



**CITY OF SURPRISE**  
**Health Benefits Trust Fund Board**  
**16000 N. Civic Center Plaza**  
**Surprise, AZ 85374**

Wednesday, March 8, 2023 @ 3:00 PM  
 CONFERENCE ROOM N1-150 LOBBY

- A. Call To Order
- B. Roll Call
- C. Pledge of Allegiance
- D. Current Events and Reports
- E. Staff Reports
- F. Health Benefits Trust Fund Board Agenda

**CALL TO THE PUBLIC:**

**INSTRUCTIONS:** In order to address the Board\Commission, you will need to fill out a Call to the Public Form available at the front counter, and then turn it in to the Secretary before the meeting begins.

Note: A.R.S. 38-431.01(H) - During this time members of the public may address the Board\Commission only on issues within the jurisdiction of the Board\Commission which are not an item on the agenda. At the conclusion of the open call, the Board\Commission may respond to criticism, may ask staff to review the matter or may ask that the matter be put on a future agenda. No discussion or action shall take place on any item raised.

**CONSENT AGENDA:**

- 1. Citywide Consideration and action pertaining to approval of the November 30, 2022 Health Benefits Trust Fund Board meeting minutes. Finance

**REGULAR AGENDA ITEM - NON-PUBLIC HEARING:**

- 2. Citywide Presentation and discussion pertaining to CBIZ Consulting FY2023 2nd Quarter Report. None  
Donna Meuse  
Finance
- 3. Citywide Presentation and discussion pertaining to the City's unaudited Employee Healthcare and Workers' Compensation Self Insurance Funds Financial Report for FY2023 2nd Quarter. None  
Andrea Davis  
Finance
- 4. Citywide Consider and action pertaining to approval of the recommended FY2024 Health Benefit Trust Fund Budget. Andrea Davis  
Finance
- 5. Citywide Consideration and action pertaining to approval of the FY2024 Workers' Compensation Plan Budget. Digger Oster  
Legal

- G. Other Business and Future Agenda Items
- H. Executive Session

For information purposes: Upon a public majority vote of a quorum ("Commission"), the Commission may hold an executive session, which will not be open to the public, but for only the following purposes: discussion or consideration of records exempt by law from public inspection (A.R.S. §38-431.03(A)(2));

or discussion or consultation for legal advice with the attorney or attorneys of the public body (A.R.S. §38-431.03(A)(3)).

Confidentiality Requirements: Pursuant to A.R.S. §38-431.03(C)(D), any person receiving executive session information pursuant to A.R.S. §38-431.02 shall not disclose that information except to the Attorney General or County Attorney or by agreement of the Commission, or as otherwise ordered by a court of competent jurisdiction.

The Commission may vote to hold an executive session for the purpose of obtaining legal advice from the Commission's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03(A)(3).

I. Adjournment

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SHERRY ANN AGUILAR, CITY CLERK, MMC

POSTED: Monday, March 6, 2023 @ 1:15 PM

**SPECIAL NOTE: PERSONS WITH SPECIAL ACCESSIBILITY NEEDS, INCLUDING LARGE PRINT MATERIALS OR INTERPRETER, SHOULD CONTACT THE CITY CLERK'S OFFICE @ 623.222.1200 OR TTY 623.222.1002, BY NO LATER THAN 24 HOURS IN ADVANCE OF THE REGULAR SCHEDULED MEETING TIME.**



**CITY OF SURPRISE**  
**Health Benefits Trust Fund Board**

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Council Meeting Date: March 8, 2023  
Submitting Department: Finance  
Staff Recommendations:

Contact Person:  
District: Citywide

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Consent: Yes      Regular: No      Public Hearing: No      Report/Discussion: No

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**Agenda Wording:**

Consideration and action pertaining to approval of the November 30, 2022 Health Benefits Trust Fund Board meeting minutes.

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**Motion:**

I move to approve the November 30, 2022 Health Benefits Trust Fund Board meeting minutes.

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**Background:**

Attached are the minutes from the November 30, 2022 meeting.

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**Objective Analysis:**

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**Policy Compliant:**

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**Financial Impact:**

No financial impact.

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**Budget Impact:**

No budget impact.

**FTE Impact:**

No FTE impact.

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**ATTACHMENTS:**

1. HBTF MINUTES 11.30.22 Draft
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## **CITY OF SURPRISE**

### **HEALTH BENEFITS TRUST FUND BOARD 16000 North Civic Center Plaza Surprise, AZ 85374**

**November 30, 2022**

## **MEETING MINUTES**

### **CALL TO ORDER**

Chairperson Renee Pastor called the Health Benefits Trust Fund Meeting to order at 4:05 p.m. at Surprise City Hall, 16000 North Civic Center Plaza, Surprise, Arizona 85374, on Wednesday, November 30, 2022.

### **ROLL CALL**

In attendance were Chairperson Renee Pastor, Vice Chair William Coniam, Board Member Candice Rachal, and Board Member Andrea Davis. Board Member Barb Minick was absent and excused.

### **STAFF PRESENT:**

Donna Meuse, Human Resources Director; Lindsey Steinhoff, Human Resources Business Partner; Digger Oster, Risk Manager – Senior; Thomas Partin, Workers' Compensation Senior Claim Adjuster; Jennifer Medina, Budget Manager; Jenna Garcia, Financial Analyst – Senior; Laura Roybal, Administrative Services Assistant.

### **PLEDGE OF ALLEGIANCE**

### **CURRENT EVENTS REPORT**

None

### **STAFF REPORT**

None

### **CALL TO THE PUBLIC**

None

### **CONSENT AGENDA**

#### **Item 1: Consideration and action pertaining to the approval of the August 24, 2022 Health Benefits Trust Fund Board Meeting Minutes.**

- Vice Chair William Coniam made a motion to approve the minutes. Board Member Rachal seconded the motion. Motion passed.

## **REGULAR AGENDA ITEMS NOT REQUIRING A PUBLIC HEARING**

### **Item 2: Presentation and discussion pertaining to CBIZ Consulting FY2023 1<sup>st</sup> Quarter Report.**

- Melissa Barbakoff presented CBIZ Consulting's FY2023 1<sup>st</sup> Quarter Report, as well the city's pharmacy spend and rebate summary.
- Michael Zucarelli discussed the utilization of the pharmacy benefits and the increase in rebates due to that utilization and the use of brand name pharmaceuticals.

### **Item 3: Presentation and discussion pertaining to the City's unaudited Employee Healthcare and Workers' Compensation Self Insurance Funds Financial Report for FY2022 4<sup>th</sup> Quarter and FY2023 1<sup>st</sup> Quarter.**

- Andrea Davis, Finance Director, presented the FY2022 4<sup>th</sup> Quarter and FY2023 1<sup>st</sup> Quarter Financial Reports.

### **Item 4: Consideration and action pertaining to the Health Benefit Trust Fund Board Annual Calendar for 2023.**

- Andrea Davis presented the proposed meeting dates for 2023. After discussion regarding the meeting in March, the date for that meeting was changed from March 1<sup>st</sup> to March 8<sup>th</sup>, 2023.
- Vice Chair Coniam made a motion to approve the 2023 calendar, as amended. Board Member Davis seconded the motion. Motion passed.

## **OTHER BUSINESS**

- A discussion of the upcoming RFP will be included in the next meeting.
- A summary of the Workers' Compensation actuarial report was requested for the next meeting.

## **ADJOURNMENT**

Board Member Rachal made a motion to adjourn the meeting. Vice Chair Coniam seconded the motion. Motion passed. Hearing no further business, Chairperson Pastor adjourned the Health Benefits Trust Fund meeting at 4:59 p.m.

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Renee Pastor, Chair  
Health Benefits Trust Fund Board



**CITY OF SURPRISE**  
**Health Benefits Trust Fund Board**

Council Meeting Date: March 8, 2023

Contact Person: Donna Meuse, Human Resources Director

Submitting Department: Finance

District: Citywide

Staff Recommendations: None

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Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

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**Agenda Wording:**

Presentation and discussion pertaining to CBIZ Consulting FY2023 2nd Quarter Report.

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**Motion:**

None: Discussion Only

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**Background:**

CBIZ Consulting will present the 2nd Quarter self-funded medical, dental, and vision report for plan year FY2023 for the City. This report contains financial information and claims activity.

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**Objective Analysis:**

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**Policy Compliant:**

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**Financial Impact:**

None at this time; however, topics in this presentation could lead to future actions which may have a fiscal impact on the fund's operation.

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**Budget Impact:**

None at this time; however, topics in this presentation could lead to future actions which may have a fiscal impact on the fund's operation.

**FTE Impact:**

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**ATTACHMENTS:**

1. 2022 City of Surprise PBM Summary thru December
  2. City of Surprise Medical, Dental & Vision Experience 12 22 - Final
-



## City of Surprise PBM Summary

January 1, 2022 – December 31, 2022

### Per Member Per Month Actual Cost Versus Projection (Accrued Basis)

#### Prior Calendar Year - 2018

\$44.16 – Results thru March, 2018

\$54.57 – Results thru June, 2018 (includes 1<sup>st</sup> Q rebates)

\$55.73 – Results thru Sep, 2018 (includes 1<sup>st</sup> and 2<sup>nd</sup> Q rebates)

\$54.45 – Results thru Dec, 2018 (includes 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Q rebates)

\$50.49 – Results thru Dec, 2018 (includes 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Q rebates)

#### Prior Calendar Year – 2019\*

\$68.70 – Results thru March, 2019 (includes no rebates) \$53.84 with estimated rebates

\$56.32 – Results thru June, 2019 (includes 1<sup>st</sup> Q Rebate \$120,916)

\$53.35 – Results thru September, 2019 (includes 1<sup>st</sup> & 2<sup>nd</sup> Q Rebates)

\$66.75 – Results thru December, 2019 (includes 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> & 4<sup>th</sup> Q Rebates)

#### Prior Calendar Year – 2020

\$53.28 – Results thru March, 2020 (includes 1st Q rebate of \$131,400)

\$56.32 – Results thru June, 2020 (includes 1st Q & 2nd Q rebates of \$120,281)

\$87.82\*\* – Results thru September, 2020 (includes 1st, 2nd & 3rd Q rebates of \$132,089)

\$74.55 – Results thru December, 2020 (includes 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> & 4<sup>th</sup> Q rebates of \$125,975)

#### Prior Calendar Year – 2021

\$84.47 – Results thru March, 2021 (includes 1st Q rebate of \$168,260)

\$83.48 – Results thru June, 2021 (includes 1st Q & 2nd Q rebates of \$133,310)

\$86.83 – Results thru September, 2021 (includes 1st, 2nd & 3rd Q rebates of \$149,160)

\$93.08 – Results thru December, 2021 (includes 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> & 4<sup>th</sup> Q estimated rebates of \$152,930)

#### Current Calendar Year – 2022

\$94.88 – Results thru March, 2022 (includes 1st Q rebate of \$187,775)

\$106.93 – Results thru June, 2022 (includes 1st Q Rebate & 2nd Q rebates of \$200,600)

\$109.29 – Results thru September, 2022 (includes 1st, 2nd & 3rd Q rebates of \$202,805)

\$100.68 – Results thru December, 2022 (includes 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> & 4<sup>th</sup> Q estimated rebates of \$200,000)

Your PMPM trend continues to be lower than the overall Optum book of business.

