

### **NOTICE OF SPECIAL 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 12:00 PM., on Wednesday, October 16, 2024. 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 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, Human Resources Generalist

### **AVISO DE JUNTA ESPECIAL**

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 12:00PM, el día Miercoles 16 de Octubre, 2024. 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, Generalista de Recursos Humanos

**AGENDA**  
**Special Meeting**  
**City of San Luis Employee Benefit Trust**  
**Council Chambers – City Hall**  
**1090 E Union Street**  
**San Luis, AZ 85349**  
**Wednesday, October 16, 2024**  
**12:00PM**

**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.

**AVISO:** Algunos miembros de la Junta de Fiduciaria de Beneficios para Empleados de la Ciudad de San Luis pueden asistir a la reunión por teléfono. Si se autoriza por mayoría de votos de la Junta de Síndicos, se llevará a cabo una sesión ejecutiva inmediatamente después de la votación de acuerdo con A.R.S. §38-431.03(A) y la reunión tendrá un receso temporal mientras la Junta se retira a la sesión ejecutiva que no estará abierta al público.

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

**2. CONSENT AGENDA**

**2. A. MINUTES OF:**  
-Special meeting held on May 29, 2024

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

**3. A.** Discussion, and possible direction on any and all matters regarding the Declaration of Trust document for the City of San Luis Employee Benefit Trust. **(Adela Cortez, Human Resources Director)**

**3. B.** Discussion only on any and all matters regarding the Medical and Dental Plan Performance. **(Oscar Diaz, Vice President of CBIZ-Business Development)**

**4. EXECUTIVE SESSION**

**4. A.** Discussion and possible action to hold an executive session pursuant to A.R.S. § 38-431.03(A)(2), (3), and (4) on any and all matters regarding certain claims under the Employee Benefits Plans and discussion or consultation for legal advice with the City Attorney. **(Kay Marion Macuil, City Attorney)**

**4. B.** 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 in order to consider the Trustees' position and instruct the City Attorney regarding negotiation or settlement of the subrogation case. **(Glenn Gimbut, Assistant City Attorney)**

**5. MOTION TO GO BACK INTO SPECIAL SESSION**

**6. ADJOURNMENT**

**Employee Benefit Trust Board Meeting**

**2. A.**

Meeting Date: 10/16/2024

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Summary

**MINUTES OF:**

-Special meeting held on May 29, 2024

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Attachments

5.29.2024 MINUTES

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**MINUTES**  
**Special Meeting**  
**City of San Luis Employee Benefit Trust**  
**Council Chambers - City Hall**  
**1090 E. Union Street**  
**San Luis, AZ 85349**  
**May 29, 2024**  
**3:00 p.m.**

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

Chairman Javier Vargas called the meeting to order at approximately 3:06 p.m.

**PRESENT:** Javier Vargas, Chairman  
Gustavo MacGrew, Board Member  
Maria Sabori, Secretary

**ABSENT:** Emma Torres, Vice Chairwoman  
Maria Gonzalez, Board Member

**OTHERS PRESENT:** Adela Cortez, Director of Human Resources  
Kay Marion Macuil, City Attorney  
Melissa Lopez, Deputy City Clerk  
Jenny Torres, Acting City Manager  
Roula Encinas, Acting Director of Finance  
Jose Antonio Maldonado, Video Production & Operation Specialist  
Joel Arizmendi, IT Technician

**2. CONSENT AGENDA**

**2. A. MINUTES OF**

**-Special meeting held on February 15, 2024**

**MOTION:** Secretary Maria Sabori/Board Member Gustavo MacGrew to approve the Consent Agenda. The motion passed unanimously.

The vote was as follows:

Javier Vargas, Chairman	Aye
Gustavo MacGrew, Board Member	Aye
Maria Sabori, Secretary	Aye

### **3. DISCUSSION AND POSSIBLE ACTION ITEM:**

#### **3. A. Discussion and possible action on any and all matters regarding the Employee Benefits Plan changes effective July 1, 2024. (Oscar Diaz, Vice President of CBIZ-Business Development)**

Mr. Oscar Diaz, Vice President of CBIZ-Business Development, explained that as the employee benefits consultant, he has been able to review the plans and renewals. He presented a Report Recap for Plan Year covering July 1, 2023, to June 30, 2024.

He made a PowerPoint Presentation regarding the Medical/Dental Plan Renewal for fiscal year July 1, 2024 – June 30, 2025, that contained the 2024/2025 Plan Changes. A copy of this presentation is included with the complete agenda packet filed in the City Clerk's Office.

