

NOTICE OF REGULAR MEETING

In accordance with § 38-431.02 of the Arizona Revised Statutes of the State of Arizona, notice is hereby given to the Employee Benefit Trust Board and to the general public that the Mayor and Trustees of the Employee Benefit Trust Board will hold an Employee Benefits Trust Board Meeting at 5:30 PM., Wednesday, September 14, 2022. The meeting will take place at the City Council Chambers, located at 1090 E. Union Street, San Luis, Arizona, 85349.

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 Barajas, HR Coordinator

AVISO DE JUNTA REGULAR

De acuerdo con los Estatutos del Estado de Arizona A.R.S. §38-431.02, se le informa a los miembros de la Junta Fiduciaria de Beneficios para Empleados y al público en general que el Presidente y la Mesa Directiva de Fondo de Beneficios Medicos de San Luis, Arizona, tendrán una Junta Regular a las 5:30 PM, Miercoles, Septiembre 14, 2022 La junta se llevará a cabo en la Sala del Cabildo, ubicada en el 1090 E. Union Street, San Luis, Arizona, 85349.

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 Barajas, Coordinadora de Recursos Humanos

AGENDA
Regular Meeting
City of San Luis Employee Benefit Trust
Council Chambers – City Hall
1090 E Union Street
San Luis, AZ 85349
5:30 PM

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.

For the safety of the public during the COVID-19 pandemic, members of the public may attend the Employee Benefits Trust Board meeting of September 14, 2022, in person if the 6-foot distance can be maintained, which is 27 people. However, members of the public may listen to the meeting's live audio stream on the City of San Luis' website <https://sanluisaz.gov/listenlive>. Recordings of the meetings will be available on the city's website <https://sanluisaz.gov/listenlive> after the meeting.

Para la seguridad del público durante la pandemia de COVID-19, los miembros del público pueden asistir a la reunión de la Junta Fiduciaria de Beneficios para Empleados del 14 de Septiembre de 2022 en persona si se puede mantener la distancia de 6 pies, que es de 27 personas. Sin embargo, los miembros del público pueden escuchar la transmisión de audio en vivo de la reunión en el sitio web de la Ciudad de San Luis <https://sanluisaz.gov/listenlive>. Las grabaciones de las reuniones estarán disponibles en el sitio web de la ciudad <https://sanluisaz.gov/listenlive> después de la reunión.

1. CALL TO ORDER/ROLL CALL

2. CONSENT AGENDA

2. A. MINUTES OF:

Special Employee Benefit Trust Board meeting held on May 11th, 2022.

3. DISCUSSION AND POSSIBLE ACTION ITEMS:

3. A. Discussion and possible action on any and all matters regarding the review and approval of SIARMED audit proposal from Wolcott & Associates, Inc. **(Susan Posada, Broker and Consultant)**

3. B. Discussion and possible directions to the Consultant and Executive Advisors on any and all matters regarding the review of the claims for the Fiscal Year 2021-2022. **(Susan Posada, Broker and Consultant).**

4. ADJOURNMENT

Employee Benefit Trust Board Meeting

2. A.

Meeting Date: 09/14/2022

Summary

MINUTES OF:

Special Employee Benefit Trust Board meeting held on May 11th, 2022.

Attachments

Minutes

**MINUTES
SPECIAL MEETING
EMPLOYEE BENEFITS TRUST
COUNCIL CHAMBERS
1090 E Union Street
San Luis, AZ 85349
May 11, 2022
5:30 p.m.**

- 1. Call to Order/Roll Call** Chairman Sanchez called the meeting to order at approximately 5:33 p.m.

THOSE PRESENT:

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

OTHERS PRESENT:

Kay Marion Macuil, City Attorney
Lizandro (Louie) Galaviz, Acting City Manager
Janet Taylor, Legal Secretary, Acting Clerk
Susan Posada, Benefits Broker/Consultant – via zoom
Mary Barajas Gutierrez, Human Resources Coordinator
Maria Munoz, Human Resources Analyst
Ruben Lopez, IT Technician

- 2. CONSENT AGENDA**

- 2.A. MINUTES OF:**

- Special meeting held on April 13, 2022
Chairman Gerardo Sanchez and Secretary Maria Sabori to approve the minutes of the meeting held on April 13, 2022. **Motion passed unanimously.**

The vote was as follows:

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

- 3. DISCUSSION AND POSSIBLE ACTION ITEMS:**

3.A. Discussion and possible action on any and all matters regarding the stop loss final rate quote from Symetra Financial. (Susan Posada, Broker/Consultant)

Ms. Posada explained that there were several large claims this year. The preliminary quote came in at 15.66% the final came in about a week ago at 19.81% because we have experienced tremendous losses in claims. The final after negotiations came down to 14.84%. Symetra wanted to retain the business even though they lost quite a bit of money this year on the city. The savings were \$32,379.12. This offer is good until May 13, and we need to respond by that date.

