

# ST. LOUIS AREA INSURANCE TRUST

*A Self-Insurance Pool*

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

### MINUTES

**December 3, 2021**

- I. A planning meeting of the Board of Directors of the St. Louis Area Insurance Trust was held on Friday, December 3, 2021, at the Brentwood Community Center. The meeting was called to order at 9:11 a.m. by Chairperson, Bola Akande.

Attendance was as follows:

<u>Board Member</u>	<u>Attending</u>	<u>City</u>
Eric Sterman	Y	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	N	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	The Daniel and Henry Company
Becky Redfering	Y	The Daniel and Henry Company
Mike Hanson	Y	The Daniel and Henry Company
John Charpie	Y	Thomas McGee Group
Jeff Cox	Y	Thomas McGee Group
Casey Johnson	Y	Thomas McGee Group

II. Closed Session

Matt Conley made a motion to go into closed session for the purpose of discussing a legal matter and Matt Zimmerman seconded the motion. A role call vote was taken: Eric Sterman - Yes, Bob Shelton - Yes, Matt Conley - Yes, Mike Geisel - Yes, Mark Perkins - Yes, Gregory Rose - Yes, Kevin

Bookout - Yes, Matt Zimmerman - Yes, Doug Harms – Yes, and Bola Akande - Yes. The Board proceeded into closed session. .

### III. Charlesworth Report (2018)

John Charpie noted that many of the items from the 2018 report have been addressed, most significantly the recent administration RFP. John updated the board that the transition from Steve Wicker to him is still in process, but is progressing and working well. There was discussion regarding the service structure and what roles Thomas McGee & Daniel & Henry each provided.

John explained that the Stephens Unit, which includes Steve Wicker and Becky Redfering among others, were working to join Thomas McGee, but nothing had been finalized. The intent was to finalize the arrangement around the end of the year, if the Stephens Unit does in fact join McGee. He stated that regardless if the two groups came together or remained separate, the servicing of SLAIT would be provided as was proposed in the RFP response. The Employee Benefits team, primarily Mike Hanson and Jill Newman, would remain at Daniel and Henry under the subcontractor agreement that's in place.

Doug Harms asked specifically what Daniel & Henry's role was. John responded that they serviced the health plan and placed the standard market policies that were not part of SLAIT, including property, cyber, public officials, etc. Thomas McGee handled the Administration and the brokerage of the Excess Workers Compensation and Excess Liability Policies.

After further discussion an organizational chart identifying service team members and responsibilities was suggested. Charpie agreed to put it together and distribute to the board members.

Charpie then asked the groups opinion on including additional lines of coverage within SLAIT. The Charlesworth report had indicated additional lines of property, cyber, crime, public officials, EPL, and/or fiduciary could be considered. There had already been a property sub-committee formed in September, which several members expressed they believed would be the most likely coverage to be included.

Cyber liability was discussed and Eric Sterman commented that the standards that are required to obtain/retain cyber coverage in the standard market are getting more thorough. Matt Zimmerman cautioned that strict standards could make it burdensome for smaller entities to meet the criteria. Matt Conley suggested that an audit could be done each year to determine if standards were being met and to assist entities with meeting the criteria. Gregory Rose agreed that minimum standards would be a must if SLAIT were to offer Cyber liability. Doug Harms cautioned that SLAIT should focus on fewer things and do them well.

Jeff Cox indicated that the reason pools exist is that coverage is either not available, or it's too expensive. He stated the discussion regarding risks of Cyber is similar to the risks that are already

shared with workers compensation and liability, some cities are more risky than others. A minimum standard for Cyber could be set for inclusion in the Cyber program. Other similar pools have begun offering Cyber Coverage as their members were not able to obtain the coverage in the standard market.

It was decided to form a subcommittee to study Cyber Liability that was made up of Matt Conley, Matt Zimmerman, Barbara Sondag, Gregory Rose, and Bola Akande.

#### IV. Settlement Authority

John Charpie explained that the current settlement authority was for the administrator to have up to \$25,000, the Chairperson up to \$50,000, and the Board was required for anything over \$50,000. John indicated that recently there have been mediations between scheduled Board Meetings that needed settlement authority in order for the meetings to take place and it can be hard to get a quorum on short notice. The settlement authority limits have not been increased for some time.

Matt Conley asked if the Board would still be notified if the authority was increased. Steve Wicker confirmed that notification would still be sent with large settlements. Matt Zimmerman asked if there were many settlements that exceeded the current authority and Steve and John both confirmed there were not many. Zimmerman responded that he believed the system was working and he was concerned that sensitive claims could be settled without Board notification and therefore he was not in favor of changing the current system.

Mark Perkins indicated that other organizations had executive committees, as opposed to the entire Board, to grant settlement authority. After discussion it was decided that Wicker and Charpie would draft a settlement authority document, which would include the executive committee approval, for a future Board Agenda item.

#### V. Charlesworth Proposal (2021)

John Charpie introduced the topic and indicated that James Charlesworth had provided a proposal to remain engaged with SLAIT on a retainer basis. He referred the Board to the proposal and indicated there were numerous items included in the proposal, but there were 10 primary services listed on page 3 of the proposal.

Mark Perkins stated that he saw value during the transition process to have a consultant engaged. Barb Sondag agreed that the RFP was an educational process and she was supportive of having a consultant to assist the Board. Eric Sterman indicated there were a lot of items listed in the proposal and questioned what the specific deliverable would be. There was discussion regarding which services were beneficial and that some of the listed services were redundant to existing service providers. Wicker indicated that the Board currently provides most of the oversight that's listed in the proposal and he struggled to see what the benefit would be. He suggested that it

would be difficult to outsource the oversight other than possibly have an outside review every 3-4 years. Gregory Rose suggested that clarification be requested from Charlesworth for more specific services.