**Projected Rebates (CY 22 - 12 months) - \$600,000**

**Projected Rebates Per Quarter - \$200,000 as of**

**April 2022**

*Changes in utilization that are unexpected may result in a variance against targets.*

*\*Does not include \$53,710 paid in May, 2019 for pricing performance guarantees.*



# *City of Surprise*

## **Medical, Pharmacy, Dental & Vision Experience**

**Plan Year: *July 2022 – June 2023***

**Month End: *December 2022***

**Presented by your CBIZ Team**

***Mike Barberio, Branson Cobb, Melissa Barbakoff & Margaret Latham***



our **business**  
is growing **yours.**



## Executive Summary

### Medical and Pharmacy

The experience report illustrates claims paid through the second quarter of the new plan year that began July 2022. The overall claims are higher than they have been in years past for the first and second quarter but keep in mind that no rebates for the 2022-23 plan year have been applied which will lower liability. The first pharmacy rebate is applied when January claims are posted. CBIZ is projecting that the City of Surprise will realize approximately \$800,000 in rebates for the 2022-2023 plan year. Expected claims through the second quarter have come in at 96.2% and 78.6% for maximum claims liability. Average covered lives have increased to 856 lives from 801 this time last year, a 6.9% increase. Gross run out claims through December were \$867,489, after rebates and stop loss recoveries that amount drops to \$352,591. Pharmacy rebates for the prior plan year are now complete.

### Claims Spend & Loss Ratio by Plan Design:

- HMO -54% of total claims, 116.5% loss ratio
- PPO – 31% of total claims, 85.5% loss ratio
- EPO – 15% of total claims, 66.4% loss ratio

The City of Surprise Human Resources team has developed training and education to encourage employees to enroll into the EPO plan. Last year they were able to increase lives into the EPO by 30.33% and this year enrollment through the second quarter in the EPO plan increased 32%.

### Enrollment by Plan:

- **HMO – -5.3% decrease in enrollment in the HMO plan**
  - 2022 - 346
  - 2021 – 365
  - 2020 – 268
- **PPO – 8.7% increase in enrollment in the PPO plan**
  - 2022 - 300
  - 2021 - 276
  - 2020 – 268
- **EPO – 32% increase in enrollment in the EPO plan**
  - 2022 - 210
  - 2021 - 159
  - 2020 -122



## Medical and Pharmacy Continued

One the Annual Cost Comparison slide, the grid all the way the right-hand side or as seen below illustrates the year over year total cost history increase or decrease. The CBIZ analytics team is projecting total costs for 2022/2023 to be 10.8% higher than 2021/2022. Currently, medical claims which include a completion factor and escalator load are coming in 10.9% higher over the 2020/2021 plan year and pharmacy claims are 8.4% higher than the 2020/2021 plan year. Medical and pharmacy claims have been adjusted for the enrollment increase.

PEPM Total Cost History	Increase/ Decrease
2014/2015	\$1,079.93
2015/2016	\$1,160.82 7.5%
2016/2017	\$1,202.07 3.6%
2017/2018	\$1,151.77 -4.2%
2018/2019	\$1,200.23 4.2%
2019/2020	\$1,201.50 0.1%
2020/2021	\$1,178.50 -1.9%
2021/2022	\$1,383.96 17.4%
2022/2023	\$1,533.29 10.8%

There are five large claims that over the \$100,000 threshold. Two claimants have hit the individual stop loss deductible. Claimant 1 has reached the stop loss deductible amount and \$19,012 has been reimbursed. Claimant 2 has hit the stop loss deductible and so far, \$4,249 has been paid out for this member. Large claims over \$100,000 represent 16.5% of overall spend. For comparison purposes, last year through the second quarter large claims represented 10.7% of overall spend and there were no claimants above the individual stop loss deductible through the second quarter.

## Dental

Dental claims are performing at a similar rate to the 2020-2021 plan year. Dental claims tend to be higher in the first quarter but then tend to normalize. The current loss ratio through December is 93.8%, for the same time period last year it was 91.7%. Through December the dental paid claims per employee, per month (PEPM) is \$83.78, compared to last year at \$83.84.

## Vision

Vision claims have followed similar utilization patterns from prior years. Vision claims through the second quarter are at 90.4%. This is lower than previous years. Last year's claims through the second quarter had 100.4% loss ratio.

# City of Surprise

## Paid Claims and Administration

Plan Year: July 2022 to June 2023 (as of December 2022)

### Incurred and Paid

BlueCross BlueShield of Arizona and Optum Rx- All Plans														Loss Ratio		PEPM Costs				
Paid Month	Subscribers	Expected Claims Liability	Maximum Claims Liability	Medical Paid Claims	Rx Paid Claims	Optum Rx Rebates & Performance Guarantees	Blue Card Claims Expense & Misc.	Capitation Fees	Value Based Services	Stop Loss Recovery	Total Paid Claims	Admin Fees	Total Paid Claims & Admin Fees	Actual Claims vs Expected Claims Liability	Actual Claims vs Maximum Claims Liability	Medical Claims Paid PEPM	Rx Claims Paid PEPM	Total Claims Paid PEPM	Total Paid Claims Net Stop Loss Reimbursement PEPM	Total Claims & Fees PEPM
Jul-22	835	\$ 1,068,539	\$ 1,308,684	\$ 443,037	\$ 238,089	\$ -	\$ (736)	\$ 7,205	\$ 1,525	\$ -	\$ 689,120	\$ 122,080	\$ 811,200	64.5%	52.7%	\$540.16	\$285.14	\$825.29	\$825.29	\$971.50
Aug-22	840	\$ 1,076,111	\$ 1,317,343	\$ 893,455	\$ 327,946	\$ -	\$ 2,215	\$ 7,214	\$ 1,593	\$ -	\$ 1,232,422	\$ 122,811	\$ 1,355,232	114.5%	93.6%	\$1,076.76	\$390.41	\$1,467.17	\$1,467.17	\$1,613.37
Sep-22	854	\$ 1,088,911	\$ 1,333,157	\$ 791,709	\$ 243,833	\$ -	\$ 1,843	\$ 7,266	\$ 1,579	\$ (8,989)	\$ 1,037,241	\$ 124,858	\$ 1,162,098	95.3%	77.8%	\$939.57	\$285.52	\$1,225.09	\$1,214.57	\$1,360.77
Oct-22	859	\$ 1,090,382	\$ 1,334,846	\$ 892,612	\$ 247,293	\$ -	\$ 2,516	\$ 7,281	\$ 1,548	\$ (559)	\$ 1,150,691	\$ 125,585	\$ 1,276,276	105.5%	86.2%	\$1,052.34	\$287.88	\$1,340.22	\$1,339.57	\$1,485.77
Nov-22	870	\$ 1,105,225	\$ 1,353,271	\$ 816,848	\$ 311,403	\$ -	\$ 1,832	\$ 7,384	\$ 1,491	\$ (392)	\$ 1,138,567	\$ 127,197	\$ 1,265,764	103.0%	84.1%	\$951.21	\$357.93	\$1,309.15	\$1,308.70	\$1,454.90
Dec-22	876	\$ 1,105,754	\$ 1,354,632	\$ 845,213	\$ 197,352	\$ -	\$ 2,497	\$ 7,360	\$ 1,596	\$ (13,320)	\$ 1,040,699	\$ 128,075	\$ 1,168,774	94.1%	76.8%	\$977.93	\$225.29	\$1,203.22	\$1,188.01	\$1,334.22
Jan-23																				
Feb-23																				
Mar-23																				
Apr-23																				
May-23																				
Jun-23																				
<b>Total</b>	<b>5,134</b>	<b>\$ 6,534,922</b>	<b>\$ 8,001,933</b>	<b>\$ 4,682,873</b>	<b>\$ 1,565,917</b>	<b>\$ -</b>	<b>\$ 10,167</b>	<b>\$ 43,710</b>	<b>\$ 9,332</b>	<b>\$ (23,260)</b>	<b>\$ 6,288,739</b>	<b>\$ 750,605</b>	<b>\$ 7,039,344</b>	<b>96.2%</b>	<b>78.6%</b>	<b>\$924.44</b>	<b>\$305.01</b>	<b>\$1,229.45</b>	<b>\$1,224.92</b>	<b>\$1,371.12</b>
<b>Avg</b>	<b>856</b>																			

Administrative Fees	PPO Plan			HMO Plan			EPO Plan		
	Employee	Emp + 1 Dep	EE + Family	Employee	Emp + 1 Dep	EE + Family	Employee	Emp + 1 Dep	EE + Family
Administration	\$52.79	\$52.79	\$52.79	\$52.79	\$52.79	\$52.79	\$52.79	\$52.79	\$52.79
Specific Stoploss 12/24 \$250,000 ISL	\$88.67	\$88.67	\$88.67	\$88.67	\$88.67	\$88.67	\$88.67	\$88.67	\$88.67
Aggregate Stoploss (125%)	\$5.10	\$5.10	\$5.10	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
<b>Total Admin Fees</b>	<b>\$146.56</b>	<b>\$146.56</b>	<b>\$146.56</b>	<b>\$146.01</b>	<b>\$146.01</b>	<b>\$146.01</b>	<b>\$146.01</b>	<b>\$146.01</b>	<b>\$146.01</b>

