



## City of Goodyear

See meeting location  
below

### Meeting Minutes

#### Self-Insured Healthcare Trust Board

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Wednesday, December 5, 2018

11:30 AM

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

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#### 1. CALL TO ORDER

Vice Chairman Foster called the meeting to order at 11:37 a.m.

#### 2. ROLL CALL

**Present:** 4 - Vice Chairman Foster, Secretary Preyer-Bonton, Boardmember Sandstrom and Boardmember Newcomer

**Excused:** 1 - Chairman Balsan

**MOTION BY Secretary Preyer-Bonton, SECONDED BY Vice Chairman Foster, to EXCUSE Chairman Balsan from the meeting. The motion carried by the following vote:**

**Ayes:** 4 - Vice Chairman Foster, Secretary Preyer-Bonton, Boardmember Sandstrom and Boardmember Newcomer

**Excused:** 1 - Chairman Balsan

Staff Present: Human Resources Director Lyman Locket, Total Compensation and HRIS Manager Jeanni Ruddy and Finance Manager Jared Askelson

Others Present: CIGNA Strategic Account Executive Erica Emmons, Leavitt Group Managing Principal Rick Shuckerow and Leavitt Group Account Manager Heather White

The meeting recessed for lunch.

Vice Chairman Foster reconvened the meeting at 11:57 a.m.

#### 3. APPROVE MINUTES

[MINUTES](#) Approve draft minutes from the Self-Insured Healthcare Trust Board meeting held  
[2018-75](#) on August 22, 2018.

**MOTION BY Boardmember Newcomer, SECONDED BY Boardmember Sandstrom, to APPROVE the draft minutes from the Self-Insured Healthcare Trust Board meeting held on August 22, 2018. The motion carried by the following vote:**

**Ayes:** 4 - Vice Chairman Foster, Secretary Preyer-Bonton, Boardmember Sandstrom and Boardmember Newcomer

**Excused:** 1 - Chairman Balsan

**4. CITIZENS COMMENTS/ APPEARANCES FROM THE FLOOR**

None.

**5. OLD BUSINESS**

None.

**6. NEW BUSINESS**

**6.1 FY19 Claims Experience**

Rick briefed on the Medical & Rx Plans Report Package handout. Identified that City of Goodyear offers 3 plans options to members and the 250K stop loss has not been hit. Loss ratios total 76% with the HSA \$1300 notable at 109%. Overall 76% is positive and leaves enough funds to cover. This plan will be watched and costs share may need to increase in the future. There was discussion on the reasons behind high loss ratios for the HSA \$1300. Erica identified that sicker, higher utilizers have likely selected HSA \$1300 plan over the HMO. Rick briefed that the surplus continues to show positive at \$671K. Claim costs increased from \$415 in July to \$503K in October. Administrations costs are \$355K. Per Enrollee Per Month (PEPM) inpatient is -4% and outpatient -3% but rolling 12-months inpatient is up 41%. PEPM urgent care cost is \$5.55 and \$74.55 for Emergency Room (ER) -Hospital. This can be brought down by Urgent Care versus ER utilization. Pharmacy brand prescription costs exceed the book of business and can be decreased by steering to generics. Looking at pharmacy Top 20 drugs management services should focus on conditions which are controllable or preventable, i.e. pain management and diabetes, to assist cost control. Members discussed medical pharmaceutical marketing procedures and costs as well as demand driven from advertising directly to patients. Erica mentioned Cigna has looked at removing compounded items from the formulary, as well as incentivizing providers for prescribing generics. The report on highest cost claimants was reviewed and two claimants are near the pooling point of \$250K. Lyman added that wellness programs just opened to employee dependents as their behaviors also drive the cost if case.

Erica discussed the information provided in Cigna's Consultative Analytics Summary (Medical/Rx). The spend and trend contribution identified catastrophic (4%) as largest contributor to total 5.6% per member per year trend. Medical is 6.4% and Pharmacy is 4.0%. Well visits are 5.4% and hypertension and hyperlipidemia compliance with evidence based medical guidelines below the norm with 24% of the members having a chronic condition(s). Finally, Erica covered observations including opportunity for more members to use Cigna Care Designated providers and low physical completion at 27.5%. Boardmember Sandstrom asked about the ability to retrieve wellness data from the clinic and Erica provided the options. Urgent care exceeded the norm by 6% and telehealth will support

steering members appropriately. Diabetes prevention program services was recommended as well as more promotion of the Healthy Pregnancies Health Babies program as only 1 of 14 completed pregnancies participated. Jeanni added that these may be spouses of staff who are more challenging to reach but it will be looked into. Recommendations for pharmacy included a generics incentive, member pay or mandatory generics, 30 day supply limit for specialty drugs, exclusive specialty home delivery fill first and value prescription drug list. Discussion of 100% coverage of colonoscopies to assist with screening was also discussed as it is unlikely individuals would abuse this benefit and it may increase compliance. In addition, Rick asked how many cities have adopted the pharmacy recommendations. Erica shared that no employer has mandatory generics some do use member pay difference, many are considering the 30-day supply limit for specialty drugs as a 90-day filled supply can go unused if adjustments are made to new prescriptions. About half use the specialty home delivery fill first and Cigna's program offers patient's clinician support from providers trained on the specialty drugs which enhances adherence and engagement. Finally approximately 30% have a high valued drug list.

## 6.2 Financial Overview

Net assets are positive. With incurred but not reported claims included in end of period net assets are \$3.6M and we are meeting our total reserve requirement of \$3.5M.

## 6.3 Plan Design Discussion

Jeanni advised that city's Insurance Committee has been meeting. Information will be coming for discussion at the next meeting. A survey is planned to go out to city employees to better understand employees' needs. Currently the city offers two HSA Plans and one HMO plan to employees. Erica shared that many city's offer three plans only one offers a single plan which is not recommended. Plan types and elements vary including HMO, PPO, 50/50 cost sharing, lower deductible, 80/20 and co-pays. Jeanni added that as the city's high and low deductible plans are getting closer we may have to rethink plans. Jeanni identified that for the family plans the difference is \$20 a paycheck. The survey will ask employees how they would like to improve the plan. Premium rate and plan design will be discussed at the next meeting.

Due to previous commitments Erica and Richard departed the meeting at 1:34 p.m.

## 6.4 Self-Funding Design / Carve-outs

Rick identified that as self-funded, the city is able to carve out certain service areas like pharmacy and Third Party Administration (TPA) that are likely worth the research. Competitive TPAs are more work but can save over current costs. Pharmacy has potential for up to \$300K in savings as the rebate Cigna is capturing can come back to the city. While coordination is less effective with the carve outs there are benefits including focused claim adjudication. Lyman asked to prioritize the two for cost savings and minimal disruption to members and pharmacy was identified as the first priority. It would provide transparency not currently available and the TPA will cause more disruption for employees. It was noted that the Cigna network can be rented. Board member Sandstrom requested informal bids be acquired for both pharmacy and TPA along with a menu of services. Rick will look at available

options and bring back information at the next meeting.

**7. INFORMATION ITEMS**

None.

**8. NEXT MEETING**

The next meeting is set for January 23, 2019 at 1:30 p.m.

**9. ADJOURNMENT**

There being no further business to discuss, Vice Chairman Foster adjourned the meeting at 1:30 p.m.

Respectfully Submitted by:

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Lyman Locket, Human Resources Director

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Michael Balsan, Chairman

Date: \_\_\_\_\_