**MOTION:** Chairman J. Vargas/Secretary M. Sabori to approve the benefits plan changes as presented. The motion passed unanimously.

The vote was as follows:

Chairman Javier Vargas	Aye
Board Member Gustavo MacGrew	Aye
Maria Sabori, Secretary	Aye

#### **3. B. Discussion and action on any and all matters regarding the Stop Loss Insurance Plan renewal. (Oscar Diaz, Vice President of CBIZ-Business Development)**

Mr. Oscar Diaz, Vice President of CBIZ-Business Development, made a PowerPoint Presentation regarding the Medical Stop Loss that contained the following: Medical Stop Loss Insurance Marketing Results, Medical Stop Loss Insurance Plan Renewal-CBIZ Recommendation, City of San Luis Stop Loss Reinsurance Renewal 2024/2025-Plan Contributions vs. Actual Claims and Expected/Maximum Liabilities, CBIZ Medical Plans Funding Projections,

A copy of this presentation is included with the complete agenda packet filed in the City Clerk's Office.

**MOTION:** Secretary M. Sabori/Board Member G. MacGrew to approve remaining with Matrix Group Benefits, LLC as out Stop Loss Insurance Carrier and select Policy Option #2, as presented. The motion passed unanimously.

The vote was as follows:

Chairman Javier Vargas	Aye
Board Member Gustavo MacGrew	Aye
Maria Sabori, Secretary	Aye

**3. C. Discussion and possible action on any and all matters regarding the allocated budget for City's Wellness Program. (Maria Munoz, Human Resources Analyst)**

Ms. Mary Barajas, Human Resources Coordinator, explained that the city's wellness program aims to strengthen individuals' physical, mental, and financial well-being. She added that the city is committed to enhancing the wellness program to include activities that promote mental and financial welfare for employees. She informed that currently, the program has two (2) different budget allocations: the Human Resources and the Employee Benefit Trust. This practice has made it difficult to determine which service fees or items should be paid from which account. She mentioned that a sole allocation of funds will help better track the expenses and activities and will properly coordinate wellness activities and events. Ms. Barajas requested the Trust to reallocate the \$18,000 currently allocated for the Wellness Program under the Employee Benefit Trust to the Human Resources Department.

**MOTION:** Board Member G. MacGrew/Secretary M. Sabori to approve reallocating the \$18,000.00 from the Employee Benefit Trust and allocate it to GL Account 100-125-80005 Special Services, as presented. The motion passed unanimously.

The vote was as follows:

Chairman Javier Vargas	Aye
Board Member Gustavo MacGrew	Aye
Maria Sabori, Secretary	Aye

**4. EXECUTIVE SESSION**

**4. A. Discussion and possible action to hold an executive session pursuant to A.R.S. § 38-431.03(A)(2), (3), and (4) on any and all matters regarding certain claims under the Employee Benefits Plans and discussion or consultation for legal advice with the City Attorney. (Kay Marion Macuil, City Attorney)**

Mrs. Kay Marion Macuil, City Attorney, suggested continuing this item until a full Board is present to go over the claims in Executive Session so that the board can decide. This item gives the board the opportunity to give directions to the Executive Advisors or the City Attorney in Executive Session.

**MOTION:** Chairman J. Vargas/Secretary M. Sabori to continue this item for a future meeting when all members are present. The motion passed unanimously.

The vote was as follows:

Chairman Javier Vargas	Aye
Board Member Gustavo MacGrew	Aye
Maria Sabori, Secretary	Aye

#### **4. ADJOURNMENT**

**MOTION:** Chairman Javier Vargas/Secretary M. Sabori to adjourn the meeting at approximately 3:53 p.m. The motion passed unanimously.

The vote was as follows:

Chairman Javier Vargas	Aye
Board Member Gustavo McGrew	Aye
Maria Sabori, Secretary	Aye

**APPROVED:**

\_\_\_\_\_  
Javier Vargas, Chairman

**ATTEST:**

\_\_\_\_\_  
Sonia Cornelio, City Clerk

**Certification**

I hereby certify that the foregoing minutes are a true and correct copy of the Special meeting for the Employee Benefit Trust Board of the City of San Luis, Arizona, held on May 29, 2024. I further certify that the meeting was duly called and held and that a quorum was present.

