



**ARIZONA LOCAL GOVERNMENT EMPLOYEE BENEFIT TRUST**  
**Minutes of In Person & Telephonic Board of Trustees Quarterly Meeting**

**DRAFT**  
**Friday, September 1, 2017**  
**9:00 a.m.**

**The following Trustees were present and a quorum was met:**

Kay Gale, Vice-Chairperson	Greenlee County
Delwin Wengert, Treasurer	Apache County
James Menlove, Trustee	Gila County
Jennifer St. John, Trustee	Santa Cruz County

**The following Alternate Trustees were present:**

Jacque Griffin	Gila County
Cindy Norris-Blake	Graham County
Yvonne Pearson	Greenlee County
Mary Frantz	La Paz County
Sonia Jones	Santa Cruz County

**The following Vendors were present:**

Michael Hensley; Trust Legal Counsel	Jones, Skelton, & Hochuli
Erin Collins, Trust Administrator	Erin P. Collins & Associates, Inc.
Missy Jenson, Wellness Consultant	Erin P. Collins & Associates, Inc.
Amanda Weaver, Group Benefits Specialist	Erin P. Collins & Associates, Inc.

**The following Guests were present:**

Valerie Porter	Arizona Counties Insurance Pool
Glenn Joy	Apache County
Penny Adams	County Supervisors Association

**1. Call to Order**

The meeting was called to order at 9:00 a.m. by Vice-Chairperson, Kay Gale.

**2. Role Call**

Kay Gale asked everyone to introduce themselves so we knew who was on the call.

**3. Approval of Meeting Minutes**

Kay Gale asked for approval of April 04, 2017 Trust Meeting Minutes if there were no questions or changes. Jennifer St. John made a motion to approve and Delwin Wengert seconded the motion.

**The motion was approved 6-0.**

#### **4. Financial Report Expenditure Approval Ending June 30, 2017**

Amanda Weaver informed Trustees that the Trust showed a deficit of **(\$829,456)** for the 2016-2017 Plan Year. The All-Years cash position was at \$11,807,126. After taking into consideration the estimated IBNP of (\$1,896,000), the Surplus Position was estimated at \$9,911,126.

Amanda also reported the following for year-end:

- Medical Claims ended the year over budget at 112%
- Pharmacy Claims ran under budget for the year at 89%
- Dental Claims ran under budget at 94%,
- Vision Claims ran over budget at 103%
- Disability Claims were under budget at 52%

General Operating expenses ran over budget at 166%; however, and the overall budget ended year to date at 104%.

The Trust was also informed that there were twenty (21) cases over \$112,500, totaling \$3,584,325 for the plan year ending 07/01/2017. Two (2) of the large cases exceeded AZLGEBT's Specific Deductible of \$225,000 as well as the Aggregate Specific Stop Loss Retention of \$100,000 by \$74,256. Amanda also informed Trustees that the 2015-2016 Plan Year had twenty-three (23) large cases totaling \$4,259,040. Kay Gale asked for a motion to approve the financial report as presented.

Jennifer St. John made a motion to approved the Financial Report ending June 30, 2017 as presented. Delwin Wengert seconded the motion.

**The motion was approved 6-0.**

#### **5. Discussion and Possible Action Regarding the Incurred But Not Paid (IBNP) Report**

Erin Collins began by letting Trustees know that the Incurred but Not Paid (IBNP) claim reserves report created by Cheiron was provided to them in their meeting packet. He explained that the IBNP calculation is provided every year and provides an estimate of AZLGEBT's outstanding claim payments for services that have already been delivered to Plan Members, but have not yet been paid by the Trust. The Trust's liability for the 2017-2018 Plan Year is estimated at \$1,896,000 which is a **(\$49,000)** decrease from the prior year, which was estimated at \$1,945,000

Kay Gale asked the Trust to approve the IBNP report as presented by Cheiron. Jennifer St. John moved to approve to the IBNP report and James Menlove seconded

**The motion was approved 6-0.**

#### **6. Discussion and Possible Action Regarding the 2017-2018 Ratification of the Reinsurance**

Erin Collins stated that ECA went out for quotes for reinsurance for AZLGEBT and received four (4) quotes, including the current carrier. Erin explained that eight (8) carriers declined to quote.

AZLGEBT's current carrier (HM Life) came back with a firm quote offering a 24.75% increase and which incorporated a \$350K laser for a specific, identified, AZLGEBT Member, whereas Berkshire Hathaway offered an overall decrease of **(0.46%)** with two (2) lasers for AZLGEBT Members, one at \$325K and the other at \$350K. Erin discussed with Trustees that a laser is added for one year.

Erin stated that he believes accepting the offer from Berkshire Hathaway to be a better long term option for AZLGEBT and had worked with Trust's chairperson, who agreed, to bind this option.

Erin requested that Trustees ratify the laser proposal with Berkshire Hathaway effective July 01, 2017.

