



## City of Goodyear

See meeting location  
below

### Meeting Minutes

#### Self-Insured Healthcare Trust Board

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Tuesday, March 5, 2019

2:30 PM

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

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#### 1. CALL TO ORDER

Chairman Balsan called the meeting to order at 2:34 p.m.

#### 2. ROLL CALL

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

Vice Chairman Foster participated telephonically.

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

Others Present: Rick Shuckerow (Managing principal, Leavitt Group Benefits Service of Arizona)

#### 3. APPROVE MINUTES

[MINUTES](#) Approve draft minutes from the Self-Insured Healthcare Trust Board meeting held  
[2019-17](#) on December 5, 2018.

**MOTION BY Boardmember Sandstrom, SECONDED BY Chairman Balsan, to APPROVE the minutes from the Self-Insured Healthcare Trust Board meeting held on December 5, 2018.**

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

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

None.

#### 5. OLD BUSINESS

None.

#### 6. NEW BUSINESS

## 6.1 FY19 Claims Experience

Mr. Shuckerow discussed the Medical and Prescription plans report package covering July 2018 through February 2019. Highlighted were loss ratios for each of the plans with the Health Savings Account (HSA) \$1350 plan running at 107%. The HSA is not at breakeven with \$1.07 spent on claims for every dollar of premium. Overall loss ratios for all plans is 78%, which has been steady. The Cigna Medical Group HMO and the HSA \$2400 plans are running well. Boardmember Sandstrom asked if there was something specific driving the spending. It was explained that there is not one particular area. Ms. Ruddy added that the \$1350 plan provides a bigger network with more flexibility, leading some of the higher utilizers to that plan. The Rating projects out to a 9% decrease in premium effective July 1, 2019. The regional trend is projected at 6% decrease, which is positive for the city of Goodyear to be better than the regional trend. Report provided gross monthly claims, a snapshot of the health plan claims, and top place of service. Pharmacy prescription utilization showed where the most significant potential to decrease costs with plan payments exceeding the book of business per member by \$35 and per employee \$284 cost versus \$160 for benchmarked pharmacy costs. Mr. Shuckerow explained that Cigna does not allow a pharmacy carve-out for clients with under 500 employees, and Goodyear is on the border. Cigna will still make a profit from claims administration and carving out pharmacy will enable rebates, currently retained mostly by Cigna, to come to the city. Spending on Top 20 drugs averaged \$1.8M, and cost reductions will be case by case. High-cost claimants total cost is \$3.4M, including high pharmacy costs. Chairman Balsan asked about what can be done for emergency room costs, and Mr. Shuckerow explained the challenge with ERs is they are not part of the hospital. As privately-owned entities, they are currently billing at 300% to 600% of Medicare. He stated that overall the account is stable and an underwriter's dream and this stability will help with obtaining reinsurance.

## 6.2 Financial Overview

Mr. Askelson briefed the financial overview covering through February 28, 2019. There was \$6.4M in contributions and investment income, \$4.5M in claims resulting in a positive net increase of \$1.865M. When including incurred but not reported, the restricted reserve is \$4.7M, well above the \$3.5M reserve requirement.

## 6.3 Proposed Plan Designs/Cost Discussion

Ms. Ruddy provided a summary of the alternative plan designs. Working with Mr. Shuckerow, they used employee feedback to develop the proposed plans. The HMO expanded network plan provides a broader network at a slightly lower cost. The second option is a High Deductible Health Plan (HDHP) with Health Savings Account. This combines the current HDHP HSA Low and High deductibles. There will be a slight increase in the deductible for the low plan members, but cost per pay period remains stable or slightly decreases. Many employees requested a PPO option, which is the third proposal. This plan brings increases to pharmacy and copays, but no referral is required. There is a more extensive network than the Cigna Medical Group HMO plan. Hearing aids and medically necessary vein coverage has been added to all plans.

The City Manager and deputy city managers will make the decision on which plans to select with input from the Trust Board and the Insurance Committee. Mr. Shuckerow added that the three options presented provide the three primary mechanisms for delivering healthcare. Boardmember Sandstrom asked about the level of employee understanding on plan benefits specifically with HSA. Ms. Ruddy advised that more time will be spent educating employees on HSA and other plans with Cigna supporting that education. Discussion continued on plan differences and if any efforts will be made to direct employees toward a particular plan. Mr. Locket advised that steering toward plans would not be done, only education.

#### 6.4 Stop Loss Quotes

Mr. Shuckerow presented the stop-loss quotes. The information provided was at 12/12, but he will be gathering 24/12 quotes, which would alleviate challenges due to ongoing claims costs. 24/12 quotes are expected to bring insignificant cost increases. All quotes are pending large claims reviews. The quotes presented differ in a few ways. Cigna's numbers are pooled with their entire book of business, and other vendors consider actual claims data for the expected costs. Max cost quotes for renewal vary by \$2M, and this is where savings can be realized. Boardmember Sandstrom questioned the \$250K stop-loss coverage level, identifying that a few large claims could eat it up. Three of the five quotes are for larger amounts: \$300K and \$350K. Mr. Shuckerow briefed on the administrative services quotes, identifying an \$85K savings which, when considering the potential disruption for employees, is not significant enough savings to make the change. He recommended keeping Cigna in place for administrative services.

#### 6.5 Pharmacy Benefit Management (PBM) Quotes

Pharmacy Benefit Management (PBM) pricing comparisons were reviewed. A discussion was held on carving out the Pharmacy. Mr. Shuckerow reviewed the four vendor quotes as well as benefits and challenges of each, including flexibility, account support and local presence. Two vendors will meet with the city over the next two weeks to discuss their proposals. There are potential savings of over \$500K+ if the city goes to a PBM instead of Cigna.

### 7. INFORMATION ITEMS

None.

### 8. NEXT MEETING

The next meeting is scheduled for March 29, 2019 at 2:30 p.m.

### 9. ADJOURNMENT

There being no further business to discuss, Chairman Balsan adjourned the meeting at 3:45 p.m.

Respectfully Submitted by:

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Lyman Locket, Human Resources Director

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Michael Balsan, Chairman

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