Chairman Sanchez commented that the initial was 15.66%, and we were hoping we were going to get that, and they came back with the 19.81%, and after negotiations, it dropped down to 14.8%. Ms. Posada responded; correct.

Chairman Sanchez stated that he commended Symetra for wanting to continue working with the City of San Luis and that they were good partners. It was just a bad year. Hopefully, next year and the following years, we will see less of a loss for them.

Chairman Sanchez commended Ms. Posada for her negotiations and discussed the different options.

Ms. Posada discussed the differences in the options listed and discussed what the trust was paying right now and the better choice.

MOTION: Chairman Sanchez and Board Member Gustavo MacGrew to approve the stop-loss carrier renewal proposal; Option (1), in regards to the 14.84% increase as presented. **Motion passed unanimously.**

The vote was as follows:

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

3.B. Discussion and possible action on any and all matters regarding Exclusive Behavioral Health and to rescind the \$500.00 copay approved at the Trust Board meeting held on April 13, 2022. (Susan Posada, Broker, and Consultant)

Ms. Posada explained that in order to comply with the federal Mental Health Parity Act, the plan has to waive the \$500 copay and offer mental health benefits the same as any other benefits. Like Esurgeries, no copay, no deductible.

MOTION: Chairman Sanchez and Secretary Maria Sabori approve rescinding the \$500.00 copay for Exclusive Behavioral Health in the Employee Benefits plan to comply with the Mental Health Parity Act. **Motion passed unanimously.**

The vote was as follows:

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

4. ADJOURNMENT

Chairman Gerardo Sanchez and Gustavo MacGrew approve adjourning.

Motion passed unanimously.

The vote was as follows:

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

Meeting adjourned at approximately 5:52 p.m.

PENDING APPROVAL



AGENDA ITEM REVIEW FORM

Employee Benefit Trust Board Meeting

3. A.

Meeting Date: 09/14/2022

Department Head: Adela Cortez, Director Human Resources, Human Resources Department

Submitted By: Maria Barajas Gutierrez, Human Resources Coordinator, Human Resources Department

ITEM:

Discussion and possible action on any and all matters regarding the review and approval of SIARMED audit proposal from Wolcott & Associates, Inc. **(Susan Posada, Broker and Consultant)**

SUMMARY:

The City of San Luis sponsors self-insured health care plans (for medical and dental). 90 Degree Benefits provides the claim payment service for these plans and utilizes the Siarmed network. These services include repricing of the network, claim payment, printing of participant ID cards and the maintenance of enrollment and eligibility records. The City of San Luis considers a regular audit of its claims to be prudent. Audit will be performed by selecting a sample of 250 processed claims. Each claim will be manually recalculated to verify that proper payment has been made based on the plans provisions. This process will include verification of allowable charges and services against the plan's provisions, verification of deductible and coinsurance satisfaction based on a review of the payment history for the patient, and verification of benefit coordination based on Coordination of Benefits data provided by employees. Benefits Consultant will be providing a report on SIARMED audit findings to the Trust.

RECOMMENDATION / SUGGESTED MOTION:

I MOVE TO APPROVE WOLCOTT & ASSOCIATES' FIFTEEN THOUSAND DOLLAR (\$15,000.00) PROPOSAL TO AUDIT SIARMED CLAIMS.

Fiscal Impact

Fiscal Impact:

Total cost for audit, including out-of-pocket expenses, will be \$15,000 for a stratified sample size of 250 medical/dental claims.

Attachments

Audit Proposal



August 2, 2022

Susan Posada
Susan Posada Agency
3575 N 3rd St.
Phoenix, AZ 85012

Dear Ms. Posada:

We are pleased to submit our proposal describing the services that Wolcott & Associates, Inc. will provide regarding a claim audit of the medical plan for your client, the City of San Luis.

