

May 24, 2023

2:00 – 4:00 p.m.

MEETING:

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

Location:
ESF – Board Room

Meeting called by:	Amy Williams	Type of meeting:	Advisory
		Minutes by:	Annette Spiegel
SIAC Members Present:	Amy Williams (BFT); Kyle Savage (BFT); Leslie Lawter (Local 1010); Lisa Schmidt (Benefits); Dimarcus Simmons (Local 1010); Dan Bennett (BFT, remote)		
Staff:	Katy Campbell (Board Member); Cindy Lesinski (CFO); Joe Strohfus (Benefits)		
Absent:	Antonia Scipio (Director, Employee Benefits & Risk Management); Dr. Nel Marshall (School Administration)		
Guests:	Debbie Poole (Lockton, remote)		

MINUTES

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

Approval of the April 26, 2023, Minutes: Amy asked for discussion. There was none. Motion to approve was received and seconded. Unanimous vote to approve.

Financial Update: Joe Strohfus, and Debbie Poole (remote):

- Joe updated everyone on the first three months of 2023. Everything is very consistent from month to month with an approximate \$6.8 million dollars in revenue every month.
- January had very low expenditures due to the traditional lag from the holidays (fewer medical claims) with February and March's medical claims picking back up.
- January's numbers also include the final premium holiday on this CIGNA contract, approximately \$230,000. In March, the pharmacy rebate of approximately \$1 million dollars contributed to a \$2.2 million dollar surplus for the first three months. January through March of 2023 is tracking like the same period in 2022.
- Joe reviewed the clinics' financials. It cost \$272,000 in March to run the three clinics which is consistent with January and February figures and with 2022 figures. He summarized that it costs approximately \$800,000 to run the clinics for one quarter.
- Joe introduced Debbie Poole to review the Executive Summary and claims data, January through March:
 - Enrollment is down about 1%, membership is down 2.7% from the same time last year.
 - Loss ratio was 89.3% compared to a 91.8% loss ratio this time last year.
 - Prescription drug claims are running about 23.2% of gross claims cost and about 22.4% of total cost. Gross claims have increased 9.6% on a PEPM basis compared to the same time last year.
 - PEPM gross claims cost are higher than last year at \$963 compared to \$879 in the prior period.
 - YTD there are no large claims (\$500,000 threshold) nor claims that have reached the 50% threshold.
 - Comparing 2022 to 2023, year to date, the budget increased 9.4%.
 - Medical claims (including Rx, Surgery Plus, and Hinge Health) have increased by 8.5% with Stop Loss Reimbursements down 26.4% and Rx rebates lower by 4.4%. Overall, net claims are up by 10.1%. Due to the premium holiday at the beginning of the year, fixed fees are down 18.5%.
 - Overall, the total plan cost is up from 2022 by 6.4%.
 - Rolling 12-month financials were presented for both plans. The Gold Plan is running at a loss ratio of 113% whereas the Silver Plan is running at 86%.
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- Kyle inquired about the bill for Hello Heart. Joe agreed to find out about the bill and report back to the group.

Contribution Modeling: Debbie Poole (remote):

- The Contribution Modeling spreadsheets were previously provided to the committee to manipulate based on the projected 4.5% increase on the 2024 medical plans. Lisa asked if members wanted to plug in different numbers to see the resulting contributions scenarios.
- Leslie inquired about making the Board contributions the same on all tiers for both the Gold and Silver plan participants. Currently, the Board contributes more to Gold plan participant contributions. Leslie, Amy, Katye, and Kyle discussed the contribution inequity, and asked Debbie what the ACA 2024 employee-only maximum was. Debbie stated they had used the Safe Harbor figure and would get back to them with a number.
- Kyle is not in favor of any increase particularly since there is a surplus. He also feels that Silver Plan participants should not be increased considering their better performance compared to Gold Plan participants.
- Kyle proposed making no changes now but said in previous SIAC modeling, there was a lot more information and options available. Katye asked for clarification from Kyle about what he was asking for. She stated that they had not asked Lockton for specifics.
- Lisa stated that when we had more options available to model, it was because we were facing a much higher premium increase than the current 4.5%. Also, she reminded the committee that, when mentioning a surplus, we're only looking at data from the first three months of the year; there are 9 more months to go.
- Dimarcus asked about Silver Plan participants being rewarded with incentives, e.g., gift cards and gym memberships.
- Katye raised the HB1 situation. The next fiscal year may bring changes in enrollment and currently presents an unknown impact on the general fund. Millage is coming...there is a possibility that some of that could fall back into the health plan. Whatever the outcome, the Board will have to fill any gap with infusions.
- Kyle asked Debbie what the June 2024 balance would look like *without* a 4.5% increase. Debbie will provide that figure.
- Cindy addressed Kyle citing we're at a current balance of \$9 million and have a couple of months to go to reach \$13.4 million by June 30th. Though we may meet that, next year's increases may require building the fund now so that moving forward, we will not have to implement large increases.
- In the contribution workbook, Lisa showed a scenario with a 3% increase in employee contributions. That increase had *less than a 1% impact* on all tiers to an average annual salary of \$40,000.
- Kyle made a motion proposing a 0% increase across the board. Dimarcus seconded motion. Vote was 3 to 3.
- Cindy stated what is most important is the financial health of *the district* and next year is the last year of ESSER and things we're used to having will be going away. She said next year needs to be very sound and healthy due to loss of ESSER and considering HB1 changes.
- Dan made a motion that the total infusion amount needed be given to the negotiators and that no employee receive an insurance increase of more than 4.00%, leaving the ultimate decision up to the negotiators. Leslie seconded. Vote was 3 to 3.
- Amy acknowledged the impasse and that it will be solved at the negotiations table and not at this table. She recommended "tabling" the conversation until the June SIAC meeting when there will be more data available.

Final Group Discussion and Questions:

- Katye said the south Marathon clinic scheduling portal is not working. Lisa will follow up with Marathon.
- Kyle requested details about the new diabetes drug Ozempic and said that CIGNA has been rejecting teachers' requests for the drug. Amy suggested asking for the generic and provided information about how the drug is being used for weight loss, creating a drug shortage. She said that health plans are scrutinizing requests for the drug based on medical need.
- Dimarcus mentioned a concern that the next SIAC meeting may be too late for negotiations.
- Debbie questioned what is expected from Lockton at the next SIAC meeting. Kyle requested a June 2024 projection without a 4.5% increase. Debbie agreed to a recast at 0% funding.
- Katye, Amy and Dan discussed that this additional information may be able to sway a decision on the proposed increase.
- Amy asked for a motion to adjourn the meeting. Motion received and seconded.

Next SIAC meeting: June 28, 2023. Time of meeting to be determined.