Claim Expenses	PPO Plan			HMO Plan			EPO Plan		
	Employee	Emp + 1 Dep	EE + Family	Employee	Emp + 1 Dep	EE + Family	Employee	Emp + 1 Dep	EE + Family
Expected Liability	\$519.00	\$1,184.52	\$1,716.94	\$542.31	\$1,230.63	\$1,781.31	\$476.93	\$1,099.85	\$1,598.21
Maximum Liability (ICAP)	\$754.88	\$1,501.88	\$2,099.47	\$767.09	\$1,526.34	\$2,133.75	\$645.87	\$1,285.14	\$1,796.58



# City of Surprise

## Paid Claims and Administration

Plan Year: July 2022 to June 2023 (as of December 2022)

### Incurred and Paid

BlueCross BlueShield of Arizona & Optum Rx - PPO Plan										Loss Ratio		PEPM Costs			
Paid Month	Subscribers	Expected Claims Liability	Maximum Claims Liability	Medical Paid Claims	Rx Paid Claims	Stop Loss Recovery	Total Paid Claims	Admin Fees	Total Paid Claims and Admin Fees	Actual Claims vs Expected Claims Liability	Actual Claims vs Maximum Claims Liability	Medical Claims Paid PEPM	Rx Claims Paid PEPM	Total Claims Paid PEPM	Total Claims & Fees PEPM
Jul-22	293	\$ 362,638	\$ 457,529	\$ 123,281	\$ 77,533	\$ -	\$ 200,814	\$ 42,942	\$ 243,756	55.4%	43.9%	\$420.75	\$264.62	\$685.37	\$831.93
Aug-22	295	\$ 365,540	\$ 461,131	\$ 235,889	\$ 97,938	\$ -	\$ 333,827	\$ 43,235	\$ 377,062	91.3%	72.4%	\$799.62	\$331.99	\$1,131.62	\$1,278.18
Sep-22	300	\$ 370,664	\$ 467,744	\$ 258,055	\$ 65,165	\$ (8,989)	\$ 314,231	\$ 43,968	\$ 358,199	84.8%	67.2%	\$860.18	\$217.22	\$1,077.40	\$1,194.00
Oct-22	295	\$ 365,673	\$ 461,280	\$ 311,327	\$ 88,167	\$ (559)	\$ 398,935	\$ 43,235	\$ 442,170	109.1%	86.5%	\$1,055.35	\$298.87	\$1,354.22	\$1,498.88
Nov-22	306	\$ 380,699	\$ 480,042	\$ 214,305	\$ 68,506	\$ (392)	\$ 282,419	\$ 44,847	\$ 327,266	74.2%	58.8%	\$700.34	\$223.87	\$924.22	\$1,069.50
Dec-22	310	\$ 383,440	\$ 483,808	\$ 335,785	\$ 49,414	\$ (9,071)	\$ 376,128	\$ 45,434	\$ 421,561	98.1%	77.7%	\$1,083.18	\$159.40	\$1,242.58	\$1,359.88
Jan-23															
Feb-23															
Mar-23															
Apr-23															
May-23															
Jun-23															
<b>Total</b>	<b>1,799</b>	<b>\$ 2,228,653</b>	<b>\$ 2,811,533</b>	<b>\$ 1,478,643</b>	<b>\$ 446,722</b>	<b>\$ (19,012)</b>	<b>\$ 1,906,353</b>	<b>\$ 263,661</b>	<b>\$ 2,170,015</b>	<b>85.5%</b>	<b>67.8%</b>	<b>\$821.93</b>	<b>\$248.32</b>	<b>\$1,070.24</b>	<b>\$1,206.23</b>
<b>Avg</b>	<b>300</b>														

Administrative Fees	PPO Plan		
	Employee	Emp + 1 Dep	EE + Family
Administration	\$52.79	\$52.79	\$52.79
Specific Stoploss 12/24 \$250,000 ISL	\$88.67	\$88.67	\$88.67
Aggregate Stoploss (125%)	\$5.10	\$5.10	\$5.10
<b>Total Admin Fees</b>	<b>\$146.56</b>	<b>\$146.56</b>	<b>\$146.56</b>

Claim Expenses	Employee	Emp + 1 Dep	EE + Family
<b>Expected Liability</b>	<b>\$519.00</b>	<b>\$1,184.52</b>	<b>\$1,716.94</b>
<b>Maximum Liability (ICAP)</b>	<b>\$754.88</b>	<b>\$1,501.88</b>	<b>\$2,099.47</b>

Month	Number of Enrollees by Month			Total
	EE	EE + 1	EE + Fam	
July	91	59	143	293
August	91	60	144	295
September	93	62	145	300
October	90	62	143	295
November	91	67	148	306
December	94	68	148	310
January				
February				
March				
April				
May				
June				
<b>Totals</b>	<b>550</b>	<b>378</b>	<b>871</b>	<b>1,799</b>

# City of Surprise

## Paid Claims and Administration

Plan Year: July 2022 to June 2023 (as of December 2022)

Incurred and Paid

BlueCross BlueShield of Arizona & Optum Rx - HMO Plan										Loss Ratio		PEPM Costs			
Paid Month	Subscribers	Expected Claims Liability	Maximum Claims Liability	Medical Paid Claims	Rx Paid Claims	Stop Loss Recovery	Total Paid Claims	Admin Fees	Total Paid Claims and Admin Fees	Actual Claims vs Expected Claims Liability	Actual Claims vs Maximum Claims Liability	Medical Claims Paid PEPM	Rx Claims Paid PEPM	Total Claims Paid PEPM	Total Claims & Fees PEPM
Jul-22	349	\$ 489,516	\$ 598,901	\$ 280,719	\$ 116,612	\$ -	\$ 397,331	\$ 50,957	\$ 448,288	81.2%	66.3%	\$804.35	\$334.13	\$1,138.48	\$1,284.49
Aug-22	346	\$ 487,339	\$ 595,993	\$ 561,936	\$ 148,781	\$ -	\$ 710,717	\$ 50,519	\$ 761,237	145.8%	119.2%	\$1,624.09	\$430.00	\$2,054.10	\$2,200.11
Sep-22	346	\$ 486,237	\$ 594,778	\$ 433,779	\$ 104,070	\$ -	\$ 537,849	\$ 50,519	\$ 588,368	110.6%	90.4%	\$1,253.70	\$300.78	\$1,554.48	\$1,700.49
Oct-22	346	\$ 485,687	\$ 594,170	\$ 420,929	\$ 128,506	\$ -	\$ 549,436	\$ 50,519	\$ 599,955	113.1%	92.5%	\$1,216.56	\$371.41	\$1,587.96	\$1,733.97
Nov-22	345	\$ 483,905	\$ 592,037	\$ 458,915	\$ 181,232	\$ -	\$ 640,147	\$ 50,373	\$ 690,520	132.3%	108.1%	\$1,330.19	\$525.31	\$1,855.50	\$2,001.51
Dec-22	342	\$ 478,561	\$ 585,635	\$ 440,923	\$ 120,529	\$ (4,249)	\$ 557,204	\$ 49,935	\$ 607,139	116.4%	95.1%	\$1,289.25	\$352.42	\$1,641.67	\$1,775.26
Jan-23															
Feb-23															
Mar-23															
Apr-23															
May-23															
Jun-23															
<b>Total</b>	<b>2,074</b>	<b>\$ 2,911,246</b>	<b>\$ 3,561,514</b>	<b>\$ 2,597,203</b>	<b>\$ 799,730</b>	<b>\$ (4,249)</b>	<b>\$ 3,392,684</b>	<b>\$ 302,825</b>	<b>\$ 3,695,509</b>	<b>116.5%</b>	<b>95.3%</b>	<b>\$1,252.27</b>	<b>\$385.60</b>	<b>\$1,637.87</b>	<b>\$1,781.83</b>
<b>Avg</b>	<b>346</b>														

Administrative Fees	HMO Plan		
	Employee	Emp + 1 Dep	EE + Family
Administration	\$52.79	\$52.79	\$52.79
Specific Stoploss 12/24 \$250,000 ISL	\$88.67	\$88.67	\$88.67
Aggregate Stoploss (125%)	\$4.55	\$4.55	\$4.55
<b>Total Admin Fees</b>	<b>\$146.01</b>	<b>\$146.01</b>	<b>\$146.01</b>

Claim Expenses	Employee	Emp + 1 Dep	EE + Family
	<b>Expected Liability</b>	<b>\$542.31</b>	<b>\$1,230.63</b>
<b>Maximum Liability (ICAP)</b>	<b>\$767.09</b>	<b>\$1,526.34</b>	<b>\$2,133.75</b>

Number of Enrollees by Month				
Month	EE	EE + 1	EE + Fam	Total
July	76	69	204	349
August	73	70	203	346
September	73	72	201	346
October	73	73	200	346
November	73	73	199	345
December	73	73	196	342
January				
February				
March				
April				
May				
June				
<b>Totals</b>	<b>441</b>	<b>430</b>	<b>1,203</b>	<b>2,074</b>

# City of Surprise

## Paid Claims and Administration

Plan Year: July 2022 to June 2023 (as of December 2022)

Incurred and Paid

BlueCross BlueShield of Arizona & Optum Rx - EPO Plan										Loss Ratio		PEPM Costs			
Paid Month	Subscribers	Expected Claims Liability	Maximum Claims Liability	Medical Paid Claims	Rx Paid Claims	Stop Loss Recovery	Total Paid Claims	Admin Fees	Total Paid Claims and Admin Fees	Actual Claims vs Expected Claims Liability	Actual Claims vs Maximum Claims Liability	Medical Claims Paid PEPM	Rx Claims Paid PEPM	Total Claims Paid PEPM	Total Claims & Fees PEPM
Jul-22	193	\$ 216,385	\$ 252,253	\$ 39,036	\$ 43,945	\$ -	\$ 82,981	\$ 28,180	\$ 111,161	38.3%	32.9%	\$202.26	\$227.69	\$429.95	\$575.96
Aug-22	199	\$ 223,233	\$ 260,220	\$ 95,629	\$ 81,227	\$ -	\$ 176,856	\$ 29,056	\$ 205,912	79.2%	68.0%	\$480.55	\$408.18	\$888.73	\$1,034.74
Sep-22	208	\$ 232,010	\$ 270,636	\$ 99,874	\$ 74,598	\$ -	\$ 174,472	\$ 30,370	\$ 204,842	75.2%	64.5%	\$480.17	\$358.64	\$838.81	\$984.82
Oct-22	218	\$ 239,022	\$ 279,396	\$ 160,444	\$ 30,620	\$ -	\$ 191,064	\$ 31,830	\$ 222,894	79.9%	68.4%	\$735.98	\$140.46	\$876.44	\$1,022.45
Nov-22	219	\$ 240,620	\$ 281,192	\$ 143,628	\$ 61,666	\$ -	\$ 205,294	\$ 31,976	\$ 237,270	85.3%	73.0%	\$655.83	\$281.58	\$937.41	\$1,083.42
Dec-22	224	\$ 243,753	\$ 285,189	\$ 68,504	\$ 27,410	\$ -	\$ 95,914	\$ 32,706	\$ 128,620	39.3%	33.6%	\$305.82	\$122.36	\$428.19	\$574.20
Jan-23															
Feb-23															
Mar-23															
Apr-23															
May-23															
Jun-23															
<b>Total</b>	<b>1,261</b>	<b>\$ 1,395,023</b>	<b>\$ 1,628,886</b>	<b>\$ 607,116</b>	<b>\$ 319,465</b>	<b>\$ -</b>	<b>\$ 926,581</b>	<b>\$ 184,119</b>	<b>\$ 1,110,699</b>	<b>66.4%</b>	<b>56.9%</b>	<b>\$481.46</b>	<b>\$253.34</b>	<b>\$734.80</b>	<b>\$880.81</b>
<b>Avg</b>	<b>210</b>														