\_\_\_\_\_  
Sonia Cornelio, City Clerk



## AGENDA ITEM REVIEW FORM

### Employee Benefit Trust Board Meeting

3. A.

**Meeting Date:** 10/16/2024

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

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

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#### ITEM:

Discussion, and possible direction on any and all matters regarding the Declaration of Trust document for the City of San Luis Employee Benefit Trust. **(Adela Cortez, Human Resources Director)**

#### SUMMARY:

The Agreement and Declaration of Trust for City of San Luis Employee Benefit Trust was established on September 1, 2011, and has since been amended twice. At a Special Employee Benefit Trust meeting on February 15, 2024, I highlighted the need for additional revisions to certain sections of the Declaration of Trust.

In previous meetings, it was noted that although the Trust Fund is financially sound, there is a standard practice of maintaining reserve requirements and recommended funding levels. As a result, it has been suggested that a reserve and funding policy be incorporated into the declaration document. Additionally, City staff proposes adding a procedure for medical and dental exceptions to safeguard the Trust.

In light of this, Human Resources is recommending an amendment and restatement of the Declaration of Trust document for City of San Luis Employee Benefit Trust.

#### RECOMMENDATION / SUGGESTED MOTION:

**I MOVE TO APPROVE AMENDING AND RESTATING THE DECLARATION OF TRUST DOCUMENT FOR THE CITY OF SAN LUIS EMPLOYEE BENEFIT TRUST.**

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#### Fiscal Impact

**Fiscal Impact:**

N/A

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## AGENDA ITEM REVIEW FORM

### Employee Benefit Trust Board Meeting

3. B.

**Meeting Date:** 10/16/2024

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

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

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#### ITEM:

Discussion only on any and all matters regarding the Medical and Dental Plan Performance. (**Oscar Diaz, Vice President of CBIZ-Business Development**)

#### SUMMARY:

The Fiscal Year 2023-24 plan ended with a \$3.084M after the Stop-Loss Insurance recovery, which is significantly higher than the 2022-23 plan year. Although the plan performed well, there were some items that impacted the plan during the 2023-24 year, as follows:

- Unpaid claims by the Third-Party Administrator to our Mexico Administrator (SIARMED), resulted in an underpayment of over \$200,000 and this artificially improved the 2023-24 plan year. These unpaid claims rolled over to plan year 2024-25 and were paid in July and August 2024.
- An employee's claims were mistakenly paid by Medicare as the primary payor. By correcting this, the paid claims in the month of June increased significantly.

For the 2024-25 plan year, the annualized cost projection is vastly magnified due to the rollover of SIARMED's unpaid claims. However, it is expected that claims will normalize, assuming no other fluctuations arise.

#### RECOMMENDATION / SUGGESTED MOTION:

**THIS ITEM IS FOR DISCUSSION PURPOSES ONLY. NOT AN ACTION ITEM.**

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#### Attachments

CBIZ Plan Performance Presentation

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**City of San Luis  
Employee Benefits Trust  
2023/2024 Medical & Dental Insurance  
Plan Year Review & 2024/2025 YTD  
Plan Performance Meeting  
October 16, 2024**



**Your Team.  
Local. Trusted. Nationwide.**

# PRESENTATION AGENDA

- 2023/2024 Plan Performance Summary, Review & Recap
- 2024/2025 YTD Plan Performance Summary & Recap
- CBIZ's Post Renewal Premium Adequacy Report & Recommendation
- CBIZ's IBNR Calculation for Plan Quarter 1
- Ongoing and Future Benefits Initiatives
- 2023/2024 TPA Challenges & Performance Issues

# 2023/2024 PLAN PERFORMANCE SUMMARY

Overall, the 2023/2024 plan year performed much better than the 2022/2023 coming in at \$2.5M after Stop-Loss insurance recoveries vs. \$3.084M in 2023/2024; an improvement of \$729K.

# 2023/2024 PLAN PERFORMANCE SUMMARY

There are some exceptions to the plan's performance as follows:

- It was discovered in June that Siarmed's claims were not being paid timely due to a claims edit issue within the City's Third-Party Administrator's (HealthComp) claims payment system.
- This resulted in an underpayment of Siarmed's claims by over \$200K in the 2023/2024 plan year, thus artificially improving 2023/2024's plan performance; Siarmed's claims were paid in July and August 2024.

# 2023/2024 PLAN PERFORMANCE SUMMARY

- If the majority of Siarmed's claims would have been paid in the 2023/2024 plan year, the plan would have still ended up approximately \$528K (after recoveries) lower than the prior year and the EBT's net funded liabilities would have been over \$400K/-24% lower than the prior year's.
- The \$400K lower funded liabilities amount is approximately equal to 4 months' of excess reserves based on 2023/2024's average monthly paid claims.

