



## **ARIZONA LOCAL GOVERNMENT EMPLOYEE BENEFIT TRUST**

### **Minutes of Telephonic Board of Trustees Quarterly Meeting**

**FINAL**

**Tuesday, December 10, 2024**

**1:30 p.m.**

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

Ryan Patterson, Chairperson	Apache County
Megan Spielman, Vice-Chairperson	La Paz County
James Menlove, Treasurer	Gila County
Dustin Welker	Graham County
Derek Rapier	Greenlee County

**The following Alternate Trustees were present:**

Stephanie McCarthy	Apache County
Rick Husk	Gila County
Cindy Norris-Blake	Graham County
Austin Adams	Greenlee County
Juliana Demers	La Paz County

**The following Vendors were present:**

Karen Mallett	Cheiron
Michael Reich	Cheiron
Mike Hensley	Jones, Skelton, & Hochuli, P.L.C.
John Hatz	Gallagher
Tori Hudson	Gallagher
Stephanie Moore	Gallagher
Amanda Weaver	Gallagher
Kristina Zwickl	Gallagher

**The following Guests were present:**

Erik Masingill	Arizona Counties Insurance Pool
Penny Adams	County Supervisors Association

#### **1. Call to Order**

The meeting was called to order at 1:38 p.m. by Chairperson, Ryan Patterson.

#### **2. Roll Call**

Amanda Weaver took roll call and noted a quorum was met.

#### **3. Discussion, Consideration of and Possible Action Regarding Approval of the September 17, 2024 Investment Committee Meeting Minutes and November 07, 2024 Special Meeting Minutes**

Ryan Patterson asked for a motion to approve the September 17, 2024 Investment Committee Meeting Minutes and November 07, 2024 Special Meeting Minutes and confirmed with Amanda Weaver that there were no requested changes. Megan Spielman made a motion to approve the Investment Committee and Special Trust Meeting Minutes as presented. Derek Rapier seconded. Motion passed unanimously.

**The motion was approved 5-0.**

#### **4. Discussion, Consideration of and Possible Action Regarding Approval of Investment Results through October 31, 202**

Stephanie Moore stated that the Investment Committee Meeting was held prior to the Trust Meeting. Patrick Kohnen from Claremont Capital went over the results and answered all questions.

Derek Rapier moved to approve the Investment Committee results through October 31, 2024 as presented. The motion was seconded by James Menlove. Motion passed unanimously.

**The motion was approved 5-0.**

#### **5. Discussion, Consideration of and Possible Action Regarding the 2023-2024 Incurred But Not Paid (IBNP) and Target Reserve Recommendation**

Stephanie Moore noted that as requested at the September 17, 2024 Trust Meeting, this item was tabled to bring more information to Trustees regarding the increase and also let Trustees know that Karen Mallet and Michael Reich would be going over the presentation in the packet and answering any questions. Michael began discussing with Trustees what an IBNP is and discussed what factors play into the IBNP; providers have not submitted their claim; administrator is in the process of reviewing the claim and/or the claim has not been paid. Michael stated the main cause of the increase is due to that historically the IBNPs have been volatile which is common in small groups. This is caused by unit cost changes, utilization changes, mix of services, speed at which providers submit claims and also the speed in which claims are processed and paid.

Michael also offered an option to collect 36 months of claim data or continue with the current practice of collecting 12 months of data. Ryan Patterson asked if there would be any benefit to changing the process. Karen stated that it can give a more detailed explanation when utilizing the 36 months. Trustees discussed and agreed to stay with the current process in place as the Trust is well funded. Both Ryan and Derek Rapier stated they were thankful for the presentation and explanation as it made the increase much easier to understand. The Trust's liability for the 2024-2025 Plan Year is estimated at \$3,056,000 which is an increase of \$643,000 from the prior year, which was estimated at \$2,439,000.

Also, provided was an overview of the \$13.9M Target Reserve Level calculation as recommended by the Actuary was provided to Trustees.

Dustin Welker made a motion to approve the 2023-2024 Incurred But Not Paid and Recommended Funding calculations. Derek Rapier seconded.

Rick Husk joined the meeting.

**The motion was approved 5-0.**

#### **6. Discussion, Consideration of and Possible Action Regarding Approval of the 2023-2024**

## **AZLGEBT Surplus/Deficit Allocation Detail Report**

Stephanie Moore provided an explanation on how the financial surpluses and deficits are calculated and distributed among the members on a monthly basis and also allows for the opportunity for the Trust to offer Premium Holidays. Stephanie noted that the methodology has remain unchanged since the Trust was formed and includes no individual member entity loss sensitivity. The methodology is:

1. Each entity pays their monthly premium.
2. The entity's net contribution is determined by subtracting the life insurance premium.
3. Each entity's net contribution is calculated on a percentage of the whole. This percentage changes from month to month.
4. Gallagher calculates the Trust's monthly net surplus/deficit by subtracting claims and administration expenses from income.
5. The surplus and/or deficit for the month is allocated to each participating entity in an amount equal to the net premium deposit percentage for each entity.
6. Interest income for the month is allocated in an amount equal to each entity's cumulative cash percentage as compared to the whole.

