

ST. LOUIS AREA INSURANCE TRUST

A Self-Insurance Pool

ST. LOUIS AREA INSURANCE TRUST BOARD OF DIRECTORS' MEETING

MINUTES

April 4, 2019

- I. A meeting of the Board of Directors of the St. Louis Area Insurance Trust was held on Thursday, April 4, 2019, at the Maplewood Fire Department Headquarters, 7601 Manchester Road, Maplewood, MO 63143. The meeting was called to order at 10:10 a.m. by Vice-Chairperson, Barbara Sondag.

Attendance was as follows:

<u>Board Member</u>	<u>Attending</u>	<u>City</u>
Bola Akande	Y	City of Brentwood
Craig Owens	N	City of Clayton
Mark Perkins	Y	City of Creve Coeur
Doug Harms	Y	City of Des Peres
Robert Shelton	Y	City of Town & Country
Matt Zimmerman	Y	City of Hazelwood
Marty Corcoran	Y	City of Maplewood
Dave Watson	Y	City of Maryland Heights
Amy Hamilton	Y	City of Richmond Heights
Barbara Sondag	Y	City of Olivette
Matt Conley*	Y	City of St. Ann
Steve Wylie	Y	City of Webster Groves
Steve Wicker	Y	The Daniel and Henry Company
Dave Winters	Y	The Daniel and Henry Company
George Liyeos	Y	The Daniel and Henry Company
Becky Redfering	Y	The Daniel and Henry Company
Ashley Kinsella	Y	The Daniel and Henry Company
Martin Buckley	Y	Buckley & Buckley, LLC
John Charpie	Y	Thomas McGee Group

*Arrived at 10:30 am.

II. Approval of Minutes from February 7, 2019 Meeting

Barbara Sondag asked for any additions or corrections to the Minutes from the February 7, 2019, Board Meeting. There being none, a motion was made by Bob Shelton and seconded by Bola Akande to approve the Minutes as presented. The motion passed.

III. Claims Administration Report

Steve Wicker summarized the updated Workers' Compensation Report and answered various questions from the Board. He noted that, the Report includes 52 claims, up from 50 last quarter. Eight new claims were added to the Report, while six were closed. Ten claims being reported have been settled and are ready to close. Of the eight new claimants, three are street maintenance workers, four are police officers and one is a firefighter. The claims involved three ice related falls, two motor vehicle accidents and three others, all while performing work related tasks.

A motion was made by Doug Harms and seconded by Marty Corcoran to enter into a closed session for purposes of consulting with legal counsel. The vote on the motion was as follows: Harms, Aye; Hamilton, Aye; Wylie, Aye; Zimmerman, Aye; Shelton, Aye; Corcoran, Aye; Perkins, Aye; Akanda, Aye; Watson, Aye; and Sondag, Aye.

IV. Financial Report

A. Review of Financial Statement as of December 31, 2018

Steve Wicker briefly reviewed the Financial Statement as of December 31, 2018. He noted that the current fund balance is approximately \$5.5 million, and reminded the Board that this statement is little changed from the past quarter since the updated numbers from the Actuarial Valuation are not yet incorporated.

B. Approval of Bills

It was noted that a revised Invoices for Approval listing had been provided. A motion was made by Amy Hamilton and seconded by Doug Harms to approve the revised Invoices for Approval listing. The motion passed.

V. Loss Control Report

Dave Winters provided the quarterly loss control report. He stated that he has been attending Safety Committee meetings of member cities when possible and providing special programs as requested. Along these lines, he met with all supervisors at University City to review Workers' Compensation concerns and also attended a meeting in Maryland Heights focusing on Workers'

Compensation issues in the Police Department. Mr. Winters also reported that he is reviewing the pursuit policies of member departments to ensure that they meet the recently adopted SLAIT guidelines and that all officers are being trained relative to this issue. He added that the streaming library is being used by many members and that he is encouraging those members that have not yet discovered this resource, to do so.

VI. Wellness Report

In Mike Hanson's absence, George Liyeos reported on the wellness coordinators quarterly meeting held on March 6, 2019. Mr. Liyeos stated that the coordinators are requesting that the Board eliminate the copay for members that use the Live Health Online system, to hopefully increase participation. The idea is that a doctor visit via the online system is less costly than an office visit, so the cost to the Trust will still be less, even without the copay. It was noted by Steve Wicker that there were only 24 Live Health Online visits during the 2018 policy year. After some discussion, a motion was made by Amy Hamilton and seconded by Bob Shelton to eliminate the member copay for use of the Live Health Online System. The motion passed.

Steve Wicker then reported that the coordinators' meeting also included a clinical review from a Nurse Consultant with Anthem of calendar year 2018 claims. Mr. Wicker added that a hard copy of this presentation has been provided to each member's coordinator by Mike Hanson and stated, for the most part, that SLAIT's results were better than most of Anthem's benchmarks. After some discussion, Mr. Wicker indicated that copies of the Report would be provided to each Board member.

