3B now? You want to continue item 3A.

Kay Macuil replied 3A

Chairman Sanchez, to entertain a motion to continue item 3A to our next scheduled meeting. Maria Gonzalez made the second. Chairman stated that the item is still open

and no action was necessary that it just needed to be moved down to after 3B. Now we are going to open item 3B which is related to 3A. Point of clarification.

For clarification for trustees item 3A is still open we still need action, but item 3B is related to 3A also so we are proceeding to 3B, which will conclude 3A. Kay that was part of clarification, so we are on the same page.

Kay Macuil, yes that is fine.

ITEM CONTINUED, see the motion at the end of these minutes

3.B. Discussion and possible action on any and all matters regarding proposed changes to the employee benefit plans for the fiscal year starting July 1, 2019.
(Susan Posada, Broker and Consultant and Representative (s) from the Third Party Administrator EBSO)

Susan Posada stated this is the big one and continued with; on page two (2) I wanted to explain what are the expenses that go into the trust. So you have the stop loss the third party administrator, you have the network fees from Blue Cross/Blue Shield you have the network fees for Siarmed. Broker fees flu shots, ACA reporting, claims utilization, Cobra fees, Healthiest You, EAP which we just talked about. And then we have what we call ACA fees and any other fees that are the trust fund balance.

Susan Posada continued with we will now discuss what is not included in the Trust, the Vision, the Voluntary Life, the Short Term Disability, Transwestern, and EAP for Public Safety and FMLA. Basically what it is going to boil down to is in this self-funding we have two things one is medical, and one is dental. The medical has more moving parts because all of these costs fall into it. The dental has some but is not as bad all the others are, costs that are in the Trust. We do not put anything except for how we fund our medical and how we fund our dental that is it. So when I get asked if we can put FMLA into the trust, I will come back with a no we can't do that. Or the EAP for Public Safety, I will say no we can't do that. And the reason is we want to protect the medical and dental trust. The two (2) reasons not to include those is they are not related to the benefit, or they do not benefit everybody — any questions about that?

Board Member Maria Gonzalez replied yes, I am sorry for my ignorance but what is an ACA reporting fee and what is an ACA fee?

Susan Posada, healthcare reform.

Kay Macuil replied, Obama Care

Susan Posada replied, we have healthcare reform, and that requires us to send out what is called a 1095 to each employee to give to the federal government when they do their taxes. So that is all reporting that is for that. ACA fees are fees we have to pay the federal government for having a self-funded plan.

Maria Gonzalez replied, got it.

Susan Posada continued with basically what that does is help people who do not have insurance get insurance.

Susan Posada continued with page three (3). The first one I put on there was the budget increase because I feel that if I put you at ease, you are going to listen to me a little bit better. These are going to be my recommendations; these are going to be the bottom lines. The other part is more detail oriented. So the City increase, which we are not part of okay, that only includes the vision increase of two (2) percent the City portion is four hundred and fourteen dollars \$414 that is it. For the trust it is the six thousand four hundred two dollars and twenty-four cents \$6,402.24 and that is the EAP I was telling you about. Okay so rest at ease for the rest of the presentation.

Susan Posada continued with where it says plan changes, this is the biggest cost to be the stop-loss carrier and basically what that is, is refunding. We are buying insurance to fund our major claims. So anything that comes in above fifty thousand (\$50,000.00) the stop-loss carrier will pay for. So we have had just a few claims that were large and now we have eleven (11) claims that are large. So all of the sudden it just kind of popped. Right now we are paying four hundred thirty two thousand \$432,000.00 for the premium for anything above \$50,000.00. We pay the first and they pay the balance, it could be a million, two million.

Susan Posada stated I am sorry I am in 2015 and should be over there where it is yellow where it is 2019, and it should say annual premium, but it is \$437,000.00, \$532,000.00 is where we are at. I am going to go into that just a little bit because I was able to decrease it by \$50,000.00 and that plays a big role. Now given that I say that here is the good news the bad news, we have gotten a really good rate but the way the stop-loss carrier works in their underwriting is they will look at the figures for the end of February. Then they come and give me an estimated bid, but our final bid could be higher than this which could reflect what is in the trust. So if in March and in February we have a tremendous amount of claims then that figure could go up. But at the end of February, it is locked in. In my experience in eight years, we have had very little changes when it comes back in March. But, I like to tell people that happens because the claims that are unheard of come in March and April. That is a moving number, but right now we are sitting really good. And that helps our cause tremendously.

Susan Posada continued with; if you look down on 2019 and the percentage rate increases, we have a stop-loss at 10.46 and no other increases except the network fees for Blue Cross/Blue Shield. Now, this one was a tough one. I wasn't very happy about this one initially they came in at a 17.50 percent increase which is a 9 percent increase for one year, and I was able to get them to commit to a two (2) year rate guarantee at 17.50. I have an email from them that says you are still way below because of the average for your account would be 21 percent. So throughout the years, we have done a really good job of keeping that rate down. And the more we

keep it down the better it is in the future. That is basically all that in this and then I will bring it all together. I know there is a lot of moving pieces.

Susan Posada continued with the next page is

Chairman Sanchez commented before you proceed this \$16.00 this is a Blue Cross/Blue Shield network fee and that is per employee enrolled \$16.00 per month. So it is going to be going up from \$16.00 to \$17.00 per month so basically \$1.00 \$1.50 more.

Susan Posada replied yes it is a nine percent increase.

Chairman Sanchez asked, you have been able to guarantee that rate for two (2) years?

Susan Posada replied correct. So that is the only major change along with the stop-loss and this one, which I am very happy about. Now go onto the next page I brought this for demonstration purposes because I wanted you to see what is happening with our enrollment. In 2018 for the medical we had an average of members at five hundred sixty-nine (569) then it dropped down to five hundred (500) in 2019 and here is the reason we think. With healthcare reform and Medicaid expansion more people qualify for AHCCCS, and in the drop there, it is not of employees but of dependents which is really good for our plan because less costs come here. However, here is the trick we try and educate members so if they have AHCCCS they can still have our plan, and we become primary. But we try to educate them that they have AHCCCS to let AHCCCS know if they have another plan because they may not qualify at that point, but we have very little control of that. But if we have a major claim that comes in for a dependent who is on our plan and they have AHCCCS, then we are primary. We are the first person who has to pay. And, I wanted to point that out because I thought it was kind of interesting. So, Maria, you were around that time even though you are a young lady. At the bottom I put 2012, 2013. We had one hundred fifty-four (154) employees total today we have two hundred thirty-two (232). We had a total of five hundred seventy (570) dependents which didn't change for a long time until the law changed and now we are at five hundred eighteen (518). The changes to dental are insignificant.

So the next page is crazy because it has so much information. So I also printed it out for you on bigger paper. Remember I talked to you a few minutes ago about the stop-loss. I wanted to give you the good news first. So basically what this does is this spreadsheet, and we don't have to go into a lot of detail, is that we have options. If you look at option three, at the very top, that is with a different carrier and this is where we were able to bring down the total cost of our plan significantly. If we go to seventy-five thousand (\$75,000.00) we can increase or decrease whichever way you want to look at it; however, then we have more exposure. So instead of fifty thousand (\$50,000.00) exposure, we are going to have seventy-five thousand (\$75,000.00). So that means for every person that reaches seventy-five thousand (\$75,000.00), we have that additional twenty-five thousand (\$ 25,000.00) per employee of exposure. And what I

did for you (next page 6 please) - So 2017, 2018 we had five (5) large claims at the end of the fiscal year which was a total potential exposure of two-hundred fifty thousand (\$250,000.00) the premium was four hundred eighty-six (\$486) total the exposure for 2018/19 is fifty thousand (\$50,000.00), eleven (11) large claims we have exposure of five hundred fifty thousand (\$550,000.00) and the premium is four hundred thirty-seven (\$437). If we move that, if you take a look at the next column because there is eleven (11) claims we have an exposure of eight hundred twenty-five thousand (\$825,000.00) and the premium is only three hundred and thirty-three (\$333) for a difference of four hundred ninety-one (\$491). So, the reason I bring this up, we should take a look and see if we want to do this or not. But at this point I don't recommend it.

Chairman Sanchez replied, you don't recommend going to the seventy-five (\$75,000)?

Susan Posada, I recommend we stay and get the carrier that will give us the best. It is not just the carrier and the rate it is also what their contract is filled with. So it also has to do with contract. And we take a look at all of that and make sure. So (next page please and that is page 7). For a number of years we talked about not having the balance sheets, nor the financial statements for the trust. So what I did this year to get a better picture, is I took what was available in the trust checking as of February 28th and I took a look at the savings for a total of \$2.9 million, this is how much we have. When I first started we had \$1.3 million. The claims lag. Which means those are claims that have not hit yet. They have been reported but not hit yet. They haven't been paid for whatever reason \$489,000.00 incurred but not yet reported. That is just an estimate of what the potential liability would be if we terminate this contract. So this estimated total that is available is \$2.185 million. I want you to remember that figure because I'm going to come back down to it.

If you take a look at the very bottom (where I went through this with accounting on Monday) and what are the recommendations I would make. And even though I am going to show you all the details, I am not making any recommendations of any rate changes for the employees at all. But if we do that (and I will show you in a few minutes), if we do that, that means we are under funding the fund by \$139,000.00. And I will show you how I came up with that figure. I think there is plenty of money to under fund it for a year and not pass on any of the costs to the employees. Give me a minute, and I am going to bring it all together so you guys can see how and why I did what I did.

Pull the sheet that looks like this (Susan is holding up a sheet of paper). These are all the details of how we create rates. See the first page where it says based on maximum liability the second page is expected liability. So the 2 million six hundred and fifty thousand (\$2.65 million) is right now is what we are putting into the fund every year. So what this figure determines, if you look at all rates, the number of employees in the medical, the number of employees in the dental, the city puts in about \$220,000.00 depending on the number of employees in any one month. So our annual budget should be about \$2.6 or this is what it is for this year. So the premium for this year you can see is \$2.789. So technically, after all of the fees go into it, all of the fees,

the factors for the stop-loss for the \$50,000.00, everything that is put in there that (because I am pretty stingy in putting any more cost in there) and all it does is add to the rate of the employee.

So technically, that equates to 5.2 percent that should be an increase of 2.5 to put into the trust. Going to the next tab, the 5.2 is there from the previous page, but I do not recommend any increases because there is plenty of funding in the trust. And the reason there is a lot of funding in the trust, well we have done a good job. Number two, we have had three really good years of claims experience. That trust fund that I told you was 2.9 at one point two years ago was 900,000.00 because we took some major hits. That is all we have now, we are a lot higher. This is how we manage it this is what we look at. You see the zero percent that would be zero for medical and zero for dental the rates will not change.

Maria Sabori Secretary, Susan I have a question. Under Siarmed audit fees, there is a fourteen thousand dollar (\$14,000) audit.

