

**MINUTES
SPECIAL MEETING
EMPLOYEE BENEFITS TRUST
COUNCIL CHAMBERS
1090 E Union Street. San Luis, Arizona 85349
April 13, 2022
5:30 p.m.**

- 1. Call to Order/Roll Call** Chairman Sanchez called the meeting to order at approximately 5:34 p.m.

THOSE PRESENT:

Board Member Gustavo MacGrew
Secretary Maria Sabori
Chairman Gerardo Sanchez

THOSE NOT PRESENT:

Vice-Chairman Emma Torres – via zoom
Board Member Maria Gonzalez

OTHERS PRESENT:

Kay Marion Macuil, City Attorney
Sonia Cornelio, City Clerk
Janet Taylor, Legal Secretary
Mary Barajas, Human Resources Coordinator
Maria Munoz, Human Resources Benefits Coordinator
Monica Castro, Finance Director
Glenn Gimbut, Assistant City Attorney
Susan Posada, Broker/Consultant
Rob Flunker - Telephonically
Rueben Lopez, IT Technician

2. Consent Agenda

2.A. MINUTES OF:

Regular Meeting held on January 12th, 2022

MOTION: Chairman Gerardo Sanchez and Secretary Maria Sabori to approve the minutes of the meeting held on January 12, 2022. **Motion passed unanimously.**

The vote was as follows:

Board Member Gustavo MacGrew	Aye
Secretary Maria Sabori	Aye
Chairman Gerardo Sanchez	Aye

3. DISCUSSION AND POSSIBLE ACTION ITEMS:

3.A. Discussion and possible action on any and all matters regarding claims and projection review for FY 2022-2023. **(Susan Posada, Broker, and Consultant)**

Susan Posada, Broker and Consultant, discussed how many members were enrolled in the benefits program and the increase of dependents for this year, about 6 percent—referring to an excel spreadsheet she provided via paper and PowerPoint for those present to view. Ms. Posada discussed the expected amount of contribution to be made to the Trust.

[Clerk notes: this discussion belongs to item 3.B but was presented in Item 3.A]

Ms. Posada explained the biggest expense the Trust will have is the stop-loss carrier and that the stop-loss will increase by approximately 15%, possibly more like 20%. Susan discussed the Trust's probability of taking a loss at the end of the year due to the number of claims.

Monica Castro, Finance Director, stated that the team reviewed the numbers, and the best option was to leave the increase for employees at 0 percent. Ms. Castro explained that this was the first year the claims were larger than the contributions and perhaps looking at an increase in employee contributions next year.

Ms. Sabori stated that the Employee Wellness Program should be promoted as well as the Esurgeries program and not just during open enrollment.

(Discussion only, no action)

3.B. Discussion and possible direction to executive advisors or broker/consultant on any and all matters regarding the stop-loss quotes from Symetra Financial and other providers. The final quote will not be available until mid to late May 2022. **(Susan Posada, Broker/Consultant)**

Ms. Posada explained that she did discuss item 3B during the discussion of item 3A. Symetra numbers just came in, and we are at 20% but are in negotiations with another carrier.

(Discussion only, no action)

3.C. Discussion and possible action on any and all matters regarding the Exclusive Behavioral Health contract and amendment of the benefits plan to include it. **(Susan Posada, Broker, and Consultant)**

Ms. Posada stated that Esurgeries had developed a new program called, Exclusive Mental Health conditions. Suppose a person needs to be hospitalized for any mental health condition. With this program, the patient can save up to 30%.

Rob Flunker from EBSO said that Exclusive Mental Health was created by request from EBSO a few years ago. Mr. Flunker stated that they find out about members that would need the service through the preauthorization feature.

Mr. Flunker explained how the service would work and have it in place for prevention. Clinical approval must be obtained.

Ms. Posada is recommending a \$500.00 copay so that it is something that they have a financial stake in their care. If it is just free, they will keep going in.

Chairman Sanchez stated that it makes total sense to add a benefit to a benefit. Hospitalization is very expensive regarding mental health, and there is none here in Yuma. Most people are transferred to Tucson.

