

**DRAFT MINUTES OF THE TOWN OF GILBERT, ARIZONA SELF-INSURED TRUST FUND BOARD OF TRUSTEES MEETING**  
**TOWN HALL CONFERENCE ROOM 202, 50 E. CIVIC CENTER DRIVE, GILBERT AZ; OR,**  
**VIA MICROSOFT TEAMS; May 8, 2024, 5:00 P.M.**

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**MEMBERS PRESENT:** Aldo Valencia  
Mary Dellai, Co-Chair  
Kelly Pfof  
Tony Panepinto

**MEMBERS ABSENT:** Lindy Mitchell, Chair

**COUNCIL LIAISON:** Council Member Kathy Tilque

**STAFF PRESENT:** Shawn Irula, Total Rewards Manager  
Donna Pedrera, Benefits Analyst Senior  
Erica Brown, Wellness Coordinator  
Claudia Chavez, Workers' Compensation Program Coordinator  
*\*Staff noted above either spoke or presented - Other staff may be in attendance.*

**GUESTS PRESENT:** Patricia Moore, Alliant  
Corey Dunn, Alliant  
Chris Albertson, Alliant  
Ray Brandenburg, Aetna  
Robin Reed, Aetna

**1. Call to Order**

Co-Chair Dellai called the meeting to order at 5:03 PM

**2. Roll Call**

Ms. Pedrera called roll and a quorum was declared. For the record, Chairperson Mitchell, and Council Liaison Kathy Tilque were both absent.

**3. Communications from Citizens**

*None*

**4. Review of Risk Management Trust Financial Reports**

*Discussion and possible motion*

Mr. Matthews presented the risk management trust financial report for the quarter ending March 31, 2024. He advised that the fund is seeing an overall increase in cash from the previous quarter which is attributed primarily due to timing of payments received or issued for the quarter. He indicated that the quarter ended with a balance of approximately \$39K. He reported on the statement of revenues, expenses and changes in net positions and noted that contributions increased primarily due to the timing and number of claims incurred in the current vs. the prior year, an increase in claims settlement of approximately \$60K, and finally that stop-loss insurance premiums increased due to market conditions. He advised that board that the allocation of claims expenses of the current year vs. the prior year fluctuate based on department claims, but that Mayor & Council and Development Services are seeing the largest increase, while Solid Waste and

Police Department claims have decreased. Finally, he reported the FY2024 revenues and expenses as compared to the FY2023 revenues and expenses.

Mr. Panepinto motioned to approve Risk Management Trust Financial Reports as of March 31, 2024, as presented, and Ms. Pfof seconded the motion. The motion passed 4-0.

## **5. Review of Workers' Compensation Trust Financial Reports**

### *Discussion and possible motion*

Mr. Matthews presented the workers' compensation trust financial report for the quarter ending March 31, 2024. He advised that there was an overall increase in cash from the previous quarter which is attributed to the timing of payments received/issued for the quarter. He also advised that accounts payable fluctuate based on the timing of expenditures. He advised that the total net position is currently in the deficit at \$813,406. Next, he reported the net position trend, quarter over quarter since FY22 Q4. Although the fund is in deficit, the last three quarters have seen an improvement. Mr. Matthews then went on to report the statement of revenues, expenses and changes in net position where he advised the board that the contributions decreased primarily due to reduction in rates, an increase in insurance recoveries due to reimbursement from the Municipal Firefighters Cancer Reimbursement Fund, an increase in stop-loss insurance due to market conditions, an increase in payroll costs due to the workers' compensation program coordinator position being filled the entire fiscal year and lastly an increase in interest revenue. He then reported on the expenses in FY24 as compared to FY23, whereas compensation claims increased by \$550K. Ms. Chavez advised that the increase in claims is primarily attributed to the cancer claim. Ms. Dellai asked how much the FFCRF premium is, and Ms. Irula advised that it is approximately \$700K annually, calculated by the state based on population. Lastly, Mr. Matthews reported on the operating expenses as a percentage of the total budget and advised that compensation claims are the highest percentage at 60%, followed by the FFCRF at 24%, then the stop-loss insurance premium at 10%, and payroll costs, self-insurance fees and other miscellaneous expenses making up the remaining 6%.

Ms. Pfof motioned to approve the Workers' Compensation Trust Financial Reports as of March 31, 2024, as presented, and Mr. Panepinto seconded the motion. The motion passed 4-0.

