



**ST. LOUIS AREA INSURANCE TRUST
BOARD OF DIRECTORS' MEETING**

MINUTES

January 6, 2022

- I. A meeting of the Board of Directors of the St. Louis Area Insurance Trust was held on Thursday, January 6, 2022, via Video Conferencing. The meeting was called to order at 10:05 a.m. by Chairperson, Bola Akande.

Attendance was as follows:

<u>Board Member</u>	<u>Attending</u>	<u>City</u>
Eric Sterman	N	City of Ballwin
Bola Akande	Y	City of Brentwood
Mike Geisel	Y	City of Chesterfield
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
Amy Hamilton	Y	City of Richmond Heights
Barbara Sondag	Y	City of Olivette
Matt Conley	Y	City of St. Ann
Gregory Rose	Y	City of University City
Kevin Bookout	Y	City of Bridgeton
Steve Wicker	Y	Daniel and Henry Company
George Liyeos	Y	Daniel and Henry Company
Becky Redfering	Y	Daniel and Henry Company
Mike Hanson	Y	Daniel and Henry Company
John Charpie	Y	Thomas McGee Group
Jeff Cox	Y	Thomas McGee Group
Travis Bennett	Y	Thomas McGee Group



II. Approval of Minutes from June 3, 2021 Meeting

Bola Akande asked for any additions or corrections to the Minutes from the September 2, 2021, or December 3, 2021 Board Meetings. There being none, a motion was made by Doug Harms and seconded by Barbara Sondag to approve the Minutes of the September 2, 2021 & December 3, 2021, meetings as presented. The motion passed.

III.. Claims Administration Report

John Charpie reported there were currently 55 open WC claims with an incurred value of over \$100,000. Of these claims, 3 were open strictly for subrogation and would be closed as soon as the subrogation was settled. During the past quarter, 5 claims over \$100,000 were closed and 2 were added to the list. Charpie also reported that during the first 6 months of the current policy term there have been 3 new large WC claims.

John Charpie went on to note that the WC program had claims with a total incurred value of \$2.3 million of through the first half of the policy period. That compares to \$3.8 million at the same point for the 2020/21 policy year and \$2.8 million for the 2019/20 policy period. Charpie cautioned that this number would certainly develop, but the current year was off to a better start than the past several.

IV. Financial Report

A. Review of Financial Statement as of 9/30/21

Jeff Cox reviewed the statement and noted there weren't many changes from 6/30/21. He stated the employee benefit distribution of \$1.4 million was a change from the previous report and there was approximately a \$260,000 underwriting profit for the first quarter. The \$1 million aggregate fund was moved to the surplus with the purchase of aggregate insurance in July 2021. The fund balance should not fluctuate much until the next actuarial report is released and will coincide with the 3/31/22 financial statement.

A motion to approve the financial statement was made by Gregory Rose and seconded by Amy Hamilton. The motion passed.

B. Approval of Bills

John Charpie presented the bills for approval and noted most of the bills were the typical quarterly invoices. Also included in these checks were return premium from the payroll audits. A motion to approve the invoices for approval as listed was made by Amy Hamilton and seconded by Gregory Rose. The Motion Passed



C. Payroll Audit Results

John Charpie noted that the payroll audits for the 2020 – 2021 policy year resulted in return contributions of \$246,000. He stated this was approximately 2.5% of the total contributions and would directly impact the fund balance by approximately the same amount. Charpie encouraged the Board to provide as precise of payroll estimates as possible so the rates and funding can be accurate.

Matt Zimmerman asked if payroll was the only item impacting this return premium or if there were other components, such as losses or experience. Charpie responded that payroll was the lone factor in these audits.

D. Financial Audit as of June 30, 2021

John Charpie reported that the Trust received a clean opinion relative to the Financial Audit of the 2020-2021 policy year. He pointed out the auditor stated the information obtained “is sufficient and appropriate to provide a basis for our audit opinion” and in their opinion “the financial statements referred to above present fairly, in all material respects, the financial position of St. Louis Area Insurance Trust”.

Charpie pointed out that the difference in fund balance from the 6/30/21 Statement and audited financials was approximately \$1.6 million. The reason for the difference was the \$1.4 million in health dividends that were recorded in the audited and not in the interim. The interim recorded them later when they were paid and the audited financials recorded them when they had been approved. There was an additional \$250,000 in payroll audits that were recorded in the audited financials but had not yet been recorded in the interim.

Steve Wicker commented on the litigation listed under Note 12 and explained the 3rd paragraph is the class action claim. He indicated that it referenced City of Ferguson, but the suit against the City of Maplewood had become more active subsequent to this report and he would continue to keep the board updated as these suits progress.

Doug Harms made a motion to approve the audited financial report and Gregory Rose seconded the motion. The motion passed.