Administrative Fees	HMO Plan		
	Employee	Emp + 1 Dep	EE + Family
Administration	\$52.79	\$52.79	\$52.79
Specific Stoploss 12/24 \$250,000 ISL	\$88.67	\$88.67	\$88.67
Aggregate Stoploss (125%)	\$4.55	\$4.55	\$4.55
<b>Total Admin Fees</b>	<b>\$146.01</b>	<b>\$146.01</b>	<b>\$146.01</b>

Claim Expenses	Employee	Emp + 1 Dep	EE + Family
<b>Expected Liability</b>	<b>\$476.93</b>	<b>\$1,099.85</b>	<b>\$1,598.21</b>
<b>Maximum Liability (ICAP)</b>	<b>\$645.87</b>	<b>\$1,285.14</b>	<b>\$1,796.58</b>

Number of Enrollees by Month				
Month	EE	EE + 1	EE + Fam	Total
July	67	34	92	193
August	69	35	95	199
September	74	35	99	208
October	82	35	101	218
November	82	35	102	219
December	85	38	101	224
January				
February				
March				
April				
May				
June				
<b>Totals</b>	<b>459</b>	<b>212</b>	<b>590</b>	<b>1,261</b>

**City of Surprise**

**Paid Claims and Administration**

**Plan Year: July 2021 to June 2022 (as of December 2022)**

**Incurred and Paid**

BlueCross BlueShield of Arizona and Optum Rx- All Plans														Loss Ratio		PEPM Costs				
Paid Month	Subscribers	Expected Claims Liability	Maximum Claims Liability	Medical Paid Claims	Rx Paid Claims	Optum Rx Rebates & Performance Guarantees	Blue Card Claims Expense & Misc.	Capitation Fees	Value Based Services	Stop Loss Recovery	Total Paid Claims	Admin Fees	Total Paid Claims & Admin Fees	Actual Claims vs Expected Claims Liability	Actual Claims vs Maximum Claims Liability	Medical Claims Paid PEPM	Rx Claims Paid PEPM	Total Claims Paid PEPM	Total Paid Claims Net Stop Loss Reimbursement PEPM	Total Claims & Fees PEPM
Jul-21	795	\$ 1,002,888	\$ 1,209,887	\$ 322,951	\$ 195,921	\$ -	\$ 1,003	\$ 7,035	\$ 1,721	\$ -	\$ 528,630	\$ 109,184	\$ 637,814	52.7%	43.7%	\$418.50	\$246.44	\$664.94	\$664.94	\$802.28
Aug-21	799	\$ 1,010,908	\$ 1,218,979	\$ 661,061	\$ 217,018	\$ -	\$ 1,090	\$ 7,102	\$ 1,629	\$ -	\$ 887,900	\$ 109,734	\$ 997,634	87.8%	72.8%	\$839.65	\$271.61	\$1,111.26	\$1,111.26	\$1,248.60
Sep-21	803	\$ 1,016,566	\$ 1,225,523	\$ 739,246	\$ 218,170	\$ -	\$ 278	\$ 7,082	\$ 956	\$ -	\$ 965,732	\$ 110,285	\$ 1,076,017	95.0%	78.8%	\$930.96	\$271.69	\$1,202.65	\$1,202.65	\$1,340.00
Oct-21	801	\$ 1,011,746	\$ 1,219,745	\$ 841,297	\$ 217,625	\$ -	\$ 1,408	\$ 7,114	\$ 3,132	\$ -	\$ 1,070,576	\$ 110,010	\$ 1,180,586	105.8%	87.8%	\$1,064.86	\$271.69	\$1,336.55	\$1,336.55	\$1,473.89
Nov-21	806	\$ 1,015,302	\$ 1,224,074	\$ 824,343	\$ 249,799	\$ -	\$ 2,381	\$ 7,094	\$ 1,712	\$ -	\$ 1,085,328	\$ 110,696	\$ 1,196,024	106.9%	88.7%	\$1,036.64	\$309.92	\$1,346.56	\$1,346.56	\$1,483.90
Dec-21	809	\$ 1,015,903	\$ 1,225,001	\$ 811,101	\$ 203,750	\$ -	\$ 1,600	\$ 7,067	\$ 1,567	\$ -	\$ 1,025,085	\$ 111,108	\$ 1,136,193	100.9%	83.7%	\$1,015.25	\$251.85	\$1,267.10	\$1,267.10	\$1,404.44
Jan-22	811	\$ 1,019,147	\$ 1,228,640	\$ 690,819	\$ 207,592	\$ (149,160)	\$ 1,304	\$ 7,158	\$ 1,576	\$ -	\$ 759,288	\$ 111,383	\$ 870,671	74.5%	61.8%	\$864.19	\$255.97	\$936.24	\$936.24	\$1,073.58
Feb-22	813	\$ 1,015,971	\$ 1,225,080	\$ 914,393	\$ 212,279	\$ -	\$ 1,788	\$ 7,161	\$ 1,574	\$ -	\$ 1,137,194	\$ 111,656	\$ 1,248,850	111.9%	92.8%	\$1,137.66	\$261.11	\$1,398.76	\$1,398.76	\$1,536.10
Mar-22	815	\$ 1,019,699	\$ 1,229,209	\$ 902,985	\$ 285,791	\$ -	\$ 1,509	\$ 7,123	\$ 1,571	\$ -	\$ 1,198,978	\$ 111,930	\$ 1,310,908	117.6%	97.5%	\$1,120.48	\$350.66	\$1,471.14	\$1,471.14	\$1,608.48
Apr-22	826	\$ 1,028,430	\$ 1,240,012	\$ 803,928	\$ 259,898	\$ (149,285)	\$ (1,929)	\$ 7,243	\$ 1,416	\$ (31,405)	\$ 889,867	\$ 113,441	\$ 1,003,308	86.5%	71.8%	\$981.43	\$314.65	\$1,115.34	\$1,077.32	\$1,214.66
May-22	827	\$ 1,028,803	\$ 1,240,633	\$ 877,548	\$ 199,590	\$ -	\$ 1,618	\$ 7,217	\$ -	\$ (46,083)	\$ 1,039,891	\$ 113,578	\$ 1,153,469	101.1%	83.8%	\$1,071.81	\$241.34	\$1,313.15	\$1,257.43	\$1,394.76
Jun-22	832	\$ 1,032,299	\$ 1,245,141	\$ 818,250	\$ 273,532	\$ -	\$ 3,122	\$ 7,190	\$ 2,991	\$ (76,779)	\$ 1,028,306	\$ 114,266	\$ 1,142,572	99.6%	82.6%	\$999.46	\$328.76	\$1,328.23	\$1,235.94	\$1,373.28
<b>Total</b>	<b>9,737</b>	<b>\$ 12,217,662</b>	<b>\$ 14,731,923</b>	<b>\$ 9,207,920</b>	<b>\$ 2,740,965</b>	<b>\$ (298,445)</b>	<b>\$ 15,171</b>	<b>\$ 85,585</b>	<b>\$ 19,845</b>	<b>\$ (154,266)</b>	<b>\$ 11,616,775</b>	<b>\$ 1,337,272</b>	<b>\$ 12,954,047</b>	<b>95.1%</b>	<b>78.9%</b>	<b>\$958.05</b>	<b>\$281.50</b>	<b>\$1,208.90</b>	<b>\$1,193.05</b>	<b>\$1,330.39</b>
<b>Avg</b>	<b>811</b>																			

BCBS and Optum Rx Runout							
Month	Paid Medical	Paid Rx	Optum Rx Rebates*	Blue Card Claims Expense	Capitation (Chiro FFS Costs)	Stop Loss Recovery	Total Paid Claims
Jul-22	\$ 595,860	\$ 599	\$ (187,775)	\$ 1,063	\$ 15	\$ (114,392)	\$ 295,370
Aug-22	\$ 158,790	\$ 0	\$ -	\$ 118	\$ 32	\$ (3,845)	\$ 155,096
Sep-22	\$ 32,671	\$ 340	\$ -	\$ 105	\$ 18	\$ -	\$ 33,133
Oct-22	\$ 38,993	\$ -	\$ (211,432)	\$ 59	\$ -	\$ -	\$ (172,379)
Nov-22	\$ 43,349	\$ 14	\$ -	\$ 85	\$ -	\$ -	\$ 43,448
Dec-22	\$ (2,174)	\$ -	\$ -	\$ 97	\$ -	\$ -	\$ (2,077)
Jan-23							
Feb-23							
Mar-23							
Apr-23							
May-23							
Jun-23							
<b>Total</b>	<b>\$ 867,489</b>	<b>\$ 954</b>	<b>\$ (399,207)</b>	<b>\$ 1,527</b>	<b>\$ 64</b>	<b>\$ (118,236)</b>	<b>\$ 352,591</b>

**2021-2022 Medical Plan Costs with Runout**

Total Claims Incurred for Time Period	Total Stop Loss Recovery	Total Paid Claims Net Runout	Total Admin Fees	Total Paid Claims and Admin Costs	% Actual Claims vs. Expected	% Actual Claims vs. Maximum Claim Liability	Total Paid Claims & Admin Costs PEPM
\$ 12,241,868	\$ (272,503)	\$ 11,969,366	\$ 1,337,272	\$ 13,306,638	98.0%	81.2%	\$ 1,366.61

