



DRAFT
Minutes of Board of Trustees Annual Organizational Meeting
Teleconference
Thursday, August 17, 2017, 8:30 AM

Trustees Present via Teleconference:

Ryan Hackmann, Desert View
Mindy Kindelberger, GVFD
Pat Nichols, Holbrook
Dean Colvig, KAOL
Karen Norris, Miami
Kay Eddlemon, Page
Cliff Davis, Safford
Timothy Hinton, St. Johns
Val Cordova, Springerville
Heidi Wink, Springerville
Geri Judd, Taylor
Pamela Galvan, Williams
David Coolidge, Winslow

Others Present via Teleconference:

Yvonne Gearing, KAOL
Tammy Claridge, Safford
Michael Hensley, JS&H
Rick Cajthaml, Meritain
Laura Phillipson, Navitus
Karla Anderson, Navitus
Quinn Pass, Hodges-Mace
Kevin Trudel, Hodges-Mace
Alcy Kaniho-Rubelsky, Standard
Barbara Denny, Standard
Erin Collins, ECA
Missy Jenson, ECA
Amanda Weaver, ECA

1. Call to Order

The meeting was called to order at 8:30 a.m. by Ryan Hackmann.

2. Roll Call

Roll Call was taken by Amanda Weaver.

3. Election of Trust Officers

Ryan Hackmann announced the election of Trust Chairperson and requested nominations. Ryan thanked everyone for his time as Chairman and stated that he would love to continue the role of Trust Chairperson. No other nominations were made. Val Cordova made a motion for Ryan Hackmann to continue as the Chairperson and Cliff Davis seconded the motion. The motion passed unanimously.

Ryan Hackmann continued the meeting.

Ryan Hackmann announced the election of Trust Vice-Chairperson and requested nominations since the current Vice-Chairperson, Lori Wedemeyer, was not on the call to verify if she would like to continue. Kay Eddlemon nominated David Coolidge and Val Cordova seconded the motion. The motion passed unanimously.

Ryan Hackmann announced the election of Trust Treasurer and asked Kay Eddlemon if she would like to continue. Kay stated that she would. David Coolidge nominated Kay Eddlemon. Heidi Wink seconded the motion. The motion passed unanimously.

Erin Collins recommended that ECA continue as RAGHT's Recording Secretary. David Coolidge made a motion for ECA to continue in the role as Recording Secretary and Kay Eddlemon seconded the motion. The motion passed unanimously.

4. Approval of Meeting Minutes- June 22, 2017

Ryan Hackmann asked for approval of the meeting minutes from June 22, 2017. Val Cordova made a motion to approve the minutes as presented. Kay Eddlemon seconded the motion. The motion passed unanimously.

5. Financial Report/Expenditure Approval – April - June 2016

Amanda Weaver began by reminding Trustees of the Accruals line item within the financials which was a recommendation provided by the Department of Insurance (DOI). This amount will be calculated at the end of each Plan Year and will not change throughout the year, similar to the reporting of the IBNP claim liability.

The Trust showed a gain of \$1,129,179 for the 2016-2017 Plan Year. The All-Years cash position was at \$8,557,849. After taking into consideration the estimated IBNP of **(\$1,260,000)** and the Accruals of \$25,598, the Surplus Position was estimated at \$7,323,475.

Amanda also reported that Medical Claims ended the year under budget at 91%, Pharmacy Claims ran over budget for the year at 103%, and Dental Claims ran under budget at 97%.

General Operating expenses ran over budget at 118%; however, the overall budget end year to date at 94%.

The Trust was also informed that there were eleven (11) cases over \$75,000, totaling \$1,428,271 for the plan year ending 07/01/2017. Two (2) of the large cases exceeded RAGHT's Specific Deductible of \$150,000 by \$89,815. Amanda also informed Trustees that the 2015-2016 Plan Year had fourteen (12) large cases totaling \$1,972,475. Ryan Hackmann asked for a motion to approve the financial report as presented. Kay Eddlemon made a motion to approved the Financial Report ending June 30, 2017 as presented. Heidi Wink seconded the motion. The motion passed unanimously.