Susan Posada, yes, it is time for an audit

Maria Sabori, it is under the monthly premium so is that \$14,000 times twelve (12)?

Susan Posada, yeah it's okay because it's calculated. It doesn't matter because it is calculated right here in this 232 because it is added.

Maria Sabori, okay

Susan Posada, so basically what it is, we do not increase. This, you remember, I said we need \$2.789 million. If we do not increase it, we will have the two million six hundred and fifty (\$2.65 million). The difference of that is 139 it is on page 7, which is pretty good. It is 5 percent, 5.2 percent. Any questions so far? We are doing good?

Chairman Sanchez responded we are doing good.

Susan Posada continued with please take us to page 9. There was some question earlier about the cost of the ACA reporting, and I thought the best thing for me to do is to get bids on this to make sure we are in line. EBSO is charging us \$3 per person, and they charge it monthly, and that is what the fee is. Basic would charge us instead of the 8,500.00 it would be \$26,000.00.

The problem that we had this year is, and it was really very difficult to move from MAYO to EBSO. I think you guys remember this conversation. MAYO dropped us like a hot potato, and they didn't even take care of any claims beyond 6/30, so it affected the employees. There was a letter that went from MAYO to each one of the providers letting them know who they needed to bill, but still, there were a few claims that did not get through. So what I did was, take a look at any denied claims. And I did it last

month. And I came in, and I sat down with almost all the employees, as did Maria, that we didn't have any claim out there and to help get those processed.

EBSO does a much better job of doing what we call coordination of benefits, which helps our trust. But it is frustrating for the employee. And it is a requirement by the stop-loss carrier. So basically with coordination of benefits means is, if your husband or your spouse has another insurance we need to know who that is and what your date of birth is and your name because the primary will be the person that comes first. EBSO is doing a much better job than I think MAYO did. And that is what is causing some of the frustration we are trying to get through. But I think we are finally getting through that. Do you think we are finally getting through that? (Susan has turned to Maria Munoz and asked that question.)

Tadeo A. De La Hoya City Manager has asked Ms. Munoz to step up to the microphone please and no we are not getting through that. So can you explain why we are not getting through that as you expected we were?

Maria Munoz stated, we have reached out. Susan has sent me a list of about 15 to 20 employees that were either missing paperwork like the other insurance information. I reached out to them. I have emailed them, I have called them. Some of them have come in, and some have turned in that paperwork, but there is still a good amount, I would say maybe about 50 percent of them that don't comply we don't get any feedback from them.

Maria Gonzalez Board Member stated that that is too many.

Chairman Sanchez asked is it because they are not doing their part, or is it because the third party administrator is not doing their part? Why is it taking so long? Because I had that problem. My wife has always used our insurance. Then we get a letter that her claims were not being paid because of one, we needed to verify that since she is self-insured well self-employed they wanted to know who the other insurance was and we said there is no other insurance.

Susan Posada, once they find that out that there is no other insurance, they bug off, but they need to know that. Because if she did have another employer and she worked than hers would be primary and yours would be primary for you. So that means if she has a really large claim and we are paying that it really should come from hers.

So that is what has happened, I think that the frustration is because possibly the mail is being opened when they get a letter that says we need to know whatever it is, fill it out and send it back to us. And number two, I really do believe that they are trying to do a much better job than MAYO is. And that is a stop-loss requirement we are liable for that.

Chairman Sanchez stated let's figure out how we can expedite this because this is way too many employees. We are already thinking about new plans, and they still have those issues.

Susan Posada, Maria has done a really good job. I came here and called each person, every single person I had a few that responded, and I sat there and helped them complete the coordination of benefits. I helped them, but she did even more because as they started to trickle in, she took all the information and would send it to me. So part of the problem, I think, is that MAYO really didn't do a good job and now we are having to pay the consequences of getting them to do that. And I apologize for that.

Rob Flunker EBSO representative by phone commented, in our experience the best time and place to collect that COB coordination of benefits information is during the open enrollment period when you are in front of all the employees. During last year's enrollment, we were able to collect some of it, but not every employee completed a COB form. So now we are playing catch up. Normally when we are switching groups from different TPAs, the prior TPA will supply all the COB information to us. But like Susan mentioned, that wasn't the case with what occurred with the transition from MAYO to EBSO.

Susan Posada commented, MAYO did us a disservice not providing that information we could not get it. I had a meeting and was listening to Edgar and Maria on Monday, and the reason I left this up is that I wanted to talk about the ACA reporting. What happened is MAYO sent the file over to EBSO. The file was horrible, but I didn't do that work because I don't have access to the employee information. They are the ones that did all the work to make sure it was cleaned up going forward they know now what to do to not create this craziness and it was created mostly because of the change. But I also think because we have had such a turnover in HR, it's been difficult and we have some really wonderful people in there right now. They are awesome but they need a little bit more experience. I have come down here to answer any questions and to be with them should they have any questions to the best that I could and I am always available for Maria, Edgar or Fausto. And it's not their fault really it just happened.

Monica Castro Finance Director, on that part of the EBSO I just want to bring attention that Susan is right HR is going through a very difficult moment they are very short in staff. What I noticed is that there is not an agreement and we would appreciate if we could be sent contract agreement with the scope of services because there were several misunderstandings. What is EBSOs responsibility, what are we paying for. Because we are paying \$8,000.00 a year, but it really seems that all the workload fell on HR. And at that point, is when I started asking where is the agreement can we check that we are really getting what we are paying for? So that would be my only recommendation is to make sure that we have our scope of services to make sure we are getting the services that we are paying for.

Susan Posada, I actually sent that to you two months ago. I will resend the email to you.

Monica Castro, we reviewed it, and there was nothing about that ACA services.

Susan Posada, Rob while you are there can you send that to me and Monica?

Rob Flunker, the service agreement?

Susan Posada, yes

Rob Flunker, yes

Susan Posada, and make sure it includes the ACA reporting and the responsibilities.

Susan Posada, it would be very difficult for EBSO to correct those forms, they don't have the data of who works here and who doesn't work here, what their addresses are, and unfortunately that did not go over well not accurately from MAYO to the city. What Edgar said to me in the meeting, and Maria, correct me if I am incorrect, he said Susan we feel like we have corrected, going forward we know what needs to go in, and we don't think there is going to be as much work after that. Is that what he said?

Maria Munoz Benefits Coordinator, yes that's correct. Like Susan explained and Edgar agrees with me because we were in the same meeting. We had a hard time trying to get all this information in very minor information it was accuracies like middle initial that kind of thing. It actually took us about two full days, and after that, we were still correcting information. I think in the future it will help since all the information has been updated. It would have been a lot easier if we would have sent a census report from the city to EBSO and had them actually update that information.

Tadeo A. De La Hoya City Manager, so in short I have said this in our meetings, not private meetings but not public forum, I guess, the sales pitch from EBSO was too good that we just listened to what they were going to do as compared to just looking at the document. Because it was exhausting, we had to close HR for 3 days even though EBSO isn't 100 percent at fault but I guess we just.

Chairman Sanchez, and this occurred when?

Maria Munoz, the checking, the revising, this was last month so a month ago maybe

Chairman Sanchez, why wasn't this done before?

Susan Posada, because this is when the reporting starts to take place

Chairman Sanchez, so it's the timing?

Susan Posada, yes, the federal government needs it by a certain date to be sent out to all the employees kind of like a 1099. So that is the reason they did it.

Chairman Sanchez, and last year MAYO did it?

Susan Posada, no.

Tadeo A. De La Hoya, no

Maria Sabori Secretary, no, it was done internally.

Tadeo A. De La Hoya, it was done by HR. We saw the fee of \$700.00 a month, and we heard you are not going to have to worry about it. We are going to do it for you. Then I said just go for it. And that is basically what happened. But EBSO didn't have the right information. MAYO didn't send the report, and I don't know the scope of services that are listed in the agreement sent to Monica.

Maria Gonzalez Board Member, so who dropped the ball?

Tadeo A. De La Hoya, I don't want to call it someone dropped the ball. Again, we heard a sales pitch; it's like you selling me a car without a navigation system, and I didn't know, and I wanted one, it was one of those.

Chairman Sanchez, this is what happens when you assume something. We need clarification at all times. It doesn't matter what a salesperson tells you it doesn't matter. Monica, I agree we need it in writing. We were short staffed, and it caught us off guard. It is unfortunate, but we got it done. We want to make sure it doesn't happen again. We want to make sure we have all the same data, and this is what happens when you assume something is going to be provided or there is a lack of communication, or there is no communication between parties. So it is very important since HR is short staffed that this doesn't happen again okay.

Maria Munoz, I agree sir

Tadeo A. De La Hoya, so Maria I would take the blame for it publicly because I heard \$714.00 a month there are going to do it so I said do it, and not have it in house. So as a habit just do it in house.

Susan Posada, if you want to do it in-house, it is not set in stone

Chairman Sanchez, this is not going to happen again

Tadeo A. De La Hoya, that was the whole point of not doing it in-house not having to worry about it with the reporting. Maybe Maria Sabori can explain the hurdles we went through.

Chairman Sanchez, okay, for time constraints we have a council meeting at 7:00 so let's proceed and clarify that.

Susan Posada, I need to go through this really quick, before I go into the plans. So if you pull out this one (Susan is holding up a document from the package she handed out), I am going to go really simple because the changes are going to be in the yellow. So for the first page

Tadeo A. De La Hoya, Susan, where are you?

Susan Posada, so basically the way it reads we have what is current and what is recommended and everything that is not yellowed out is mainly there for your information.

Susan Posada proceeds to discuss the plan changes as indicated in the handout titled "City of San Luis Recommended Plan Changes for plan year 2019-2020" pages 1 – 5.

Rob Flunker, explained one of the changes to the plan regarding surgery costs. The difference in cost of having surgery at Yuma Regional Medical Center and having surgery at a surgery center in the Phoenix and Tucson area. He also explained that having surgery at a surgery center in Phoenix or Tucson would cost only \$750.00 total. And, an allowance of \$125.00 per night for lodging. So for the employee that is a saving of about \$4,750.00 by going to Phoenix and their hotel paid for.

Susan Posada explained the lodging part would come as a reimbursement so that it is not a taxable item for the member. EBSO will be verifying and doing preauthorization of surgery before reimbursements are given.

Rob Flunker, you are referring to a preauthorization? Yes.

Tadeo A. De La Hoya asked if the forms will be processed by EBSO

Susan Posada, they have to be for tax purposes

Tadeo A. De La Hoya asked if the reimbursement comes after the procedure is done.

Susan Posada replied correct. And the receipts are sent in. That is not something we cannot do in house because of the HIPAA requirements.

Maria Munoz, I just wanted to mention something. I did call the Gadsden School District because I just wanted to get an idea on how it was being managed over there. And they gave nothing but good feedback, and it was a really good plan. Something that came to mind right now, is that I asked the HR director there how they are getting their statistics like comparing prices of Yuma to Phoenix and she did mention that the information was received from the TPA.

