

Minutes
City of San Luis Employee Benefit Trust
Council Chambers – City Hall
1090 E Union Street
San Luis, AZ 85349
Wednesday, September 11, 2019
5:30 P.M.

1. **CALL TO ORDER/ROLL CALL** Chairman Sanchez called the meeting to order at approximately 5:37 p.m.

THOSE PRESENT

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

OTHERS PRESENT

Kay Marion Macuil, City Attorney
Tadeo A De La Hoya, City Manager – arrived at 6:05 p.m.
Monica Castro, Director of Finance
Susan Posada, Benefits Consultant, and Broker
Rob Flunker, EBSO Representative – by phone
Maria Munoz, Benefits Coordinator
Edgar Carbajal, Acting Human Resources Director
Jorge Mungaray, IT Technician
Janet Taylor, Legal Secretary, Clerk of the Board

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.

- 2.A. **MINUTES OF:**

- Regular Meeting held on June 12, 2019

Consent Agenda was not approved due to the fact that the minutes were not posted on the website 24 hours prior to the meeting.

3. **DISCUSSION AND POSSIBLE ACTION ITEMS:**

- 3.A. Discussion and possible action on any and all matters regarding the approval and ratification of Stop Loss Carrier's renewal offer with Symetra Financial. (Susan Posada, Consultant and Broker)

Susan Posada, Consultant and Broker, stated that the initial presentation rates with Stop Loss Carrier were incorrect and that they were actually 317.52 less the prior year than originally presented to the trust.

Kay Macuil City Attorney stated that the contract was signed and that the city definitely wanted the insurance that the Stop Loss affords us and to get the board's approval with that error would be ok.

Chairman Sanchez asked the board if there were any questions and repeated that the rate is less than what was originally presented.

MOTION: Chairman Gerardo Sanchez and Vice-Chairman Emma Torres to approve the ratification of and renewal of Stop Loss Carrier's offer with Symetra Financial.

The Vote was as follows:

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

3.B. Discussion and possible action on any and all matters regarding the annual review of the benefit plan. (Susan Posada, Consultant, and Broker)

Ms. Posada referred to the blue packets she had given out and stated that the plan 2018-2019 made 947,000.00 (nine hundred, forty-seven thousand) dollars more than the administrative claims and administrative fees that were saved or made last year because the claims were lower. Ms. Posada continued with the bad news that there were eleven (11) large claims, there were two (2) claims that exceeded the 50,000.00, and there are several that could hit hard.

Ms. Posada continued with the employee biometric results that showed 55% had some form of hypertension and that 45% are obese. Ms. Posada stated she is looking into a wellness program and to present some nutrition visits.

Mayor Sanchez asked if there was a certified dietician here or in Mexico that could provide some counseling.

Ms. Posada stated that the plan only pays for it if there is a critical illness.

Ms. Torres asked Ms. Posada what the large claims were if they were for heart disease or diabetes. Ms. Posada responded they were for a variety of different reasons.

Ms. Sabori asked if there was any way to compare to last year how we are doing with annual physicals.

Ms. Posada responded yes and that we were way down.

Mayor Sanchez emphasized that to have lower premiums, everyone needs to be healthier.

Ms. Sabori stated that maybe we could set-up different premiums for people who get their annual physicals and for those who don't.

Ms. Gonzalez commented that Ms. Posada mentioned the obesity rate and asked if we provided a dietician. Ms. Gonzalez commented further that Ms. Posada said we do not, but if someone has cardiac disease or diabetes, then one is provided to you.

Ms. Posada stated that not everyone is submitting their "other insurance" information into HR and suggested possible penalties for that.

Mayor Sanchez stated that we do need to look into penalties.

Ms. Torres commented that there does need to be responsibility on the employee part, but sometimes employees do not respond well to punishment. Continue with the wellness program. We should offer this and then this is what will happen. However, include this as wellness overall.

DISCUSSION ONLY NO ACTION NECESSARY

3.C. Discussion and possible action on any and all matters regarding Focus Imaging, preferred vendor, in City's Incentive/Win-Win plan. (Susan Posada, Consultant Broker)

Ms. Posada stated that at the time of the open enrollment Focus Imaging was a free-standing facility, but as of now, they have been purchased by Yuma Regional Hospital and that being a part of the hospital costs are higher. At that time, the Win-Win plan was discussed, and going to Phoenix or Tucson employees would save a lot of money, but now she doesn't feel that will work in the long run because she has seen some questions come in. Ms. Posada stated that after much research they found a company that we can contract with that doesn't cost us anything to contract with them initially but does cost us at the back-end. The company is E-Surgeries, and they contracted with Focus Imaging. So instead of paying the Blue Cross contracted rates they would pay an average of 140% of what Medicare pays as opposed to 200% & 500%. So what that means is that we are paying the lower rate.

Rob Flunker, by phone, stated that basically with E-Surgeries they have taken the Win-Win and ramped it up. Mr. Flunker explained how E-Surgeries contracts with ambulatory surgery centers/facilities that are not in the hospital realm avoiding the over cost that

hospitals charge and all for one rate. E-Surgeries contracts with facilities/surgery centers and anesthesiologists in Yuma so employees will not have to go to Phoenix, and the deductible and copay are still waived. There is no research on the part of the employee because EBSO captures it during the precertification process; then, a representative will contact the employee and let them know their options.

Ms. Posada continued that this will require the approval of their contract and that there is no fee initially until the claim comes in and does require a change in the plan document in order to waive deductible and copay. It will be a lot better for the employee. This year we removed the preauthorization for MRI's and CAT scans. We would have to add that back as a preauthorization, so when they call in they can be captured and sent to one of these facilities where they can choose to save money. It will be up to the employee.