# 2023/2024 PLAN PERFORMANCE SUMMARY

- Additionally, it was discovered late in the plan year that an employee's claims were being paid erroneously by Medicare as the primary payor. This was corrected and resulted in a high paid claims month for June.
- This claimant's costs will be approximately \$10K/month in the 2024/2025 plan year.

# 2023/2024 PLAN PERFORMANCE REVIEW & RECAP

	Medical and Dental Membership	Yr to Date	2022.2023 Comparison	Annual % Change	Annual #/\$ Change
	<b>Total Enrolled Medical</b>	3,607	3,307	9%	300
	<b>Total Enrolled Dental</b>	3,572	3,305	8%	267
<b>Plan Contributions</b>					
	<b>Subtotal Contributions Medical</b>	\$ 2,994,305	\$ 2,854,861	5%	\$ 139,444
	<b>Subtotal Contributions Dental</b>	\$ 158,723	\$ 152,188	4%	\$ 6,536
	<b>Actual Contributions</b>	\$ 3,153,028	\$ 3,007,048	5%	\$ 145,980
<b>Employee Contributions</b>					
	<b>Subtotal Contributions Medical</b>	\$ 381,529	\$ 393,899	-3%	\$ (12,370)
	<b>Subtotal Contributions Dental</b>	\$ 48,394	\$ 49,959	-3%	\$ (1,565)
	<b>Actual Contributions</b>	\$ 429,923	\$ 443,858	-3%	\$ (13,935)

# 2023/2024 PLAN PERFORMANCE REVIEW & RECAP

	Medical and Dental Membership	Yr to Date	2022.2023 Comparison	Annual % Change	Annual #/\$ Change
<b>Plan Distributions</b>					
	Medical Claims US & MX	\$ (635,873)	\$ (1,821,995)	187%	\$ 1,186,122
	Medical Claims Mexico Only	\$ (260,641)	\$ (293,675)	13%	\$ 33,034
	RX US & MX	\$ (335,731)	\$ (198,325)	-41%	\$ (137,406)
	RX Mexico Only	\$ (18,388)	\$ (162,447)	783%	\$ 144,060
	<b>Subtotal Distributions Medical</b>	\$ (1,250,632)	\$ (2,476,442)	98%	\$ 1,225,810
	Dental US	\$ (34,152)	\$ (35,742)	5%	\$ 1,589
	Dental Mexico	\$ (82,323)	\$ (81,808)	-1%	\$ (515)
	<b>Subtotal Distributions Dental</b>	\$ (116,475)	\$ (117,549)	1%	\$ 1,074
	<b>Total Claims Paid</b>	\$ (1,367,107)	\$ (2,593,992)	90%	\$ 1,226,885
	<b>Runout Med &amp; Rx Claims and Fees from Prior Period</b>	\$ (198,750)	\$ (16,563)	-92%	\$ (182,188)
	<b>Runout Dental Claims and Fees from Prior Period</b>	\$ (18,917)	\$ (1,576)	-92%	\$ (17,341)
	<b>Total Claims Paid for Current and Prior Period</b>	\$ (1,584,774)	\$ (2,593,992)	<b>-39%</b>	\$ <b>1,009,217</b>
	<b>Total Fixed Costs</b>	\$ (1,129,242)	\$ (1,241,694)	-9%	\$ 112,452
	<b>Total Claims &amp; Fixed Costs</b>	\$ (2,714,016)	\$ (3,835,686)	<b>-29%</b>	\$ <b>1,121,670</b>

# 2023/2024 PLAN PERFORMANCE REVIEW & RECAP

	Medical and Dental Membership	Yr to Date	2022.2023 Comparison	Annual % Change	Annual #/\$ Change
<b>Plan Recoveries</b>					
	Specific Stop-Loss	\$ 176,434	\$ 701,824	-75%	\$ (525,390)
	<b>Net of Recoveries</b>	\$ 212,678	\$ 751,484	-72%	\$ (538,806)
	<b>Net Plan Paid After Recoveries</b>	\$ (2,501,338)	\$ (3,084,202)	-19%	\$ 582,864
	Amount Over Contributions	\$ 651,690	\$ (77,154)	-945%	\$ 728,844
<b>EBT's Funded Liabilities After Employee Contributions and Recoveries</b>					
	Employee Contributions	\$ 474,282	\$ 443,858	7%	\$ 30,424
	Claims and Fixed Cost Distributions	\$ (2,714,016)	\$ (3,835,686)	-29%	\$ 1,121,670
	Recoveries	\$ 212,678	\$ 751,484	-72%	\$ (538,806)
	<b>EBT's Funded Liabilities</b>	\$ (2,027,056)	\$ (2,640,344)	-23%	\$ 613,288
	<b>% of Total Paid by EBT</b>	75%	69%	9%	
	<b>IBNR</b>	\$ -			

