

**DRAFT MINUTES OF THE TOWN OF GILBERT, ARIZONA SELF-INSURED TRUST BOARD OF TRUSTEES MEETING FOR HEALTH INSURANCE BENEFITS AND WORKERS' COMPENSATION FUNDS**

**VIA WEBEX, GILBERT, ARIZONA**

**January 27, 2021**

---

**MEMBERS PRESENT:** Anthony Panepinto, Chairman

Kelly Pfof  
Lindy Mitchell  
Mary Dellai

**MEMBERS ABSENT:** Vacant

**COUNCIL LIAISON:** Council Member Kathy Tilque - Present

**STAFF PRESENT:** Kristen Drew, Deputy Chief People Officer - Benefits  
Donna Pedrera, Sr. Human Resources Analyst  
Christine Lloyd, Benefits Analyst WC  
Denise Chavez, Benefits Specialist  
Nathan Williams, Chief People Officer  
Carlos Lamkin, Budget Analyst  
Anthony St. George, Accounting Supervisor  
Tanya Wright, Accounting Manager  
Nicholas Baldelli, Accounting Supervisor

**GUESTS PRESENT:** Stephen Doyle, Willis Towers Watson  
Lindsey LaRue, Willis Towers Watson

**1. Call to Order**

Chairman Panepinto called the meeting to order at 5:04 PM.

**2. Roll Call**

Ms. Pedrera called roll and a quorum was declared.

**3. Communication from Citizens**

None

**4. Review of Board Updates**

*Discussion only.*

Ms. Drew updated the Board on Council action in December to update the Health and Workers' Compensation Trusts to reflect falling under one Board, the Self-Insured Trust Board. The two trusts remain separate but the change allows for one agenda and one set of minutes. The other change was directed by the Industrial Commission of Arizona, the agency who oversees workers' compensation insurance for the State of Arizona. They require the Council Member to be a Liaison rather than a voting member. There were no other substantive changes to the Trust documents.

**5. Update of COVID-19 Impacts**

*Information and Discussion only.*

Ms. Drew reviewed information from the Aetna report on Covid impacts to the plan. To date there is \$444K associated with Covid-related claims costs, with 225 confirmed diagnoses. Ms. Drew reported that this information is as of November and we know there was a surge in cases in December and January, which will we see in the April report. Staff also tracks positive employee cases in regard to sick leave usage, and reports 223 positive cases to date.

Ms. Drew gave an update on vaccine status. State and County are both in Tier 1B, although with different priorities. Tier 1A included Fire first responders, and all that chose to participate have received both vaccine doses. Tier 1B includes Law Enforcement and select Court and Prosecutor employees. The State vaccine locations are open to 65 and older, but the County locations have only opened for 75 and older. Gilbert has a team working on vaccines daily, to identify the most efficient way to deliver vaccine to our employees. Options currently being worked on include Fire establishing a closed POD (point of distribution) for Tier 1B, utilizing CVS pharmacies, and/or Banner Occupational Health for onsite vaccine clinics. CVS and Banner were the options for our Flu vaccine clinics, and would be ideal. All options are waiting on State and County approval and vaccine supply. All options will follow County Tier priorities.

**6. Review of Plan Dashboard***Information and Discussion only.*

Mr. Doyle reviewed highlights from the plan dashboard as of November 2020, noting that plan is running at 99% of accrual with an increase in members by 4%. Mr. Doyle pointed out that while medical costs are down, pharmacy costs have increased. Also administrative fees are down, but stop loss insurance fees are up. Mr. Doyle continued the report by reviewing the large claims list and the likelihood of continued costs for each. The number of large claims is up, but the average amount of each large claim is down. Several have already reached the stop loss threshold, so the fund will receive stop loss reimbursements. A couple of large claims are identified as ongoing, year-over-year, with specialized pharmacy costs. Two large claims are affected by Covid, one as the primary diagnosis, another as an additional diagnosis to an existing condition. Mr. Doyle reiterated that comorbidities and chronic conditions affect the large claims.