Specific Stoploss 12/24 \$250,000 ISL  
Aggregate Stoploss (125%)

# City of Surprise

Plan Year: July 2022 to June 2023 (as of December 2022)

## Annual Cost Comparison Analysis

Incurred and Paid - 2021/2022 vs. 2022/2023

Cost Categories	2021/2022 with Runout	PEPM Costs	2022/2023 Estimated Annual*	PEPM Costs
Medical Claims Costs*	\$10,128,712	\$1,040.23	\$11,847,669	\$1,153.84
Rx Claims Costs**	\$2,740,965	\$281.50	\$3,131,833	\$305.01
Rx Rebates	(\$697,652)	(\$71.65)	(\$840,000)	(\$81.81)
Blue Card, Capitation Expenses, Misc and Value Based Services	\$120,601	\$12.39	\$126,419	\$12.31
Stop Loss Recoveries***	(\$154,266)	(\$15.84)	(\$23,260)	(\$2.27)
Admin Fees	\$1,337,272	\$137.34	\$1,501,210	\$146.20
<b>Total Costs</b>	<b>\$13,475,632</b>	<b>\$1,383.96</b>	<b>\$15,743,870</b>	<b>\$1,533.29</b>

% Cost Change	\$ Cost Change	% PEPM Change	\$ PEPM Change
16.97%	\$1,718,957	10.9%	\$113.61
14.26%	\$390,868	8.4%	\$23.51
20.40%	(\$142,348)	14.2%	(\$10.16)
4.82%	\$5,818	-0.6%	(\$0.07)
n/a	\$131,006	n/a	\$13.58
12.26%	\$163,938	6.5%	\$8.86
<b>16.8%</b>	<b>\$2,268,239</b>	<b>10.8%</b>	<b>\$149.33</b>

PEPM Total Cost History		Increase/Decrease
2014/2015	\$1,079.93	
2015/2016	\$1,160.82	7.5%
2016/2017	\$1,202.07	3.6%
2017/2018	\$1,151.77	-4.2%
2018/2019	\$1,200.23	4.2%
2019/2020	\$1,201.50	0.1%
2020/2021	\$1,178.50	-1.9%
2021/2022	\$1,383.96	17.4%
2022/2023	\$1,533.29	10.8%

	Annual
Enrollment	9,737

Annualized
10,268

% Enrollment Change	# Enrollment Change
5.45%	531

\*2022/2023 Medical Claims Costs includes a 10% completion factor

\*\*2022/2023 Medical Claims Costs includes an escalator load for participants who have not met deductibles

\*\*\*Stop Loss Recoveries are not annualized

Incurred and Paid - 2020/2021 vs. 2021/2022

Cost Categories	2020/2021 with Runout	PEPM Costs	2021/2022 with Runout	PEPM Costs
Medical Claims Costs*	\$8,112,363	\$865.60	\$10,128,712	\$1,040.23
Rx Claims Costs**	\$2,639,158	\$281.60	\$2,740,965	\$281.50
Rx Rebates	(\$511,185)	(\$54.54)	(\$697,652)	(\$71.65)
Blue Card, Capitation Expenses, Misc and Value Based Services	\$120,559	\$12.86	\$120,601	\$12.39
Stop Loss Recoveries***	(\$589,148)	(\$62.86)	(\$154,266)	(\$15.84)
Admin Fees	\$1,273,185	\$135.85	\$1,337,272	\$137.34
<b>Total Costs</b>	<b>\$11,044,932</b>	<b>\$1,178.50</b>	<b>\$13,475,632</b>	<b>\$1,383.96</b>

% Cost Change	\$ Cost Change	% PEPM Change	\$ PEPM Change
24.86%	\$2,016,349	20.2%	\$174.63
3.86%	\$101,807	0.0%	(\$0.10)
36.48%	(\$186,467)	31.4%	(\$17.11)
0.03%	\$42	-3.7%	(\$0.48)
n/a	\$434,881	n/a	\$47.02
5.03%	\$64,087	1.1%	\$1.49
<b>22.0%</b>	<b>\$2,430,700</b>	<b>17.4%</b>	<b>\$205.46</b>

	Annual
Enrollment	9,372

Annualized
9,737

% Enrollment Change	# Enrollment Change
3.89%	365

\*2021/2022 Medical Claims Costs includes a 10% completion factor

## City of Surprise

### Blue Cross Blue Shield - Large Claims over \$100k

Plan Year: July 2022 to June 2023 (as of December 2022)

Claimant	Unique ID	Prior Year Large Claimant (Y/N)	Enrollment Status	Plan	Medical Paid Claims	Rx Paid Claims	Current YTD Paid Claims through Month	Previous Month's YTD Paid Claims	Change from Prior Month's Claims	% of \$250K ISL Limit	Stop Loss Reimbursement	Net Paid after SL Reimbursements
1	E014	Y	Active	PPO	\$268,657	\$355	\$269,012	\$259,940	\$9,071	100.0%	(\$19,012)	\$250,000
2	E015	Y	Termed	HMO	\$254,249	\$0	\$254,249	\$157,585	\$96,663	100.0%	(\$4,249)	\$250,000
3	E002	Y	Active	PPO	\$214,438	\$0	\$214,438	\$171,341	\$43,097	85.8%		\$214,438
4	C014	Y	Active	HMO	\$0	\$172,684	\$172,684	\$147,763	\$24,920	69.1%		\$172,684
5	F001	N	Active	HMO	\$123,396	\$0	\$123,396		\$123,396	49.4%		\$123,396
<b>Total</b>					<b>\$860,739</b>	<b>\$173,039</b>	<b>\$1,033,778</b>	<b>\$736,630</b>	<b>\$297,148</b>		<b>(\$23,260)</b>	<b>\$1,010,518</b>
<b>Percentage of Large Claims vs. Medical &amp; Rx Claims</b>							<b>16.5%</b>					

# City of Surprise

## Blue Cross Blue Shield - Large Claims over \$100k

Plan Year: July 2021 to June 2022 (as of December 2022)

Claimant	Unique ID	Prior Year Large Claimant (Y/N)	Enrollment Status	Plan	Medical Paid Claims	Rx Paid Claims	Current YTD Paid Claims through Month	Previous Month's YTD Paid Claims	Change from Prior Month's Claims	% of \$250K ISL Limit	Stop Loss Reimbursement	Net Paid after SL Reimbursements
1	D014	Y	Active	PPO	\$365,702	\$6,533	\$372,235	\$372,235	\$0	100.0%	(\$122,235)	\$250,000
2	E002	N	Active	PPO	\$346,497	\$0	\$346,497	\$346,497	\$0	100.0%	(\$96,497)	\$250,000
3	C014	Y	Active	HMO	\$326.05	\$287,178	\$287,504	\$287,504	\$0	100.0%	(\$37,504)	\$250,000
4	E015	N	Termed	HMO	\$266,267	\$0	\$266,267	\$266,267	\$0	100.0%	(\$16,267)	\$250,000
5	C006	Y	Active	EPO	\$866.94	\$196,918	\$197,785	\$197,785	\$0	79.1%		\$197,785
6	C011	Y	Active	HMO	\$153,077	\$16,835	\$169,912	\$169,912	\$0	68.0%		\$169,912
7	E004	N	Active	PPO	\$2,863.24	\$166,415	\$169,279	\$169,278	\$1	67.7%		\$169,279
8	C018	Y	Active	HMO	\$132,289	\$19,026	\$151,315	\$151,315	\$0	60.5%		\$151,315
9	E003	N	Active	PPO	\$125,919	\$114	\$126,033	\$126,033	\$0	50.4%		\$126,033
10	E010	N	Active	HMO	\$115,091	\$8,281	\$123,371	\$123,371	\$0	49.3%		\$123,371
11	E009	N	Termed	HMO	\$118,623	\$184	\$118,807	\$118,807	\$0	47.5%		\$118,807
12	E006	N	Active	EPO	\$117,231	\$1	\$117,232	\$117,232	\$0	46.9%		\$117,232
13	E017	N	Termed	PPO	\$113,991	\$1,401	\$115,392	\$115,334	\$59	46.2%		\$115,392
14	A010	Y	Termed	HMO	\$98,155	\$2,533	\$100,688	\$100,688	\$0	40.3%		\$100,688

<b>Total</b>	<b>\$1,956,898</b>	<b>\$705,418</b>	<b>\$2,662,316</b>	<b>\$2,662,256</b>	<b>\$60</b>	<b>(\$272,503)</b>	<b>\$2,389,813</b>
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<b>Percentage of Large Claims vs. Medical &amp; Rx Claims</b>	<b>22.3%</b>
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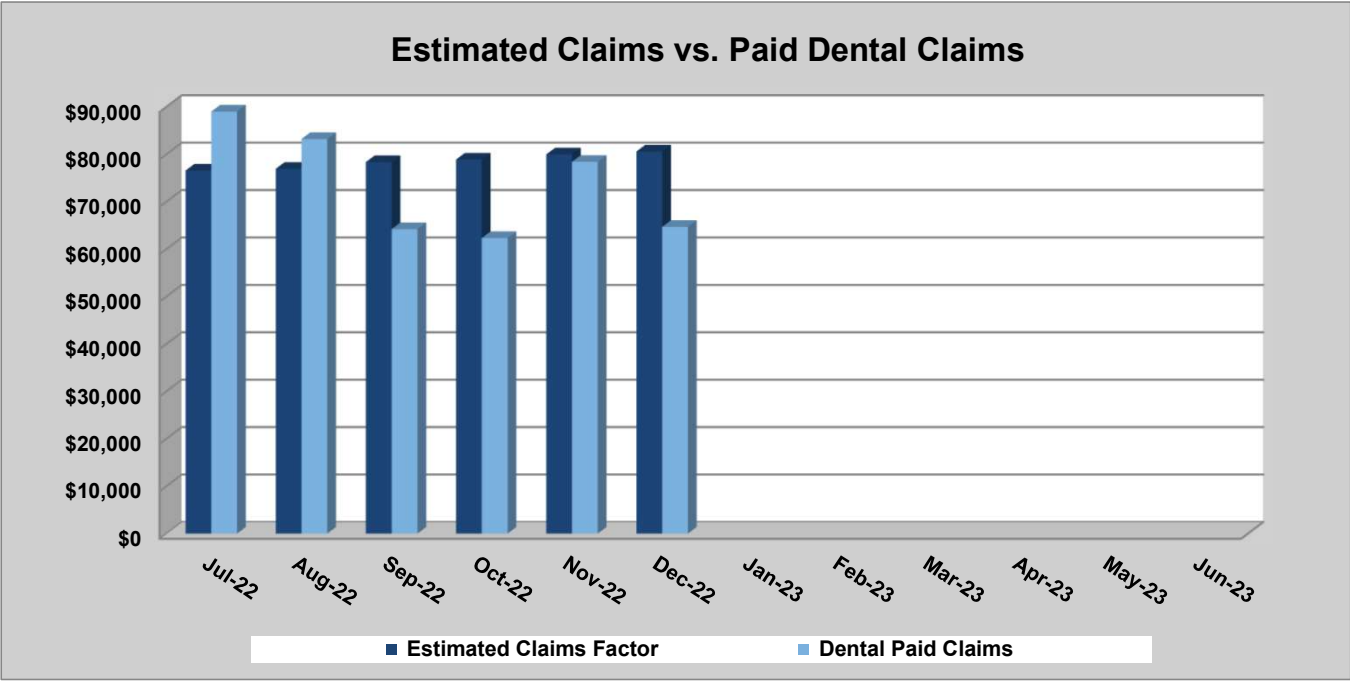
# Dental Reports