# 2024/2025 YTD PLAN PERFORMANCE SUMMARY

- July's paid claims and fixed costs were \$596K
- August's paid claims and fixed costs were \$431K
- **Total YTD claims and fixed costs are \$1.027M**
- As noted earlier, 2024/2025's annualized cost projections at \$6.12M are widely overstated because of the rollover in Siarmed claims into the 2024/2025 plan year
- 2024/2025's paid claims costs will likely end up higher than 2023/2024's because of Siarmed's claims, but CBIZ expects the remainder of the plan year's claims to normalize, absent any fluctuations in high-cost claimants.

# 2024/2025 YTD PLAN PERFORMANCE SUMMARY

- September's claims (not yet reported on the Dashboard) are approximately \$190K, which is higher than 2023/2024's monthly average, but those numbers now include Siarmed's claims and the high-cost claimant's claims.

# 2024/2025 YTD PLAN PERFORMANCE RECAP

Medical and Dental Membership				Annualized	2023.2024 Comparison	Annual % Change	Annual #/\$ Change
	July	August	Yr to Date				
<b>Total Enrolled Medical</b>	313	316	629	3,774	3,607	5%	167
<b>Total Enrolled Dental</b>	316	315	631	3,786	3,572	6%	214
<b>Plan Contributions</b>							
<b>Subtotal Contributions Medical</b>	\$ 267,139	\$ 269,038	\$ 536,178	\$ 3,217,066	\$ 381,529	743%	\$ 2,835,537
<b>Subtotal Contributions Dental</b>	\$ 14,080	\$ 14,043	\$ 28,123	\$ 168,740	\$ 49,959	238%	\$ 118,781
<b>Actual Contributions</b>	\$ 281,219	\$ 283,082	\$ 564,301	\$ 3,385,806	\$ 431,488	685%	\$ 2,954,318
<b>Employee Contributions</b>							
<b>Subtotal Contributions Medical</b>	\$ 35,970	\$ 35,715	\$ 71,685	\$ 430,107	\$ 381,529	13%	\$ 48,578
<b>Subtotal Contributions Dental</b>	\$ 3,629	\$ 3,629	\$ 7,257	\$ 43,542	\$ 48,394	-10%	\$ (4,852)
<b>Actual Contributions</b>	\$ 39,598	\$ 39,343	\$ 78,942	\$ 473,649	\$ 429,923	10%	\$ 43,726

# 2024/2025 YTD PLAN PERFORMANCE RECAP

Medical and Dental Membership	July	August	Yr to Date	Annualized	2023.2024 Comparison	Annual % Change	Annual #/\$ Change
<b>Plan Distributions</b>							
Medical Claims US & MX	\$ (275,456)	\$ (246,219)	\$ (521,675)	\$ (3,130,053)	\$ (635,873)	392%	\$ (2,494,180)
Medical Claims Mexico Only	\$ (220,200)	\$ (22,079)	\$ (242,280)	\$ (1,453,678)	\$ (260,641)	458%	\$ (1,193,038)
RX US & MX	\$ (15,457)	\$ (62,522)	\$ (77,979)	\$ (467,873)	\$ (335,731)	39%	\$ (132,142)
RX Mexico Only	\$ (364)	\$ (5,304)	\$ (5,669)	\$ (34,014)	\$ (18,388)	85%	\$ (15,626)
<b>Subtotal Distributions Medical</b>	<b>\$ (511,478)</b>	<b>\$ (336,125)</b>	<b>\$ (847,603)</b>	<b>\$ (5,085,618)</b>	<b>\$ (1,250,632)</b>	<b>48%</b>	<b>\$ 403,029</b>
Dental US		\$ (2,894)	\$ (2,894)	\$ (17,362)	\$ (34,152)	-49%	\$ 16,790
Dental Mexico		\$ (15,597)	\$ (15,597)	\$ (93,581)	\$ (82,323)	14%	\$ (11,259)
<b>Subtotal Distributions Dental</b>	<b>\$ -</b>	<b>\$ (18,491)</b>	<b>\$ (18,491)</b>	<b>\$ (110,944)</b>	<b>\$ (116,475)</b>	<b>530%</b>	<b>\$ 97,984</b>
<b>Total Claims Paid</b>	<b>\$ (511,478)</b>	<b>\$ (354,616)</b>	<b>\$ (866,094)</b>	<b>\$ (5,196,561)</b>	<b>\$ (1,367,107)</b>	<b>280%</b>	<b>\$ (3,829,455)</b>
<b>Runout Med &amp; Rx Claims and Fees from Prior Period</b>	<b>\$ (1,400)</b>	<b>\$ -</b>	<b>\$ (1,400)</b>	<b>\$ (1,400)</b>	<b>\$ (198,750)</b>	<b>-99%</b>	<b>\$ 197,350</b>
<b>Runout Dental Claims and Fees from Prior Period</b>			<b>\$ -</b>	<b>\$ -</b>	<b>\$ (18,917)</b>	<b>-100%</b>	<b>\$ 18,917</b>
<b>Total Claims Paid for Current and Prior Period</b>	<b>\$ (512,878)</b>	<b>\$ (354,616)</b>	<b>\$ (867,494)</b>	<b>\$ (5,197,961)</b>	<b>\$ (1,584,774)</b>	<b>228%</b>	<b>\$ (3,613,187)</b>
<b>Total Fixed Costs</b>	<b>\$ (83,100)</b>	<b>\$ (76,463)</b>	<b>\$ (159,563)</b>	<b>\$ (947,380)</b>	<b>\$ (1,129,242)</b>	<b>-16%</b>	<b>\$ 181,861</b>
<b>Total Claims &amp; Fixed Costs</b>	<b>\$ (595,978)</b>	<b>\$ (431,079)</b>	<b>\$ (1,027,057)</b>	<b>\$ (6,162,342)</b>	<b>\$ (2,714,016)</b>	<b>127%</b>	<b>\$ 3,448,326</b>