Stephanie asked Trustees to approve the report as presented. Derek Rapier asked if there was a deficit due to report stating surplus/deficit. Ryan Patterson stated it is the name of the report, and the Trust is not showing a deficit.

Ryan Patterson asked for a motion. Dustin Welker moved to approve the 2023-2024 Surplus/Deficit report as presented and Magan Spielman seconded.

**The motion was approved 5-0.**

### **7. Discussion, Consideration of Possible Action Regarding the Offering of 2024-2025 Premium Holiday**

Stephanie Moore provided an overview of the calculations and the process if Trustees choose to move forward with the offering a premium holiday. As of June 30, 2024, the Trust's unaudited surplus position was \$13,952,393. Traditionally, the Trust's Actuary recommends that the Trust have 5.5 months of expenses in financial reserves available in addition to the IBNP; for 2024-2025 this calculates to \$10,855,747. This provides the Trust \$3,557,949 for possible Premium Holidays. Gallagher's conservative recommendation if Trustees move forward would be to utilize a lower percentage option for the Premium Holiday. Stephanie also stated that if approved, only the entities that wish to use the Premium Holiday can elect to take the offering and that it would need to be taken within the current Plan Year by June 30, 2025.

Ryan Patterson noted that Apache County would not need the Premium Holiday offering and asked if there were any entities that would benefit this year. Gila, Graham, Greenlee, and La Paz stated they would not need the Premium Holiday offering. Santa Cruz was not in attendance.

James Menlove asked if the surplus is part of the calculation of the increase for the 2025-2026 Plan Year. Stephanie stated that it does not as the rates are set based off of the claim utilization and vendor fees. Derek Rapier asked if a Premium Holiday is taken by an entity if that reduces their surplus. Stephanie confirmed that was accurate and if Santa Cruz would like to discuss this again due to not being on the call, this could be put on another meeting agenda.

			PREMIUM HOLIDAY OPTIONS		
			Option 1	Option 2	Option 3
	Surplus Balance @ 06/30/2024	% of Surplus Balance	\$ Eligible for Premium Holiday @ 100%	\$ Eligible for Premium Holiday @ 75%	\$ Eligible for Premium Holiday @ 50%
Santa Cruz	\$3,429,627	23.79%	\$846,586	\$634,940	\$423,293
Gila	\$2,275,400	15.79%	\$561,671	\$421,253	\$280,836
Graham	\$2,142,558	14.86%	\$528,880	\$396,660	\$264,440
Greenlee	\$1,569,740	10.89%	\$387,483	\$290,612	\$193,741
Apache	\$1,819,794	12.63%	\$449,207	\$336,905	\$224,604
La Paz	\$3,167,518	21.98%	\$781,886	\$586,414	\$390,943
CSA	\$2,657	0.02%	\$656	\$492	\$328
AACo	\$4,094	0.03%	\$1,011	\$758	\$505
ACIP	\$2,310	0.02%	\$570	\$428	\$285
<b>Totals:</b>	<b>\$14,413,697</b>	<b>100%</b>	<b>\$3,557,949</b>	<b>\$2,668,462</b>	<b>\$1,778,975</b>

Ryan Patterson asked for a motion regarding the offering of Premium Holiday. Derek Rapier made a motion to not offer a Premium Holiday for the 2024-2025 Plan Year. James Menlove seconded the motion.

**The motion was approved 5-0.**

#### **8. Discussion, Consideration of and Possible Action Regarding Approval of Financial Results Through October 31, 2024**

Amanda Weaver provided Trustees with an overview of the Trust financials ending October 31, 202, letting Trustees know that the cash position was at \$17,363,393. Taking into account the Actuary's Incurred But Not Paid (IBNP) liability of \$3,185,693, the Trust reported an estimated surplus position of \$14,177,700. Amanda also noted the Year-to-date showed a gain of \$355,000.

Amanda state the Trust was running over at 118% YTD for medical as there has been some higher dollar claims, which included air ambulance claims. Prescription was also running over at 110% YTD due to Specialty Medications.

Both dental and vision were under budget. Short Term Disability was running over budget at 210% YTD. This benefit is inconsistent and difficult to budget.

Amanda also provided an overview of the large cases informing Trustees that as of the end of October there was 6 Large Claimant totaling \$1,195,358. None of the Large Claimants had exceeded the \$275,000 Specific Deductible and \$100,000 Aggregating Specific Deductible; therefore, no reimbursement is due at this time.