Susan Posada, that is correct the TPA is Summit. I do believe given all the information we will save. I have had numerous discussions with BlueCross/BlueShield, and they would not let that information out.

Maria Sabori asked about the \$125.00 per night who is entitled to that the family the member.

Susan Posada replied the employee.

Maria Sabori replied the employee.

Susan Posada stated it has to be the employee.

Tadeo A. De La Hoya, commented or the member right?

Susan Posada, well no the contract is with the employee.

Tadeo A. De La Hoya, so if I had my family on the plan they wouldn't be eligible?

Susan Posada replied no, they will get this. They will get the reimbursement. What she is talking about is the check where is the check going to go.

Tadeo A. De La Hoya replied oh okay so it goes to the member.

Susan Posada stated the employee has to fill out the paperwork and send it in.

Tadeo A. De La Hoya, okay so if I get four nights and I decide to stay at the Biltmore and it is not \$125.00 I am just going to be limited to that, correct? So wherever I stay/ it is just the \$125.00?

Susan Posada, correct. What I like about it is there is a lot of savings for the trust but also for the employee. That is why they call it WINWIN.

Kay Marion Macuil City Attorney, stated to Susan Posada that we have a council meeting in fifteen minutes and we need to continue this to the next meeting.

Susan Posada, okay well remember we have a management meeting on the 26th.

Tadeo A. De La Hoya, stated you are talking about the retreat?

Kay Marion Macuil replied, yes so Janet will work with all the trustees to find a date and with Susan so that we can find a time to go through it.

Inaudible conversation taking place

Susan Posada stated there are a lot of other changes but the US/Mexico is very small.

4. EXECUTIVE SESSION

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

4.A. 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. **(Kay Marion Macuil, City Attorney)**

ITEM CONTINUED NO EXECUTIVE SESSION HELD, see the motion at the end of these minutes.

5. MOTION TO GO BACK INTO REGULAR SESSION

No action, No executive session held.

6. DISCUSSION AND POSSIBLE ACTION ITEM:

6.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. **(Kay Marion Macuil, City Attorney)**

ITEM CONTINUED, see the motion at the end of these minutes

MOTION TO CONTINUE ITEMS 2A, 3A, 3B, 4A, 6A

Chairman Sanchez and Maria Gonzalez approve to continue items 2A, 3A, 3B, 4A, 6A.

Motion passed unanimously

The vote went as follows:

Chairman Sanchez – Aye

Board Member Maria Gonzalez – Aye

Secretary Maria Sabori – Aye

Gustavo MacGrew – Aye

Please note: Vice Chairman Emma Torres left the meeting at approximately 6:40 p.m.

7. Adjournment

Meeting adjourned at approximately 6:50 p.m.

MINUTES
Regular Meeting
City of San Luis Employee Benefit Trust
Council Chambers – City Hall
1090 E Union Street
San Luis, AZ 85349
Wednesday, April 24, 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 Chairman Sanchez called the meeting to order at approximately 5:38 p.m.

THOSE PRESENT:

Chairman Gerardo Sanchez
Vice Chairman Emma Torres – by phone
Secretary Maria Sabori
Board Member – Maria Gonzalez
Board Member – Gustavo MacGrew

Please note: Emma Torres left the meeting at approximately 6:30 p.m. and returned at approximately 6:40 p.m.

OTHERS PRESENT:

Kay Marion Macuil, City Attorney
Janet Taylor, Legal Secretary, Acting Clerk
Tadeo A. De La Hoya, City Manager
Maria Munoz, Benefits Coordinator
Susan Posada, Benefits Consultant
Monica Castro, Director of Finance
Jorge Mungaray, IT Technician
Fausto Gonzalez, Human Resources at appx. 5:48 p.m.
Edgar Carbajal, Human Resources at appx. 5:45 p.m.
Rob Flunker, EBSO – by phone
Bruce Flunker, EBSO – by phone
Patrick Harris, EBSO – by phone

2. DISCUSSION AND POSSIBLE ACTION ITEMS:

2.A. Discussion and possible action on any and all matters regarding proposed changes to the Employee Benefit plans for the fiscal year starting July 1, 2019. ITEM CONTINUED FROM REGULAR BOARD MEETING HELD APRIL 10, 2019. (Susan Posada, Broker, and Consultant)

Susan Posada, Broker, and Consultant, began the meeting by reiterating the information she provided at the prior meeting held April 10, 2019. Susan then went to page 3 of Changes to Plan Costs in the packet she provided board members. Susan stated that the board had already covered the administrative changes and that the major change would be the network Blue Cross/Blue Shield which had an increase of 9.38%. Susan also stated she added an additional category, short term disability which did not involve the trust.

Susan Posada then moved to page 4 of Changes to Plan Costs. Susan stated that the enrollment was at 518 employees compared to 2012/2013 there were 154 employees.

Susan continued to page 5 which stated there were three bids showing the cost of what the administrative fees would be. Mentioning that the rates that are not set until after the April claims are sent then she will choose a stop-loss carrier that is best for the city. Stating also if the claims stay as they are the rates will too. But, if there is a really big claim, then the rates could change.

Continuing to page 6 she reminded the board that this was talked about and the question was should the stop-loss be increased from 50,000.00 to 75,000.00 but based on the 11 claims right now it doesn't make sense to do so.

Susan then discussed the fund balance being 2.9 million, but expected liabilities would bring it down to 2.2 million. Susan also stated that the recommendations she is making in rates not increasing to employees would cause 139,000.00 in underfunding of the trust. Which means the trust will absorb the 139,000.00 if everything goes the way it should go. Monica Castro from finance did not have a problem with this.

Chairman Sanchez asked if the city was able to absorb this without an increase in employee premiums. Ms. Posada responded that the city would not absorb that. Chairman asked Ms. Posada to please note that at the budget retreat.

Monica Castro stated that the reason she agrees is that the trust is very healthy and last year we had a fund balance of 1.7 million. This year the fund balance increased so right now we have 2.3 million. Monica stated that the trust has been increasing and that she is comfortable going in this direction.

Ms. Posada advanced to page 8 taking away the 12 visits for public safety and making six visits for all the employees including public safety because we have the EAP trauma which does not affect the trust.

Healthiest you will continue at 8.00 per member. We do have representatives coming this year, and we are at the break-even of utilization.

Maria Gonzalez, Board Member asked Susan about the 6,400.00 if that was coming out of the trust and Ms. Posada responded yes, it is the only increase you will see.

Ms. Posada advanced to page 9 with the ACA reporting stating that there were a few hiccups but will return to that later.

Chairman Sanchez asked who was going to be doing the ACA reporting and Ms. Posada responded EBSO.

Ms. Posada is advancing to page 10 not recommending any plan changes to the employee for the medical plan for the U.S. The Mexico dental we are recommending a copay of 3.00 and 6.00 dollars for medication. This way the employee goes to the dentist then directly to the pharmacy if medication is prescribed.

Ms. Posada continued with next is the medical plan. Ms. Posada asked the board to go to a document under plan changes.

Mr. De La Hoya asked Ms. Posada to please state the page number then continued with Recommend Plan Changes for year 2019/2020 in your packet. Ms. Posada stated that this is where a lot of time was spent on the medical plan because they are trying to help employees as much as possible. She also stated that the changes on page 1 were the ones highlighted in yellow.

Ms. Posada continued with the only changed she had asked for with x-rays and labs was that the employees be allowed to pay a copay instead of a deductible and encourage them to use contracted providers such as Sonora and Lab Corp because they are very close to the hospital, and if employees go there it is only 15.00 it really helps the employee out of pocket, and it decreases our costs because Yuma hospital is very expensive. That is one recommendation.

Ms. Posada continued with the next recommendation is going to tie in with the incentive plan. She stated that in Yuma, Sonora, Quest and Lab Corp. do not do any of the complex imaging like MRI's CT PET scans. Ms. Posada stated that if employees go to Phoenix and Pima County, there would only be a 25.00 copay instead of the deductible plus coinsurance.

Chairman Sanchez asked Ms. Posada if she had talked to other facilities besides the hospital for example ABC Neurology or Focused Imaging.

Ms. Posada responded with "they don't do them here."

Chairman Sanchez stated that they do all of them here and mentioned he does not use the hospital that he works for the hospital, but he orders them there because the people that do not have insurance that is where is send them.

Ms. Posada responded with than we can add them there is no reason not to. The only difficulty is if Focused Imaging is contracted with Blue Cross/Blue Shield if they are they can be added to this list.

Chairman Sanchez stated that the difference between costs is the hospital will cost around 3,000.00 and Focused Imaging would be around 750.00.

Ms. Posada continued with how she would like to see the precertification penalty removed for major imaging and Chairman Sanchez agreed. It has also been removed from acupuncture, podiatry, and TMJ. Ms. Posada then proceeded to page 2 Incentive Plan and discussed the WIN-WIN plan where employees are encouraged to go to facilities in Maricopa and Pima to have their surgeries where they are a lot less costly. Ms. Posada showed the difference in cost for a surgery in Yuma and in if done in Maricopa and Pima the total cost would be 750.00 only. Everything else is covered at 100%. The inpatient lodging would be paid at 125.00 per night up to four (4) nights. The bill would go directly to the trust, and there would be a form the employee would have to complete and attach a copy of the hotel bill not the credit card bill the hotel bill and submit it for surgery verification by EBSO. This is optional, not mandatory. Ms. Posada also stated that any money paid for lodging does not go toward the out of pocket deductible.

Ms. Posada continued with the cost of 15.00 for labs and 25.00 for MRIs.

Ms. Posada began discussing SIARMED and the new codes with the dental plan working with EBSO they stated that the new charges are reasonable and the plan was underpaying in the past and discussing again the 3.00 copay and the 6.00 dollar copay for RXs.

Chairman Sanchez asked if they were going to charge 250.00 plus the 50.00 specialty fee.

Ms. Posada responded, no it would depend on what they were going to do.

Chairman Sanchez replied okay let's say if they are going to visit an orthodontist they are not going to be charged the 250.00 plus a 50.00 or 30.00 copay?

Ms. Posada replied, no that the top part of the document she is referring to has nothing to do with the employee. She continued to explain that the trust would be paying that portion.

Member Andrew MacGrew asked if that was our cost the part we pay as a trust.

Ms. Posada responded that is what we pay so if you as an employee go down and have one of these procedures done you pay according to your plan whatever copay you pay.

Member Maria Gonzalez asked, so it is 250.00 plus a 50.00 copay?

Ms. Posada replied no the employee would pay their own copay the 50.00 that does not change. The 250.00 is what they bill the trust, so the employee is not affected.

Chairman Sanchez stated that what they are getting paid is a big jump.

Ms. Posada responded it is 44%, but that is why I did my checking. And it is undercharged because I try to be reasonable.

Member Maria Gonzalez asked if this was SIARMED requesting all this.

Ms. Posada responded yes this is all the Mexico and they have been undercharging according to the comparison of the U.S.

