

**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; NOVEMBER 13, 2024, 5:00 P.M.**

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

MEMBERS ABSENT: N/A

COUNCIL LIAISON: Council Member Kathy Tilque

STAFF PRESENT: Shawn Iruela, Health & Wellbeing Manager
Donna Pedrera, Benefits Analyst Senior
Matthew Masters, Interim Accounting Supervisor
Emily Harmon, Accounting Supervisor
Claudia Chavez, Workers' Compensation Program Coordinator
**Staff noted above either spoke or presented - Other staff may be in attendance.*

GUESTS PRESENT: Corey Dunn, Alliant
Robin Reed, Aetna
Ray Brandenburg, Aetna

1. Call to Order

Chair Dellai called the meeting to order at 5:00 PM

2. Roll Call

Ms. Pedrera called roll, and a quorum was declared.

3. Oath of Office

Mr. Panepinto took his oath of office for the term period of October 1, 2024, through September 30, 2027.

4. Communications from Citizens

None

5. Review of Risk Management Trust Financial Reports

Discussion and possible motion

Mr. Matthews presented the final risk management trust financial report for the quarter ending June 30, 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 -\$10.5K but reminded the board that this account is primarily a pass through and that this is primarily due to the timing of revenue and expenses. 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, a decrease in

claims settlement, and finally that stop-loss insurance premiums increased due to market conditions. He advised the 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 FY24 revenues and expenses as compared to the FY23 revenues and expenses.

Next, Mr. Matthews presented the risk management trust financial report for the quarter ending September 30, 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 \$1M but reminded the board that this account is primarily a pass through and that this is primarily due to the timing of revenue and expenses. 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, a decrease in claims settlement, and finally that stop-loss insurance premiums increased due to market conditions. He advised the board that the allocation of claims expenses of the current year vs. the prior year fluctuate based on department claims, but that Parks & Recreation and Solid Waste are seeing the largest increase, while Development Services and Mayor & Council claims have decreased. Finally, he reported the FY25 revenues and expenses as compared to the FY24 revenues and expenses.

Mr. Panepinto motioned to approve the Final Risk Management Trust Financial Reports as of June 30, 2024, and the Risk Management Trust Financial Reports as of September 30, 2024, as presented, and Mr. Valencia seconded the motion. The motion passed 5-0.

6. Review of Workers' Compensation Trust Financial Reports

Discussion and possible motion

Mr. Matthews presented the final workers' compensation trust financial report for the quarter ending June 30, 2024. He advised that there was an overall increase in cash from the previous quarter which is attributed primarily to the \$1M loan from the General Fund. 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 of \$2.03M, but this is primarily due to the expense of the Municipal Firefighter Cancer Reimbursement Fund invoice being paid out of the first quarter. Next, he reported the net position trend, quarter over quarter since FY23 Q1. 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, and lastly an increase in interest revenue. Mr. Matthews then reported on the expenses in FY24 as compared to FY23, whereas compensation claims increased by \$994K. 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 74%, followed by the FFCRF at 13%, then the stop-loss insurance premium at 7%, and payroll costs, self-insurance fees and other miscellaneous expenses making up the remaining 6%.

Next, Mr. Matthews presented the workers' compensation trust financial report for the quarter ending September 30, 2024. He advised that there was an overall decrease in cash from the previous quarter which is attributed primarily to 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 of \$2.5M, but this is primarily due to the expense of the Municipal Firefighter Cancer Reimbursement Fund invoice being paid out of the first quarter and the \$1M loan from the General Fund.

Next, he reported the net position trend, quarter over quarter since FY23 Q2. 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 increased primarily due to an increase in employee salaries which premiums are based on, an increase in claims expense due to the severity of claims, an increase in stop-loss insurance due to market conditions, and lastly an increase in interest revenue. Mr. Matthews then reported on the expenses in FY25 as compared to FY24, whereas compensation claims increased by \$37K. Lastly, Mr. Matthews reported on the operating expenses as a percentage of the total budget and advised that the FFCRF payment accounts for 41% of operating expenses, followed by compensation claims at 35%, then the stop-loss insurance premium at 21%, and payroll costs, self-insurance fees and other miscellaneous expenses making up the remaining 3%.

Mr. Valencia motioned to approve the Final Workers' Compensation Trust Financial Reports as of June 30, 2024, and the Workers' Compensation Trust Financial Reports as of September 30, 2024, as presented, and Ms. Mitchell seconded the motion. The motion passed 5-0.