6. Discussion and Possible Action Regarding 2017-2018 Trust Budget

Erin Collins informed Trustees that the packet included RAGHT'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 RAGHT budget reflected an increase of 3.94% 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 as increase of 11.21%, which takes into consideration the addition of Wellton and Golden Valley Fire District.
2. The Medical EPO Plan premiums increased between 3.7% to 4.9% (Employee vs. Family) and the HDHP increased between 4.3% and 5.5% (Employee vs. Family). Vision increased by 5%. The premiums for the Dental and Life insurance remained unchanged.
3. 82.60% of all benefit dollars go directly to pay Medical, Prescription and Dental claims incurred by beneficiaries of the Plan. 7.19% of all dollars are reserved for insurance premiums (Life, Vision and reinsurance), 5.21% of the dollars are paid to vendors paid on a Per Employee Per Month (PEPM) basis, and 5.00% of all benefit dollars are going to pay administration costs of the program (claims processing, provider networks, professional actuary/legal services, wellness program, etc.).
4. The reinsurance renewal was initially estimated at an overall increase of 14.64% (15% on Specific and 5% on Aggregate) and through the bidding process we were able to obtain pricing at 4.24% below current pricing and 5.25% assumed through the budget

process. RAGHT renewed with Berkley and will be under budget by approximately \$60,000 this plan year. The draft budget presented was updated to include the quoted reinsurance premiums. Of the \$60,000 difference between the actual premium and that which was estimated through the budget process, \$10,000 was moved to Wellness Programs and \$50,000 was moved to the Misc. budget line item. If not spent in unanticipated administrative or other costs, these funds will be available to offset any increases next plan year.

5. The attached budget for approval has increased by \$1,782. This is due to an error in the City of Holbrook budget. The Teladoc PEPM fee of \$2.70 did not link properly; therefore, was not calculated into the total. This has been corrected. Holbrook has been notified and their rates updated.

Erin briefly explained the individual budget sheets saying that all of the budgets are exactly the same with the exception of minor differences related to the structure of each entity's premium tiers (i.e., 2-tier, 4-tier, composite).

Ryan Hackmann asked for a motion. Cliff Davis made a motion to approve the 2017-2018 Trust Budget as presented. Val Cordova seconded the motion. The motion passed unanimously.

7. Meritain Health – Medical and Dental Claims Update (July 2016 – June 2017)

Rick Cajthaml, Account Director from Meritain Health, presented a claims overview to Trustees. No action was needed on this item.

8. Navitus Health Solutions – Prescription Drug Claims Update (January – June 2017)

Laura Phillipson, Senior Client Services Executive and Karla Anderson, Clinical Account Executive, presented a claims overview to Trustees. No action was needed on this item.

9. Discussion and Possible Action Regarding 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 RAGHT. 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 fourteen (14) 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. Rewrite of Life Insurance policy and certificates;
3. Life insurance RFP (subject to outcome of discussion on VTL benefits at this meeting);
4. Developing Vision Benefit options;
5. Voluntary Term Life Processes Training with Standard Representative;

6. Complete transition to SmartBen;
7. Complete calendar to fiscal year transition (short plan year);
8. Review addition of RAGHT-centralized Flexible Spending Accounts:
 - a. Dependent care
 - b. Full Purpose FSA
 - c. Limited Purpose FSA
9. Discuss a minimum entity size for RAGHT membership consideration;
10. Continue to review the availability and costs of offering a preferred Dental network;
11. Conduct the RAGHT membership renewal process for Town of Miami, City of Safford, and Town of Snowflake
12. Review the cost of adding a Mexico Network Benefit;
13. Reinsurance shopping, if applicable; and
14. Coordination of the Trust's annual renewal meeting.

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

Ryan Hackmann asked for a motion to accept the 2017-2018 Risk Management Plan. Val Cordova motioned to accept the Risk Management Plan as presented and Mindy Kindelberger seconded the motion. The motion passed unanimously.