# 2024/2025 YTD PLAN PERFORMANCE RECAP

Medical and Dental Membership	July	August	Yr to Date	Annualized	2023.2024 Comparison	Annual % Change	Annual #/\$ Change
<b>Plan Recoveries</b>							
Specific Stop-Loss			\$ -	\$ -	\$ 176,434	-100%	\$ (176,434)
<b>Net of Recoveries</b>	\$ 466.67	\$ -	\$ 467	\$ 2,800	\$ 212,678	-99%	\$ (209,878)
<b>Net Plan Paid After Recoveries</b>	\$ (595,512)	\$ (431,079)	\$ (1,026,590)	\$ (6,159,542)	\$ (2,501,338)	146%	\$ (3,658,204)
<b>Amount Over Contributions</b>	\$ (314,292)	\$ (147,997)	\$ (462,289)	\$ (2,773,736)	\$ 651,690	-526%	\$ (3,425,426)
<b>EBT's Funded Liabilities After Employee Contributions and Recoveries</b>							
Employee Contributions	\$ 39,598	\$ 39,343	\$ 78,942	\$ 473,649	\$ 474,282	0%	\$ (633)
Claims and Fixed Cost Distributions	\$ (595,978)	\$ (431,079)	\$ (1,027,057)	\$ (6,162,342)	\$ (2,714,016)	127%	\$ (3,448,326)
Recoveries	\$ 467	\$ -	\$ 467	\$ 2,800	\$ 212,678	-99%	\$ (209,878)
<b>EBT's Funded Liabilities</b>	\$ (555,913)	\$ (391,736)	\$ (947,649)	\$ (5,685,893)	\$ (2,027,056)	181%	\$ (3,658,837)
<b>% of Total Paid by EBT</b>	93%	91%	92%	92%	75%	<b>24%</b>	
IBNR	\$1,003,116.0		\$ 1,003,116	\$ 1,003,116			

# CBIZ'S POST RENEWAL PREMIUM ADEQUACY REPORT

## City of San Luis

Medical and Pharmacy Premium Adequacy Report For a July 1, 2024 Effective Date  
— Summary —

### Enrollment - July 2024

	<u>PPO 750</u>	<u>EPO Mexico</u>	<u>Total</u>
Employee Only	178	4	182
Employee + Spouse	8	10	18
Employee + Child(ren)	41	9	50
Employee + Family	37	26	63
Total	264	49	313

### 2023 Funding Rates at Expected Liability

	<u>PPO 750</u>	<u>EPO Mexico</u>	<u>Total</u>
Employee Only	\$604.84	\$220.40	\$596.39
Employee + Spouse	\$1,255.16	\$457.32	\$811.92
Employee + Child(ren)	\$1,255.16	\$457.32	\$1,111.55
Employee + Family	<u>\$1,920.04</u>	<u>\$667.80</u>	<u>\$1,403.24</u>
PEPM:	\$909.87	\$549.66	\$853.48
Monthly:	\$240,206	\$26,933	\$267,139
Annual:	\$2,882,470	\$323,202	\$3,205,672

### Forecasted 2024 Rate Action

Expected	20.75%	(Based on CBIZ Expected Liability)
High End	25.75%	
Very High End	36.88%	(Based on Stop Loss Carrier's Maximum Liability)
Low End	15.75%	
Used	20.75%	

Note: At the renewal, CBIZ recommended no increase in the funding rates or monthly tiered rate equivalents because the plan was performing well and there are sufficient claims reserves on hand.