Chairman Sanchez asked if they were going to provide more providers now and Ms. Posada responded, no. Ms. Gonzalez asked if this would be revisited next year and Ms. Posada stated if the board wanted to. Chairman Sanchez stated to Ms. Posada that you could tell SIARMED it was approved, but these are the comments and concerns the board made. This will give them the heads up that we are aware we are paying you more but are you going to provide more providers? So we are already questioning the number of providers, you are charging more, and what about the copay. Chairman Sanchez also stated that I know what they are charging me and what they are charging the Mexican client next to me is not the same because we are paying prime dollar. I know they are charging me twice as much as they are charging that Mexican client.

Susan Posada responded with I do understand it, and that is why we do audits, and I put that in the budget. Here is the thing you have a control system in the United States and if these dentists and doctors are not doing what they are supposed to, then there are consequences. We have chosen a plan in Mexico, and that is what we are dealing with.

Mr. De La Hoya commented that at the quarterly meetings SIARMED has always advocated for lower dental copayments because of mostly what you just said. Chairman Sanchez commented to that; let it be known that we are doing an audit and let them know it is not that we don't trust them it is that we need to be sure because you have increased rates and want to be sure we get the better rates.

Ms. Posada continued with the next item of discussion and stated that the problem we have always had is if we have an emergency room visit healthcare reform tells me it is 250.00 it has to be the same in network and out of network. We have had a

lot of people going to Yuma instead of Mexico because they are allowed to make payments in Yuma, but in Mexico, you have to pay the whole thing. If we have more people going to Yuma that is where our cost goes up. I recommend like we had before a 50.00 copay, and that has to be the same in Mexico and 50.00 in the U.S. This is an ACA thing and nothing that I do. I really struggled because I don't want to announce that it is 50.00 out of network, but employees are smart. If we do decrease it to 50.00, understand that that is the case, but we are trying to encourage them to go into Mexico any thoughts Maria we have been working on this for years.

Secretary Maria Sabori stated that she thought if it went to 50.00 people will start coming to the U.S.

Ms. Posada stated that then you have the problem that they ask for the cash there but not over here.

Chairman Sanchez stated so by law we have to charge them 50/50

Ms. Posada replied no, it just has to be the same in network and out of network. So it is 50.00 if they go to Mexico and 50.00 if they go to the U.S.

Chairman Sanchez stated they do not have an emergency room they have urgent care and Ms. Posada replied; they consider it an emergency room for ACA purposes.

Ms. Posada stated that we do not have to change this now if you want to leave this out.

Chairman Sanchez asked what is it now 50.00 and Ms. Posada and Ms. Gonzalez replied it is 250.00. Ms. Gonzalez said that is why they are going to Yuma because they can make payments there. Ms. Sabori stated that in Mexico it has to be cash and that was one of the issues people don't have the cash.

Chairman Sanchez commented so if we lower it to 50.00 in Yuma we have to lower it to 50.00 in Mexico as well.

Ms. Posada replied yes, and explained how the ACA works whatever you charge in network and out of network. She continued with we can change both to 100.00 for the year and see how that works. And stated that an analysis could be done of that.

Maria Sabori replied 150.00 maybe

Chairman Sanchez stated that Otitis Media would cost us close to 2,000.00 in the hospital. Otitis Media in San Luis will cost us 350.00 that is the problem.

Ms. Posada continued to explain if we lower it to 50.00 then everyone will want to go to Yuma and Ms. Sabori stated that these are the employees that have the Mexico

only plan because if I have the U.S. plan my insurance for the U.S. will kick in and I will meet the deductible. Ms. Posada continued with, in order to make this plan work we have to meet certain things of healthcare reform. The one thing they say is that emergency room must be in and out of network so a person that is covered in Mexico can go to Yuma for 50.00 just for the emergency but if they are hospitalized that is a different story.

Mr. De La Hoya stated that the City Attorney Kay Macuil went to look for the legal opinion on that because last year we had the same discussion about it. All parties agreed that this was a tough one.

Vice Chair Emma Torres asked if there was a way to work with the people in Mexico to have a payment plan there. All responded, no they want all their money upfront.

Chairman Sanchez stated, so 150.00 and Maria Sabori said it was still high for having the cash so maybe 100.00? Maria Sabori stated that if they know they can come to the U.S., they are going to come regardless of how much it cost.

Chairman Sanchez then asked if we could lower the urgent care and Ms. Posada said that the urgent care was already low. Chairman Sanchez stated, if we could lower the urgent care it would be almost like a doctor visit and save us so much money.

Ms. Posada stated that they are already doing that. Chairman Sanchez asked what the copay was for an urgent care visit. If we make it dirt cheap like 25.00, then Ms. Posada stated it was 20.00 and they are already doing that there. We have structured it as best we could.

Bruce Flunker from EBSO stated that if we get the claims coded correctly, we can tell you if people really needed emergency care or if they should have sought other types of care so we can decide if people really needed to be in an emergency or not and we can do that based on how the claims are coded. Mr. Flunker said he would like to work with Ms. Posada on this and do an analysis. Ms. Posada thanked Mr. Flunker and stated that this has already been done in the past and that she has talked to Dr. Galindo about it and stated that it should be worked on a little more.

Ms. Sabori asked when SIARMED codes it as urgent care, or emergency EBSO catches it, and they are able to correct the code? Ms. Posada responded yes. Ms. Sabori stated she knows that there have been instances where it was urgent care, and they coded its emergency room. Ms. Posada stated that SIARMED is the ones that set up the diagnosis codes so EBSO would pay according to that. Chairman Sanchez stated I believe we looked at these codes last year and 80% could have been taken care of by PCP and only 12% were actual emergencies. Chairman Sanchez & Ms. Posada both stated that ear infections were the most common in the emergency room.

Mr. De La Hoya commented that for the sake of time if we could approve the item as presented legally if not we can leave it 150.00 depending on what we can legally do. Ms. Posada stated she thought it should be left the way it is. So leave it at 250.00 Ms. Posada stated, leave it the way it is. Ms. Gonzalez asked if this could be revisited next year and meet with SIARMED. Ms. Posada said that they had met with SIARMED numerous times. Ms. Sabori stated that it is more of an internal decision.

Chairman Sanchez asked, has the trend changed and Ms. Posada responded, no. Chairman Sanchez replied then it is time to do something different and it is time to change the deductible to 150.00 and see if it makes a difference in one year. Ms. Posada replied, okay. Ms. Gonzalez commented we need to educate the culture. Ms. Posada stated, you want me to decrease it from 250.00 to 150.00 correct, and Chairman Sanchez responded, correct.

Ms. Macuil asked for clarification for the minutes and asked, so it is going from 250.00 to 150.00 Mexico Plan. Ms. Posada replied no, Mexico only.

Mr. De La Hoya then stated you have Mexico plan and you have 50.00. Ms. Posada said that is the Mexico plan. Mr. De La Hoya then stated, what is the proposed Mexico plan and what is the plan for the U.S? Ms. Posada stated that she would not recommend any changes to the U.S. plan. The two plans can be separate.

Ms. Macuil stated so is there something they need to put in the motion that has changed from as presented? Ms. Posada replied because I presented at 50.00 it should state modification to my presentation.

Chairman Sanchez asked Ms. Posada to please clarify for the City Attorney.

Ms. Macuil stated so Mexico plan for urgent care and Ms. Posada commented emergency room only. Ms. Macuil continued with emergency room combo that Mexico has right now it is at 250.00 you are presenting 50.00 but are the trustees saying that they want this to be 150.00? Ms. Posada replied, correct.

Ms. Macuil continued with, in the motion we will need to have that. Mr. De La Hoya asked what the copay in the U.S. was and Ms. Posada replied 250.00, and that is low nowadays.

Ms. Posada stated to Rob Flunker from EBSO that he was next for page 4 on the dental. Ms. Posada first mentioned that there were no changes to the U.S. plan. Mr. Flunker began to explain that EBSO took this plan over and matched it with the MAYO plan he stated that the language was not very clear on dental benefits and are recommending changing language in the plan document to help better serve the employee when they call in for questions regarding the dental plan right now our customer service department has to provide answers based on the plan document, and the plan document is not clear so what EBSO is recommending are changes so they can provide clear answers to the employees when they call in.

Ms. Posada commented, for example, the oral exam there are really no limits in the plan document, and we should limit the oral exams to two per calendar year, and that is very normal. Office visits for any problems, exams, two per calendar year cleanings two per calendar year. Fluoride treatments for children under 16 one treatment per calendar year. Rob Flunker stated that what Ms. Posada was going over was in the summary of benefits, so the language in the summary of benefits and what is in the plan docs are contradictory, so we have to operate off the plan doc, but the employees have summaries with different information on it. We just want to match the plan doc language up to what the summaries are.

Ms. Posada continued with, for example, the xrays the full mouth the panoramic should be limited to once every 36 months. The bite wings would be four per visit limit to two sets of xrays per calendar year — vertical bite wings one every three years. Root canals instead of putting it under basic service put it under major. Ms. Posada then asked Mr. Flunker to explain.

Mr. Flunker stated that everything we want to change isn't an actual change; this is how the current summaries are and what the employees are given on their summary of benefits. This is everything that is already on there. So this is the plan the stop-loss quoted off of and this basically what everything thinks the plan already operates as. But it wasn't how the plan document was written when the plan was with MAYO. When with MAYO it was operating off of a different summary than what the plan doc is. We as a third party administrator have to go with what the plan doc says we cannot deviate from that. So what we are asking is to change the plan doc language so when employees call in EBSO has accurate information.

Bruce Flunker EBSO President stated if you are wondering why we are talking about this. It is not unusual when we take over new accounts that the summary of benefits and plan docs be different. He continued with EBSO works really hard to make sure all your plan documents are consistent so that the plan document and the information that goes to the employees are consistent. So you understand that we are just trying to make it a better experience for your members, doctors and that all the information is consistent.

Ms. Posada stated that she was running out of time and needed to move to page 13. The vision, the plan itself has not changed the rate changed by 1.98%. And got approval for the rates not to change for four years. Ms. Posada stated that with that she was done.

Chairman Sanchez stated that you very rarely get a commitment for four years and commended Ms. Posada and thanked her for her great service she provides the city. Chairman Sanchez also thanked Finance, HR and staff and everyone involved for their hard work.

Kay Macuil City Attorney stated that she took notes that SIARMED to have on the dental plan that you are approving this but gave instruction to staff and Susan to admonish them, but that does not need to be in the motion.

Chairman Sanchez answered that it does not need to be in the motion, but Susan is aware of the recommendations.

Ms. Macuil stated that as presented usually refers to the attachments to the agenda I would say number 3 would be I MOVE TO APPROVE THE MEDICAL MEXICO PLAN WITH THE CHANGES PRESENTED except for the urgent care/hospital care deductible would be 150.00. Chairman Sanchez replied the “out of network” Ms. Macuil replied right. That would be the only changes. Susan Posada replied it is a copay, not a deductible. Ms. Macuil replied sorry, it is a copay.