Kay Gale asked for a motion to approve. Delwin Wengert made a motion to approve the reinsurance as presented. Jennifer St. John seconded the motion.

**The motion was approved 6-0.**

## **7. Discussion and Possible Action Regarding the 2017-2018 Budget**

Erin Collins informed Trustees that the packet included AZLGEBT's annual budget, as well as each individual entity's budgets (in alphabetical order) including premium rate equivalents, claim funding factors and plan administrative charges. Erin gave the following overview to Trustees.

1. This year's overall AZLGEBT budget reflected an increase of 0.17% as compared to last year's budget (with the census revised to provide as close to an apples-to-apples comparison as possible). If we compare strictly to last year's approved budget, it was a decrease of (0.01%).
2. The Medical PPO & HDHP premiums increased by 0.1% to 0.2% (Employee vs. Family). Santa Cruz County showed an increase between 0.3% to 0.5% for the PPO and 0.3% to 0.6% for the HDHP depending on tier of coverage due to the addition of the \$2.00 PEPM for the Mexico Network.
3. Dental premiums decreased as follows:  
PPO Plan- Between (1.3%) Employee to (1.5%) Family.  
Open Network- Between (2.8%) Employee to (2.9%) Family.
4. Vision premiums decreased between (4.8%) Employee to (5.5%) Family.
5. Short Term Disability premiums increased by 2.3%.
6. There were no changes to the Life premiums.
7. 85.96% of all benefit dollars are going directly to pay Medical, Prescription, Dental, Short Term Disability, and Life claims incurred by beneficiaries of the Plan. 3.74% of all dollars are reserved for insurance premiums (Life, Vision and Reinsurance), 5.73% of the dollars are paid to vendors paid on a Per Employee Per Month (PEPM) basis, and 4.57% of all benefit dollars are going to pay administration costs of the program (claims processing, provider networks, professional actuary/legal services, wellness program, etc.).
8. The reinsurance renewal was initially estimated at an overall increase of 9.86% on Specific and Aggregate) and through the bidding process we were able to obtain pricing at just (0.46%) below current pricing, leaving nearly \$58,000 less than budgeted this plan year. The budget attached here has been updated to include the quoted reinsurance premiums with \$58,000 of the difference between the actual premium and that which was estimated through the budget process being moved to the Misc. budget line item. Any dollars not will be available to offset increases next Plan Year.

9. The decision was made to delete the costs for SmartBen's Gatekeeper product. This is the one that does the ACA calculations for eligibility and affordability. This decision was made under the assumption that the requirements addressed by Gatekeeper would be eliminated under the Trump Administration. Unfortunately, that did not occur. Expenses for Gatekeeper through June 30, 2016 were \$58,976. ECA's working assumption at this point is that the savings on stop-loss should be sufficient to cover any shortfall associated with this item.

Kay Gale asked for a motion to approve the 2017-2018 Trust Budget. Jennifer St. John made a motion to approve the reinsurance as presented. Delwin Wengert seconded the motion.

**The motion was approved 6-0.**

## **8. Discussion and Possible Action Regarding the 2017-2018 Risk Management Plan**

Erin Collins began by noting that attached was a draft copy of the 2017-2018 Risk Management Plan for the AZLGEBT. This particular document outlines the history of the Trust, the organizational structure, previous year's financial performance, 2017-2018 benefit offerings and changes, and work goals for the upcoming Plan year. Erin outlined six (6) work goals that he identified for the upcoming year, as follows:

1. Continue to monitor Health Care Reform requirements and process fee calculations, paperwork and payments;
2. Continued implementation and evaluation of the HRA/Nurse Consultation/FitBit program;
3. Monitoring of the limited benefit network in Mexico for Santa Cruz County members;
4. Conduct the AZLGEBT membership renewal process for Graham County, Greenlee County, and Santa Cruz County
5. Reinsurance shopping, if applicable; and
6. Coordination of the Trust's annual renewal meeting.

Erin added this is not an exhaustive list of projects ECA will be working on behalf of AZLGEBT throughout the year and noted that additional work goals can be added if anyone has any that they would like to have researched.

Kay Gale asked for a motion to accept the 2017-2018 Risk Management Plan. Jennifer St. John motioned to accept the Risk Management Plan as presented and James Menlove seconded the motion. The motion passed unanimously.

**The motion was approved 6-0.**

## **9. Wellness Update**

Missy Jenson provided an overview of the following Wellness Screenings:

1. Health Risk Assessments
2. Cardiac and Organ
3. Skin Cancer
4. Healthy Heart Blood Draw
5. Prostate Onsite Project
6. Flu and Pneumonia Vaccinations
7. Mammograms

Missy also provided an overview of the Wellness Program Coordinators Annual Meeting that was held the prior day.