**City of Surprise**  
**Delta Dental Self Funded Paid Claims**  
 Plan Year: July 2022 to June 2023 (as of December 2022)

Delta Dental						Loss Ratio	PEPM Costs	
Month	Enrollment	Estimated Claims Factor	Administrative Costs	Dental Paid Claims	Total Plan Costs	% Actual Claims vs. Estimated Claims Factor	Dental Paid Claims PEPM	Total Plan Costs PEPM
Jul-22	857	\$76,582	\$3,042	\$89,024	\$92,066	116.2%	\$103.88	\$107.43
Aug-22	861	\$76,939	\$3,057	\$83,235	\$86,291	108.2%	\$96.67	\$100.22
Sep-22	877	\$78,369	\$3,113	\$64,218	\$67,332	81.9%	\$73.22	\$76.77
Oct-22	883	\$78,905	\$3,135	\$62,335	\$65,470	79.0%	\$70.59	\$74.14
Nov-22	895	\$79,977	\$3,177	\$78,415	\$81,592	98.0%	\$87.61	\$91.16
Dec-22	902	\$80,603	\$3,206	\$64,689	\$67,895	80.3%	\$71.72	\$75.27
Jan-23								
Feb-23								
Mar-23								
Apr-23								
May-23								
Jun-23								
<b>Total</b>	<b>5,275</b>	<b>\$471,374</b>	<b>\$18,730</b>	<b>\$441,915</b>	<b>\$460,645</b>	<b>93.8%</b>	<b>\$83.78</b>	<b>\$87.33</b>
Avg PEPM Enrollment	879							

Admin Fees		Employee
Administration		\$3.55
Claim Expenses		
Estimated Claim Factor		\$89.36
Premium Equivalent Rates		
EE	EE + 1	Family
\$37.80	\$75.10	\$121.94



# City of Surprise

## Delta Dental Dental Claims

Plan Year: July 2022 to June 2023 (as of December 2022)

### Annual Cost Comparison Analysis 2021/2022 vs. 2022/2023

Cost Categories	2021/2022 Estimated Annual Costs	PEPM Costs	2022/2023 Estimated Annual Costs	PEPM Costs
Dental Claims*	\$807,999	\$80.61	\$883,830	\$83.78
Admin Fees	\$35,585	\$3.55	\$37,460	\$3.55
<b>Total Costs</b>	<b>\$843,584</b>	<b>\$84.16</b>	<b>\$921,290</b>	<b>\$87.33</b>

% Cost Change	\$ Cost Change	% PEPM Change	\$ PEPM Change
9.4%	\$75,831	3.9%	\$3.17
5.3%	\$1,874	0.0%	\$0.00
<b>9.2%</b>	<b>\$77,706</b>	<b>3.8%</b>	<b>\$3.17</b>

PEPM Total Cost History		Increase/ Decrease
2014/2015	\$75.97	
2015/2016	\$86.13	13.4%
2016/2017	\$85.96	-0.2%
2017/2018	\$86.59	0.7%
2018/2019	\$91.62	5.8%
2019/2020	\$68.78	-24.9%
2020/2021	\$86.85	26.3%
2021/2022	\$84.16	-3.1%
2022/2023	\$87.33	3.8%

	Annual
Enrollment	10,024

Annualized
10,550

% Enrollment Change	# Enrollment Change
5.2%	526

### Annual Cost Comparison Analysis 2020/2021 vs. 2021/2022

Cost Categories	2020/2021 Annual Costs	PEPM Costs	2021/2022 Estimated Annual Costs	PEPM Costs
Dental Claims*	\$803,660	\$83.30	\$807,999	\$80.61
Admin Fees	\$34,239	\$3.55	\$35,585	\$3.55
<b>Total Costs</b>	<b>\$837,899</b>	<b>\$86.85</b>	<b>\$843,584</b>	<b>\$84.16</b>

% Cost Change	\$ Cost Change	% PEPM Change	\$ PEPM Change
0.5%	\$4,339	-3.2%	(\$2.69)
3.9%	\$1,346	0.0%	\$0.00
<b>0.7%</b>	<b>\$5,685</b>	<b>-3.1%</b>	<b>(\$2.69)</b>

	Annual
Enrollment	9,648

Annualized
10,024

% Enrollment Change	# Enrollment Change
3.9%	376



# Vision Reports



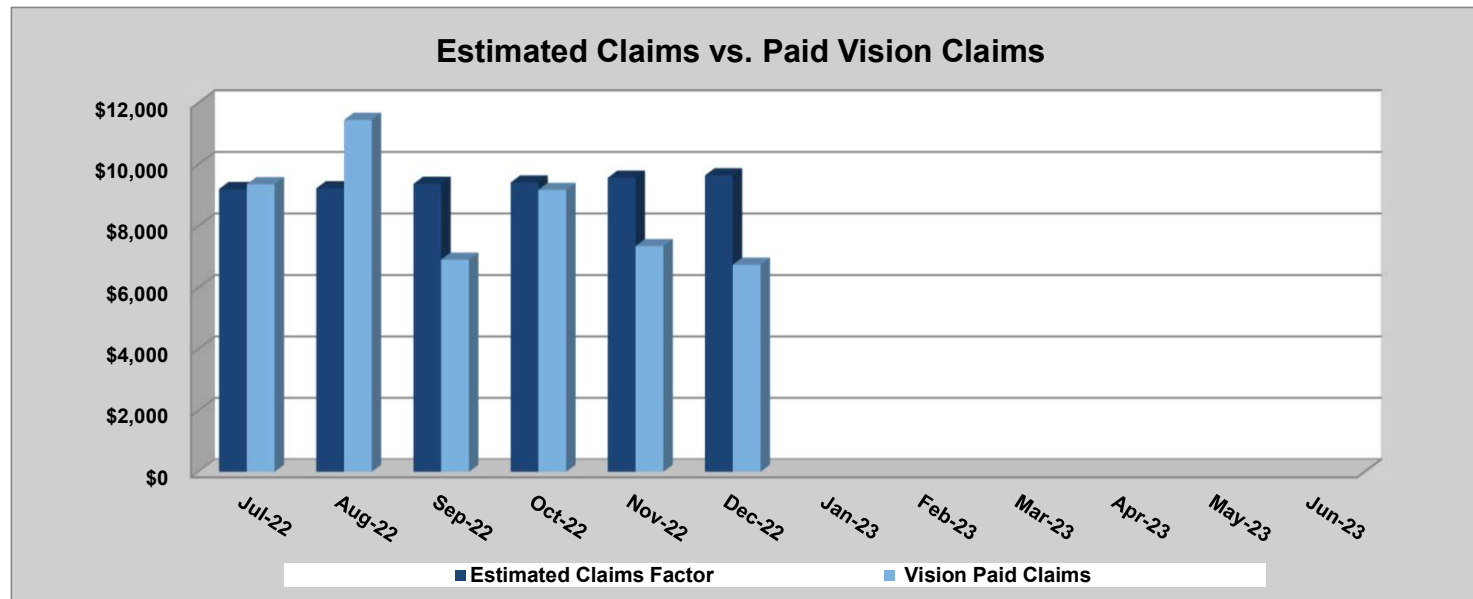
**City of Surprise**  
**Avesis Vision Self Funded Paid Claims**  
 Plan Year: July 2022 to June 2023 (as of December 2022)

Avesis Vision						Loss Ratio	PEPM Costs	
Month	Enrollment	Estimated Claims Factor	Administrative Costs	Vision Paid Claims	Total Plan Costs	% Actual Claims vs. Estimated Claims Factor	Vision Paid Claims PEPM	Total Plan Costs PEPM
Jul-22	832	\$9,202	\$790	\$9,359	\$10,149	101.7%	\$11.25	\$12.20
Aug-22	834	\$9,224	\$792	\$11,444	\$12,236	124.1%	\$13.72	\$14.67
Sep-22	847	\$9,368	\$805	\$6,909	\$7,713	73.7%	\$8.16	\$9.11
Oct-22	851	\$9,412	\$808	\$9,174	\$9,982	97.5%	\$10.78	\$11.73
Nov-22	865	\$9,567	\$822	\$7,350	\$8,172	76.8%	\$8.50	\$9.45
Dec-22	872	\$9,644	\$828	\$6,744	\$7,572	69.9%	\$7.73	\$8.68
Jan-23								
Feb-23								
Mar-23								
Apr-23								
May-23								
Jun-23								
<b>Total</b>	<b>5,101</b>	<b>\$56,417</b>	<b>\$4,846</b>	<b>\$50,978</b>	<b>\$55,824</b>	<b>90.4%</b>	<b>\$9.99</b>	<b>\$10.94</b>
Avg Enrollment	850							

Admin Fees	Employee
Administration	\$0.95

Claim Expenses	
Estimated Claim Factor	\$11.06

Premium Equivalent Rates	
EE	Family
\$5.04	\$14.30



# City of Surprise

## Avesis Vision Claims

Plan Year: July 2022 to June 2023 (as of December 2022)

