

**DRAFT MINUTES OF THE TOWN OF GILBERT, ARIZONA SELF-INSURED TRUST FUND FOR HEALTH INSURANCE BENEFITS BOARD OF TRUSTEES MEETING  
VIA MICROSOFT TEAMS, GILBERT, ARIZONA  
April 27, 2022, 5:00 P.M.**

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**MEMBERS PRESENT:** Anthony Panepinto, Chairman  
Kelly Pfof  
Lindy Mitchell  
Mary Dellai  
Constance Lemere

**MEMBERS ABSENT:** N/A

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

**STAFF PRESENT:** Kristen Drew, Deputy Chief People Officer  
Shawn Irula, Total Rewards Manager  
Donna Pedrera, Sr. Benefits Analyst  
Christine Lloyd, Workers' Comp Benefits Analyst  
Erica Brown, Wellness Coordinator  
Nicholas Baldelli, Accounting Supervisor  
*\*Staff noted above either spoke or presented - Other staff may be in attendance.*

**GUESTS PRESENT:** Stephen Doyle, Willis Towers Watson  
Alexa Williams, Willis Towers Watson  
Theresa O'Brien, Willis Towers Watson

**1. Call to Order**

Chairman Panepinto called the meeting to order at 5:01 PM.

**2. Oath of Office**

Ms. Pedrera administered the Oath of Office to Constance Lemere for term ending September 30, 2023.

**3. Roll Call**

Ms. Pedrera called roll and a quorum was declared.

**4. Communications from Citizens**

*None*

**5. Elect New Chair/Co-Chair**

This item was tabled until next quarterly meeting due to the recent appointment of a new board member.

**6. Update on COVID-19 Impacts**

*Information and Discussion only.*

Ms. Irula reviewed information from the Aetna report on Covid impacts to the Plan. Since the start of the pandemic, the plan has accumulated approximately \$2.1M in COVID-related claims costs. Ms. Irula reported that there was a minimal increase in the percentage of medical paid from the last report in December 2021, increasing to 6.9% from 6.8%. The confirmed cases only increased by 78, which may be a

result of the Omicron variant that was introduced earlier this year. Inpatient admissions only went up by 4, from 15 to 19 and ER visits only increased by 11. Overall a decline in COVID impacts was reported. Ms. Irula updated board members that Council approved a \$2M transfer of CARES Funds to the Health Fund to help offset the impact of COVID related expenses to the Plan. Ms. Irula also reported that COVID-19 testing and vaccinations increased by approximately \$120K since last report and 142 more members became fully vaccinated. It was also shared that Aetna's reporting was reconfigured to include at-home test kits that members can receive at no-cost, with a total of 354 tests provided.

## **7. Review of Plan Dashboard**

*Information and Discussion only.*

Mr. Doyle reviewed highlights from the plan dashboard as of January 2022, noting that plan had slight increase in members. Mr. Doyle pointed out that medical costs increased by 16%, while pharmacy rose by 6%. The increase in claims is largely driven by an increase in the number of large claims, with 36 members having costs over \$50K, which is approximately 33% above the same period last year. Fixed costs are up by 2%, due to an increase in stop loss costs. 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 at 7, with a few of them being identified as ongoing, year-over-year, with specialized pharmacy costs, including the one lasered member with a \$1.5M deductible. Mr. Doyle did report that sadly, one of the large claimants did pass away.

## **8. Review of Health Trust Financial Reports**

*Discussion and Possible Motion*

Mr. Baldelli presented the unaudited financial statements as of March 31, 2022. The fund is stable with \$9.3 in Medical and \$1.3M in Dental, which meets minimum balance requirements. Mr. Baldelli pointed out the increase in the health fund was due to the transfer of \$2M of CARES funding into the Health Trust Fund, which was approved by Town Council last month. Mr. Baldelli reported insurance recoveries for large claims and pharmacy rebates are low mainly due to a timing issue, but the trend is comparable to the prior quarter. Also, the fund was reimbursed for wellness and technology expenses of approximately \$82K. Finally, Mr. Baldelli reported that an increase in claims costs is attributed to the nature of the claims being submitted.

Ms. Mitchell motioned to approve the financial statements as of March 31, 2022, and Ms. Pfof seconded the motion. The motion passed 5 – 0.