Amanda Weaver asked if there were any questions and if not than a motion to approve the financials as presented was needed.

James Menlove made a motion to approve the financials through October 31, 2024 as presented. Derek Rapier seconded the motion. Motion passed unanimously.

**The motion was approved 5-0.**

## **9. Discussion, Consideration of and Possible Action Regarding Approval of Alliance Bank Administrators and Signers and Update the Signer on the AZLGEBT Checks Produced by AmeriBen to the Trust Chairperson**

Stephanie Moore stated that although this had been voted on at the September 17, 2024 Meeting additional changes had come up. Cynthia Maalouf has requested to be removed and AmeriBen has changed their policy of allowing a rep sign Trust checks. It is required by Alliance Bank that the Trust provide minutes making any updates to Administrators and Signatories and their respective access on the accounts. Administrators have online access and approve the level of access of specific users. Signers can actually sign checks on behalf of the Trust. The recommendation is as follows, along with allowing the Trust Chairperson to sign the Third-Party Administrator produced checks:

1. Ryan Patterson, AZLGEBT – Signatory
2. Stephanie Moore, Gallagher Signatory - Add
3. John Hatz, Gallagher – Administrator/Signatory
4. Cynthia Maloof, ACIP – Administrator/Signatory - Remove
5. Marissa Olson, AmeriBen – Signatory - Remove

Dustin Welker moved to approve the change to the Administrators and Signatories as presented and allow the Trust Chairperson to sign the Third-Party Administrator produced checks: The motion was seconded by Derek Rapier.

**The motion was approved 5-0.**

## **10. Wellness Program Update**

Tori Hudson provided an updated on the three options to qualify for a premium reduction due to eliminating Vitality.

The requirement is that employees earn 2,000 points throughout the fiscal year. The options are as follows:

1. Attend 5 onsite screenings throughout the fiscal year.  
Employees also have the option to complete a comparable screening through their PCP and submit an alternate screening form for points.
2. Participate in quarterly wellness activities that are created by me and distributed by the wellness coordinators. There are 3-4 activity options per quarter, each activity is worth the same amount of points as a screening.
  - a. Each quarter focuses on a different aspect of health: Mental/Emotional, Movement, Nutrition, etc.
3. Combine points from onsite screenings and quarterly wellness activities to earn a total of 2,000 points.

The screening participation points are tracked by Tori as reports are received from the vendors. Wellness coordinators are responsible for tracking wellness activity points as they see fit (either themselves or making it the responsibility of the employee). At the end of the year, points will be combined to assess who qualifies for the premium reduction.

Dustin Welker asked if an add campaign could be done to help Employees understand how the program works.

Tori also discussed with Trustees of a new program to potentially replace Livongo and noted that she would arrange for presentations to provide an overview to HR Staff to determine interest in moving forward and if so it will be brought to Trustees at the Annual Conference.

Tori provided an overview of the participation of the Skin Cancer Screenings, Flu Vaccinations and Livongo.

No action needed.

#### **11. Discussion, Consideration of and Possible Action Regarding Approval of Contracting with Assured Imaging Women's Wellness (AIWW) for On-Site Skin Cancer Screenings**

Tori Hudson reminded Trustees that AIWW was who the Trust was previously contracted with for Skin Cancer Screenings. Last year, they had changed their fees which was a substantial increase. The Trust opted to not contract for the 2024-2025 Plan Year and Gallagher found a vendor to travel onsite for the screenings; however, could not see as many Members and also could not provide Cryo Services. AIWW had a change in management and approached Gallagher to consider contracted again at the following fees:

- Previous AIWW rates: \$145 per screening, \$90 lesion removal
- AIWW new rates:
  - \$220 per screening
  - \$90 removal of 1st premalignant lesion

Trustees discussed and agreed to have Gallagher work on negotiating and contracting.

Ryan Patterson asked for a motion. Dustin Welker made a motion to contract with AIWW to perform on-site skin cancer screenings and authorize the Chairperson to execute the contract following approval as to form by Trust Legal Counsel. Derek Rapier seconded.

**The motion was approved 5-0.**

#### **12. Discussion, Consideration of and Possible Action Regarding Approval of Adding Hearing and Eye Health Exams to the Upcoming HealthFirst Cardiac and Organ Screenings**

Tori Hudson discussed that the Hearing and Eye Health Exams option was brought to Trustees at the September 17<sup>th</sup> meeting as a potential add-on to the Cardiac & Organ screening. The potential cost would be as follows:

- Cost: \$75 for eyes and \$40 for ears – both processed as a medical claim
  - It is worth noting that the Trust can vote on offering one or the other and does not have to offer both screenings.
  - Cardiac & Organ averages 745 employees per year.
  - Current rough cost: \$145,275
    - Eyes add-on: \$201,150
    - Ears add-on: \$175,075

Trustees agreed the offering would be a beneficial add-on to a screening already in place.