# CBIZ'S POST RENEWAL PREMIUM ADEQUACY REPORT

## Forecasted 2024 Funding Rates based on Expected Liability

	<u>PPO 750</u>	<u>EPO Mexico</u>	<u>Total</u>
Employee Only	\$723.15	\$289.54	\$713.62
Employee + Spouse	\$1,500.68	\$600.79	\$1,000.74
Employee + Child(ren)	\$1,500.68	\$600.79	\$1,338.70
Employee + Family	<u>\$2,295.61</u>	<u>\$877.31</u>	<u>\$1,710.28</u>
PEPM:	\$1,087.85	\$722.11	\$1,030.59
Monthly:	\$287,192	\$35,383	\$322,575
Annual:	\$3,446,299	\$424,599	\$3,870,898

% Change vs. Current:	19.56%	31.37%	20.75%
% Change vs. Implemented:	19.56%	31.37%	20.75%

Revised projections at 19.56% increase.

## Forecasted 2024 Funding Rates at Carrier's Maximum Liability

	<u>PPO 750</u>	<u>EPO Mexico</u>	<u>Total</u>
Employee Only	\$819.77	\$328.23	\$808.96
Employee + Spouse	\$1,701.17	\$681.06	\$1,134.44
Employee + Child(ren)	\$1,701.17	\$681.06	\$1,517.55
Employee + Family	<u>\$2,602.32</u>	<u>\$994.52</u>	<u>\$1,938.78</u>
PEPM:	\$1,233.19	\$818.58	\$1,168.28
Monthly:	\$325,562	\$40,111	\$365,672
Annual:	\$3,906,739	\$481,327	\$4,388,066

% Change vs. Current:	35.53%	48.92%	36.88%
% Change vs. Implemented:	35.53%	48.92%	36.88%

# CBIZ'S POST RENEWAL PREMIUM ADEQUACY REPORT RECOMMENDATION

- The initially forecasted 2024 Expected Funding Rates at the renewal were 20.75% higher than the current, used rates and which are the Final Implemented rates (based on CBIZ's recommendation).
- The final projection calculated in the Premium Adequacy Report includes updated claims through June 2024, July 2024 enrollment, Segal 2024 trends, IBNR adjustment and chronic condition load for the lasers added at the renewal.
- The Final forecasted expected funding PEPM rates decreased by -2.7% from the March 2024 projection to +19.56%. ***As such, CBIZ does not recommend any changes to the rates or funding methodology at this time.***

# CBIZ'S IBNR CALCULATION FOR PLAN QUARTER 1



## City of San Luis

### Medical and Pharmacy Unpaid Claim Reserve (UCR) Report At June 30, 2024

#### I. OVERVIEW

- A. CBIZ has prepared an opinion for City of San Luis regarding their unpaid claim reserve (UCR or Reserve) for their self-funded Medical and Pharmacy (Prescription Drug, Rx) benefit program for their active, retiree, and COBRA population. The unpaid claim reserve is the incurred but not yet reported claims, plus the claims reported but not yet paid by City of San Luis. This reserve is estimated at June 30, 2024 using reported (processed) medical and prescription drug (Rx) claims through August 31, 2024.

City of San Luis provides medical and prescription drug coverage through a self funded plan which is administered by HealthComp. In the determination of the IBNR reserves, Lag reports and monthly reporting was received from HealthComp and the City of San Luis.

- B. Conformity to Standards of Practice: Actuarial methods, considerations and analyses used in the preparation of this report conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis of this opinion.

#### II. RELIANCES AND LIMITATIONS

CBIZ relied on HealthComp and City of San Luis for the accuracy and completeness of all data. CBIZ performed testing to verify the reasonableness and consistency of such data received.

It should be noted the lag tables provided to CBIZ were used for the purpose of analysis and model development. Many estimates are derived from the lag tables following the development method and other methods. Ranges were developed based on the various estimates. The estimate herein is our best estimate with margin.