10. Discussion and Possible Action Regarding Covering 3D Mammograms

Missy Jenson reminded Trustees that this item was discussed in October 2015 and February 2016 and, due to the timing and lack of knowledge of outcome versus cost impact, Trustees opted not to cover 3D Mammograms at that time. Missy also explained 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 was time to cover the 3D mammograms. Pamela Galvan made a motion to add the coverage effective September 01, 2017. Kay Eddlemon seconded. The motion passed unanimously.

11. Discussion and Possible Action Regarding Incurred but Not Paid Claims Reserves as of June 30, 2017

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 RAGHT'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 \$1,260,000 which is a \$41,000 increase from the prior year, which was estimated at \$1,219,000 Erin reported that the increase includes a \$5,000 increase in administration costs and \$36,000 in claims costs.

Ryan Hackmann asked the Trust to approve the IBNP report as presented by Cheiron. Kay Eddlemon moved to approve to the IBNP report and David Coolidge seconded. The motion passed unanimously.

12. Discussion and Possible Action Regarding Approval of 2016-2017 Surplus/Deficit Allocation Detail Report

Erin explained how the financial surpluses and deficits are calculated on a monthly basis. He also explained that, by statute, if an entity leaves the Trust, their calculated surplus dollars go back into the general fund of that entity. Erin asked Trustees to approve the report as presented. Ryan Hackmann asked for an approval. Kay Eddlemon moved to approve the Surplus/Deficit report as presented and Cliff Davis seconded. The motion passed unanimously.

13. Discussion and Possible Action Regarding the Offering of Premium Holidays

Erin Collins stated that Trustees have allowed participating entity's that had cash balances to take Premium Holidays in the 2011-12, 2012-13, and 2013-14 Plan Years; however last year, due to the uncertainty on changes and costs with Health Care Reform, and the deficit financial year experienced by the Trust in 2013-14, Trustees voted to not offer the Premium Holiday. Trustees elected in 2015-2016 and 2016-2017 to offer the Premium Holiday again. As of June 30, 2017, the Trust's unaudited surplus position was \$7,297,849. Traditionally, the Trust's Actuary recommends that the Trust have six (6) months of expenses in financial reserves available in addition to the IBNP; for 2017-2018 this calculates to \$5,473,066. This provides the Trust \$1,827,277 for possible Premium Holidays. In the past Trustees have opted to utilize 50% for Premium Holidays which is approximately \$913,638. Erin reminded Trustees that in the past years when the Premium Holidays were offered not all entities took advantage of the option.

Val Cordova made a motion to offer Option #3 of the Premium Holiday to those entities that have a surplus, which was 50% of available reserves. Kay Eddlemon seconded the motion. The motion passed unanimously.

14. SmartBen Transition Update

Erin Collins discussed with Trustees that transition to SmartBen was much more challenging than expected. He then had Quinn Pass and Kevin Trudel with SmartBen, Rick Cajthaml with

Meritain, and Alcy Kaniho-Rubelsky and Barbara Denny with Standard provide an overview of what the issues were and what they did to resolve them.

Erin also provided an overview of additional issues where it would be beneficial to have another training on the SmartBen portal now that Members have utilized the portal and know where the struggles are.

Trustees discussed that they would like to have a webinar training versus Quinn with SmartBen coming to Arizona for onsite training as many felt it would be too time consuming to travel to the different locations.

Quinn Pass and Amanda Weaver will work with Trustees/HR reps from the entities to set up several trainings in the month of September.