Chairman Sanchez began the recommended motions.

Motion No. 1. Chairman Sanchez and Secretary Maria Sabori to approve the changes to the US medical plan as presented. Motion passed unanimously.

The vote went as follows:

Chairman Sanchez – Aye
Vice Chairman Emma Torres – Aye
Secretary Maria Sabori - Aye
Board Member Maria Gonzalez – Aye
Board Member Gustavo MacGrew – Aye

Motion No. 2 Motion to approve Chairman Sanchez and Board Member Maria Gonzalez, and Emma Torres to approve the Mexico dental plan changes requested by SIARMED as presented. Motion passed unanimously.

The vote went as follows:

Chairman Sanchez – Aye
Vice Chairman Emma Torres – Aye
Secretary Maria Sabori – Aye
Board Member Maria Gonzalez – Aye
Board Member Gustavo MacGrew – Aye

Motion No. 3 - Motion to approve the Mexico medical plan changes as presented with the exception that the ER copay be changed to 150.00. Chairman Sanchez and Secretary Maria Sabori to approve. Motion passed unanimously.

The vote went as follows:

Chairman Sanchez – Aye
Vice Chairman Emma Torres – Aye
Secretary Maria Sabori – Aye
Board Member Maria Gonzalez – Aye
Board Member Gustavo MacGrew – Aye

Motion No. 4 – Motion to approve the US dental plan changes requested by EBSO as presented. Chairman Sanchez and Board Member Maria Gonzalez to approve. Motion passed unanimously.

The vote went as follow:

Chairman Sanchez – Aye
Vice Chairman Emma Torres – Aye
Secretary Maria Sabori – Aye
Board Member Maria Gonzalez – Aye
Board Member Gustavo MacGrew – Aye

Motion No. 5 – Motion to approve adding EAP preferred for six (6) mental health counseling visits per situation for all employees as presented. Chairman Sanchez and Emma Torres to approve. Motion passed unanimously.

The vote went as follows:

Chairman Sanchez – Aye
Vice Chairman Emma Torres – Aye
Secretary Maria Sabori – Aye
Board Member Maria Gonzalez – Aye
Board Member Gustavo MacGrew – Aye

Motion No. 6 – Motion to recommend to City Council to fund the trust approved changes to the Employee Benefits Plan. Chairman Sanchez and Maria Gonzalez to approve. Motion passed unanimously.

The vote went as follows:

Chairman Sanchez – Aye
Vice Chairman Emma Torres – Aye
Secretary Maria Sabori – Aye
Board Member Maria Gonzalez – Aye
Board Member Gustavo MacGrew – Aye

Chairman Sanchez asked if we needed to go to Executive Session and City Attorney Kay Marion Macuil replied that we have run out of time we have about 15 minutes.

Susan Posada asked if the board could renew her contract for three (3) years?

Chairman Sanchez stated, Item #3A we are not going to go into executive session, but it is regarding: I move to approve the renewal of Susan Posada's contract for three years.

Monica Castro Finance Director stated she wanted to make a recommendation regarding the three-year agreement. She also stated that everyone was very grateful to Susan Posada and she has done an excellent job. It has been eight years she

has joined the city as a broker, and many things have changed in that time. As a finance director, it is very difficult to know in reality how are the services we are getting compared to the grand market. It is good practice from time to time to check the market and see if we are getting the best deal for the city. It is my recommendation not to bind the contract to three (3) years but give it one (1) year and have an opportunity to look at what is out there and give us the flexibility to change course. This is my recommendation for the city as the finance director.

Chairman Sanchez stated he had no problem recommending three (3) years. Does anyone have a problem recommending three (3) years? Susan has shown us, and we have seen. If our premiums were going up 11, 12 19 percent per year then I would be very unhappy, and I would be recommending switching or doing something. And at this time I am not recommending. And a one (1) year, no.

Vice Chairman Emma Torres stated that she had seen contracts that are a three (3) year but they are revised every year, and you have the option whether to continue work. I am not sure what the exact language is. That might be something that could be placed there.

Chairman Sanchez stated that for clarification all of our contracts could be broken at any time they may say three (3) years, but all of our contracts can be broken.

City Attorney Kay Macuil replied, not this one. This one has a for cause a 30 day for cause. Chairman Sanchez stated so it can be broken with cause, then like I said.

Vice Chairman Emma Torres stated then there would have to be a specific review. You make it as a yearly review. You can continue on with it; it is not like you are going to break it especially if she continues doing well as she has been doing, but at least it doesn't bind the city to a three (3) year contract. If the city decides not to go with it, you still won't have to pay for it.

Board Member Maria Gonzalez stated that she thinks we should consider a one (1) year contract. Not that she is doing a bad job I am not saying that. It would be a good thing if we looked like Monica said outside and see other options and if we do consider staying with her, we can do it when the one (1) year contract expires.

City Manager Tadeo A. De La Hoya commented to the Mayor that we could do a three (3) year contract and include the no cause termination clause.

Chairman Sanchez stated that he was under the impression that all of our contracts had that clause. Mr. De La Hoya replied that is lately we have been with Susan for eight (8) years and have kept it the same. We can do the one (1) year or the three (3) year with the no cause termination clause.

Ms. Posada stated that she has no objection to changing the clause. She continued that the issue is you are going to find someone that is cheaper because they always come in to buy the business. The fact that we have grown the trust and you can see

the amount of work I do. I am never not there to help or assist. After Olivia retired, I came in to help and came in some extra days to help people including Monica understand what is going on so I am always here more than I would normally be because you have had such a turnover. There is a value for having someone that length of time the disadvantage is if they do not do their job and I think I have proven with the amount of information and the fund balance that I have done my job.

Ms. Posada continued with someone may come in and underbid me and take it up. It will be up to you. I know that I would like to continue I have worked very hard, and continuation is very important.

Secretary Maria Sabor asked if this item could be brought back before her contract expires. Chairman Sanchez asked when does it expire and Ms. Macuil responded July 1st.

Susan Posada stated that it does expire July 1st, but I have already done a lot of the work for the coming year. Maria and I have been working very hard to get everything ready for open enrollment.

Chairman Sanchez asked if this needed to go through council. Ms. Macuil and Mr. De La Hoya responded that her contract was with the trust. Ms. Macuil stated that this type of service we would do a request for qualifications. We are always interested in the value of the money, but we are also interested in quality.

Ms. Castro replied that this does not mean we are taking to get Ms. Posada out we are just trying to have our balances checked. It doesn't hurt to look around. She definitely has points when we do this evaluation, and it will come to you for approval as well. Right now we are just wondering. So many things have changed in eight (8) years. Chairman Sanchez asked Ms. Castro what has changed? Ms. Castro replied, the size of the company, technology has changed at this point we are not sure we are getting the best reporting tools, technology that we need. We have to look first then we can say definitely Ms. Posada is providing the best to the city and it just might be, but right now we are just speculating without solid data to go into a binding agreement for three (3) years. Again this is just a recommendation it is up to all of you.

Ms. Posada replied as far as technology we have all the resources available. The problem that we have had is a tremendous turnover in the HR department and also in the accounting department. The continuity of that is extremely critical.

Chairman Sanchez stated that we would continue this item to a special meeting and we are going to have an executive session on this one like we were supposed to. Vice Chairman Emma Torres replied that would be good. Chairman Sanchez stated that we are going to take a look at that contract and make some changes to that contract.

Motion to continue the item to a Special Meeting. Chairman Sanchez and Maria Gonzalez to approve. Motion passed unanimously.

The vote went as follows:

Chairman Sanchez – Aye
Vice Chairman Emma Torres – Aye
Secretary Maria Sabori – Aye
Board Member Maria Gonzalez – Aye
Board Member Gustavo MacGrew – Aye

Motion to adjourn Chairman Sanchez and Secretary Maria Sabor to approve to adjourn. Motion passed unanimously.

The vote went as follows:

Chairman Sanchez – Aye
Vice Chairman Emma Torres – Aye
Secretary Maria Sabori – Aye
Board Member Maria Gonzalez – Aye
Board Member Gustavo MacGrew – Aye

Meeting adjourned at approximately 6:54 PM.

PENDING APPROVAL

PENDING APPROVAL

**MINUTES
SPECIAL MEETING
EMPLOYEE BENEFITS TRUST
COUNCIL CHAMBERS
1090 E. Union Street San Luis, Arizona 85349
May 8, 2019**

1. **CALL TO ORDER/ROLL CALL** Chairman Sanchez called the meeting to order at approximately 5:35 PM

Those present:

Board Member Maria Gonzalez
Board Member Gustavo MacGrew
Secretary Maria Sabori
Vice Chairman Emma Torres – Please note: arrived at 5:40 PM
Chairman Gerardo Sanchez

Others present:

Kay Marion Macuil, City Attorney
Janet Taylor, Legal Secretary, Acting Clerk
Tadeo A De La Hoya, City Manager
Maria Munoz, Benefits Coordinator
Susan Posada, Benefits Coordinator
Monica Castro, Director of Finance
Glenn Gimbut, Assistant City Attorney
Jorge Mungaray, IT Department

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 \$20.00. (**Susan Posada, Consultant, and Broker**)

Ms. Posada began by explaining that Dr. Galindo had given her last minutes changes to the Mexico medical plan. The change is where there are two (2) different types of copays. The \$20.00 is where the urgent care visit does not include lab work or x-rays/imaging. If there is imaging, it would be \$75.00. Ms. Posada explained that if you go in and get some form of x-ray, it may be \$25.00 and the member is paying more at \$75.00 then you would if you paid independently the \$20.00 for the urgent care visit and \$25.00 for the lab and x-ray. So you end up paying \$45.00 compared to \$75.00. Dr. Galindo wants to remove any form of imaging to do with urgent care.

Chairman Sanchez asked if there would be any imaging and Ms. Posada replied that there is imaging it just would be charged separately. And right now it is more at \$75.00 if we don't change it. So the new total would be \$45.00 instead of \$75.00. Ms. Posada stated that she agreed with that change and that it is actually being run that way; it is just that the plan document does not read that way. Chairman Sanchez agreed that \$45.00 instead of \$75.00 was a good deal.

MOTION TO APPROVE THE CHANGE IN THE MEXICO PLAN FROM \$75.00 COPAY FOR URGENT CARE IF LABS AND IMAGING ARE NEEDED TO \$20.00 AND THE \$25.00 SEPARATE COPAY FOR LABS AND IMAGING SHALL REMAIN THE SAME.

Chairman Sanchez and Board Member Maria Gonzalez
Motion passed unanimously.

