

June 28, 2023

2:00 – 4:00 p.m.

**MEETING:**

**SUPERINTENDENT'S INSURANCE ADVISORY  
COMMITTEE (SIAC)**

**Location:**  
ESF – Board Room

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**Meeting called by:** Amy Williams

**Type of meeting:** Advisory

**Minutes by:** Annette Spiegel

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**SIAC Members Present:** Amy Williams (BFT); Kyle Savage (BFT); Leslie Lawter (Local 1010); Lisa Schmidt (Benefits); Dan Bennett (BFT, remote), Dr. Nel Marshall (School Administration)

**Staff:** Katy Campbell (Board Member); Cindy Lesinski (CFO); Joe Strohfus (Benefits)

**Absent:** Antonia Scipio (Director, Employee Benefits & Risk Management); Dimarcos Simmons (Local 1010)

**Guests:** Debbie Poole (Lockton)

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**MINUTES**

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**Welcome and introductions:** Amy called the meeting to order and thanked everyone for coming.

**Approval of the May 24, 2023, Minutes:** Amy asked for discussion. There was none. Motion to approve received and seconded. Minutes approved.

**Financial Update:** Joe Strohfus and Debbie Poole: Joe discussed financials through May.

- Revenue for employee/employer contributions is very consistent and running at approximately \$6.8 million per month.
- April ended with a \$500,000 surplus but expenditures in May were higher resulting in a \$700,000 deficit. (The deficit is overstated by about \$227,000 due to a CIGNA administrative invoice for June that got picked up in May, resulting in *two* invoices charged to May.)
- Calendar YTD surplus is about \$2 million, similar to YTD 2022.
- The clinics are consistent operations. Operating expenses for April and May are \$268,544 and about \$1.3 million YTD.
- Cindy inquired about a \$4 million infusion in 2022. Joe clarified that the numbers he discussed pertain to operations and that the infusion improved the fund balance.
- Enrollment in membership is down compared to 2022.
- Plan is running at a surplus; loss ratio is at 96% which is higher by 9% from '22.
- RX claims are about 22.5% of total gross claims cost. They have increased about 12% on a monthly PEPM basis through May compared to the same time last year.
- There is an uptick in claims from 2022. On a PEPM basis, they're running \$1002 compared to \$902.
- Through May, there are no claimants eligible for stop loss reimbursement, over the \$500,000 threshold. But there are two claimants in the current year approaching half of that ISL.
- Overall, net claims this year through May are 10% higher than 2022. Fixed fees are down. Overall, on a PEPM basis, total plan costs are 8.1% higher than 2022.
- Kyle inquired about the higher costs. Debbie explained that it's due to larger claims still coming in from 2022, ineligible for the stop loss reimbursement, and the larger claims coming in for 2023. She said the rolling 12 will also show an increase in claims in March, April, and May of 2023.
- To date, there is a \$1.3 million surplus, actual vs. budget.
- The Gold Plan is where the larger claims are coming in. It runs considerably higher than budget with loss ratios over 100%. Most retirees are in the Gold plan. The Silver Plan indicates a younger, healthier population with only a few months operating above budget. Debbie summarized that the increases are mainly due to demographics.

### **Annual Renewal & Plan Development Discussion:**

- Debbie reviewed the 2021 renewal increase projection (10.5%) and the 2022 renewal increase projection (15.2%). Both years resulted in a shortfall even with Board infusions and 2022 ended with a \$2.5 million shortfall.
- 2023 brought a 16.7% renewal cost. Including the shortfall from the prior two years and budget rate action of 12.3%, shared equally between employer and employee, A \$3 million shortfall was projected. However, using claims **through May 2023**, the current projection is a \$1.3 million surplus. The surplus does not represent the entire year.
- Debbie presented the updated 2024 renewal projection of 10% based on updated claims experience through May 2023. The previous 4.5% renewal increase projection was based on a rolling 12-months with only one month of 2023. 10% is a conservative approach considering variables like pharmacy increases from weight loss drugs and large, emerging claims.
- Debbie presented the 112.08 forecast, through 2025, with a suggested 2024 increase of 10%.
- Kyle started a discussion about the high expense of the Gold Plan and that something needs to be done to rework it. Katye, Lisa, and Debbie commented, and Lisa reviewed Gold Plan options available in the Contribution Modeling Workbooks. Debbie stated that saving money and reducing plan costs includes proactive things we are now doing (EAP, Surgery Plus, Hello Heart, Hinge Health, the Wellness Program) that take time to produce positive changes. We've gained momentum making the population healthier through wellness and engagement and it will become a culture; another type of "lever" regarding plan costs. Lisa offered additional examples about upcoming wellness programs including a preventative colon cancer program.
- Kyle asked if time would be better spent finding a new plan model. Amy suggested going down to one plan. The Silver Plan could be the "base model." Kyle prefers the "premium model idea" for plan members who choose to use Health First. Different plan design ideas were suggested and discussed.
- Katye revisited the history of the Silver Plan and why it was developed, similar to the committee's thinking today.
- Debbie suggested a model where the Silver Plan is the "buy up plan" and the "base plan" is an HSA plan where members must meet a deductible before *anything* is covered. She also speculated that the majority of members enrolled in the more expensive Gold Plan is due to insufficient education and communication about the positive features of the less expensive Silver Plan. Kyle would rather focus on a new plan as opposed to additional education on a current plan.
- Debbie talked about moving the Wellness Program into an Eligibility Based Program for 2025 and suggested starting to work towards that as a strategy. In 2024, tiny adjustments could be made to the existing plan.
- Dr. Marshall asked: if the plan changes, will current Health First users still be allowed to use their existing Health First providers? Amy said "yes" but members will pay more.
- Kyle asked Lockton to look at a cancer product from Surgery Plus called "Cancer Concierge" that uses the CIGNA network. He also asked Lockton to look at "People One Health," used to obtain treatment and equipment through primary care physicians at no cost to members.

### **Final Group Discussion & Questions:**

- Amy asked about the next meeting date. It was agreed that the next SIAC meeting will be on August 23, 2023, at 1:00 p.m. There will not be a SIAC meeting in July.
- Cindy asked for clarification for her presentation to Dr. Rendell on where SIAC stands regarding the renewal recommendation. Dan moved to let the bargaining teams work with the Excel workbook Lockton provided to determine a renewal increase as they discuss the compensation package for next year. There was no second, so no vote. To answer Cindy's question, Katye stated, "SIAC gives no input into the bargaining process for insurance."
- Kyle moved to adjourn the meeting. Motion seconded, meeting adjourned.

**Next SIAC Meeting:** Wednesday, August 23, 2023, 1:00-4:00 p.m.