Annual Cost Comparison Analysis 2021/2022 vs. 2022/2023

Cost Categories	2021/2022 Costs	PEPM Costs	2022/2023 Estimated Annual Costs	PEPM Costs
Vision Claims	\$103,227	\$10.59	\$101,956	\$9.99
Admin Fees	\$9,258	\$0.95	\$9,692	\$0.95
<b>Total Costs</b>	<b>\$112,484</b>	<b>\$11.54</b>	<b>\$111,648</b>	<b>\$10.94</b>

% Cost Change	\$ Cost Change	% PEPM Change	\$ PEPM Change
-1.2%	(\$1,271)	-5.7%	(\$0.60)
4.7%	\$434	0.0%	\$0.00
<b>-0.7%</b>	<b>(\$836)</b>	<b>-5.2%</b>	<b>(\$0.60)</b>

PEPM Total Cost History		Increase/Decrease
2014/2015	\$9.09	
2015/2016	\$10.33	13.6%
2016/2017	\$10.42	0.9%
2017/2018	\$10.69	2.6%
2018/2019	\$10.81	1.1%
2019/2020	\$9.87	-8.7%
2020/2021	\$11.53	16.8%
2021/2022	\$11.54	0.1%
2022/2023	\$10.94	-5.2%

	Annual
Enrollment	9,745

Annualized
10,202

% Enrollment Change	# Enrollment Change
4.7%	457

### Annual Cost Comparison Analysis 2020/2021 vs. 2021/2022

Cost Categories	2020/2021 Costs	PEPM Costs	2021/2022 Costs	PEPM Costs
Vision Claims	\$100,336	\$10.58	\$103,227	\$10.59
Admin Fees	\$9,010	\$0.95	\$9,258	\$0.95
<b>Total Costs</b>	<b>\$109,346</b>	<b>\$11.53</b>	<b>\$112,484</b>	<b>\$11.54</b>

% Cost Change	\$ Cost Change	% PEPM Change	\$ PEPM Change
2.9%	\$2,891	0.1%	\$0.01
2.8%	\$248	0.0%	\$0.00
<b>2.9%</b>	<b>\$3,138</b>	<b>0.1%</b>	<b>\$0.01</b>

	Annual
Enrollment	9,484

Annualized
9,745

% Enrollment Change	# Enrollment Change
2.8%	261



**CITY OF SURPRISE**  
**Health Benefits Trust Fund Board**

---

Council Meeting Date: March 8, 2023

Contact Person: Andrea Davis, DIRECTOR -  
FINANCE

Submitting Department: Finance

District: Citywide

Staff Recommendations: None

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Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

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**Agenda Wording:**

Presentation and discussion pertaining to the City's unaudited Employee Healthcare and Workers' Compensation Self Insurance Funds Financial Report for FY2023 2nd Quarter.

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**Motion:**

None; Presentation and discussion only.

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**Background:**

Staff will be presenting the city's unaudited Employee Healthcare Self Insurance Fund and Workers' Compensation Fund financial report for FY2023 2nd Quarter. This report contains unaudited financial activity through December 31, 2022 for the Employee Healthcare Self Insurance Fund and the Workers' Compensation Fund.

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**Objective Analysis:**

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**Policy Compliant:**

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**Financial Impact:**

None at this time; however topics covered in this presentation could lead to future actions which may have fiscal impact on the fund's operation.

---

**Budget Impact:**

None at this time; however topics covered in this presentation could lead to future actions which may have fiscal impact on the fund's operation.

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**FTE Impact:**

---

**ATTACHMENTS:**

1. 2nd Quarter Self Insurance Fund
-

City of Surprise, Arizona  
Employee Healthcare Trust Fund and Workers' Compensation Fund  
December 31, 2022

	Employee Healthcare Trust Fund	Worker's Compensation Trust Fund
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 7,901,134	\$ 4,145,583
Other Receivables	-	-
Prepaid services	1,071	-
Total current assets	<u>7,902,205</u>	<u>4,145,583</u>
Noncurrent assets:		
Net OPEB asset	3,180	2,770
Total noncurrent assets	<u>3,180</u>	<u>2,770</u>
Total assets	<u>7,905,385</u>	<u>4,148,352</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources - pension related	21,791	18,979
Deferred outflows of resources - OPEB related	565	492
Total deferred outflows of resources	<u>22,356</u>	<u>19,471</u>
Total assets and deferred outflows of resources	<u>7,927,741</u>	<u>4,167,824</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	947	2,255
Accrued payroll and benefits	-	946
Compensated absences payable, due in less than one year	6,168	2,948
Claims payable	-	-
Claims - incurred but not reported (IBNR)	905,413	824,950
Total current liabilities	<u>912,528</u>	<u>831,099</u>
Noncurrent liabilities:		
Compensated absences payable, greater than one year	9,648	4,611
Net pension liability	83,985	73,146
Net OPEB liability	133	116
Total noncurrent liabilities	<u>93,766</u>	<u>77,873</u>
Total liabilities	<u>1,006,294</u>	<u>908,972</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources - pension related	27,211	23,941
Deferred inflow of resources - OPEB related	2,691	2,102
Total deferred inflows of resources	<u>29,902</u>	<u>26,043</u>
Total liabilities and deferred inflows of resources	<u>1,036,196</u>	<u>935,015</u>
<b>NET POSITION</b>		
Restricted for:		
Committed - Industrial Commission Reserve	-	1,500,000
Committed - Adverse Claims Contingency Reserve	3,602,944	-
Unrestricted	3,288,601	1,732,809
Total net position	<u>\$ 6,891,545</u>	<u>\$ 3,232,809</u>

City of Surprise, Arizona - Employee Healthcare Self Insurance Fund  
Schedule of Revenues, Expenditures, and Changes in Net Position -Budget and Actual  
For the quarter ended December 31, 2022

	F2023 Second Quarter Budget	FY 2023 Actual	Variance favorable (unfavorable)	% Variance
<b>OPERATING REVENUES</b>				
Employee Contributions				
Medical	\$ 1,442,800	1,313,498	(129,302)	(9.0%)
Dental	134,450	130,891	(3,559)	(2.6%)
Vision	15,800	15,202	(598)	(3.8%)
City Contributions				
Medical	6,245,600.00	5,811,426	(434,174)	(7.0%)
Dental	351,700	337,259	(14,441)	(4.1%)
Vision	45,800	44,221	(1,579)	(3.4%)
Cobra contributions	85,600	158,624	73,024	85.3%
Subrogation recovery	-	33,656	33,656	-
Wellness reimbursement	41,700	-	(41,700)	(100.0%)
Pharmacy rebate	297,700	67,953	(229,747)	(77.2%)
Miscellaneous Revenue	-	34,985	34,985	-
Prior Year Recovery	-	223	223	-
Interest revenue	38,150	13,136	(25,014)	(65.6%)
Total operating revenues	<u>8,699,300</u>	<u>7,961,074</u>	<u>(738,226)</u>	<u>(8.5%)</u>
<b>OPERATING EXPENSES</b>				
Personnel (Wages/Benefits)	58,750	61,326	(2,576)	(4.4%)
Wellness				
Work/life balance	41,700	11,208	30,492	73.1%
Books & subscriptions	150	-	150	100.0%
Special event hosting	300	-	300	100.0%
Administration				
Medical	278,850	312,275	(33,425)	(12.0%)
Medical stop loss	491,450	567,910	(76,460)	(15.6%)
Dental	18,600	18,709	(109)	(0.6%)
Vision	4,850	6,498	(1,648)	(34.0%)
Claims				
Medical	5,575,750	5,698,009	(122,259)	(2.2%)
Pharmacy	1,624,500	1,575,281	49,219	3.0%
Dental	473,500	441,082	32,418	6.8%
Vision	56,550	50,978	5,572	9.9%
Professional outside services	61,400	74,105	(12,705)	(20.7%)
Travel & training	2,000	-	2,000	100.0%
Dues & membership	200	-	200	100.0%
Limited purpose flex spending	6,050	7,360	(1,310)	(21.6%)
Total operating expenses	<u>8,694,600</u>	<u>8,824,741</u>	<u>(191,467)</u>	<u>0.0%</u>
Operating income (loss)	<u>4,700</u>	<u>(863,667)</u>	<u>(929,693)</u>	
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Total nonoperating revenues (expenses)		-		
Income (loss) before contributions and transfers	4,700	(863,667)	(929,693)	
Change in net position	<u>\$ 4,700</u>	<u>\$ (863,667)</u>	<u>\$ (929,693)</u>	

City of Surprise, Arizona - Workers' Compensation  
Schedule of Revenues, Expenditures, and Changes in Net Position -Budget and Actual  
For the quarter ended December 31, 2022

	FY2023 Second Quarter Budget	FY 2023 Actual	Variance favorable (unfavorable)	% Variance
<b>OPERATING REVENUES</b>				
City Contributions				
Worker's comp	\$ 1,188,150	\$ 1,324,096	\$ 135,946	11.44%
Subrogation recovery	-	-	-	-
Recovery of PY	-	-	-	-
Interest revenue	-	9,859	9,859.00	-
Total operating revenues	<u>1,188,150</u>	<u>1,333,955</u>	<u>145,805</u>	
<b>OPERATING EXPENSES</b>				
Personnel (Wages/Benefits)	51,900	54,412	(2,512)	-4.84%
Administration	212,500	332,909	(120,409)	-56.66%
Claims				
Claim Settlement	627,500	351,237	276,263	44.03%
Municipal Firefighters Cancer	250,000	383,929	(133,929)	-53.57%
Software license	22,500	-	22,500	100.00%
Taxes Chages Service Fees	20,000	9,592	10,408	52.04%
Other professional services	42,500	42,099	401	0.94%
Total operating expenses	<u>1,226,900</u>	<u>1,174,178</u>	<u>52,722</u>	
Operating income (loss)	<u>(38,750)</u>	<u>159,777</u>	<u>198,527</u>	
Income (loss) before contributions and transfers	<u>(38,750)</u>	<u>159,777</u>	<u>38,750</u>	
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	
Change in net position	<u>\$ (38,750)</u>	<u>\$ 159,777</u>	<u>\$ 38,750</u>	

## Employee Health Care Activity

### Claims History By Quarter

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>
2021	3,935,628	2,513,712	2,122,665	2,695,665	11,267,670
2022	2,069,953	4,545,565	3,451,990	2,733,925	12,801,433
2023	4,156,131	3,117,159			7,273,290

### Net Income (loss) By Quarter

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>
2021	25,559	545,521	(88,325)	(266,950)	215,805
2022	1,088,596	(1,230,194)	140,154	(154)	(1,598)
2023	(892,576)	28,909			(863,667)