The vote went as follows:

Chairman Sanchez – Aye
Vice Chairman Emma Torres – Aye
Secretary Maria Sabori - Aye
Board Member Maria Gonzalez – Aye
Board Member Gustavo MacGrew – Aye

3. EXECUTIVE SESSION

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

MOTION TO GO INTO EXECUTIVE SESSION

Chairman Sanchez and Maria Gonzalez. **Motion passed unanimously.**

The vote went as follows:

Chairman Sanchez – Aye
Vice Chairman Emma Torres – Aye
Secretary Maria Sabori - Aye
Board Member Maria Gonzalez – Aye
Board Member Gustavo MacGrew – Aye

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

Chairman Sanchez and Secretary Maria Sabori. **Motion passed unanimously.**

The vote went as follows:

Chairman Sanchez – Aye
Vice Chairman Emma Torres – Aye
Secretary Maria Sabori - Aye
Board Member Maria Gonzalez – Aye
Board Member Gustavo MacGrew – Aye

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)**

NO ACTION TAKEN

6. ADJOURNMENT

MOTION TO ADJOURN

Chairman Sanchez and Secretary Maria Sabori. **Motion Passed Unanimously.**

The vote went as follows:

Chairman Sanchez – Aye
Vice Chairman Emma Torres – Aye
Secretary Maria Sabori - Aye
Board Member Maria Gonzalez – Aye
Board Member Gustavo MacGrew – Aye

Meeting adjourned at approximately 6:43 PM.

Employee Benefit Trust Board Meeting

3.A.

Meeting Date: 06/12/2019

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

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

ITEM:

Discussion and possible action on any and all matters regarding Stop Loss Renewal with Symetra Financial **(Susan Posada, Consultant and Broker)**

SUMMARY:

Initial quote for Sirius America Insurance Company was pending final review but due to claim increase, it caused them to modify quote to increase/exclude five (5) members from proposal. Broker and Consultant, Susan Posada's, recommendation is to keep Current Stop Loss Carrier, Symetra Financial which has agreed to retain the contract with no changes on current contract. Effective date of renewal, 07/01/2019.

RECOMMENDATION / SUGGESTED MOTION:

I MOVE TO APPROVE THE STOP LOSS CARRIER'S PROPOSAL AND QUOTE FOR RENEWAL AS PRESENTED.

Fiscal Impact

Fiscal Impact:

Fiscal impact of \$486,378.24 stop loss insurance cost has been budgeted in budget Fiscal Year 2019-2020.

Attachments

Stop Loss Proposal
Symetra- Final quote

Symetra Financial

Excess Stop Loss Renewal Offer

Name of Group:	City of San Luis Benefit Trust	Administrator:	EBSO, Inc.
Effective Date:	7/1/2019	Network:	Blues TPA - PPO (no bluecard)
City / State:	SAN LUIS, AZ 85349	Broker:	N/A

Individual Stop Loss

	<u>Current</u>	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
Individual Stop Loss Deductible:	\$50,000	\$50,000	\$75,000	\$100,000
Aggregating Specific Deductible:	\$0	\$0	\$0	\$0
Contract Basis:	PAID	24 / 12	24 / 12	24 / 12
Lifetime Maximum:	Unlimited	Unlimited	Unlimited	Unlimited
Coverages:	Med/Rx	Medical Rx	Medical Rx	Medical Rx
Single: 128 COBRA 0	\$88.26	\$87.71	\$67.89	\$53.51
Family: 110 Retirees 0	\$266.18	\$264.47	\$208.82	\$168.45
Comp: 238	\$0.00	\$169.41	\$133.03	\$106.64
Monthly Premium:	\$40,577	\$40,319	\$31,661	\$25,379
Annual Premium:	\$486,925	\$483,830	\$379,932	\$304,553
Commissions:	0.00%	0.00%	0.00%	0.00%
Terminal Liability Option:	N/A	No	No	No
Family Specific Deductible:	No	No	No	No
ISL Rate Increase / Decrease:		-0.64%	-21.97%	-37.45%

Aggregate Stop Loss

	<u>Current</u>	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
Aggregate Corridor:	25%	25%	25%	25%
Contract Basis:	PAID	24 / 12	24 / 12	24 / 12
Aggregate Maximum:	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Coverages:	Med/Rx	Medical Rx	Medical Rx	Medical Rx
Single: 128	328.71	322.74	347.27	363.09
Family: 110	816.84	802.02	862.97	902.27
Composite: 238	0.00	544.26	585.62	612.29
Monthly Premium:	\$833	\$835	\$858	\$872
Attachment Point:	\$1,583,127	\$1,554,395	\$1,672,529	\$1,748,695
Minimum Attachment Point:		\$1,554,395	\$1,672,529	\$1,748,695
Aggregate Premium Rate:	\$3.62	\$3.51	\$3.60	\$3.66
Annual Aggregate Premium:	\$9,991	\$10,025	\$10,292	\$10,463
Commissions:	0.00%	0.00%	0.00%	0.00%
Terminal Liability Option:	N/A	No	No	No
Aggregate Accommodation:	No	No	No	No
Attachment Factor Increase / Decrease:		-1.81%	5.65%	10.46%
Estimated Maximum Cost:	\$2,080,044	\$2,048,250	\$2,062,753	\$2,063,711

Please acknowledge acceptance of the above terms offered in the proposal by checking off the desired option below and by signing and returning the proposal no later than 15 days from the proposal effective date.

Option 1 **Option 2** **Option 3**

Signature _____ Date _____

Please see the Summary of Plan Limitations and Exclusions, Important Notes and Additional Notes sections that appear either on this page or the last page of this proposal

PLAN HIGHLIGHTS

The terms of this offer are tentative and may change based on the receipt and review of the following information by Symetra. Except as provided below, all requested information must be received no later than 15 days after the proposed effective date of coverage; otherwise, we reserve the right to withdraw the proposed terms and return any premiums remitted.

Plan Sponsor's Plan Document or Plan Document Amendment is due no later than 90 days after the proposed effective/renewal date of Excess Loss Insurance coverage as permitted by law.

SUMMARY OF PLAN LIMITATIONS AND EXCLUSIONS

Stop Loss offer is valid up to the effective date of coverage.

Agent does not have the authority to bind or modify the terms of this quotation or the policy to be issued without prior approval of Symetra Financial.

Composite rates / factors are for illustrative purposes and cannot be sold unless approved by underwriting.

IMPORTANT NOTES

Rates and premiums are based on the employee data submitted and subject to the conditions noted on this page. Final rates and premiums are based on the plan and employee/dependent data provided as of the effective date of coverage. Any inaccurate or incomplete data submitted may require changes during the final underwriting review and risk sign-off.

Symetra may withhold Policy reimbursement prior to the receipt and acceptance of the final signed Plan Document/ Plan Document Amendment, which Symetra will expect to clearly express the benefits promised, obligations under federal law, and generally recognized provisions concerning discretionary authority of the plan sponsor with respect to benefit claims and exclusions of experimental/investigational treatment, non-medically necessary treatment, and off-label drug use

No special enrollment may occur following issuance of this Proposal. Please provide a listing of individuals including primary Diagnosis and total paid claims in regards to:

- Any individuals that had previously met the underlying plan's maximum, and are now re-entering the plan because the annual or life time maximum has been increased.

State Assessments, if applicable, are included in the Stop Loss rates displayed in this proposal.

Individual Stop Loss Insurance:

Specific Lifetime Maximum: 100% of the eligible claims up to the maximum shown on page 1 of this proposal per covered person shall be reimbursed by Symetra Financial.

Aggregate Benefit:

Aggregate Maximum: 100% of the eligible claims for covered expenses in excess of the Aggregate Attachment Point, up to the maximum shown on page 1 of this proposal shall be reimbursed by Symetra Financial.

Aggregate Stop Loss Reinsurance cannot be purchased without Specific Stop Loss Reinsurance.

Multiple Coverage: If the Aggregate includes separate Attachment factors for multiple lines of coverage, then the Annual Attachment Point will be based on all coverage combined.

If multiple lines of coverage are requested, we will require that monthly claims and enrollment be provided separately before finalizing the Aggregate offer.

ADDITIONAL NOTES

If this group has Rx coverage under the specific and/ or aggregate when there is a separate PBM, we require written documentation that we are in receipt of all prescription drug experience reports to finalize coverage. Otherwise, Rx will not be a covered expense under our stop loss policy.

If the total enrollment, single/family ratio, or enrollment by plan of benefits varies by more than 10 percent of what was quoted, we reserve the right to re-price our Specific (ISL) and Aggregate (ASL) numbers.

Quote is for active & COBRA employees only.

This Proposal assumes Blues TPA PPO and SIAMED network and current plan(s) design will be utilized by the employer.

This offer is firm and will expire in 30 days. If written acceptance is not received within this time frame, offer is subject to updated reporting/Disclosure information and may be revised accordingly. No proposal expiration date will be extended past 15 days of the effective month.

CITY OF SAN LUIS
STOP LOSS AND ADMINISTRATION RENEWAL EFFECTIVE JULY 1, 2019

DESCRIPTION		2018-2019 Current Symetra		2019-2020 Renewal Initial Quote Symetra		2019-2020 Renewal Final Symetra		2019-2020 Renewal Final Option 1 Symetra		
STOP LOSS POLICY TERMS		\$50,000 Stop Loss		\$50,000 Stop Loss		\$50,000 Stop Loss		\$50,000 Stop Loss		
Specific Lifetime Maximum		Unlimited		Unlimited		Unlimited		Unlimited		
Specific Annual Reimbursement		Unlimited		Unlimited		Unlimited		Unlimited		
Specific Deductible		\$	50,000	\$	50,000	\$	50,000	\$	50,000	
Specific Contract Basis		Paid		Paid		Paid		24/12		
Specific Coverage		Medical		Medical		Medical		Medical		
Specific Run-In Limits		N/A		N/A		N/A		N/A		
Lasered Individuals		None		None		None		None		
Aggregate Maximum		\$	1,000,000	\$	1,000,000	\$	1,000,000	\$	1,000,000	
Aggregate Coverage		Medical & RX Card		Medical & RX Card		Medical & RX Card		Medical & RX Card		
Aggregate Contract Basis		Paid		Paid		24/12		24/12		
Aggregate Run-In Limits		N/A		N/A		N/A		N/A		
Corridor		25%		25%		25%		25%		
STOP LOSS PREMIUM										
Specific Premium										
Employee Rate	124	\$	88.26	\$	88.26	124	\$	88.26	\$	87.71
Employee + Spouse Rate	10	\$	266.18	\$	266.18	10	\$	266.18	\$	264.47
Employee + Child(ren) Rate	52	\$	266.18	\$	266.18	52	\$	266.18	\$	264.47
Employee + Spouse & Children Rate	46	\$	266.18	\$	266.18	46	\$	266.18	\$	264.47
Projected Total Monthly Specific Premium	232	\$	39,691.68	\$	39,691.68	232	\$	39,691.68	\$	39,438.80
Aggregate Rate PEPM	232	\$	3.62	\$	3.62	232	\$	3.62	\$	3.60
Projected Monthly Aggregate Premium		\$	861.84	\$	839.84		\$	839.84	\$	835.20
TOTAL PROJECTED PREMIUM										
Monthly		\$	40,553.52	\$	40,531.52		\$	40,531.52	\$	40,274.00
Annual		\$	486,642.24	\$	486,378.24		\$	486,378.24	\$	483,288.00
Percentage of increase over current					-0.05%			-0.05%		-0.69%
MAXIMUM CLAIM FUNDING FACTORS										
Employee	124	\$	328.71	\$	318.84	124	\$	328.71	\$	\$322.74
Employee + Spouse	10	\$	816.84	\$	792.31	10	\$	816.84	\$	\$802.02
Employee + Children	52	\$	816.84	\$	794.31	52	\$	816.84	\$	\$802.02
Employee + Spouse + Child(ren)	46	\$	816.84	\$	\$794.31	46	\$	816.84	\$	\$802.02
TOTAL PROJECTED MAXIMUM FUNDING	232					232				
Monthly		\$	128,978.76	\$	125,301.64		\$	128,978.76	\$	126,637.92
Annual		\$	1,547,745.12	\$	1,503,619.68		\$	1,547,745.12	\$	1,519,655.04
Percentage of increase over current					-2.85%			0.00%		-1.81%