Susan Posada stated that a \$900 start-up fee is nothing compared to some of our other fees and the amount of savings.

Maria Sabori asked if the dependents also qualify for this benefit?

Ms. Posada responded; you bet anyone on the medical insurance plan qualifies.

MOTION: Chairman Gerardo Sanchez and Board Member Gustavo MacGrew to approve the Exclusive Behavioral Health contract according to the fees schedule presented and amend the plan to include it. **Motion passed unanimously.**

The vote was as follows:

Secretary Maria Sabori	Aye
Board Member Gustavo MacGrew	Aye
Chairman Gerardo Sanchez	Aye

3.D. Discussion and possible action on any and all matters regarding the employee benefit plans proposals starting July 1, 2022, for the third-party administrator, the employee assistance program, network fees, prescription management provider, and the wellness program. **(Susan Posada, Broker/Consultant)**

Ms. Posada stated that **TPA** will go from **\$24.50** to **\$25.50** per employee per month.

Claims management per hour from \$113.00 to \$140.00.

Ms. Posada discussed the reasons for the increase – better care, cost of nursing, and better service.

EAP wanted a **10%** increase, but Ms. Posada stated she was able to get it down **2.39%** for a **4.8%** increase.

Ms. Posada stated that those were the only changes in the costs reflected.

Chairman Sanchez asked if that was based on 580 memberships?

Ms. Posada replied; mhm or aha (not yes or no)

Mr. Flunker stated that he wanted to point out one thing about their TPA fees and said they were not actually taking an increase. Within their fee is the medical management, so previously it was AHH, which cost **\$4.50**, which comes out of our TPA fee. The medical helpline fee is **\$5.50** on a net basis; we are at the same rate as when we started. We are just netting out so that we're not taking less because we take the medical management fee out of our fee.

Chairman Sanchez stated that we knew these were going up, and, fortunately, we are not increasing premiums for employees.

Ms. Posada stated that the only other increase was the Blue Cross Blue Shield rate, which was an agreement signed last year. 4.82 percent.

Healthiest You remains the same no plan change, just a renewal.

Ms. Posada said she would let Rob talk about this because medications are becoming extremely expensive. We have had Magellan for a number of years, and with the outside, we will be able to save \$170,000.00 with the prescriptions that we have right now. I will let Rob go into how it is going to work. One of the elements of this particular program is that we have about eight members who have very expensive medications, and they are extremely expensive here in the U.S. This program will search for medications, for instance, in Canada. It is only eight out of the 605 members.

Ms. Posada stated she had a conversation with the Finance Director, and she had asked if there would be disruption with the transition. Ms. Posada said she could not promise that there wouldn't be, and she would make sure by the meeting that employees would have the formulary and suggested employees get their medications before the end of the year. There will be people who are unhappy with it, even Magellan's formulary changes every day. One medicine can go up from one copay to the second copay, but the copay themselves are not changing. It is what is inside the medications that are changing.

Mr. Flunker stated that they were going to get a list closer to the effective date. Southern Scripts would honor second-step medications the member is already on, and the member would not have to go back and go through the process again. There are only three drugs that would be affected by a switch. The drugs would still be covered, but they would switch from a tier 2 copay to a tier 3 copay, and that would be the only change with the Southern Scripts formulary.

Mr. Flunker stated that Magellan marks up their drugs, and that's the price the member pays. Southern Scripts does not do that they are transparent; what they buy

it for is the price the member pays. They make their money by charging a per script fee. The plan would save \$20,000.00.

Mr. Flunker explained the international program was a way to procure very expensive drugs. The plan also wants to look at manufacturer assistance programs. If this is not available, we want to look at international sourcing only using Tier I countries closest being Canada, but other options are England, Australia, and New Zealand. In the pharmacy they use in Canada, the pharmacist would ship the drug directly to the member. The savings by going international is about 50%.

Mr. Flunker discussed manufacturer coupons that artificially meet someone's deductible and make it seem like that person has met their deductible. In reality, they have been given a coupon to have their copay paid for on their behalf. Southern Scripts makes sure that that coupon is applied correctly and so deductibles aren't being met artificially.