**7. Review of Health Trust Financial Reports***Discussion and Possible Motion.*

Mr. Baldelli presented the revised unaudited financial statements as of December 31, 2020. The fund was stable with \$8.1M in Medical and \$1.2M in Dental. There were no major fluctuations to report.

Ms. Pfof motioned to approve the financial statements as of December 31, 2020 and Ms. Dellai seconded the motion. The motion passed 4 – 0.

**8. Review of Plan Recommendations for FY22***Discussion and Possible Motion.*

Mr. Lamkin reviewed the Budget Model for both Health and Dental funds and discussed claims trends, and forecasts based on those trends. The model shows a need for a premium increase in the medical fund and a premium decrease in the dental fund.

Ms. Drew went on to discuss plan recommendations for FY22, explaining that each year staff evaluates suggestions from employees, reviewing potential costs, whether the item is typically standard on plans, and what our peers are doing on those items. They consult the broker and the third-party administrator (TPA) for guidance as well. The first item to consider is adding gender affirming surgery. Staff has been evaluating this benefit for a couple of years. It is standard on most plans, including those of several peer organizations. The anticipated cost is low in relation to annual claims, and is projected at \$75K. Other items related to this service, such as counseling and hormone replacement therapy are already covered on the plan.

Mr. Panepinto motioned to approve staff's recommendation based on the minimal financial impact to the fund, and Ms. Pfof seconded the motion. The motion passed 4 – 0.

The second item is egg freezing and infertility assistance, which has an estimated cost of \$200K. Staff acknowledges the value of this benefit to our members, and anticipates it would be utilized by several members. Several innovative organizations offer this benefit and staff will be doing additional research with the broker and TPA to fully evaluate the options and financial impact and will defer this item to the future.

In reviewing premium recommendations, Ms. Drew reiterated that the plan has not increased rates in four years. On average, rates increase 6 – 10% annually, and rates this year are increasing 6 – 7% on average, including with several of our peer organizations. The increase in large claims, pharmacy costs, and stop loss fees is affecting the minimum fund balance, and prompting the need for a modest 3% increase in medical premiums. This is lower than the national and local averages and the impact to full-time employees is as follows:

Medical Plan	FTE Monthly	Current Rate	3% Increase	New Rate
Banner Select	Employee only	\$46.72	<b><i>\$1.40</i></b>	<b><i>\$48.12</i></b>
	EE & Family	\$132.63	<b><i>\$3.98</i></b>	<b><i>\$136.61</i></b>
Preferred	Employee only	\$113.45	<b><i>\$3.40</i></b>	<b><i>\$116.85</i></b>
	EE & Family	\$322.11	<b><i>\$9.66</i></b>	<b><i>\$331.77</i></b>

In reviewing the Dental fund, we see a surplus in that fund over the minimum required balance. We anticipate a slight increase in claims as members go back to appointments following Covid closures, however we still anticipate a surplus. Staff is recommending a 5% decrease of dental premiums to bring the dental fund down to required levels. The savings to dental members is as follows:

FTE Monthly Dental	Current Rate	5% Decrease	5% New Rate
Employee	\$8.08	<b><i>\$(0.40)</i></b>	<b><i>\$7.68</i></b>
Emp & Family	\$22.87	<b><i>\$(1.14)</i></b>	<b><i>\$21.73</i></b>

Mr. Panepinto acknowledged that rates have not increased in four years, and that the recommended increase is less than the national average.

Ms. Dellai motioned to approve the 3% increase to medical premiums and 5% decrease to dental premiums, and Ms. Mitchell seconded the motion. The motion passed 4 – 0.

**9. Staff Update and Future Health Trust Agenda Items**

*Information and Discussion only.*

Ms. Drew reported that open enrollment for Flexible Spending went as anticipated. There was an 8% increase in FSA participation and a 49% decrease in Dependent Care participation. That decrease represents about 12 people and is expected as fewer people are utilizing daycare right now.