CITY OF SAN LUIS
STOP LOSS AND ADMINISTRATION RENEWAL EFFECTIVE JULY 1, 2019

DESCRIPTION	2018-2019		2019-2020		2018-2019 Initial Quote		2018-2019 Initial Quote		2018-2019 Initial Quote	
	Current	Symetra	Renewal	Symetra	Option 3	Option 4	Option 4	Option 5	Option 5	Option 5
		\$50,000 Stop Loss	\$50,000 Stop Loss	\$50,000 Stop Loss	\$75,000 Stop Loss	\$75,000 Stop Loss	\$100,000 Stop Loss	\$100,000 Stop Loss	\$100,000 Stop Loss	\$100,000 Stop Loss
STOP LOSS POLICY TERMS										
Specific Lifetime Maximum		Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Specific Annual Reimbursement		Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Specific Deductible		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 75,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Specific Contract Basis		Paid	Paid	Paid	Paid	Paid	24/12	24/12	24/12	24/12
Specific Coverage		Medical	Medical	Medical	Medical	Medical	Medical	Medical	Medical	Medical
Specific Run-In Limits		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lasered Individuals		None	None	None	None	None	None	None	None	None
Aggregate Maximum		\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Aggregate Coverage		Medical & RX Card	Medical & RX Card	Medical & RX Card	Medical & RX Card	Medical & RX Card	Medical & RX Card	Medical & RX Card	Medical & RX Card	Medical & RX Card
Aggregate Contract Basis		Paid	Paid	Paid	24/12	24/12	24/12	24/12	24/12	24/12
Aggregate Run-In Limits		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Corridor		25%	25%	25%	25%	25%	25%	25%	25%	25%
STOP LOSS PREMIUM										
Specific Premium										
Employee Rate	124	\$ 88.26	\$ 88.26	124	\$ 91.82	\$ 69.27	\$ 53.46	\$ 53.46	\$ 53.46	\$ 53.46
Employee + Spouse Rate	10	\$ 266.18	\$ 266.18	10	\$ 201.07	\$ 151.70	\$ 117.07	\$ 117.07	\$ 117.07	\$ 117.07
Employee + Child(ren) Rate	52	\$ 266.18	\$ 266.18	52	\$ 174.44	\$ 131.61	\$ 101.57	\$ 101.57	\$ 101.57	\$ 101.57
Employee + Spouse & Children Rate	46	\$ 266.18	\$ 266.18	46	\$ 286.46	\$ 216.12	\$ 166.79	\$ 166.79	\$ 166.79	\$ 166.79
Projected Total Monthly Specific Premium	232	\$ 39,691.68	\$ 39,691.68	232	\$ 35,644.42	\$ 26,891.72	\$ 20,753.72	\$ 20,753.72	\$ 20,753.72	\$ 20,753.72
Aggregate Rate PEPM	232	\$ 3.62	\$ 3.62	232	\$ 3.52	\$ 3.75	\$ 3.89	\$ 3.89	\$ 3.89	\$ 3.89
Projected Monthly Aggregate Premium		\$ 861.84	\$ 839.84		\$ 816.64	\$ 870.00	\$ 902.48	\$ 902.48	\$ 902.48	\$ 902.48
TOTAL PROJECTED PREMIUM										
Monthly		\$ 40,553.52	\$ 40,531.52		\$ 36,461.06	\$ 27,761.72	\$ 21,656.20	\$ 21,656.20	\$ 21,656.20	\$ 21,656.20
Annual		\$ 486,642.24	\$ 486,378.24		\$ 437,532.72	\$ 333,140.64	\$ 259,874.40	\$ 259,874.40	\$ 259,874.40	\$ 259,874.40
Percentage of increase over current			-0.05%		-10.09%	-31.54%	-46.60%	-46.60%	-46.60%	-46.60%
MAXIMUM CLAIM FUNDING FACTORS										
Employee	124	\$ 328.71	\$ 318.84	124	\$ 382.26	\$ 405.94	\$ 422.48	\$ 422.48	\$ 422.48	\$ 422.48
Employee + Spouse	10	\$ 816.84	\$ 792.31	10	\$ 827.15	\$ 889.00	\$ 925.21	\$ 925.21	\$ 925.21	\$ 925.21
Employee + Children	52	\$ 816.84	\$ 794.31	52	\$ 726.29	\$ 771.28	\$ 802.70	\$ 802.70	\$ 802.70	\$ 802.70
Employee + Spouse + Child(ren)	46	\$ 816.84	\$ 794.31	46	\$ 1,192.65	\$ 1,266.52	\$ 887.62	\$ 887.62	\$ 887.62	\$ 887.62
TOTAL PROJECTED MAXIMUM FUNDING	232			232						
Monthly		\$ 128,978.76	\$ 125,301.64		\$ 148,300.72	\$ 157,593.04	\$ 142,214.60	\$ 142,214.60	\$ 142,214.60	\$ 142,214.60
Annual		\$ 1,547,745.12	\$ 1,503,619.68		\$ 1,779,608.64	\$ 1,891,116.48	\$ 1,706,575.20	\$ 1,706,575.20	\$ 1,706,575.20	\$ 1,706,575.20
Percentage of increase over current			-2.85%		14.98%	22.19%	10.26%	10.26%	10.26%	10.26%
PROJECTED ADMINISTRATION COSTS										
TPA Claims Administration Fee - Mayo Health	232	\$ 24.50	\$ 24.50	232	\$ 24.50	\$ 24.50	\$ 24.50	\$ 24.50	\$ 24.50	\$ 24.50
Dental Claims Administration US Mayo Health	238	\$ 3.00	\$ 3.00	232	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
ACA 1095/1094 Reporting	268	\$ 3.00	\$ 3.00	268	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
PPO Medical Access Fee - BCBS	198	\$ 16.00	\$ 17.50	198	\$ 17.50	\$ 17.50	\$ 17.50	\$ 17.50	\$ 17.50	\$ 17.50
Mexico Siarmed/SSA Medical and Dental Claims Admin.	238	\$ 4.25	\$ 4.25	238	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25
Total Monthly Administration		\$ 11,381.50	\$ 11,678.50		\$ 11,660.50	\$ 11,660.50	\$ 11,660.50	\$ 11,660.50	\$ 11,660.50	\$ 11,660.50
Total Annual Administration		\$ 136,578.00	\$ 140,142.00		\$ 139,926.00	\$ 139,926.00	\$ 139,926.00	\$ 139,926.00	\$ 139,926.00	\$ 139,926.00
Patient Centered Research Inst. (Est.)	535	\$1,278.65	\$131.00	535	\$1,310.75	\$1,310.75	\$1,310.75	\$1,310.75	\$1,310.75	\$1,310.75
Total Annual ACA fees	535	\$ 1,278.65	\$ 131.00	535	\$ 1,310.75	\$ 1,310.75	\$ 1,310.75	\$ 1,310.75	\$ 1,310.75	\$ 1,310.75
Total Annual Administration Fees With Reinsurance & PPCORI		\$ 137,856.65	\$ 140,273.00		\$ 141,236.75	\$ 141,236.75	\$ 141,236.75	\$ 141,236.75	\$ 141,236.75	\$ 141,236.75
Percentage of Increase/Decrease Over Current			1.8%		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
TOTAL PROJECTED PREMIUM, CLAIMS FUNDING & ADMINISTRATION COSTS										
Monthly		\$ 178,410.17	\$ 180,804.52		\$ 177,697.81	\$ 168,998.47	\$ 162,892.95	\$ 162,892.95	\$ 162,892.95	\$ 162,892.95
Annual		\$ 2,140,922.04	\$ 2,130,270.92		\$ 2,132,373.72	\$ 2,027,981.64	\$ 1,954,715.40	\$ 1,954,715.40	\$ 1,954,715.40	\$ 1,954,715.40
Percentage of Increase Over Current			-0.50%		-0.40%	-5.28%	-8.70%	-8.70%	-8.70%	-8.70%

- Rates for the Stop Loss and Aggregate are not final until 4/30/2019 BCBS Network fee originally increase to \$17.50 for 1 year - negotiated 2 years for \$17.50
 PCCOR fees for 2017 \$2.30 and 2018 \$2.45 for Average number of lives insured

Rates and benefits are illustrative only and represent only a brief summary of the plan highlights. Final rates will be determined from effective date, actual enrollment and/or health conditions. For actual benefits refer to the carrier proposal.

Employee Benefit Trust Board Meeting

3.B.

Meeting Date: 06/12/2019

Department Head: Tadeo A. De La Hoya, City Manager, Administration

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

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, APRIL 24 AND MAY 8, 2019. **(Glenn Gimbut, Assistaant 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 _____

Attachments

Commission History

Broker Agreement
Broker Amendment 2018
Broker Amendment 2019

Commissions History

City of San Lus

**For Susan Posada
as of March 12, 2019**

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Commission PEPM	\$34.07	\$30.00	\$32.00	\$33.50	\$33.50	\$35	\$35
Percentage of Premium	5.00%	\$3.0%	2.70%	3.10%	3.00%	3.10%	3.1% Est.

Commissions are calculated by EBSO and determined based on the fully insured equivalent

Broker/Consultant Agreement

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 1. 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.