BACKGROUND INFORMATION

The City of San Luis sponsors self-insured health care plans (for medical and dental). 90 Degree Benefits provides the claim payment service for these plans and utilizing the Siarmed network. These services includes repricing of the network, claim payment, printing of participant ID cards and the maintenance of enrollment and eligibility records.

The City of San Luis considers a regular audit of its claims to be prudent. Therefore, we have prepared this letter to describe our services.

STAFF RESUMÉS

Resumé information regarding the actuarial and audit staff personnel to be assigned to the audit is presented below.

MARIE K. POLLOCK, HIA

Ms. Pollock is President of Wolcott & Associates, Inc. She joined Wolcott & Associates, Inc. in June, 1991. She has served as Engagement Director or Senior Auditor on numerous claim audits.

Ms. Pollock has extensive experience in the conduct of operational audits and the performance of internal controls audits, including procedural and computer testing of control effectiveness.

Ms. Pollock currently consults with several TPAs on administrative issues related to operational policies, procedures and internal controls.

Ms. Pollock received her Bachelor's Degree in Accounting from the University of Kansas.

Ms. Pollock will serve as Engagement Director and be responsible for the management and conduct of audit activities.

DAVID SIMMONS, CPA, CIA, CISA

Mr. Simmons has extensive experience conducting financial, operational, internal control, claim and information system audits. He also has served as field claim auditor on large claim audits. He is the Director of DES, LLC. DES, LLC is a CPA firm that specializes in SSAE 18 engagements for healthcare TPAs.

Mr. Simmons received his Bachelor of Science degree in Accounting and Masters of Accountancy degree from Missouri State University. He completed the requirements and was awarded a Certified Internal Auditor designation in 2007, a Certified Public Accountant designation in 2008 and a Certified Information Systems Auditor designation in 2011.

Mr. Simmons will serve as a Senior Auditor.

BRIAN K. WYMAN, CISA

Mr. Wyman is both a claim auditor and a financial auditor. He joined Wolcott & Associates, Inc. in 1998. Prior to that time, he was an audit manager with a regional certified public accounting firm where he performed ERISA audits for sponsors of large benefit plans.

Mr. Wyman is also the Senior Auditor in our SSAE 18 audit practice. He has extensive experience in the conduct of operational audits and the performance of internal controls audits, including procedural and computer testing of control effectiveness.

Mr. Wyman received his Bachelor of Science degree in Accounting from the University of Missouri - Kansas City in 1990. He completed the requirements for and was awarded the designation of Certified Fraud Examiner in 1999 and awarded the designation of Certified Information System Auditor in 2004.

Mr. Wyman will serve as Auditor.

REVIEW OF CLAIMS

We will select a sample of previously processed claims (see below for method and number of claims). A listing of the selected claims will be submitted to 90 Degree Benefits prior to reviewing the claims remotely and/or on-site.

Test Work

We request that original claim documentation (for medical and dental) be provided for each selected claim. Each such claim will be manually recalculated to verify that proper payment has been made based on the plan's provisions. This process will include verification of allowable charges and services against the plan's provisions, verification of deductible and coinsurance satisfaction based on a review of the payment history for the patient, and verification of benefit coordination based on Coordination of Benefit (COB) data provided by employees. Steps in the test work process include:

- . **Nature of Claim** - Claim documents will be reviewed to determine if the claim is subject to pre-existing conditions or other limitations and that it was processed appropriately, based on the nature of the claim (e.g. accident, sickness or dental).
- . **Other Carrier Liability** - Each claim will be reviewed along with other family claim data to determine the existence of other carrier liability (COB, Workers' Compensation, no-fault or subrogation).
- . **Deductibles and Accumulators** - For each sample claim we will verify the satisfaction of the deductible and coinsurance based on a review of the payment history for the patient.
- . **Unbundling of Charges** - Each sample claim will be reviewed for any inappropriate unbundling of charges.
- . **Abusive Treatment Patterns** - Each selected claim will be evaluated to determine that all prolonged treatment is appropriate for the diagnosis and has been prescribed by a physician. We will also evaluate the extent to which 90 Degree Benefits identifies such treatment patterns in their utilization review department and the action taken regarding such treatment.
- . **Payment and Payee Accuracy** - The results of each recalculation will be compared to actual payments and payees will be compared to participant and provider data as well as benefit assignment requests on claim documents.
- . **Duplicate Payments** - Prior payment histories and paid claim listings will be checked for duplicate service dates, patients, diagnosis and procedure codes and providers to determine the extent to which duplicate payments have occurred.