15. Discussion and Possible Action Regarding Basic and Voluntary Term Life Request for Proposal

Erin Collins provided an update from the June 22nd meeting regarding the Request for Proposal for the Basic and Voluntary Term Life. Erin informed Trustees that ECA contacted the Standard requesting the following pricing options to the simplify the VTL process:

1. Employee Guaranteed Issue (GI) of \$150k (currently \$100k) in increments of \$10k.
2. Spouse GI of \$50k (currently \$20k) in increments of \$10k.
3. Child(ren) GI of \$2/\$5/\$10k.
4. Eliminate the current 6*salary max on the EE VTL
5. Eliminate consideration of the basic life amount in the VTL GI limit.
6. Eliminate offers of amounts in excess of the GI (and therefore the E of I process).
7. Limit employee VTL eligibility to a one-time option that has to be exercised in the first 31 days of employment.
8. One-time OE for current members under the \$150,000 GI to be effective on takeover.
9. Grandfather all members with in-force amounts in excess of the GI.

Erin stated that Standard presented the request to underwriting and Standard has declined to quote; therefore, ECA will be sending out a Request for Proposal (RFP) to the following carriers; Mutual of Omaha, Unum, and Ochs Insurance with a July 01, 2018 effective date to eliminate two (2) open enrollments.

Trustees did not request any changes prior to sending the request out for quote.

16. Wellness Update

Missy Jenson provided an overview of the status of the Wellness Support Network stating which entities she had been onsite with and those that were still outstanding. Missy also discussed with Trustees the benefits of creating the Wellness Support Network and that once everything was in place it should help RAGHT to meet goals and spread the workload to help make the Wellness Program a success.

Missy also discussed the Passport to Health Program with Trustees and what could be done to make the program more successful due to the very low participation rate. Missy discussed changing the structure of the incentives. Trustees felt that they would get better participation keeping the incentives similar to the prior year. Trustees also had some concern regarding tax issues. Missy stated that she would work with the Trust's Legal Counsel and follow up once she had an answer.

17. Administrative Update

Erin Collins gave a brief overview of the following items with Trustees:

- Trustees/Alternate Trustees
 - Options for better participation
- SmartBen Training
 - Discussed in item #14
- Adding/Terming/Changes to Members in SmartBen
 - Trustees were reminded that ALL changes needed to be made in the SmartBen portal and not the Meritain, Avesis, and Standard portals. In doing so the file feed from SmartBen will override any changes made in those systems.
- Vendor Portals-HR Access
 - It was discussed with Trustees the consequences with cutting HR access to the Meritain, Avesis, and Standard portals as previously discussed.
 - Meritain-HR would no longer have access to print Temporary ID cards. ECA, Meritain, and the Members would still have access to print ID cards
 - Avesis-HR can no longer add, term, or make changes to COBRA members-ECA will handle moving forward
 - Standard- HR can no longer print billings-Billings are mailed. If a billing did need to be downloaded-ECA has access

Trustees discussed and most all agreed to cut all HR access to the portals. Cliff Davis with City of Safford was not in favor. Motion passed with majority votes in favor of cutting access.

- Vendor Billings (Meritain, Avesis, and Standard)
 - The importance of paying the billings as is and waiting for the adjustment to show the following month was reiterated.
- Dependent Voluntary Life and Guaranteed Issue Limit Outside of the Initial 31 Day Eligibility Period
 - Erin discussed with Trustees that a Member had expressed that the wording in the SmartBen portal was unclear. ECA did work with the Trust Legal Counsel and it is believed that the language is clear.
- RAGHT's Fourth (4th) PCORI Fee Payment
 - The PCORI fee was paid in the amount of \$3,112 and mailed on July 11th.
- Local Government Investment Pool (LGIP) Performance
 - Trustees were provided an overview of the funds in Pool 5 and Pool 700
- Annual Trustee Conference

- The conference will be held at the Renaissance in Glendale, Arizona January 31st – February 2nd, 2018

18. Individual Entity Reports

None of the entities had anything to report.

19. Next Meeting Date

The next Trust meeting is scheduled for October 27, 2017 at 8:30 a.m. via teleconference.

20. Call to the Public

No public was present.

21. Adjourn

Ryan Hackmann requested a motion for adjournment. David Coolidge motioned to adjourn. Kay Eddlemon seconded the motion. The meeting was adjourned at 10:46 a.m.