

MINUTES OF THE SELF-INSURANCE TRUST BOARD MEETING
SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
Ed Center, Room - Old Main, 7575 E. Main St., Scottsdale, AZ 85251
June 8, 2023 at 4:00 PM

Self-Insurance Trust meeting was called to order at **3:59** pm on June 8, 2023.

I. Call to Order – Melinda Gulick, Trust Chairperson called the meeting to order.

II. Roll Call-

Board Trustees in attendance were, Shannon Crosier, Trust Board Administrator, Melinda Gulick, Trust Chairperson, Zach Lindsay, Trustee, Eloy Yndigoyen. A quorum was present.
Absent: Valerie Shannon, Trustee.

Public Comments – Shannon Crosier, Trust Board Administrator publicly thanked Melinda Gulick and Eloy Yndigoyen for their two years of service on the Self-Insurance Trust Board.

INFORMATION/DISCUSSION AND POSSIBLE ACTION

- A. Approval of SUSD Self-Insurance Trust Minutes from March 9, 2023 meeting. - Action
No discussion, Minutes stand as submitted.

Zach Lindsay Moved to Approve the Scottsdale USD Self-Insurance Trust Meeting Minutes of March 9, 2023. Eloy Yndigoyen Seconded the motion. The motion was approved with a vote of 4 – 0.

- B. Approval of Proposed Self-Insurance Trust Board Meeting Dates for 2023-2024 – Action

Zach Lindsay Moved to Approve the Proposed Self-Insurance Trust Board Meeting Dates for 2023-2024. Eloy Yndigoyen Seconded the motion. The motion was approved with a vote of 4-0.

- C. Property/Casualty/Workers Comp Claims Report (ARRT) – Information
Ryan Cole from the Trust presented Financial reports concerning Property/Casualty and Worker's Compensation.

22/23 Property and Liability Premium:	\$2,147,843
22/23 Workers' Compensation Premium:	\$914,446 (Est)
22/23 Health Benefits Premium:	\$17,701,135 (Est)
• Total number of claims processed as of 4/30/2023: 82	
• Total incurred as of 4/30/2023: \$1,408,990	

2023/2024 Renewal: Updates

- 2023/2024 contribution estimate: \$2,358,995
- 2022/2023 contribution: \$2,147,843
- 9.83% increase
- Trust Loyalty Credit (5%)
 - District is on track to receive approximately \$107,392
 - Tier 1 (2%): 65% 3-year loss ratio (YTD)
 - Tier 2 (3%): 3 of 3 items completed

Alliance Rating Retrospective Plan

- Scottsdale joined retro plan effective July 1, 2019
- Designed for members with a higher appetite for risk
- Member pays for losses and various expenses (admin, excess insurance, tax, contribution to Surplus)

22/23 Alliance Rating Retrospective Plan	Estimate	Actual (as of 4/30/23)
○ Incurred Losses*	\$641,961	425,699
○ Unallocated Loss Adjustment Expense*	\$120,807	80,100
○ Administrative Expense	\$ 77,021	77,021
○ Excess Insurance and Tax Expense	\$ 56,096	56,096
○ Contribution to Net Position	<u>\$ 18,561</u>	<u>18,561</u>
○ Total	\$914,446	\$657,487

Alliance Rating Retrospective Plan

- As of 4/30/2023, the district is trending at 72% of estimates.
- Alliance staff will continue to provide quarterly updates on Scottsdale's performance.
- A final adjustment based on actual losses and payroll will be conducted in July 2023.

Alliance Contribution History

Year	Rating Model	Contribution Valued as of 4/30/2023	Retro Contribution: Original Estimate
2022/2023	Retrospectively Rated	*657,487	914,446
2021/2022	Retrospectively Rated	*961,083	927,441
2020/2021	Retrospectively Rated	*643,014	860,358
2019/2020	Retrospectively Rated	*445,063	839,973
2018/2019	Guaranteed Cost	958,573	N/A
2017/2018	Guaranteed Cost	877,064	N/A

*Estimated contribution. Loss elements are adjusted for 5 years

Alliance 2023/2024 Renewal

- Estimated payroll:
 - \$147,807,605
- Estimated contribution:
 - \$913,130 (approximate, pending payroll estimates from district)
 - -1.4% increase, subject to final underwriting

PPA/TIP Balances

- Trust Prepaid Account Balance as of 4/30/2023
- \$107,420
- Trust Investment Pool Balance as of 4/30/2023
- \$41,637