# CBIZ'S IBNR CALCULATION FOR PLAN QUARTER 1

## III. REFERENCE TABLES ATTACHED

Included in this report herein are the following documents:

### Section

- 2a. Final IBNP Reserve Estimates
- 2b. Incurred Claims Per Enrollee Per Month
3. Medical and Pharmacy Claim Lag Reports and Reserve Development Documentation
4. Supporting Documentation Is Available Upon Request

## IV. ASSETS

CBIZ has not reviewed City of San Luis's assets. It is assumed that City of San Luis has adequate assets to meet all accrued obligations as the noted herein.

## V. MEDICAL AND RX RESULTS AT JUNE 30, 2024

The Actuarial Division of CBIZ Benefits & Insurance Services, Inc. prepared an estimate of the unpaid claim reserve which includes three components: The claims incurred but not yet paid (IBNP), the claims reported but not yet paid (IBNP), and administration expenses to process the incurred but not yet reported claims (IBNR). The IBNR claims will be processed after the valuation date. The methods used in this report conform to the standards as promulgated by the American Academy of Actuaries.

	a	b	c	d	e
Liabilities	Claim IBNR Estimates (Include 10.0% Load)	Expenses to Administer Run- out Claims	Claim IBNR with Run- out Expenses <sup>(1)</sup> [a + b]	Estimated Claims Fully Processed But Not Paid or (Rebates Earned But Not Received) - Accounts Payable	Total [c + d]
Med & Rx	\$952,330	\$24,696	\$977,026	\$26,091	\$1,003,116

# ONGOING AND FUTURE BENEFITS INITIATIVES

- Continue to explore Mexico provider network opportunities; reviewing & comparing a premium based model's costs to prior year's utilization costs with current Mexico network programs are
- Potential direct contracting discussions were underway with Exceptional Community Hospital. Awaiting response to claims encounter data provided previously.
- Exploring a replacement of the current open network dental plan with a carrier administered, network dental plan to extend employees' benefits and drive down costs for the Trust/City; claims repricing underway although one carrier, has declined to reprice claims because of the small volume of claims paid in the U.S. **Note:** This may need to be bid out.

# 2023/2024 TPA CHALLENGES & PERFORMANCE ISSUES

- Issues with accuracy of information on Dashboard report; setup of reports seems to have been done poorly and requested changes for 2024/2025 not done.
- Omission of Stop-loss insurance recoveries throughout the plan year led to an overstatement of plan costs; these omissions were discovered after the plan year ended and the Dashboard was amended to reflect them; incorrect information was provided to the EBT's auditors and correct information had to be resent to the auditors after their initial audit.
- Inconsistencies with claims reports delaying the renewal Funding Projection calculations process.

# 2023/2024 TPA CHALLENGES & PERFORMANCE ISSUES

- Improper set up of claims system resulted in underpayment of claims to Siarmed despite several attempts by Siarmed to resolve the underpayments
- Subsequent oversight of non-paid dental claims required Siarmed to contact the TPA to make them aware of this, again delaying payments to Siarmed.
- Lack of responsiveness and timeliness in providing reporting to CBIZ by the TPA.
- Lack of responsiveness and timeliness in responding to questions, inquiries and issues.
- Lack of follow through on the resolution of issues.
- Issues with some providers filing claims incorrectly and no follow-up by TPA to ensure resolutions.



## AGENDA ITEM REVIEW FORM

### Employee Benefit Trust Board Meeting

4. A.

**Meeting Date:** 10/16/2024

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

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

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#### ITEM:

Discussion and possible action to hold an executive session pursuant to A.R.S. § 38-431.03(A)(2), (3), and (4) on any and all matters regarding certain claims under the Employee Benefits Plans and discussion or consultation for legal advice with the City Attorney. (**Kay Marion Macuil, City Attorney**)

#### SUMMARY:

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

#### RECOMMENDATION / SUGGESTED MOTION:

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

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#### Fiscal Impact

#### Fiscal Impact:

N/A

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## AGENDA ITEM REVIEW FORM

### Employee Benefit Trust Board Meeting

4. B.

**Meeting Date:** 10/16/2024

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

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

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#### ITEM:

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 in order to consider the Trustees' position and instruct the City Attorney regarding negotiation or settlement of the subrogation case. **(Glenn Gimbut, Assistant City Attorney)**

#### SUMMARY:

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

#### RECOMMENDATION / SUGGESTED MOTION:

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

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#### Fiscal Impact

#### Fiscal Impact:

N/A

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