V. Loss Control

Travis Bennett reported on the loss control activities from September 2021 thru December 2021. He completed winter safety training, developed a snow plow safety training, and presented an OSHA 10 hour course. Additionally he attended numerous safety committee meetings. Bennett will get the quarterly dashboard reports out in the coming days.



We will be rolling out a program called Safety Skills through Safety National. This will allow us to save \$5,000 and improve the experience to the membership as this program allows individual login's and has unique training. This rollout will begin immediately.

Bola Akande asked what percentage of the membership uses the safety training. Travis responded that he could run a report and he would do so.

VI. Health Insurance Report

A. COVID Impact

Mike Hanson presented information related to the impact COVID has had on the employee benefits program since the start of the pandemic. He indicated there have been 696 cases that resulted in 30 hospital admissions. There are 1,292 vaccinations thru the plan, but this would not count those who received vaccinations outside the plan. Mike Geisel asked how that compared to the number of participants in the plan and Hanson responded there are approximately 5,000 individuals covered in the program.

The inpatient admissions leveled out during April thru July, which was when renewal rates were determined, and then began to spike in July and August as the Delta variant became prevalent. Admissions have steadily increased from August to now. There has been \$2.2 million of COVID claims incurred to date, of which \$1.3 million is from inpatient stays.

Bola Akande requested the presented data be sent to the board.

B. Plan Status & 2022-23 Rates

Steve Wicker reported that the health plan is at 110% of expected claims through 6 months. This is on \$23-\$24 million in expected losses, so it's a big overage. COVID claims are a major part of this as it was expected the majority of the population would be vaccinated and the claims would go down when the policy period began in July. Steve also noted that there have been 3 claims that have gone above the stop loss in the first 6 months. If the experience continues for the rest of the plan year, there will likely need to be a 7.5% or greater rate increase in July. Wicker stated that pharmacy cost continues to increase and he believes it now accounts for nearly 30% of the plan's cost

C. Pharmacy Benefit Changes

Amy Hamilton asked for an explanation on how prior authorization of pharmacy works. Mike Hanson responded that it would only be for newly prescribed medications, and not for medications plan participants are currently taking. It would primarily apply to brand name medications that have a generic alternative.



Mike Geisel made a request that if any of the cost savings options are approved, there is a review 1 year after implementation so that the actual savings are compared to the projected savings. Mike Hanson responded that it was possible to do the requested comparison. Gregory Rose asked if the alternative drugs would be as effective as the brand name, and Hanson responded that they would be.

Mike Geisel asked for explanation on how the specialty drug accumulator program works. Mike Hanson responded that all of the specialty drugs are filled by mail order through Anthem. There are currently approximately 100 plan members who are taking specialty medications. Geisel asked if the doctor would know about the program when they prescribed the medication, or if the plan participant would find out when they attempted to fill the medication at the pharmacy. Hanson responded that he was not sure, but would get clarification.

Mark Perkins asked for the length of the approval process, and Hanson responded the specialty accumulator program was instantaneous and there were no impacts to the members. This program takes advantage of the rebates the manufactures currently provide. The prior authorization and step therapy program approval process is reliant on the physician's assertiveness. Bola Akande asked if there was an appeal process and Hanson responded there was.

Bob Shelton asked if the specialty drug accumulator program was simply a registration process, what is the benefit to SLAIT? Mike Hanson responded that drug manufactures would pay subsidies that the program is not currently receiving. The members co-pay would be increased, but the subsidies would cover all of the members co-pay. There would be no cost to the member. Barbara Sondag indicated she had experience with similar accumulator programs in the past and she voiced concern that it would not be as seamless as discussed. Barbara asked if we signed on for the drug accumulator program if we could cancel it in the future, or if we would be committed to the program as long as we're with Anthem. Mike Hanson responded that it would be possible to cancel the program.

Doug Harms summarized the program by asking Mike Hanson if the drug manufacturer offers a rebate, then Anthem would waive the \$60 co-pay. If there is no manufacture rebate, then the \$60 co-pay applies to the member, same as if SLAIT does not sign up for the drug accumulator program. Mike Hanson confirmed this was correct. Harms went on to describe that he had personal experience with a similar program and there were some difficulties, but the savings seemed to be worth it.

Doug Harms made a motion to implement the specialty drug accumulator program with the July 2022 renewal, and evaluate the savings after 1 year. Matt Conley seconded the motion. Matt Zimmerman indicated he was in favor of this program, but would be abstaining. Barbara Sondag asked if this would have an impact on the premium, and Steve Wicker responded that there would not be an impact to the 2022 premium, but hopefully the savings could impact 2023. The motion passed with Mike Geisel, Mark



Perkins, Doug Harms, Bob Shelton, Amy Hamilton, Barbara Sondag, Matt Conley, Gregory Rose, Kevin Bookout, & Bola Akande voting yes. Matt Zimmerman abstained.