VII. New Business

A. Health Plan Renewal – 2019-2020

Steve Wicker reported that the Health Administration Committee consisting of Marty Corcoran, Barbara Sondag, and Matt Conley met on March 27, 2019. In summary, the Committee is recommending a 2% rate increase for most member cities with the best performers receiving no increase in premium and the worst performers receiving a 4% increase, the same as last year. It was noted that only St. Ann will receive a 0% increase, while Ballwin, Maplewood and East Central Dispatch Center will receive 4% increases. Mr. Wicker added that this relatively modest increase is possible even with a 6% increase in expected medical claims because of a \$955,000 savings in pharmacy costs that will be experienced by changing the pharmacy benefit manager from CastiaRx to Anthem-Ingenio.

Steve Wicker then reviewed the proposed health plan budget for 2019-2020. He noted that the Trust will generate approximately \$25,970,000 in premium plus interest. Expected claims are \$23,015,000 and with fixed costs of approximately \$2,083,500, the total expenses for the Trust come to \$25,098,500, leaving a loss contingency or surplus of \$871,500. Mr. Wicker added that

the 2018-2019 policy year is experiencing claims at approximately 102% of expected and thus will yield a surplus of approximately \$500,000.

Steve Wicker then reported that in addition to the health plan renewal, he is recommending a \$350,000 surplus distribution from the 2011-2012 policy year. He noted that for members that were members during that year and which are receiving a 2% premium increase, the distribution will be almost equal to the rate increase. It was noted that the distribution will be for those members that were members during the 2011-2012 policy year and are also current members of the Health Plan when the funds are distributed, probably September of 2019.

Doug Harms stated that based on the results of the Health Plan only, he believes that more surplus should be returned to Health Plan members and suggested that the remaining surplus of nearly \$775,000 in the 2011-2012 policy year should be returned this calendar year. Mark Perkins stated that he believes it is a good idea to retain some additional Health surplus. That way, should there be an assessment based on workers' compensation or liability results, it could be somewhat offset by a distribution from the Health Plan. Amy Hamilton agreed with Mr. Perkins, noting that the difference between a \$350,000 distribution and a \$775,000 one is not a particularly large budgetary impact on any one SLAIT member.

The discussion then turned to the proposed change in pharmacy benefit managers and its financial impact on the Trust. Steve Wicker reminded the Board that the pharmacy benefit manager chosen three years ago had changed hands as LDI was purchased by CastiaRx. Mr. Wicker added that since that time, service to the Trust has deteriorated somewhat and because Anthem is getting into the pharmacy benefit management business effective July 1, 2019, this became an excellent time to bid pharmacy benefit management services.

Steve Wicker reviewed the three year proposals received and noted that the three companies bidding were CastiaRx, Anthem, and ExpressScripts. He stated that the expected costs were based on 2018 calendar year SLAIT data. Mr. Wicker noted that all three companies were providing increased guaranteed discounts, significantly better than the current contract with CastiaRx. He added that the ExpressScripts and Anthem proposals were more competitive than the renewal proposal received from CastiaRx, with Antheims proposal being slightly better than ExpressScripts. Anthem projected \$400,000 in savings for SLAIT relative to prescription costs, and an additional \$195,000 per year in savings in expense costs, including reductions in the administrative dispensing fees. In addition, Anthem is offering a \$360,000 reduction in the medical administrative fee as an additional upfront discount relative to prescription rebates. Plus, they will provide any additional rebates received to SLAIT after completion of the policy year. Another \$650,000 in annual savings is projected. In total, known annual savings is \$955,000 which Mr. Wicker noted was part of the 2019-2020 budget, while the additional expected rebates of \$650,000 were not budgeted. After additional discussion, a motion was made by Doug Harms and seconded by Marty Corcoran to approve Anthem-Ingenuo as the pharmacy benefit manager for SLAIT effective July 1, 2019. It was the sense of the motion that Anthem be instructed to have

new benefit cards available to all SLAIT members prior to June 17, 2019. The motion passed. A motion was then made by Doug Harms and seconded by Steve Wylie to approve the rate proposal and surplus distribution recommended by the rate committee. The motion passed.

B. Website Development

John Charpie reminded the Board that funds had been approved at the last meeting to develop a website for the Trust and noted that work has now begun. He stated that hopefully the site can be accessed at the next meeting and added that he would like to get some direction from the Board regarding the site. Various SLAIT Logo options were reviewed and consensus was reached on the site logo. Mr. Charpie added that member cities' logos will scroll across the bottom of the webpage. A discussion then took place concerning the type of information to be included on the site. It was noted that the intent is for the site to be password protected relative to most documents since it is intended to be for the use of the membership. Documents that could be included are Meeting Agendas, Agenda Packets, By-Laws, Trust Agreement, Meeting Minutes and the Annual Renewal Certificates. A question was raised relative to whether financial information should be included on the site and if so, what kind of financial data. Relative to financial information, it was also noted that careful thought needs to be given as to what information will be accessible by the general public and what information will be password protected.

