

**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
March 9, 2023 at 4:00 PM**

Self-Insurance Trust meeting was called to order at **4:04** pm on March 9, 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, Valerie Shannon, Trustee (Online). A quorum was present.

Absent: Zach Lindsay, Trustee, Eloy Yndigoyen, Trustee

Public Comments – No public comments

INFORMATION/DISCUSSION AND POSSIBLE ACTION

- A. Approval of SUSD Self-Insurance Trust Minutes from January 19, 2023 meeting. - Action
No discussion, Minutes stand as submitted.

Shannon Crosier Moved to Approve the Scottsdale USD Self-Insurance Trust Meeting Minutes of January 19, 2023. Valerie Shannon Seconded the motion. The motion was approved with a vote of 3 – 0.

- B. Property/Casualty/Workers Comp Claims Report (ARRT) – Information
Jessica Schuler 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 2/28/2023:	69
• Total incurred as of 2/28/2023:	\$1,249,322

2023/2024 Renewal: Updates

- Liability
 - General 1% rate increase
 - Automobile 0%
 - Cyber: 10% rate increase (due to the cyber market)
- Property:
 - TIV Increase 15%
- Trust Loyalty Credit (5%)
 - District is on track to receive approximately \$107,392
 - Tier 1 (2%): 59.98% 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
○ Incurred Losses*	\$641,961	377,513
○ Unallocated Loss Adjustment Expense*	\$120,807	71,042
○ Administrative Expense	\$ 77,021	77,042
○ Excess Insurance and Tax Expense	\$ 56,096	56,096
○ Contribution to Net Position	<u>\$ 18,561</u>	<u>18,561</u>
○ Total	\$914,446	\$600,233
As of 2/28/2023		

Alliance Rating Retrospective Plan

- As of 2/28/2023, the district is trending at 65% 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
2022/2023	Retrospectively Rated	*600,233
2021/2022	Retrospectively Rated	*974,884
2020/2021	Retrospectively Rated	*643,014
2019/2020	Retrospectively Rated	*430,866
2018/2019	Guaranteed Cost	958,573
2017/2018	Guaranteed Cost	877,064

*Estimated contribution. Loss elements are adjusted for 5 years

Alliance 2023/2024 Renewal

- Estimated payroll:
 - \$149,000,000
- Estimated contribution:
 - \$926,000 (approximate, pending payroll estimates from district)
 - 1% increase, subject to final underwriting

PPA/TIP Balances

- Trust Prepaid Account Balance as of 12/31/2022
- \$149,338*
- Trust Investment Pool Balance as of 12/31/2022
- \$41,148

C. Medical Claims/Financial Reports – Information

Jeremy Larson, Tanya Edwards presented financial and health reports from Kairos Health Arizona Plan Overview

- 1,837 Employees
- 2,570 Lives

- 41 Average Age
- Medical Plan Spend 3.31% decrease over 21/22
 - Top 5 Providers: HonorHealth JCL Med Center, Duke University Hospital, Mayo Clinic, HonorHealth Osborn, Scottsdale Healthcare Shea
 - #1 Condition – Cancer YTD 22/23 at \$1,026,890
- Prescription Spend
 - Specialty is 62.3% of plan spend (14.9% greater than benchmark)
- 2022-2023: \$452 PEPM
- 2021-2022 \$385/Benchmark: \$333
- Preventive Screenings
 - Colorectal Cancer Screen 45+ 6% Increase
 - Cervical Cancer Screen 21+ 2% Decrease
 - Flu Vaccine 4% Decrease
 - Mammography Screen 21+ Nominal Change
 - Completed Biometric Exams 2022 = 71
- Discussion of Large Claimants - Top 10 (9 out of 10 are ongoing claims)
 - Systemic Sclerosis \$426,250
 - HIV \$306,031
 - Endometrial Cancer \$291,554
 - Spinal Muscular Atrophy \$279,013
 - Breast Cancer \$262,437
 - Aplastic Anemia \$243,795
 - Liver Cancer \$205,555
 - Breast Cancer \$142,031
 - Breast Cancer \$138,118
 - ES Renal Disease \$121,762
 - Non-Large Claims: 52%
 - Large Claims over \$50K is 48%
- Other Topics:
- Clinical Care Advocacy – Engaged participant count – 37
- 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 spend is the worst performing category, and is showing a variance of 85% higher than the benchmark, due to specialty medications
 - Large claims represent almost 50% of spend, with 29 claims over \$50K
 - Medical claims have decreased slightly
 - Open Enrollment season is approaching.

Recommendations

- Promote
- 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
- Schedule Health Fair

D. Update on the Request for Proposal for Benefits – Information

Shannon Crosier, Chief Financial Officer and Trust Administrator updated the Board on the medical RFP and Review went and was approved by SUSD Governing Board and will be Kairos for medical for FY24. The Dental and Vision will go to the Governing Board for approval March 21, 2023.

E. Trust Financial Update – Information

Shannon Crosier presented the Checking and Investments Accounts for Fiscal Year 2022 and 2023 as of February 28, 2023.

- Total in each of the three Checking/Investment accounts as of February 28, 2023:
 - Medical \$28,946,535.55
 - Property/Casualty \$ 5,537,190.98
 - Workman's Comp \$ 8,807,216.19
 - **TOTAL** **\$43,290,942.72**

Tyler Tayrien from Wells Fargo presented the Financial Market Investment Update.

Three investment accounts as of 1/31/2023:

- Medical- 48 Securities/Accounts – 28.503 million (2.37% Book Yield & Market Yield 4.51%)
 - Unrealized Loss (\$798) without accrued Interest.
 - Cash Flow 19,892,000
- Worker's Compensation- 13 Securities/Accounts - 6.883 million (2.56% Book Yield & Market Yield 4.63%)
 - Unrealized Loss (\$248) without accrued Interest.
 - Cash Flow \$4,396,000
- Property and Casualty – 12 Securities/Accounts – 5.765 million Portfolio Size (1.65% Book Yield & Market Yield 4.49%)
 - Unrealized Loss (\$228) without accrued Interest.
 - Cash Flow \$3,032,000

F. Future Agenda Items – No items

G. Dates of Upcoming Meetings – June 8, 2023

H. Adjournment

At 4:32 pm, Shannon Crosier Moved to adjourn the meeting. Valerie Shannon seconded the motion. The motion was approved with a vote of 3 – 0.

Dated this 9th day of March 2023.

Approved June 8, 2023