Mr. Flunker and Ms. Posada stated that it would be a savings of \$152,000.00 based on all the scripts we have right now.

Chairman Sanchez stated that the Wellness budget was \$18,000.00, and we kept it at \$18,000.00.

Ms. Posada responded; yes

MOTION (1): Chairman Sanchez and Board Member Gustavo MacGrew to approve the increase proposed by 90 Degrees, Uprise Health, and Blue Cross Blue Shield as presented. **Motion passed unanimously.**

The vote was as follows:

Board Member Gustavo MacGrew	Aye
Secretary Maria Sabori	Aye
Chairman Gerardo Sanchez	Aye

MOTION (2): Chairman Sanchez and Secretary Maria Sabori to approve to renew the 90 Degree contract proposal and direct the executive advisory and consultant to take all further steps necessary to finalize it. **Motion passed unanimously.**

The vote was as follows:

Board Member Gustavo MacGrew	Aye
Secretary Maria Sabori	Aye
Chairman Gerardo Sanchez	Aye

MOTION (3): Chairman Sanchez and Board Member Gustavo MacGrew to approve the proposed contract with Southern Scripts and direct the executive advisory and consultant to take all further steps necessary to finalize it.

Motion passed unanimously.

The vote was as follows:

Board Member Gustavo MacGrew	Aye
Secretary Maria Sabori	Aye
Chairman Gerardo Sanchez	Aye

MOTION (4): Chairman Sanchez and Board Member Gustavo MacGrew to approve an \$18,000.00 budget for the Wellness Program from the Trust reserves.

Motion passed unanimously.

The vote was as follows:

Board Member Gustavo MacGrew	Aye
Secretary Maria Sabori	Aye
Chairman Gerardo Sanchez	Aye

Due to a conflict of interest, Item 3.E. minutes will be prepared by Sonia Cornelio, City Clerk, on a separate page.

ADJOURNMENT

Chairman Sanchez and Secretary Maria Sabori to approve adjournment.

Motion passed unanimously.

The vote was as follows:

Board Member Gustavo MacGrew	Aye
Secretary Maria Sabori	Aye
Chairman Gerardo Sanchez	Aye

Meeting adjourned at approximately 6:46 p.m.

3. E. Discussion and possible action on any and all matters regarding establishing a waiver policy of pre-clearance penalty and specific request by employee for waiver of a pre-clearance penalty. (Glenn J. Gimbut, Assistant City Attorney)

Mr. Glenn Gimbut, Assistant City Attorney, explained that the problem that raised this item to be on the agenda has been resolved but does believe there is a policy question to be addressed before the board to think about. He continued to provide some background so that the board can consider a policy decision on their part. The city's plan requires pre-clearance for a medical procedure through the third-party administrator. If one has medical work done and does not pre-clear it, there is a penalty and puts the burden on pre-clearance on the employee, the patient, not on the doctor or hospital; employees are not medical professionals nor insurance agents. Furthermore, he explained the situation with the employee and phone calls between the employee and EBSO, the third-party administrator who advised that the employee was not going to pay for anything. The employee was under the impression that the medical facility had taken care of everything before the medical procedure. The employee is now hit with a \$500.00 penalty bill for not obtaining pre-clearance. He added that the board has to be careful when they give a waiver to somebody as there needs to be consistency to prevent exposing the plan indirectly to now it is a benefit to everybody. The board does not want to be in a position where they are indirectly or inadvertently amending their plan. Pre-clearance has a value and the board does not want to bear unnecessary medical expenses they do not want to have the plan pay for something more than what it should. This penalty does not occur very often, it has happened three (3) times in five (5) years. The policy question is does the board want to hear employees asking for a waiver of the penalty, he asked the board if this is something they would want to consider. 90 Degrees subcontracts pre-clearance work to somebody else and that somebody else, was to pre-clear, but that somebody else lost the record. They did not tell 90 Degrees, 90 Degrees did not know it was pre-cleared and that is why they kept saying no because their job is to administer the plan.

Chairman Gerardo Sanchez mentioned this is something to think about and this is an interesting case.

There was no action needed from the Board on this item.