



City of Goodyear

See meeting location
below

Meeting Minutes

Self-Insured Healthcare Trust Board

Wednesday, March 14, 2018

2:00 PM

City Hall, Room 230
190 N. Litchfield Rd.
Goodyear, AZ 85338

1. CALL TO ORDER

Chairman Balsan called the meeting to order at 2:05 p.m.

2. ROLL CALL

Present: 5 - Chairman Balsan, Vice Chairman Foster, Secretary Preyer-Bonton, Boardmember Newcomer and Boardmember Sandstrom

Staff Present: Human Resources Director Lyman Locket, Total Compensation and Organizational Development Manager Jeanni Ruddy and Finance Manager - Financial Services Jared Askelson

Others Present: Cigna Representative Erica Emmons and Leavitt Group Representatives Rick Shuckerow and Rory Housley

3. APPROVE MINUTES

- 3.1 [MINUTES](#) Approve draft minutes from the Self-Insured Healthcare Trust Board meeting held
[2018-19](#) on December 13, 2017.

MOTION BY Chairman Balsan, SECONDED BY Vice Chairman Foster, to APPROVE draft minutes from the Self-Insured Healthcare Trust Board meeting held on December 13, 2017. The motion carried by the following vote:

Ayes: 5 - Chairman Balsan, Vice Chairman Foster, Secretary Preyer-Bonton, Boardmember Newcomer and Boardmember Sandstrom

4. CITIZENS COMMENTS/ APPEARANCES FROM THE FLOOR

None.

5. OLD BUSINESS

None.

6. NEW BUSINESS

- 6.1 Wellness Clinic Tour

The attendees toured the Wellness Clinic. Members returned to the meeting and started again at 2:31 p.m.

6.2 FY18 Claims Experience

Cigna Representative Erica Emmons presented a claims overview, providing details on claims by month and claims exceeding \$25,000 report and loss ratios.

6.3 Financial Overview

Finance Manager - Financial Services Jared Askelson provided Statement of Sources, Uses and Changes in Net Assets. The report showed \$2.4M net assets generated, but he warned that revenues are immediate, but liabilities continue to generate. \$2.9M may be reached by the end of the year.

6.4 Review health plan renewal information and city's recommendation for FY18-19 health premiums

Leavitt Group Representative Rick Shuckerow provided handouts of the actuarial report, including premium equivalent projections for the policy year of July 1, 2018-June 30, 2019, as well as reserve methodology from Leavitt Group's Chief Actuary, Rory Housley, who conference called into the meeting.

Calculations utilized incurred and paid claims from the last fiscal year and self-funded claims to project premium equivalent needs for July 1, 2018-June 30, 2019. The projection incorporated a standard 10% trend for medical costs as well as pharmaceutical costs, which are trending higher than medical. Mr. Housley's actuarial analysis has determined that current funding is sufficient to meet estimated liabilities. His recommendation is to hold rates as they are. This report included the most recent 12 months of claims data and projected those forward with trend assumptions. Fixed costs were also included in the projection.

Chairman Balsan asked about the potential of a claims stabilization fund. Boardmember Sandstrom identified that the trust requires a reserve IBNR (Insured but not reported), two months claims experience, which equates to about \$2.5M. The reserve is normally built up over several years.

An IBNR estimate was provided. The estimate considers claims that are "incurred but not paid" prior to July 1, 2018. The IBNR, with 15% margin, gives an estimate of claims outstanding or outstanding liability. Typically, the largest liability is in the last two-to-three months, and the trust is in place to ensure reserves are adequate. The report provided uses the Claim paying timing pattern for the Cigna book of business.

PPO dental loss ratios were also reviewed. The projected costs for Dental coverage is below current premium. Dental costs are more stable and predictable than medical due to the annual maximum benefit. Overall, due to how well the plan is currently running and projected to run in the upcoming year, the reserves should build quicker than normally experienced. Mr. Housley recommended to hold the current rates.

The board reviewed health plan renewal information and the city's recommendation for FY18-19 renewal premium.

MOTION BY Chairman Balsan, SECONDED BY Vice Chairman Foster, to maintain the current rates. The motion carried by the following vote:

Ayes: 5 - Chairman Balsan, Vice Chairman Foster, Secretary Preyer-Bonton, Boardmember Newcomer and Boardmember Sandstrom

6.5 Delegation of authority for investing funds to the Finance Director

Boardmember Sandstrom advised that investing of reserve funds and trusts are to 100% secure federally-backed and 100% AAA-rated bonds. We are receiving returns of 1.7%. This is a relatively safe investment strategy.

MOTION BY Chairman Balsan, SECONDED BY Vice Chairman Foster, to DELEGATE authority for investing funds to the Finance Director. The motion carried by the following vote:

Ayes: 5 - Chairman Balsan, Vice Chairman Foster, Secretary Preyer-Bonton, Boardmember Newcomer and Boardmember Sandstrom

6.6 Delegation of authority for the appeals process to Cigna

Ms. Emmons explained that Cigna has managed the standard for appeals process as CMS (Centers for Medicare & Medicaid Services) directs it. Cigna can manage administrative and medical appeals and meet ACA (Affordable Care Act) requirements. They have relationships with three external review organizations, which would perform reviews. The city would receive pass-through costs for reviews ranging from \$400 to \$3000.

MOTION BY Chairman Balsan, SECONDED BY Vice Chairman Foster, to DELEGATE authority for the appeals process to CIGNA. The motion carried by the following vote:

Ayes: 5 - Chairman Balsan, Vice Chairman Foster, Secretary Preyer-Bonton, Boardmember Newcomer and Boardmember Sandstrom

7. **INFORMATION ITEMS**

The next meeting will be held on Wednesday, July 18, 2018, at 2:00 p.m. at City Hall.

8. **ADJOURNMENT**

There being no further business to discuss, Chairman Balsan adjourned the meeting at 3:21 p.m.

Respectfully Submitted by:

Lyman Locket, Human Resources Director

Michael Balsan, Chairman

Date: _____