Derek Rapier made a approve to amend the contract with HealthFirst to perform on-site Eye Health and Hearing screenings and authorize the Chairperson to execute the contract following approval as to form by Trust Legal Counsel. Dustin Welker seconded the motion.

**The motion was approved 5-0**

### **13. Discussion, Consideration of and Possible Action Regarding Approval of Contracting with Jet Dental to Offer a Limited Scope of Onsite Services**

Tori Hudson discussed with Trustees that it had been requested to research if there was an opportunity to bring a Dental Onsite Screening. Jet Dental is contracted with Ameritas. Tori went over the following information with Trustees.

- Jet Dental is an in-network Ameritas Dental provider
- Dental cleanings are covered at 100% for plan members
- This is not an additional dental service or benefit to employees – it would simply allow them to receive their yearly dental cleaning onsite vs. at a dentist's office
- Because Jet Dental partners with Ameritas, there is only a fee if minimum amount of patients are not seen (15-25 appointments depending on the location – this is per service, not per patient).

Entities discussed that there would be concern with taking business away from local dentists. Other entities stated they do not have many dental options for Members, and this would be a nice addition for not having to travel to get a cleaning.

Trustees requested that Tori research further and bring back to Trustees at the Annual Conference.

Derek Rapier made a motion to table this item. James Menlove seconded.

**The motion was approved 5-0**

### **14. Discussion, Consideration of and Possible Action Regarding 2025-2026 Benefit Renewal Consideration Items**

Stephanie Moore noted that she likes to bring options to discuss with Trustees prior to the Annual Conference to determine what entities may and may not be interested in.

1. Medical
  - a. Add a wrap network
  - b. Additional mental health resource
2. Rx
  - a. Medical Rx Carve Out
  - b. RxPostCheck
  - c. Access Guidance Services for Diabetic GLP-1 medications
  - d. Add Expanded Preventive Medications List to HDHP at \$0 member cost-sharing
  - e. GLP-1 coverage for weight loss
3. Dental
  - a. Increase Annual Benefit Max

- b. Add coverage for adult orthodontia
- 4. Vision
  - a. Remove \$10 Exam Copay
  - b. Remove \$10 Materials Copay
- 5. Wellbeing
  - a. Consider replacing Livongo with Digbi.

Trustees stated they did not want to look at anything that would be an increased cost or that would require an active enrollment in PlanSource.

Stephanie Moore stated that Gallagher would vet through the options and bring back to Trustees at the February Meeting.

No motion was needed.

## **15. Administrative Update**

Amanda Weaver gave a brief overview of the following items to Trustees:

a. Investment Committee Policy and Elections - In review of the investment policy in advance of the meeting, the following items were found.

- The policy has not been updated since 2019; therefore, does not completely reflect current practices.
- We would also like to recommend the committee structure to be updated to reflect three members elected by name (Chair, Vice-Chair and Member-at-large) one member named by the position of Trust Treasurer.
- ACIP has requested to be removed from the banking. Within the Investment policy ACIP is authorized to order the deposit or withdrawal of investment monies.
- There are also specific investment directives and we would like to confirm with Claremont Capital is following these directives and obtain any recommendations they may have for language changes.

Gallagher, Trust Legal Counsel and Claremont Capital will work to update the policy and bring to Trustees at the February Meeting. At that time the policy can be voted on.

Move the Investment Committee elections to coincide with the Trust election of Officers that occur in February at the Annual Conference.

b. Medicare D Letters – Letters sent out by AmeriBen in October to inform member if the Plan they are enrolled under is credible or non-credible. Both are credible.

c. PlanSource Enrollment Portal Address Changes – Addresses must be updated in the PlanSource System to update the vendors through the file feeds

d. Life Conversion & Portability Coverage – Reminder when Members voluntarily or involuntarily term from the Plan, HR should be providing information that the coverage may be able to continue outside of group coverage if handled within 31 days.

e. AZLGEBT Annual Conference – Conference is scheduled for February 19 – February 21, 2025



at the Tapatio Cliffs Resort in Phoenix, Arizona.

**16. Next Meeting Date** – AZLGEBT Annual Conference; February 18 – February 21, 2025.

**17. Call to the Public**

There was no response to the Call to the Public

**18. Adjournment**

Ryan Patterson made a motion to adjourn at 3:02 p.m.

Respectfully submitted,

*Amanda R Weaver*

Gallagher Benefit Services  
Amanda Weaver  
Senior Account Manager