## **10. Teladoc Sign-Up Campaign Overview**

Erin Collins provided an overview of the July 2017 Teladoc Utilization Report. The report outlined low numbers with Members signing up and utilizing the service, so Erin explained to Trustees that ECA was working with Teladoc to set up a marketing campaign September 11<sup>th</sup> – 24<sup>th</sup> to distribute periodic flyers and emails to remind Members that the Teladoc service was available. Also, all Members who complete the Member History (as well as all who have previously completed) will be entered into a drawing for one of twelve (12) Kinsa Smart Thermometers.

## **11. Discuss and Possible Action Regarding Coverage of 3D Mammograms**

Missy Jenson explained to Trustees that conventional mammography takes images of the breasts from two angles and generally produces 4 images and that a 3D mammogram captures more breast images, traditionally 15, in one-millimeter slices, providing greater detail than traditional 2D mammograms.

Missy provided Trustees with current research on the pros and cons of whether the additional testing is beneficial and the cost through Assured Imaging and Mobile Onsite Mammography.

Also provided were the current numbers and dollar amounts for another client showing that there was not a huge cost impact with adding the 3D Mammogram coverage.

Trustees discussed and felt that it would be beneficial to cover the 3D mammograms. Trustees also discussed that they did not feel comfortable utilizing Assured Imaging and would like to continue with Mobile Onsite Mammography. Missy also explained that since this was a new offering that it may not be available to the sites this Plan Year because the schedule was already set and the contracts already signed.

Jennifer St. John made a motion to add the coverage effective September 01, 2017. James Menlove seconded.

**The motion was approved 6-0.**

## **12. Discuss and Possible Action Regarding Coverage Prostate Cancer Screenings**

Missy Jenson discussed with Trustees that in an effort to build awareness of the need for men to be proactive about being screened for prostate cancer, AZLGEBT has included optional PSA blood draws in both the Health Risk Assessment (HRA) and Healthy Heart Blood Draw (HHBD), in addition to the Prostate On-site Project (POP) screening. In reviewing both the participation and the costs associated with these screening approaches over the last several years, it appears that many men are opting to get only the PSA blood work done through HRA and HHBD, as opposed to participating in the more comprehensive screening through POP.

Missy provided the following options for the PSA Tests:

1. Remove PSA blood test from the Healthy Heart Blood Draw and keep the two PSA blood test opportunities included in the Health Risk Assessment and Prostate Onsite Project.
2. Remove PSA from Healthy Heart Blood Draw and Health Risk Assessment and leave men with PSA blood draw opportunities only at the Prostate Onsite Project events.
3. Keep all three PSA blood draw opportunities at the Healthy Heart Blood Draw, Health Risk Assessment, and Prostate Onsite Project.

Missy explained that ECA believes that the best option is the second because it is the most thorough method of prostate cancer screening and will potentially reduce false scares and catch abnormal findings. There is potential that we will lose some men from participating in the prostate cancer screenings due to the general dislike of the DRE component of the exam.

Trustees discussed and felt that it would not be beneficial to take away both PSA options and only leave the option for the full Prostate Cancer exam; however, they did feel it was not necessary to offer the PSA test three times.

Trustees agreed that they would like to move forward with Option #1 to remove PSA blood test from the Healthy Heart Blood Draw and keep the two PSA blood test opportunities included in the Health Risk Assessment and Prostate Onsite Project.

Kay Gale requested a motion. Jennifer St. John made a motion to move forward with Option #1. James Menlove seconded.

**The motion was approved 6-0.**

### **13. Discuss and Possible Action Regarding a Plan Amendment for Moving Between Entities**

Erin Collins explained that in years past there had been a practice under which AZLGEBT would waive the original eligibility period when an Employee of one AZLGEBT entity moved to another without a break in coverage, and that unfortunately, no similar provision was included in the Gilsbar document. Erin explained that this issue had come up recently and would like to know if the Trustees are interested in having ECA work with Gilsbar on an amendment to allow for this waiver going forward. Erin stated that if Trustees agreed, ECA would work with Gilsbar on the amendment and the Chairperson authorized to execute it.

Kay Gale asked for a motion Jennifer St. John made a motion to move forward with the amendment effective September 01, 2017. James Menlove seconded the motion.

**The motion was approved 6-0.**

### **14. Discuss and Possible Action Regarding Dual Spouse Coverage**

Erin Collins discussed with Trustees that questions had come up regarding Dual Spouse coverage and therefore ECA reached out to the entities to verify how each were administering this coverage. In asking this question it was found that those entities that offer it handle Dual Spouse coverage differently.

Trustees discussed and requested that this item be brought back to the table at the Annual Conference meeting in February 2018.

Kay Gale requested that ECA provide a matrix and send to Trustees that provides which entities offer it and how it is administered.

### **15. Call to the Public**

There was no response to the Call to the Public.

**16. Adjournment**

Kay Gale made a motion to adjourn at 9:59 a.m.

Respectfully submitted,

Amanda Weaver  
Group Benefits Specialist

DRAFT