- . **Reasonable and Customary Charges** - Each sample claim involving professional services will be checked against reasonable and customary and contractual fee limits established for the Plan based on the procedure code and postal zip code to determine the extent to which benefit payments have exceeded reasonable and customary limits.
- . **Hospital Charges** - Each hospital bill in our sample will be reviewed to determine the appropriateness of admission and length of stay and if hospital bill audit procedures have been followed. If during our audit we identify claims which in our judgment should have been submitted for medical necessity review or hospital bill audit, we will request a review or audit be performed in compliance with established procedures.
- . **Surgery** - Each selected claim involving a surgical procedure will be reviewed to determine compliance with established procedures regarding second surgical opinion and the use of ambulatory facilities.
- . **Documentation** - Each selected claim will be evaluated to determine that all appropriate material needed to properly adjudicate the claim was available prior to actual payment. Documents are also evaluated to determine if there is any evidence of alteration or other fraudulent activity.
- . **Network** – Each claim processed will be compared to the Siarmed’s network to determine the reprice amount on the claim agrees with the network reprice amount. We will also need Siarmed’s contact person information to obtain related network data.

Following the completion of our test work, results are evaluated. The following analysis will be performed and summarized in the final report:

- . Analysis of payment and denial errors by type to indicate frequency and dollar amounts associated with each type. The analysis will distinguish between over and underpayments and will address our evaluation of the reason for the error.
- . Comparison to available industry norms and the results of similar audits conducted by Wolcott & Associates, Inc. will be presented.

We will extend the results of the sample to the population to estimate the value of benefits that should have been paid during the period. This estimate will then be compared to the actual disbursements to determine if the actual disbursements are within the precision range of the expected results.

Frequency and magnitude of error data will be developed by type of error and by type of service and compared to error rates developed during similar audits and published error rates for claim processors.

In addition to the above claim audit we will perform the following:

- . Review a system generated report on 90 Degree Benefits turnaround time on paid claims for the City of San Luis.
- . Review 90 Degree Benefits and Siarmed open claim inventory report.

CLAIM SAMPLE SELECTION METHOD

The standard industry confidence level is 95% and industry precision range from +/- 5% to +/- 3%.

We have assumed that the error rate does not exceed 5%. Based on this assumption, the minimum sample size for this audit is:

95% Confidence
+/- 3% Precision

250

This would result in an overall stratified size of a total of 250 claims (including medical and dental).

Claims would be selected using a Monte Carlo (without replacement) method using a proprietary software program from the listing of all previously processed claims during the audit period.

TIMING AND FEES

Our fee, **including out-of-pocket expenses**, for the audit services described in this letter will be \$15,000 for a **stratified** sample size of 250 medical/dental claims.

It is our practice to submit progress billings at the end of each calendar month and a final billing upon completion of our agreed upon services.

Thank you for the opportunity to present our services to Susan Posada Agency and your client, the City of San Luis. You may indicate your acceptance of this proposal by signing below. Should you require additional information, please let us know.

Yours truly,

WOLCOTT & ASSOCIATES, INC.

Brian K. Wyman
Vice President

BKW:jeh

ACCEPTED BY:

Signature _____

Title _____

Date _____



AGENDA ITEM REVIEW FORM

Employee Benefit Trust Board Meeting

3. B.

Meeting Date: 09/14/2022

Department Head: Adela Cortez, Director Human Resources, Human Resources Department

Submitted By: Maria Barajas Gutierrez, Human Resources Coordinator, Human Resources Department

ITEM:

Discussion and possible directions to the Consultant and Executive Advisors on any and all matters regarding the review of the claims for the Fiscal Year 2021-2022. **(Susan Posada, Broker and Consultant).**

SUMMARY:

A management report is created to provide a look at monthly claims and expenses associated with the Trust fund and revenues paid to the Trust by the City. For the plan year, the City of San Luis funded the plan with \$2,951,333. Claims totaled \$3,076,232 and total claims and expenses totaled \$4,064,614. The Stop Loss carrier reimbursed the City with \$997,048.

RECOMMENDATION / SUGGESTED MOTION:

Discussion and possible directions to the Consultant and Executive Advisors only, no action item.

Fiscal Impact

Fiscal Impact:

N/A

Attachments

Dashboard