Including loss control information was also discussed. It was noted that many items could be included, but those for which the Trust pays a fee based on usage might have to be left off. The number of logins per city was also discussed, and while the initial thought was to limit it to one login per city, several reasons were offered why more than one might be necessary and more convenient. Discussion also took place on how much information concerning Board Members should be available on the site. The consensus was that the names and term of office should be included, but individual contact information does not need to be provided.

Finally, a discussion regarding the history of SLAIT took place. Doug Harms stated that he thought it was important to review, not only the history of SLAIT, but to also include the basics of how the Trust operates relative to its self-insured retention and the basics of the coverages offered. Mr. Harms added that he thinks the SLAIT landing page should include the fact that the Trust is for professionally managed cities since that is one of the main criteria used to determine if an entity is eligible for membership.

John Charpie thanked the Board for its input and indicated that he would incorporate the consensus on various items into the website. Mr. Charpie added that hopefully by the June meeting the site will be able to be viewed and final approvals from the Board relative to initial content can be made.

C. Proposed Reduction in Surety Bond

Steve Wicker stated that the Division of Workers' Compensation requires a Surety Bond from entities that self-insure their Workers' Compensation coverage. He noted that currently SLAIT has a \$1.5 million Bond, based on the fact that the Trust was contemplating increasing its self-insured retention to \$1.5 million. Mr. Wicker noted that since the State did not permit that increase in retention and the retention has remained at \$1 million, it would be possible to lower the bond amount to \$1 million, which will lower the cost of the bond. Thus, his recommendation is to lower the self-insurer bond amount to \$1 million. Motion was made by Amy Hamilton and seconded by Matt Conley to lower the SLAIT Surety Bond amount from \$1.5 million to \$1 million as soon as practical and authorizing Steve Wicker to take the steps necessary to accomplish this decrease in the bond amount. The motion passed.

D. Appointment of Rate Committee

Barb Sondag stated that the Trust needs members to serve on the Rating System Committee to determine workers' compensation and liability rates for the 2019-2020 renewal. Matt Zimmerman, Dave Watson and Barb Sondag agreed to serve on the Committee. Steve Wicker noted that there would be one meeting of this Committee, probably near the end of May, 2019.

E. Next Meeting Date

The next SLAIT Board Meeting was scheduled for Thursday, June 6, 2019 at 10:00 a.m. at the Maplewood Fire Department Headquarters.

F. Other Business

Barb Sondag noted that there was a piece in the Sunday Post-Dispatch concerning the City of St. Ann and police pursuits that concerned her as a SLAIT Board Member because the Chief of Police seemed to be indicating that his Department, while having a pursuit policy that meets SLAIT guidelines, would not necessarily be following that policy. In response, Matt Conley reminded the Board that the Police Chief in the City of St. Ann is an elected official, which creates certain difficulties relative to oversight of the Department. Mr. Conley added that the City of St. Ann did update its Pursuit Policy to meet the recently revised SLAIT guidelines and he is not aware of any pursuits that were engaged in contrary to policy. Mr. Conley stated that all of the pursuits discussed in the newspaper article were felony pursuits which meet the SLAIT guidelines.

Doug Harms stated that he agreed with Ms. Sondag's concerns and feels that the SLAIT Board needs to discuss how to proceed relative to offering the City of St. Ann police liability coverage in

the future. Matt Conley, indicated that he understood the concern and that he would be willing to look at alternatives for St. Ann if the SLAIT Board would allow the City to continue to receive worker's compensation coverage from the Trust and be part of the SLAIT Health Plan. Steve Wicker noted that there is a precedent for this solution as the City of Ferguson went to MoPERM for its liability coverages effective July 1, 2015, while still receiving Workers' Compensation and Health coverages from SLAIT. Matt Zimmerman stated that the City of St. Ann does not actually meet professional management requirements relative to its Chief of Police position and thus he believes that the compromise situation being discussed would be appropriate since it would place that particular SLAIT coverage somewhere else. After additional discussion, a motion was made by Mark Perkins and seconded by Matt Zimmerman, that it is the sense of the SLAIT Board of Directors that the City of St. Ann could continue to receive Workers' Compensation coverage and Health coverage from SLAIT should the city decide to purchase its Liability insurance from a different provider. The motion passed.

There being no other business, the meeting adjourned at 11:55 a.m.

Submitted by: Stephen D. Wicker

Approved by: _____