Erica Brown is the new Wellness Coordinator and she will be joining Team Gilbert on February 8, 2021. She is highly qualified and will work closely with departments, as well as Safety and Work Comp areas. She will attend future meetings to update the Board on wellness efforts and impacts.

Ms. Drew reminded the Board of the Attain Apple Watch program that was presented at the last meeting. This program is scheduled to launch February 1, 2021, and is an exciting way to engage employees and dependents in healthy activities. This program utilizes wellness funds and they are only used when the member is reaching their wellness goals.

The scheduled meetings for February 24, 2021, and March 24, 2021 will remain on the schedule in the event Stop Loss insurance quotes are available for review, otherwise the next meeting of the Self-Insured Trust Board will be April 28, 2021, and include agenda items such as Quarterly Financial Reports, Quarterly Plan Dashboard, Covid Update, and Stop Loss Quote Review.

**10. Approval of Minutes of Prior Meeting**

*Discussion and Possible Motion.*

Mr. Panepinto noted a couple of minor typo errors and Ms. Dellai motioned to approve the minutes of October 28, 2020. Mr. Panepinto seconded the motion. The motion passed 4 – 0.

**11. Review of Workers' Compensation Quarterly Reports**

*Discussion only.*

Ms. Lloyd reviewed the information for the Worker's Compensation program and reported on the Injury Leave use for CY 2020, which was comparable to CY 2019. She also reviewed cost of claims for 2019 compared to 2020, which was also comparable at approximately \$1.5M. She shared monthly claim amounts, and that we have no major claims of concern at this time.

**12. Review of Workers' Compensation Financial Reports**

*Discussion and Possible Motion.*

Mr. Baldelli reviewed the unaudited Financial Statements as of December 31, 2020. He noted that since this is the first year of the fund, the statements are comparing current quarter to last quarter, as opposed to current quarter to previous year. The net position of the fund is \$962K and anticipated to be at approximately \$2M by year end. There are no major fluctuations to report.

Ms. Pfost motioned to approve the Financial Statements as of December 31, 2020, and Ms. Mitchell seconded the motion. The motion passed 4 – 0.

**13. Review of Injury Leave and Staff Recommendation**

*Discussion and Possible Motion.*

Ms. Drew briefed the Board on the Injury Leave program, including the minimum legal requirements and the additional benefit offered to employees of injury leave to keep the employee without loss of pay for up to 12 weeks in a rolling 12 month period. Gilbert has a very good Return to Work program in which we accommodate the employee's work restrictions, to keep them engaged in the workforce, either in their own department or another area of the Town. If and when an employee exhausts Injury Leave, they are still required to receive 66 2/3 of the average monthly wage set by the ICA. This was paid by the insurance company when fully insured, and will now be paid by our TPA, Corvel, and charged to the Workers' Compensation Fund as part of claims costs. There is no change to the employee.

Staff looked at other organizations in regard to Injury Leave policies and they vary greatly. There is no current concern nor recommendation from staff to make any change, however staff will continue to monitor legislation that could have long-term impacts. Any future concerns will be brought back to the Board for discussion and possible action.

**14. Staff Update for Worker's Compensation and Future Workers' Compensation Agenda Items**

Discussion only.

Ms. Drew shared that staff is tracking Covid-related claims to Workers' Compensation and there are currently three, of which none have yet been approved. Staff, including the new Wellness Coordinator will work with the Safety Analyst on ways to proactively prevent injuries, such as sprains and strains. Staff will be updating employees quarterly in regard to the status of Workers' Compensation Fund along with Health Fund information, in continuing efforts to offer a broader perspective of these benefits, and their connections to each other. Lastly, staff is working with the ICA on options to remove the Letter of Credit requirement for the plan. Staff anticipates further information on this in October 2021.

**15. Adjournment**

Mr. Panepinto adjourned the meeting at 6:46 PM.

---

Anthony Panepinto, Chairman

ATTEST: \_\_\_\_\_

Kristen Drew  
People Team, Deputy Chief People Officer