7. Review of Health Trust Financial Reports

Discussion and possible motion

Ms. Harmon presented the final health and dental trust financial reports for the quarter ending June 30, 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 1.6 months of budgeted expenses and is approximately \$3.2M below the established minimum fund balance. She presented the dental fund net position trend and indicated that the fund is currently holding 10.9 months of budgeted expenses, which is approximately \$1M over the established minimum fund balance. 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 increased enrollment, insurance recoveries decreased due to having no claims exceed the stop-loss deductible in FY24, pharmacy rebates increased due to the nature and timing of the rebates, refunds increased due to a one-time reimbursement from Aetna. She then reported on the expenses where medical claims decreased slightly related to the change in timing and severity of claims and pharmacy claims increased due to costs of medications being filled. She then reported on the health expenses in FY24 as compared to FY23, whereas pharmacy claims increased approximately \$707K and medical claims decreased by approximately \$100K. She then reported on the operating expenses as a percentage of the total budget and advised that medical claims are the highest percentage at 63%, followed by the pharmacy claims at 28%, then the stop-loss insurance premium at 5%, and self-insurance fees and other miscellaneous expenses making up the remaining 6%. 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 due to the change in timing and severity of claims submitted.

Ms. Harmon presented the health and dental trust financial reports for the quarter ending September 30, 2024. She first discussed the statement of net position and reported that there is an overall increase 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 months of budgeted expenses and is approximately \$4M below the established minimum fund balance. She presented the dental fund net position trend and indicated that the fund is currently holding 10.5 months of budgeted expenses, which is approximately \$1M over the established minimum fund balance. 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 FY25 and increased enrollment, pharmacy rebates increased due to the nature and timing of the rebates, refunds increased due to the timing of reimbursements. She then reported on the expenses where medical claims increased related to the change in timing and severity of claims and pharmacy claims decreased due to the number of costs of medications being filled. She then reported on the health expenses in FY25 as compared to FY24, whereas pharmacy claims decreased approximately \$100K and medical claims increased by approximately \$600K. She 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 27%, then the stop-loss insurance premium at 4%, and self-insurance fees and other miscellaneous expenses making up the remaining 9%. 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 due to the change in timing and severity of claims submitted.

Mr. Valencia motioned to approve the Final Health Trust Financial Reports as of June 30, 2024, and the Health Trust Financial Reports as of September 30, 2024, as presented, and Ms. Pfof seconded the motion. The motion passed 5-0.

Ms. Dellai moved item #12 up to this point in the meeting at the request of Ms. Irula.

12. Staff Update

Discussion Only

Ms. Irula advised the board that tonight's meeting would be Council Liaison Kathy Tilque's last meeting as she did not re-run for Town Council. Ms. Irula thanked Ms. Tilque for her continued service to the Board and the contributions that she made as both a Self-insured Board Liaison and member of the Town Council. The sentiment was echoed by all the board members. Ms. Tilque expressed her gratitude for the work that the board members has done and will continue to do after her departure. Ms. Tilque had a prior engagement and had to leave the meeting after this agenda item.

Ms. Irula also advised the board that the next meeting will be held in January 2025 and will be the retreat where the only item on the agenda will be the renewal for plan year 2026. She asked board members to advise her if they had any commitments in January that she should work around when trying to schedule this retreat style meeting and that a meeting invite will be sent out soon to hold the date.

8. Prescription Program Update

Discussion and possible motion

Ms. Reed presented the RxSavingsPlus program whereas members who are not on the plan (i.e. part-time non-benefit eligible or new employee's whose coverage hasn't started yet) and members who are enrolled, fill a prescription that is not covered by the plan, can receive discounts of up to 80% on generics and up to 40% on brand name medications. She advised that there would be no action needed by the member to take advantage of this savings; the system would automatically adjudicate the claim based off the Town's participation in the program. Mr. Valencia asked if there were reports generated under the program that the board could receive to monitor performance. Ms. Reed indicated that there would be reporting available. Mr. Valencia advised that it sounds like a no brainer. Ms. Pfof asked how the discounts of this program compare to discounts provided under other programs such as GoodRx. Ms. Reed advised that to her recollection, it's about 60-65% savings at the top, with an average savings of about 30%.

Ms. Reed then presented on the GLP-1 drugs and the additional conditions that are being added by the FDA. She advised that Novo Nordisk announced their decision to withdraw their application for heart failure (HF) indication on Wegovy but that they stated they would resubmit with additional data in early 2025. There was some additional discussion regarding GLP-1 drug classes and the potential to treat other indications as well as weight loss. Ms. Pfof asked when the board could receive information regarding coverage of Wegovy for weight loss. Ms. Irula advised that she had Aetna do some research on potential options and would bring those back to the Board in January for discussion.