Raene New
Signature
CITY MAN
Title

6/05/2013
Date

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

6/24/13
Date

Exhibit 1

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 th 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	\$ 429.00	\$ 38,181.00
Medical	US & Mexico - <u>Emp &</u> Spouse Cost	7	\$ 890.24	\$ 6,231.68
Medical	US & Mexico - <u>Emp &</u> Child(ren) Cost	40	\$ 890.24	\$ 35,609.60
Medical	US & Mexico - <u>Emp, Spouse &</u> Child(ren) Cost	17	\$ 1,361.84	\$ 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 - <u>Emp &</u> Spouse Cost	6	\$ 67.86	\$ 407.16
Dental	US & Mexico - <u>Emp &</u> Child(ren) Cost	27	\$ 67.86	\$ 1,832.22
Dental	US & Mexico - <u>Emp, Spouse &</u> Child(ren) Cost	35	\$ 67.86	\$ 2,375.10
Dental Only	US & Mexico - Dependent Cost	0	\$ 37.86	\$ -
Monthly Premium -				<u>\$ 126,158.84</u>
Annual Premium -				<u>\$ 1,513,906.08</u>

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

Fixed Rates

Specific Premium - Employee (\$50K)	89	\$ 92.48	\$ 8,230.72
Specific Premium - Family (\$50K)	64	\$ 228.97	\$ 14,654.08
Aggregate Premium	197	\$ 4.24	\$ 835.28
Medical/Rx Claims Administration Fee	197	\$ 16.70	\$ 3,289.90
Dental Claims Administration Fee	196	\$ 2.60	\$ 509.60
Broker Fee	197	\$ 33.00	\$ 6,501.00
Utilization Review/Case Management Fee	197	\$ 3.00	\$ 591.00
COBRA/HIPAA Fee	197	\$ 0.79	\$ 155.63
PPO Fee - BCBSAZ Medical	153	\$ 13.50	\$ 2,065.50
PPO Fee - BCBSAZ Dental	153	\$ 1.50	\$ 229.50
PPO Fee - Siamed	197	\$ 4.00	\$ 788.00

Aggregate Factors - Medical & Rx

Employee	89	\$ 251.54	\$ 22,387.42
Family	108	\$ 625.09	\$ 67,509.50

Estimated Dental Claims

	\$ 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	\$ 456.50	\$ 40,628.50
Medical	US & Mexico - <u>Emp &</u> Spouse Cost	7	\$ 947.32	\$ 6,631.24
Medical	US & Mexico - <u>Emp &</u> Child(ren) Cost	40	\$ 947.32	\$ 37,892.80
Medical	US & Mexico - <u>Emp, Spouse &</u> Child(ren) Cost	17	\$ 1,449.15	\$ 24,635.55
Med & Dent	Mexico - Emp, Spouse & Child(ren) Cost	44	\$ 381.16	\$ 16,771.04
Dental	US & Mexico - Employee Cost	87	\$ 31.92	\$ 2,777.04
Dental	US & Mexico - <u>Emp &</u> Spouse Cost	6	\$ 72.21	\$ 433.26
Dental	US & Mexico - <u>Emp &</u> Child(ren) Cost	27	\$ 72.21	\$ 1,949.67
Dental	US & Mexico - <u>Emp, Spouse &</u> 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 1996¹ (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.

B. PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE

1. Business Associate shall not use or disclose any PHI for any purpose other than performance of services for Covered Entity as provided for in the Consulting Agreement dated July 1, 2013. Except as otherwise limited by this Agreement, Business Associate may use or disclose PHI to perform functions, activities, or services for, or on behalf of, Covered Entity as specified above, provided that such use or disclosure would not violate HIPAA if done by the Covered Entity.

C. OBLIGATIONS OF COVERED ENTITY

1. Covered Entity shall comply with each applicable requirement of the HIPAA Privacy and Security Rules
2. Covered Entity shall provide Business Associate with the notice of privacy practices that Covered Entity produces in accordance with 45 CFR Section 164.520, as well as any changes to such notice.
3. Covered Entity shall provide Business Associate with any changes in, or revocation of, permission by individual to use or disclose PHI, if such changes affect Business Associate's permitted or required uses and disclosures.
4. Covered Entity shall notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR Section 164.522.

D. PERMISSIBLE REQUESTS BY COVERED ENTITY

Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under HIPAA if done by the Covered Entity.

E. TERMINATION

1. Term. The term of this Agreement shall begin on the Effective Date and shall remain in effect until terminated under Section E(2) of this Agreement.
2. Termination. This Agreement shall be terminated only as follows:
 - a. Termination For Cause by Covered Entity

This Agreement may be terminated by the Covered Entity upon fifteen (15) days written notice to the Business Associate in the event that the Business Associate breaches any provision contained in Paragraphs A or B of this Agreement and such breach is not cured within such fifteen (15) day period.
 - b. Termination for Cause by Business Associate

Effective February 17, 2010, this Agreement may be terminated by the Business Associate upon fifteen (15) days written notice to the Covered Entity in the event that the Covered Entity breaches any provision contained in Paragraphs C or D of this Agreement and such breach is not cured within such fifteen (15) day period.
 - c. Termination Due To Change in Law

Either party may terminate this Agreement effective upon thirty (30) days advance written notice to the other party in the event that the terminating party has sought amendment of this Agreement pursuant to Paragraph G(1) and no amendment has been agreed upon.
 - d. Termination Without Cause

Either may terminate this Agreement effective upon ninety (90) days advance written notice to the other party given with or without any reason.

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:

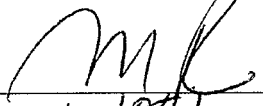
If to Covered Entity:

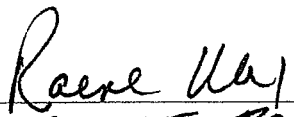
If to Business Associate:

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: owner / pres

Signed: 
Date: 6-05-2013
Name (Print): Raul Velez
Title: CITZ Mgr

Amendment to Broker/Consultant Agreement dated May 22, 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: _____

Date: _____

Name (Print): _____

Title: _____

Signed: _____

Date: _____

Name (Print): _____

Title: _____

[Handwritten Signature]
8/1/16
Gerardo Sanchez
Mayor

[Handwritten Signature]
8/23/2018
Susan Posada
Broker

AMENDMENT TO BROKER/CONSULTANT AGREEMENT DATED MAY 22, 2013

Comes now the San Luis Employee Benefit Trust, hereinafter referred to as "Client" and Susan Posada Agency, Inc., hereinafter referred to as "Broker/Consultant", and in consideration of the mutual covenants contained herein, hereby agree as follows:

1. Client is the successor to the Broker/Consultant agreement between the City of San Luis and Susan Posada Agency dated May 22, 2013 (hereinafter referred to as the "Agreement"). Said Agreement has been extended twice by previous amendment. Said Agreement is scheduled to expire on July 1, 2019.
2. All provisions of the Agreement, as previously amended, unless amended by the terms of this amendment shall remain unchanged and in full force and effect.
3. The parties hereto agree to extend the Agreement for a two year period ending on July 1, 2021. Renewal thereafter for two year periods shall be automatic, provided that either party to this Agreement may terminate it at the end of any period of extension by giving the other party 60 or more days' notice in writing of the intention to terminate.
4. For the period of July 1, 2019 to June 30, 2020 the agreed commission is a rate of \$35.00 per employee per month ("PEPM"), with no change from 2018/2019. This rate shall remain in effect during the term of this Agreement unless changed by written amendment executed by the parties hereto.
5. 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 coverage. Such payment shall be paid directly by such carrier and not by the Client.
6. This agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signature of all parties may be physically attached to a single document.
7. Time is of the essence of this contract.
8. It is not intended by this agreement to, and nothing contained in this agreement shall, create any partnership, joint venture or other similar arrangement between Client and Broker/Consultant. No term or provision of this agreement is intended to, or shall, be for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder.
9. This agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. All prior and contemporaneous agreements,

representations and understandings of the parties, oral or written, are hereby superseded and merged herein.

10. No change or additions are to be made to this agreement except by a written amendment executed by the parties hereto.

11 This agreement is entered into in Arizona and shall be construed and interpreted under the laws of the State of Arizona. In particular, this agreement is subject to the provisions of A.R.S. § 38-511.

12. Any legal action relating to this agreement shall be brought in either the Yuma County Superior Court or in the United States District Court for the District of Arizona at the election of the plaintiff in such legal action, provided, however, that nothing in this paragraph will be deemed to have authorized the bringing of any legal action in a court which does not otherwise have jurisdiction to adjudicate the legal action.

13. Every provision of this agreement is, and will be construed to be, a separate and independent covenant. If any provision of this agreement or the application of the same is, to any extent, found to be invalid or unenforceable, then the remainder of this agreement or the application of that provision to circumstances other than those to which it is invalid or unenforceable, will not be affected by that invalidity or unenforceability, and each provision of this agreement will be valid and will be enforced to the extent permitted by the law, and the parties will negotiate in good faith for such amendments of this agreement which may be necessary to achieve its intent, notwithstanding such invalidity or unenforceability.

14. Broker/Consultant hereby represents that it does not boycott Israel.

The parties have executed this agreement on the _____ day of _____, 2019.

Susan Posada Agency, Inc.

San Luis Employee Benefit Trust

By:_____ -

By:_____

Approved as to form:

City Attorney – Attorney for San Luis
Employee Benefit Trust

Employee Benefit Trust Board Meeting

3.C.

Meeting Date: 06/12/2019

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

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

ITEM:

Discussion and possible directions to staff on any and all matters regarding the process for fiscal year 2020/2021 and due diligence and fiduciary responsibilities of Board to be certain of expenditures of public funds for employee health benefit package **(Glenn Gimbut, Assistant City Attorney)**

SUMMARY:

This discussion item is to discuss a proposal to give the Trustees more information about the process of arriving at the Broker's recommendations and comparison's in costs of the benefits.

First is the process by which Susan is going through to choose the various components of the health benefits package. What we should be doing is alerting Susan that this is coming, so it is not sprung as a surprise. By December, Susan should have an idea what would be a good time after she has started but before she is finished to meet and ask these kinds of questions such that it is not too late to change a vendor or a benefit. This is so the Trustees can look at the elements of the package that they have been properly "shopped" and that it can have effective input should change be desired.

The second, HR can provide comparisons to other political subdivisions like Somerton, Gadsden Elementary School District, Yuma School District No. 1, Crane School District, and Yuma County. Ask the following questions:

1. How many employees?
2. What is the health benefits package?
3. Who is supplier – i.e., are you self- insured or are you buying from a carrier, and if from a carrier, who?
4. What is your cost per employee?

This will give hard data to compare what we are offering our employees and what it costs us versus what others are offering their employees and what it costs them.

The proposed timing is to talk about this now and let the Trustees think about it. Then at the September meeting, the Trustees decide whether to pursue something like this and establish the timing as well as weigh in on just what info they might need from Susan. Then in the December meeting if the Board approved in September, set up the timing of discussion on the proposed elements of the benefits packet and how far in advance of that to get materials or a report from Susan so the meeting can be an intelligent and meaningful one. This would also be the time to discuss when the Trustees want the information on what other local subdivisions are doing and experiencing as a comparison.

RECOMMENDATION / SUGGESTED MOTION:

Discussion and possible directions to the Executive Advisory Staff, discussion only, no action.

Fiscal Impact

Fiscal Impact:

There is no fiscal impact for this item.