## **9. Review of Stop Loss Quotes for FY23**

*Discussion and Possible Motion*

Ms. Irula reported that the full stop-loss quote was sent via email to board members earlier in the week. She presented the only stop-loss quote that was received, which was from Aetna our current carrier. The lack of responses is attributed to the exposure of the past few plan years. The quote that was presented included keeping the deductible at the current rate of \$250K, with a renewal rate of 32% for a premium cost of \$1.3M. This was lower than staff expected based upon the contract which allowed for a maximum of a 50% increase in premium. The other options were to increase the deductible; however, staff does not recommend increasing the deductible based on analysis of potential costs of large claims in the future. Ms. Irula indicated that staff budgeted accordingly, based upon a potential 50% increase in premium, and recommends to approve the stop-loss agreement leaving the current deductible amount in place.

Mr. Panepinto motioned to approve the stop-loss renewal for FY23 with Aetna with one \$1.5M lasered member and a \$250K deductible, for a total premium of \$1,325,663, effective July 1, 2022, and Ms. Mitchell seconded the motion. The motion passed 5– 0.

#### **10. Staff Update for Health Trust**

*Information and Discussion only.*

Ms. Irula advised the board that all plan recommendations and rates were approved by Town Council on April 12, 2022. She also advised that Open Enrollment will be on May 2 and run thru May 16 at 9:00 PM Arizona time. Finally, she reported that Stop-Loss and Contingency Request for claims will go to Town Council on May 17.

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

*Discussion only.*

Ms. Lloyd reviewed the information for the Worker's Compensation program and reported a total of 53 reported injuries in Q3 of FY22 with claims costs at approximately \$50K. She shared claim data by division, showing the most injuries in Fire with 27, and Police with 5, which is attributed to the recent Fire and Police academies. Ms. Lloyd reported the top injuries for the quarter was a shoulder injury of a PW/Street employee and a back injury of a Firefighter. She gave a brief update on COVID claims for Q3 to include fifteen (15) Supervisor Report of Injuries (SROI) filed, fifteen (15) of which turned into claims which were all approved. She reported on injuries at the new Training Facility, by department, which were primarily related to the Police recruits and Fire. She then shared data showing the savings resulting from the provider bill negotiations by Corvel, our third-party administrator for workers' compensation.

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

*Discussion and Possible Motion.*

Mr. Baldelli reviewed the unaudited financial statements of March 31, 2022. He noted that the fund is currently in a net position of just under \$300K, which is an indicator that the financial position is improving. He reported that employer contributions are up, primarily due to the increase in the rates related to the lump sum payout for the Firefighter's Cancer reimbursement fund.

Ms. Dellai motioned to approve the Financial Statements as of March 31, 2022, and Ms. Pfof seconded the motion. The motion passed 5 – 0.

#### **13. Review of Workers' Compensation Excess Loss Quote for FY23**

*Discussion and Possible Motion.*

Ms. Irula reported that Marsh, our Workers' Compensation Broker, was able to negotiate a renewal with Safety National, our current excess loss carrier, for an increase in premium of 5%; which is much lower than the average rate increase between 10-15%. The proposal includes keeping the \$750K retention/deductible and has an annual cost of \$217,147. Ms. Irula reported that there are few vendors who offer this type of coverage; therefore, staff recommends approving the Safety National quote of \$217,147 with a \$750K/\$2M presumptive retention, effective July 1, 2022.

Ms. Mitchell motioned to approve the excess loss renewal for FY23 with Safety National with a \$750K/\$2M retention for a total premium of \$217,147, effective July 1, 2022, and Ms. Pfof seconded the motion. The motion passed 5-0.

**14. Staff update for Workers' Compensation**

*Information and Discussion only.*

Ms. Irula reported that the WC quarterly taxes for the previous year was reconciled, staff is continuing to work with wellness on injury prevention measures, and one of our injured workers' is being awarded with the Rehabilitant of the Year from the Arizona Workers' Compensation Association at a dinner event on May 17, 2022.

**15. Gilbert Wellness Update**

*Information and Discussion only.*

Ms. Brown briefly reported aggregate data from the recent annual wellness survey. She advised that Gilbert Wellness improved in all seven (7) areas from 2021 to 2022. A full analysis of the annual survey will be provided at the next quarterly meeting.

**16. Approval of Minutes of Prior Meeting**

Mr. Panepinto made a motion to approve the minutes of February 23, 2022, seconded by Ms. Dellai. The motion passed 5 – 0.

**17. Adjournment**

Mr. Panepinto adjourned the meeting at 5:48 PM.

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Anthony Panepinto, Chairman

ATTEST:

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Shawn Irula, PHR  
People Team, Total Rewards Manager