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

### *Discussion and possible motion*

Ms. Harmon presented the health and dental trust financial reports for the quarter ending March 31, 2024. She first discussed the statement of net position and reported that there is an overall decrease in cash from the previous quarter and attributed it to the timing of payments received/issued for the quarter. She next reported on the health fund net position trend and indicated that the fund is currently holding 1.9 month of budgeted expenses and is approximately \$2.5M below the established minimum fund balance. Ms. Harmon presented the dental fund net position trend and indicated that the fund is currently holding 11.2 months of budgeted expenses, which is approximately \$1M over the established minimum fund balance. Mr. Panepinto asked about a premium holiday for a period to help buy down the surplus. Ms. Irula advised that she work with staff and bring a proposal before the board at the next meeting. Mr. Panepinto advised that he would be comfortable with a proposal that would keep six (6) months of budgeted expenses in the fund. Next, Ms. Harmon reported on the health fund statement of revenues, expenses, and change in net position where she advised the board that contributions increased primarily due to the premium increase for FY24 and an increase in enrollments, pharmacy rebates increased due to the nature and timing of the rebates, refunds increased due to a one-time reimbursement from AETNA for administration fees that were collected in

error, claims expenses increased due to severity of claims, stop-loss insurance increased due to market conditions and finally interest revenue increased. She then reported on the health expenses in FY24 as compared to FY23, whereas pharmacy claims increased approximately \$744K and medical claims increased by \$872K. Ms. Harmon then reported on the operating expenses as a percentage of the total budget and advised that medical claims are the highest percentage at 60%, followed by the pharmacy claims at 29%, then the stop-loss insurance premium at 7%, and self-insurance fees and other miscellaneous expenses making up the remaining 4%. Lastly, Ms. Harmon reported on the dental fund statement of revenues, expenses, and changes in the net position where she advised that claims expenses increased, and interest revenue increased.

Mr. Valencia motioned to approve the Health Trust Financial Reports as of March 31, 2024, as presented, and Ms. Pfof seconded the motion. The motion passed 4-0.

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

### *Discussion Only*

Mr. Albertson reviewed the plan performance dashboard, focusing on the large claimants. Mr. Valencia noted that the highest cost claimant did not have any pharmacy expenses and asked if this member is getting pharmacy dispensed in a medical facility and if we could require this member to have this done elsewhere to lower the cost of treatment. Mr. Albertson advised that due to the nature of the treatment, this member must receive treatment at the medical facility. Mr. Valencia asked what the pharmaceutical is that is being dispensed and Mr. Albertson stated that he would get more information and bring it back to the board. Mr. Albertson advised that since authoring the report, claimant two (2) and three (3) have hit the stop-loss deductible but the fund has not received reimbursement yet because the aggregate deductible of \$150K has not yet been met. Ms. Dellai asked if an additional column could be added to the report to show when the claimant first received the diagnosis and the lifetime spent for more information that the board can monitor. Mr. Albertson stated that he could take that back and see what could be done to get those two requests added to the report. Ms. Dellai also asked to start seeing all claims over \$100K and not just the top 10. Mr. Albertson stated that he could add any claims over \$100K, but that only the top 10 would include the prognosis as this is all that Aetna can provide. Mr. Albertson also stated that he could report more year-over-year data at the next quarterly meeting. Mr. Albertson also reported that dental is performing very well, as indicated in the financial statements previously presented by staff. Lastly, Mr. Albertson advised that the per employee per month costs for medical is down from last plan year by about 0.4% and prescription costs are up by about 11.9%.

## **8. Review of pharmacy benefits for FY25**

### *Discussion and possible motion*

Ms. Reed presented the Pharmacy Program Enhancement options for the board to consider as requested at the previous meeting. The two formularies that were presented were the Basic Control Plan, which has the broadest coverage of generics and includes embedded utilization management strategies and optional advanced controls but no exclusions, and the Aetna Standard Plan which covers most generics and brands and includes advanced controls and hyperinflation strategy, to include some drug exclusions that would potentially impact 117 members. Implementation of the Basic Control Plan would result in a plan savings of approximately \$16K and the Aetna Standard Formulary would result in a plan savings of approximately \$151K. Mr. Valencia advised the other board members that the Standard Formulary is where other plans are moving and advised that he would be onboard implementing this formulary.

Mr. Valencia motioned to approve the implementation of the Aetna Standard Formulary effective September 1, 2024, and Ms. Pfost seconded the motion. The motion passed 4-0.