Rob Flunker stated that they can still waive the cost of that to the employee by going to a facility with the contracted rate.

Mayor Sanchez replied that it sounds good on paper and it really is a good idea, but I see a couple of the employees as patients, and I asked them what they thought of going to Phoenix for an MRI, and out of the four (4) I asked none of them liked the idea. One, because they would lose a day or two of work and one, has severe back pain and not able to travel. But now that you mention we have affiliations or facilities that can do the work here in Yuma, that is a very good incentive as long as we know which facilities they are.

Ms. Posada stated that at this moment, we wouldn't know what facilities they are until we sign the contract. However, here is what we can do, sign the contract, and if we don't like the facilities, we do not have to use them.

Rob Flunker replied they contract based on surgery success rates, how often patients are re-admitted, and the amount of infection that occurs within those settings so ambulatory surgery centers nationwide have less than 1% infection rate. Also, if someone has a particular surgeon, they are set on using they will reach out to that surgeon and offer a contract to them. A lot of surgeons are looking to get out of the hospital setting.

Mayor Sanchez stated not to give up hope on Focus Imaging. Several providers are not happy about the hospital buying them. Also, when providers get involved, things are going to change.

Ms. Posada stated that she recommends keeping the Win-Win to see if people are going to use it. Once they see that it is more convenient, and it is a better option, we would have to change the plan document; we would have to get pre-authorization for MRI's and CAT scans and surgeries. That's the only way it is going to work is for them to call in, and then they can be directed. Then they are going to be able to say no copay no deductible no co-insurance I like that.

Mayor Sanchez stated that he did not think that we should remove it. Leave it there as an incentive, and see how it works once employees start seeing the benefits. But make sure in an acute setting if they need that study today or tomorrow we do have the option of doing it here. Let's keep that option open. If it is selective or a knee or a shoulder that can be done there, why not. I want to see a list of providers who are on the contracted list not everyone in Yuma is a great surgeon or family practice, or pediatrician people are always asking me whom do you recommend?

Ms. Posada requested that Rob Flunker provider that to her by tomorrow.

Rob Flunker stated that unless we have a contract with them, they are not going to provide that list, it would be like giving away their secrets. That they only contract with the best based on the data of re-admission and infection rates. If an employee has a particular surgeon, they want than if not already contracted, E-Surgeries can reach out to that person and set up a contract if that surgeon is willing. However, we are asking them to open up their books and provide their secrets to us without having a contract they won't do that.

Ms. Posada stated that she recommends that we try it. She said that she spoke to Justin with Yuma Regional, and what he talked about is moving in the direction of value-based programs, and that is exactly what Rob is talking about. Reducing infections and improving the outcomes of any surgery. They are working with a consortium out of Yuma. Ms. Posada asked Justin if we could direct a contract with Yuma Regional, and his response was that he did not know, but they already do it for their plan the Yuma Hospital Plan for their medical. Ms. Posada said she would continue this dialog with Justin. This is how we will come up with ideas to reduce our costs.

Mayor Sanchez stated that the hospital has concerns, and they are working on different plans and different incentives. Mayor Sanchez also commented that the hospital plan is excellent, and you don't pay certain copays if you use the hospital facilities. Mayor Sanchez directed Susan Posada to continue talking and to continue the dialogue.

Rob Flunker commented that value-based pricing or reference-based pricing as it is also known as is the direction most of the country is going in terms of self-funding their medical plan in place of a PPO Network.

Mayor Sanchez asked about the motion

Ms. Macuil replied that she had drafted one, but she wanted to be sure and asked Susan does the Trust need to contract with E-Surgery>

Ms. Posada replied, yes.

Ms. Macuil stated, but we don't have that contract.

Ms. Posada responded, correct. I gave you a copy of the agreement for review today, and I also gave you a copy of the verbiage for the plan document.

Ms. Macuil stated that the board cannot approve the contract, but I was going to recommend that the board approve staff taking steps towards that.

Mayor Sanchez stated that we could not vote on something that does not exist.

Ms. Macuil responded right you cannot say you approve this contract when you don't have it.

Mayor Sanchez stated we could motion for staff to continue working or continue with the dialogue or to execute a contract.

Ms. Macuil replied, correct. I was confused because they make contracts with the facilities and with the doctors, so I didn't know if we were left out, but apparently, there is a contract.

Mayor Sanchez stated we could recommend staff to execute a contract with

Ms. Macuil stated they couldn't approve

Mayor Sanchez said you tell us, legal counsel. I don't know if you have any questions, but I see it as an advantage to our plan, and we should have that choice. It is another benefit. It's another perk. Let me be very clear; we did not say you could not use local facilities because that is what people want to say.

Ms. Posada stated that we need the hospital, and she agrees with Justin. Also, we need them as much as they need us. They provide other services community-wide.

Mayor Sanchez stated there is going to be a lot more outreach, nutritional, and wellness programs coming out, and we will start introducing them to San Luis, which has, for many years, been lacking.

Ms. Macuil stated this is what she came up with; I move to direct staff to take steps to prepare a contract to provide to the board as soon as possible.

MOTION:

Mayor Sanchez and Vice-Chairman Emma Torres to approve to direct staff to take steps to prepare a contract to provide to the board as soon as possible.

Motion passed unanimously

The vote was as follows:

Board Member Maria Gonzalez	Aye
Board Member Gustavo MacGrew	Aye

Secretary Maria Sabori	Aye
Vice-Chairman Emma Torres	Aye
Chairman Gerardo Sanchez	Aye

4. ADJOURNMENT

Mayor Sanchez and Board Member Maria Gonzales approve to adjourn.

The vote was as follows:

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

Meeting adjourned at approximately 6:32 p.m.