It was decided that Barbara Sondag, Bob Shelton, and Bola Akande speak with James Charlesworth to get a better scope of services and bring a recommendation back to the Board at a future date.

## VI. Membership Expansion

Eric Sterman asked if there was a process to join SLAIT. He indicated when he was at another city who wasn't a member of SLAIT he found it difficult to understand the process to become a member. He indicated he believed there should be of a specific process.

Gregory Rose stated that he believed there should be more of a focus on if SLAIT should grow and if so who the targets would be. Harms indicated that there weren't many cities that are in the existing territory that fit the criteria of being professionally managed, without utilities that were not currently in the pool. Geisel agreed that the criteria should not be relaxed simply to allow for potential growth of the pool.

There was discussion regarding the process of joining SLAIT and identifying the cities that are professionally managed and not currently in SLAIT. Additionally the definition of professionally managed was discussed. There was also discussion about the Board not knowing when cities expressed interest joining SLAIT.

Discussion then turned to renewal applications. Matt Zimmerman indicated he didn't want members to reapply for membership each year. Wicker indicated the intent wouldn't be to reapply, but rather to identify if any of the exposures had changed, for example if there were substantial changes to the parks and recreation facilities.

It was decided that Charpie & Wicker would create new & renewal applications for the WC & Liability programs. The new applications would be used when a prospective member desires to join SLAIT and once the application is complete the Board would be notified there was a formal applicant.

Matt Zimmerman also indicated that he had been working to join the Health pool for several years and that process had been frustrating. Steve Wicker indicated this should not be an ongoing issue as almost everyone who is an existing member of the Trust is in the Health program. It was decided that Mike Hanson would work with Anthem to get a standard request packet for future inquiries.

It was also decided that to keep the Board better informed there would be a Marketing Report/Administrator's report added to future meetings.

VII. Standard Market Comparison

John Charpie indicated there have been some questions regarding the differences between the Standard Market and SLAIT. He offered to draft up an overview of SLAIT that could be used for both marketing to potential new members as well as provided internally to anyone who requested it. After a brief discussion it was decided that John would draft a copy and provide to the Board for input and refinement.

VIII. Fund Balance Discussion

John Charpie advised that the fund balance has deteriorated the past several years, primarily due to worse than expected workers compensation results. The finance committee did put in place funding in addition to the actuarial projections for the current policy period to attempt to build surplus. Charpie stated that since there was a surplus in the Health pool, the Board could consider timing a dividend from that program at the same time as an assessment to the workers compensation pool. All members wouldn't benefit as not everyone was in the Health program all years, but it could ease the burden for some.

Doug Harms spoke that they should consider the improvement of the fund balance similar to how they treat unfunded pension obligations. They should have a longer term plan, similar to what they are doing in the current year.

Gregory Rose agreed and suggested that's how the rate committee established the current rates and that they should continue on the same track. Steve Wicker also reminded the group that the actuary increased their loss pick by a large amount this year, so there was additional rate collected over past years.

After further discussion it was decided that a fund balance by member document would be updated and provided to the rate committee for them to further study.

IX. Pharmacy Benefit

Mike Hanson provided information to the group that showed filled prescriptions were down 1% in the current year, but pharmacy plan costs were up 19%. Hanson stated there were several options to help mitigate this expense, with varying levels of disruption to the members. He indicated Step Therapy, Specialty Rx Subsidies, and Specialty Rx Programs could each help with the increased cost.

Casey Johnson explained the increasing costs for brand name medications. Bola asked if these programs would delay the receiving of new brand name drug. Hanson indicated there would not be a delay in receiving the drug, but there could be a delay in the savings if the program was implemented.

Charpie asked what the total savings would be if the Specialty Rx program was implemented and Hanson replied it would be expected to save \$247,000 per year. Wicker asked if there was any disruption or additional cost for the Specialty Cost Relief program and Hanson said there was none. Wicker summarized and stated there didn't seem to be any reason not to do this. It was agreed that the Specialty Cost Relief program would be wrapped into the renewal in July 2022.

Hanson updated the group on a cooperative care initiative between Anthem & Mercy. This program would give greater discounts for Anthem clients who use the Mercy system. Anthem is currently reviewing SLAIT's data to determine the provider utilization as well as the potential cost savings. Bob Shelton asked if this program would result in increased costs for other systems such as BJC, and Hanson replied that there would be no additional costs to other systems, only potentially reduced costs for Mercy.

This initiative is still new, and further information will be forthcoming. Wicker asked if there would be negative fallout from BJC &/or SSM when their contracts came up for renewal. Hanson replied that would certainly be something to monitor. Casey Johnson stated she assumed that the BJC/SSM discounts would likely be reduced with Anthem if this Mercy agreement is put in place.

Mark Perkins asked when our agreement with Anthem renews. Hanson responded that it renews each year. Wicker indicated the group has been with Anthem since about 2012. There are primarily two competitive networks in St Louis - Anthem & United. Perkins asked how often this should be reviewed. Casey responded that it should be analyzed every 3-5 years. Hanson further identified that this could include the TPA/administrator, network, and stop loss carrier. Anthem currently acts as all of these. A change would include new cards, new website, etc. Geisel responded that this is a service and not a commodity. It is very disruptive to make a change. Harms responded that it's difficult to tell an employee they can no longer go to their doctor.

The meeting was adjourned at 1:02.

Submitted by:            John Charpie

Approved by:            \_\_\_\_\_