Ms. Pfof motioned to approve the Town's participation in the RXSavingsPlus program at the earliest date that is feasible for Aetna to implement, and Mr. Valencia seconded the motion. The motion passed 5-0.

9. Review of Executive Utilization Dashboard

Discussion Only

Mr. Dunn reviewed the executive utilization review report for the period October 2023 through September 2024. He advised that overall, the total per member per month costs decreased to \$342.38, from \$352.20 in the prior period. Next, he reported the pharmacy utilization dashboard which shows an increase in total paid per member per month from \$141.88 in the prior plan year to \$153.91. Next, Mr. Dunn went over the high-cost claimant report. Ms. Dunn advised that there was a request at the last meeting to remove gender from this reporting but advised that this was not able to be accomplished but that the gender could be blurred for future reporting and the board agreed. Mr. Dunn then went over the high-risk report where he advised that this report is helpful because this is what stop-loss carriers look at when providing quotes for coverage. The report indicates the likelihood of continued treatment and expenses related to the diagnosis of the member and the total plan paid expenses. It also shows the office visits, urgent care, emergency room visits, admits and inpatient days. He advised that they noticed that the lasered member is not included on this page and assume it is due to the known risk with this member but would gather more information from the data team and report back at the next meeting. The next section that was reviewed was the top drugs, whereas GLP-1 drugs were the top 2; however, reminded the board that this report has data through September 30, 2024 and is looking back a year, so these drugs will likely remain at the top until enough time has passed to assess the guardrails that were implemented at the beginning of this plan year. The last report that was reviewed was the clinical overview dashboard whereas Mr. Dunn advised that the data collected here is very similar to the data collected during the onsite biometric screenings, but that this data includes all claims and not just the biometric screenings. The top conditions are hyperlipidemia and hypertension which we can target with wellness programs and initiatives. He advised that the adherence of the plan is much greater than they are used to seeing which is attributed to the hard work of Erica Bisenius and the Wellness Team on educating members on the importance of regular visits and preventive screenings.

10. Workers' Compensation Program update

Discussion Only

Ms. Chavez presented the workers' compensation program update to the board for data for Q1 of FY25. Ms. Chavez advised that compared to this time last year, Q1 of FY25 the number of claims increased while the severity has decreased. The quarter ended with a Total Paid of \$41K compared to a Total Paid of \$55K in Q1 of FY24. Our Total Incurred Costs decreased from \$520K in Q1 of FY24 to \$270K in Q1 FY25. The number of claims increased from 37 to 51 over the same period last year. She then presented the top three

claims for the quarter, which included a Police Battalion Chief with a hernia, who injured himself lifting weights in the station gym, with a total incurred cost of approximately \$75K , a Fire Engineer who had a foot sprain, which was sustained while playing pickleball, with a total incurred cost of just over \$14K, and a Household Hazardous Waste Technician with a knee sprain with a total incurred cost of \$11K. Total paid for these three claims at the end of September 2024 was approximately \$9K. Next, Ms. Chavez reported on the claims that involved injuries at the public safety training facility (PSTF) which included four (4) claims with a total incurred cost of approximately \$25K, and total paid as of September 30, 2024 of approximately \$4.3K. Chavez then reported on the injury profile for Q1 of FY25 with the top department by claim volume was the Fire Department with 19 claims and the Police Department with 16 claims. Knees, shoulders and fingers were the body parts most injured during this quarter with just a total reserve amount of approximately \$327K. The DART rate was presented as of September 13, 2024, which is a prorated figure at 3.42. Ms. Chavez indicated that industry standard indicates that anything under a 3 is good and that she and the injured workers' department try to get them back to work as quickly as possible and have seen improvements in both PD and FD. Lastly, the network solutions savings was presented and using Corvel's network of preferred providers resulted in savings of just over \$920K. It was asked to include the number of days away, transferred or restricted duty on slides three and four, Ms. Chavez indicated that she could provide the number as of the slide preparation but may fluctuate based on timing of reports.

11. Approval of minutes of prior meeting

Discussion and possible motion

Mr. Panepinto made a statement that he believes that Board Member Lindy Mitchell joined the meeting late

Mr. Panepinto motioned to approve the meeting minutes of August 14, 2024, as presented, and Mr. Valencia seconded the motion. The motion passed 5-0.

13. Adjournment

Mr. Valencia made a motion to adjourn. Ms. Dellai adjourned the meeting at 6:57 PM.

Mary Dellai, Chair

ATTEST:

Shawn Irula, PHR
People Team, Health & Wellbeing Manager