## **9. Wellness Program Update**

### *Discussion Only*

Ms. Brown presented the wellness program update to the board to include notable wellness updates including being ranked #4 by the Phoenix Business Journal as Healthiest Employer in the Valley in the large employer category, Biometric screening concluded with 14% participation of eligible members which is 336 participants, Holistic Health Week where participants were introduced to holistic health options such as sounds healing, reiki and goat yoga, and upcoming programs such as Fuel your Fitness Challenge which is a steps and nutrition challenge that will start on May 20<sup>th</sup>. Lastly, Ms. Brown advised that Aetna has expanded the Health your Way program and will enhance customized actionable recommendations and a higher incentive for members, employees, spouses, and dependent children 18 or older, to participate. One notable enhancement to this program is the Lifestyle and Conditioning Coaching which will be accessible once a member registers through the Aetna platform. Lastly, Ms. Brown briefly described the upcoming events to include Mental Health Awareness in May, Open Enrollment May 6<sup>th</sup> – May 20<sup>th</sup>, Employee Benefits Fair on May 15<sup>th</sup>, Fuel your Fitness Program starting on May 20<sup>th</sup>, Annual Wellness Survey in June/July and finally the aggregate biometric screening report which will be presented to the board at the next meeting.

## **10. Workers' Compensation Program update**

### *Discussion Only*

Ms. Chavez presented the workers' compensation program update to the board for data for Q3 of FY2024. Ms. Chavez advised that compared to this time last year, Q3 of 2024 has seen a decrease across the board. The quarter ended with a Total Paid of \$66,733 compared to a Total Paid of \$77,460 in Q3 of FY23. Our Total Incurred Costs decreased to \$384,486 from \$449,328 in Q3 2023. The number of claims decreased slightly from 45 to 42 claims in Q3 of this fiscal year. She then presented the top three claims experience which included a Fire Engineer with a sprain in the abdomen with a total cost incurred of approximately \$65K, an Aquatic Facility Technician with multiple head and body injuries with a total cost incurred of approximately \$17K, and a Firefighter with a sprain in the chest with a total cost incurred of approximately \$15K. Total paid for these three claims at the end of March 2024 was approximately \$11K. She advised that all three of these individuals have been placed at maximum medical improvement (MMI). Next, Ms. Chavez reported on the claims that involved injuries at the public safety training facility (PSTF) to include eight (8) reported injuries with five (5) of those resulting in workers' compensation claims. She advised that the Police Department saw a reduction of over \$100K in incurred costs for injuries at the PSTF between Q2 and Q3 with a total cost incurred of just under \$11K. She also advised that the Fire department continued to see a decline in injuries at the PSTF and had a total cost incurred this quarter of just over \$2K. Ms. Chavez then reported on the injury profile for Q3 of FY24 with the top department by claim volume was the Police Department with 18 claims and the Fire Department with 10 claims. Hands and wrists are the body parts most injured during this quarter with just under \$38K paid and a total reserve amount of just over \$167K. The return-to-work data was then presented with the average days on restrictive duty for injured workers being 8.73 days, the average days of time away to 1.58 days and average days to return to work at 1.3 days. Lastly, the network solutions savings was presented and using Corvel's network of preferred providers resulted in savings of just under \$640K.

## **11. Approval of minutes of prior meeting**

Ms. Dellai motioned to approve the meeting minutes of April 10, 2024, as written, and Mr. Valencia seconded the motion. The motion passed 4-0.

## **12. Staff Update**

### *Discussion Only*

Ms. Irula advised the Board that Open Enrollment began on Monday, May 6 and will be open until 10:00 PM on Monday, May 20<sup>th</sup>. She advised that staff has been facilitating informational sessions throughout the organization and through virtual meetings to educate employees on the changes for the upcoming plan year. She also advised that feedback has been relatively positive with employees appreciating the options and introduction of the High Deductible Health Plan (HDHP). Ms. Irula advised that to date, ten (10) employees have already enrolled in the new plan option.

Ms. Irula advised the Board that the next meeting is scheduled for June 12, 2024, at 5:00 PM and that staff would be presenting the biometric screening reporting as well as the proposal for a dental plan premium holiday. Ms. Pfof advised that she would not be available on June 12.

## **13. Adjournment**

Mr. Valencia made a motion to adjourn; Mr. Panepinto seconded the motion. The motion passed 4-0.

Ms. Dellai adjourned the meeting at 7:06 PM.

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Lindy Mitchell, Chair

ATTEST:

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Shawn Irula, PHR  
People Team, Total Rewards Manager