Bola Akande then asked Mike Hanson to summarize the prior authorization option. Mike stated this would be for brand name drugs that had other options, such as less expensive brand names or generic drugs. The program would only impact new prescriptions as the members currently receiving prescriptions would be grandfathered and not impacted. Bola asked if this was an additional projected savings of \$244,000, and Mike Hanson answered that was the maximum potential and he anticipated it would likely be less total savings. Bola asked for a more realistic cost projections and Hanson responded it was difficult to estimate based on the numerous factors and the savings wouldn't be known until the end of the year.

Amy Hamilton asked for clarification of the difference between the prior authorization and step therapy options. Mike Hanson replied they relate to different drugs.

Doug Harms summarized that the prior authorization only applied to new prescriptions and all existing prescriptions were grandfathered. He asked if the cost savings was based on the prescriptions members were currently taking and Mike Hanson responded that only new prescriptions would be impacted and the cost savings were Anthem's projection based on Anthem's entire book of business, not specifically SLAIT.

Amy Hamilton made a motion to reject the implementation of prior authorization at this time. Mike Geisel seconded the motion. Mark Perkins asked if there was an appeal process and Mike Hanson responded there is an appeal process that could be an external review, outside of Anthem. It is possible for this to delay the patient receiving the drug. Gregory Rose indicated he is supportive of prior authorization, but would prefer that these changes are not all made at the same time to limit the disruption to individuals. Doug Harms responded that if it only applies to new prescriptions, there would be less disruption since current prescriptions are grandfathered. Mike Hanson indicated this program is standard in the industry and most fully insured programs have this program already in place. Mark Perkins asked if Mike Hanson believe there would be a significant volume of calls/complaints. Hanson responded that he did not have a major concern since it did not impact those who currently had prescriptions. Gregory Rose clarified that this was only being put in place for new prescriptions, and Hanson responded that was correct. Amy Hamilton asked why these programs were not discussed in the past, as her concern is this will add stress to members at a time that stress is already high, and her opinion was to implement these in phases. Mike Hanson responded that the claims cost have escalated significantly recently. Barbara Sondag asked how this program interacted with the specialty drug accumulator program, and Hanson responded they were completely separate. The motion failed with Mike Geisel, Amy Hamilton, Barbara Sondag, Kevin Bookout voting yes and Mark Perkins, Doug Harms, Bob Shelton, Matt Conley, Gregory Rose and Bola Akande voting no. Matt Zimmerman abstained.



Mark Perkins made a motion to implement the prior authorization program at the July 2022 renewal, with the grandfathering of current prescriptions, and complete a full program evaluation after one year. Matt Conley seconded the motion. The motion passed with Mike Geisel, Mark Perkins, Doug Harms, Bob Shelton, Matt Conley, Gregory Rose, Bola Akande voting yes and, Amy Hamilton, Barbara Sondag, and Kevin Bookout voting no. Matt Zimmerman abstained.

Bola Akande asked Mike Hanson to summarize the step therapy program. Mike indicated it would require an individual to take more cost effective medications that have the same efficiency as the higher cost medicines. This program would only be for new prescriptions and would grandfather existing prescriptions. Doug Harms asked if there was a specific list of drugs, as this seems very similar to the prior authorization program. Hanson responded there is a specific list that would be included in member material that a member could look up a drug and identify if it was subject to prior authorization or step therapy. Harms asked if this was standard in fully insured plans and Hanson responded it was.

Doug Harms made a motion to implement the step therapy program at the July 2022 renewal, with the grandfathering of current prescriptions, and complete an evaluation of the program in one year. Bob Shelton seconded the motion. The motion passed with Mike Geisel, Mark Perkins, Doug Harms, Bob Shelton, Amy Hamilton, Matt Conley, Gregory Rose, Kevin Bookout, Bola Akande voting yes and, Barbara Sondag voting no. Matt Zimmerman abstained.

VII. Administrator/Marketing Report

John Charpie noted that the City of Eureka gave notice they were withdrawing from SLAIT's workers compensation program effective July 1, 2022. Eureka was not a member of the general liability program and one of the reasons they indicated they were joining MIRMA was to get all of their coverages in one place.

There was discussion that a letter should be sent to Eureka reminding them that even though they are withdrawing from the Trust, their obligation for the years they were a member of SLAIT remain. It was decided that John Charpie would work with Martin Buckley to draft the letter.

John also indicated there was ongoing work on the updated renewal application.

VIII. Old Business

Jeff Cox reported that property information has been summarized and a submission has been provided to the national practice group. He indicated that carriers won't work on July renewals until they have their January renewals taken care of.



IX. New Business

John Charpie indicated the board had requested that it wanted to review the language in the By-Laws that relates to elected officials, but ran short of time during the September meeting. Gregory Rose requested this item be tabled to a future meeting since there is nothing pressing now. It was agreed to discuss it at a future time.

The next meeting date is April 7, 2022. It will be decided closer to the date if it will be in person or remote. The meeting was adjourned at 11:59 AM.

Submitted by: John Charpie

Approved by: _____