Upcoming Dates: 2022/2023 Renewal

- June 30: 23/24 renewal forms due to the Trust
- July 19-21: Annual AASBO Conference
 - Wednesday night – Trust Member Appreciation Dinner

D. Medical Claims/Financial Reports – Information

- Jeremy Larson and Tanya Edwards presented financial and health reports from Kairos Health Arizona Plan Overview (Chris Marler and Rich Hueler also in attendance)
- 1,853 Employees

- 2,592 Lives
- 41 Average Age
- Medical Plan Spend 5.0% decrease over 21/22 (Through April 30, 2023)
 - Top 5 Providers: HonorHealth JCL Med Center, Mayo Clinic, HonorHealth Shea, Scottsdale Healthcare Osborn, Duke University Hospital
 - #1 Condition – Cancer YTD 22/23 at \$1,740,460
- Prescription Spend 40% Increase over 21/22 through March 31, 2023
 - Specialty is 59.5% of plan spend
- 2022-2023: \$484 PEPM
- 2021-2022 \$436/Benchmark: \$365
- Preventive Screenings
 - Colorectal Cancer Screen 45+ 13% Increase
 - Cervical Cancer Screen 21+ 1% Decrease
 - Flu Vaccine 11% Decrease
 - Mammography Screen 21+ 1% Increase
 - Completed Biometric Exams 2022-2023 = 71
- Discussion of Large Claimants Medical - Top 5
 - Cancer \$1,740,460
 - Musculoskeletal disorders \$ 880,636
 - Screenings \$ 715,134
 - Gastrointestinal disorders \$ 627,383
 - Neurological disorders \$ 531,996
 - Non-Large Claims: 49%
 - Large Claims over \$50K is 51%
- Other Topics:
- Clinical Care Advocacy – Engaged participant count YTD – 49/67 (Successful/Overall)
- Prescription Spend –
 - Top 5 Traditional: Diabetes, Allergy/Asthma/Cold, Mental Health, Hormonal Agents, Pain/Spasms
 - Top 5 Specialty: Oncology, Chronic Inflammatory Disease, Orphan Drugs, Bleeding Disorder, HIV/AIDS
- Executive Summary
 - Pharmacy represents 36% of total spend, with an increase of 45% over previous year.
 - Large claims represent almost 51% of spend, with 44 claims over \$50K
 - Medical claims have decreased slightly
 - Employee Mini Fair: July 27, 11:00 a.m. to 1:00 p.m.

Recommendations

- Engagement with clinical and participant advocate teams
- Education of membership on their benefit offerings
- Preventive health screenings for early detection and avoidance of high-cost claims
- Increase participation in biometric screenings

Mrs. Melinda Gulick dismissed herself for a commitment at 4:33 pm.

E. Trust Financial Update – Information

Shannon Crosier presented the Checking and Investments Accounts for Fiscal Year 2022 and 2023 as of May 31, 2023.

- Total in each of the three Checking/Investment accounts as of May 31, 2023:
 - Medical \$29,605,406.16
 - Property/Casualty \$ 5,602,745.69
 - Workman's Comp \$ 9,103,359.20

○ **TOTAL** **\$44,311,930.83**

Tyler Tayrien from Wells Fargo presented the Financial Market Investment Update.
Three investment accounts as of 5/3/2023:

- Medical- 45 Securities/Accounts – 28.138 million (2.62% Book Yield & Market Yield 4.84%)
 - Unrealized Loss (\$701) without accrued Interest.
 - Cash Flow 20,519,000
- Worker's Compensation- 12 Securities/Accounts - 6.897 million (2.79% Book Yield & Market Yield 4.90%)
 - Unrealized Loss (\$233) without accrued Interest.
 - Cash Flow \$4,410,000
- Property and Casualty – 11 Securities/Accounts – 5.790 million Portfolio Size (2.02% Book Yield & Market Yield 4.79%)
 - Unrealized Loss (\$197) without accrued Interest.
 - Cash Flow \$3,056,000

F. Future Agenda Items – No items

G. Dates of Upcoming Meetings – Sept. 21, 2023; Dec. 7, 2023; March 7, 2024; June 6, 2024

H. Adjournment

At **5:02** pm, Zach Lindsay Moved to adjourn the meeting. Eloy Yndigoyen seconded the motion. The motion was approved with a vote of 3 – 0.

Dated this 8th day of June 2023.

Approved this 14th day of September 2023.