### Stop Loss Credits

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>
2021	-	-	436,425	148,555	584,981
2022	4,147.50	557	-	154,266.36	158,971
2023	127,225	14,271			141,497

## Pharmacy Rebate by Fiscal Year

	HMO 90216211	PPO 90216214	EPO 90216215	Total By Year
2018	111,392	101,497	-	212,889
2019	264,706	240,185	-	504,891
2020	363,076	161,800	72,213	597,089
2021	300,178	99,161	52,092	451,431
2022	295,845	110,840	82,668	489,353
2023	26,826	18,511	22,616	67,953
Total By Plan	1,362,023.25	731,992.77	229,589.05	2,323,605.07

## FY2023 IBNR Medical, Dental and Vision Activity

	Medical	Dental	Vision	Total
July	482,545.23	21,570.60	2,065.50	506,181.33
August	155,095.78	4,699.10	151.00	159,945.88
September	32,793.43	337.00	117.00	33,247.43
October	39,052.65	635.50	-	39,688.15
November	43,433.67	2,030.00	-	45,463.67
December	(52,076.76)	181.00	-	(51,895.76)
January				-
February				-
March				-
April				-
May				-
June				-

Total FY 2022 Claims Run out	700,844.00	29,453.20	2,333.50	732,630.70
------------------------------	------------	-----------	----------	------------

IBNR Valuation as of June 30 2022	852,500.00	49,500.00	3,413.00	
	(151,656.00)	(20,046.80)	(1,079.50)	

FY2022 IBNR	905,413.00
Total Run Out Claims FY2022	<u>(732,630.70)</u>
Medical Claim Adjustment - Revenue to Fund	<u>172,782.30</u>



CITY OF SURPRISE
Health Benefits Trust Fund Board

Council Meeting Date: March 8, 2023

Contact Person: Andrea Davis, DIRECTOR - FINANCE

Submitting Department: Finance

District: Citywide

Staff Recommendations:

Consent: No Regular: Yes Public Hearing: No Report/Discussion: No

Agenda Wording:

Consider and action pertaining to approval of the recommended FY2024 Health Benefit Trust Fund Budget.

Motion:

I move to approve the recommended FY2024 Health Benefit Trust Fund Budget for both sources and uses.

Background:

Pursuant to Article V, Section H of the Health Benefits Trust Agreement: "In furtherance of the purpose of the Trust, as set forth in this Trust Agreement, the Board shall: H. Provide input and recommendations to the City Council, along with City staff and consultants, regarding Trust funding levels in order to establish and maintain, from contributions or other appropriations, reserves necessary to provide stability and security of the Trust, in accordance with sound actuarial and underwriting principles."

Staff has conducted a thorough review of plan design and anticipated plan expenses for FY2024 (beginning July 1, 2023). We will present the planned contribution strategy. We will also demonstrate the effect of the contribution changes on the financial position of the trust fund.

Objective Analysis:

Policy Compliant:

This item is compliant with the Comprehensive Financial Management Policies.

Financial Impact:

This approves the budget which is estimated to adequately fund the Health Benefits Trust Fund.

Budget Impact:

Approving this item will set a budget for the Health Benefits Trust Fund. The sources total \$19.7 Million. This includes Employer Contributions for Medical of \$14.2 Million, Dental \$0.7 Million, and Vision of \$0.1 Million. Employee Contributions for Medical of \$2.9 Million, Dental \$0.3 Million, and

Vision \$32.5K. Rebates and COBRA Sources total \$1.2 Million, and Wellness reimbursements and Interest totaling \$0.2 Million.

The uses total \$19.7 Million. This includes estimated expenses for Medical in the amount of \$18.2 Million, Dental of \$1.0 Million, and Vision \$0.1 Million. There are also personnel, supplies, and service uses totaling \$0.4 Million.

**FTE Impact:**

---

**ATTACHMENTS:**

1. FY24 Budget\_Health Benefits Budget Overview
-



**SURPRISE**  
ARIZONA

# Health Benefits Trust Fund

March 8, 2023

# SELF INSURED PROGRAM

Established by City Council May 2010

- How insurance program is funded
- Medical, dental, vision paid by employee and employer premiums

# SELF INSURED PROGRAM

## Health Benefits Trust

- Established by City Council August 2011
  - Board of Trustees
  - Accounts for activity of the self insured program
  - Restricted for - medical, dental, vision, and wellness
  - Adverse claims reserve
    - 25% of expected claims

# Background

- Benefits Consultant
  - Provides actuarial assumptions – claim projections
  - Review claim activity in accordance with insurance plan
- Blue Cross Blue Shield – Insurance network and administers claims processing and payments
- City Staff
  - HR and Finance
  - Budget, accounting, establish rates, etc.
  - Level of benefits offered
- Trust Fund Board
  - Ensure Financial Stability

# Current Process

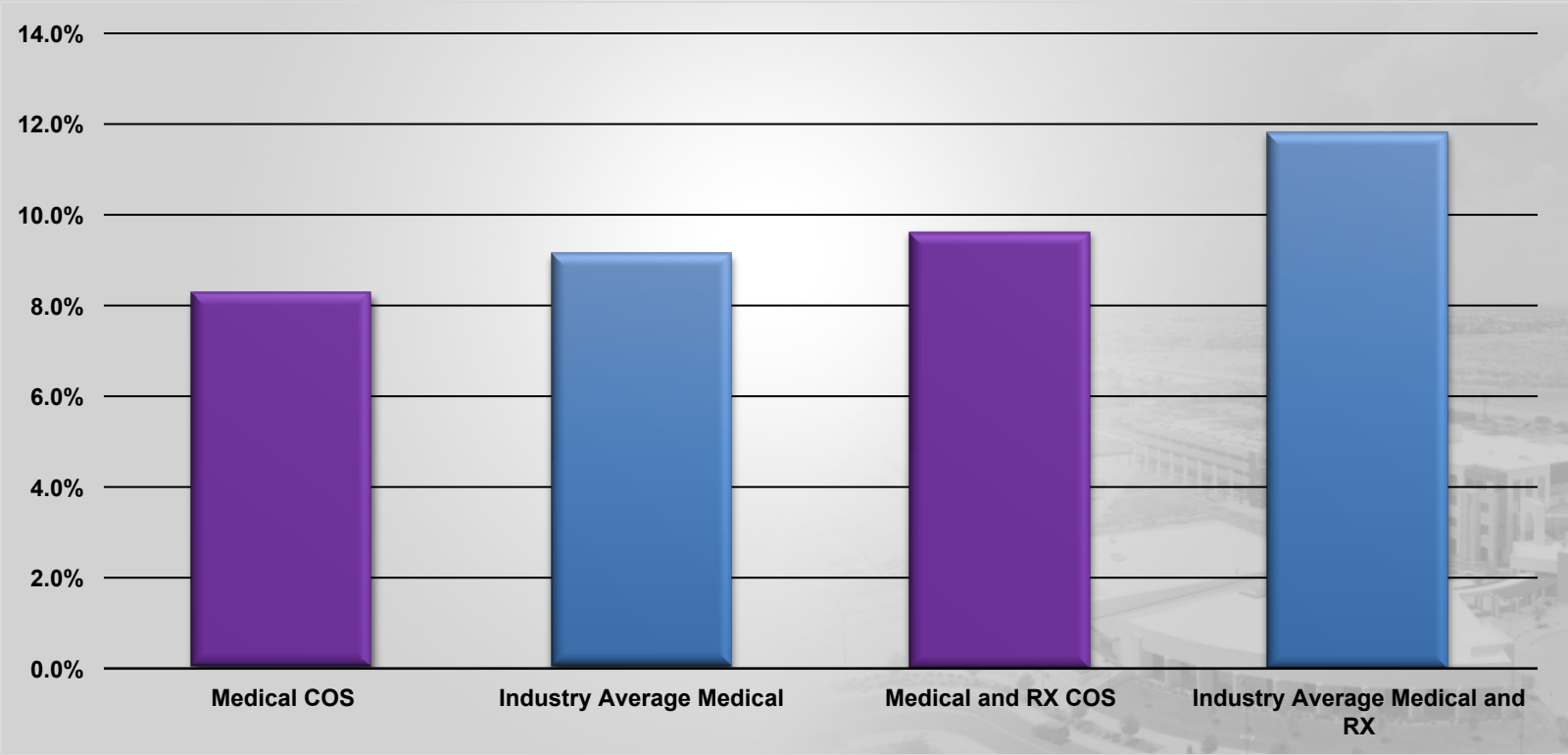
Budget “appropriated” amount - transfer only what is needed to pay claims incurred

- \$14.9M budget - \$13M transferred

Goal: Maintain fund balance  
“Break even” each year

100% of employee contributions will be transferred

# Historical Trend



# Budget Assumptions

- 14.34% Increase for Medical Expenses
  - CBIZ Recommendation
- 3.5% Increase for Dental Expenses
  - Increase in coverage due to plan design changes
  - Adult Ortho, Plan Max Increase (\$2,500)
- 0% Increase for Vision Expenses
- Other Revenue
  - Pharmacy Rebates
  - COBRA Reimbursements
  - Interest

# Financial Position of the Trust

	FY2020	FY2021	FY2022	FY2023*	FY2024
Beginning Balance	\$6.5M	\$6.8M	\$7.1M	\$6.9M	\$6.8M
Total Sources	12.7M	13.0M	15.4M	17.5M	19.7M
Total Uses	(12.4M)	(12.7M)	(15.6M)	(17.6M)	(19.7M)
<b>Ending Balance</b>	<b>\$6.8M</b>	<b>\$7.1M</b>	<b>\$6.9M</b>	<b>\$6.8M</b>	<b>\$6.8M</b>
<b>Required Reserve</b>	2.6M	3.2M	3.3M	3.9M	3.5M
<b>Unrestricted</b>	\$4.2M	\$3.9M	\$3.6M	\$2.9M	\$3.3M

**\*Estimate**



**SURPRISE**  
ARIZONA

**QUESTIONS OR  
COMMENTS?**

Thank You



**CITY OF SURPRISE**  
**Health Benefits Trust Fund Board**

Council Meeting Date: March 8, 2023  
Submitting Department: Legal  
Staff Recommendations:

Contact Person: Digger Oster  
District: Citywide

---

Consent: No      Regular: Yes      Public Hearing: No      Report/Discussion: No

---

**Agenda Wording:**

Consideration and action pertaining to approval of the FY2024 Workers' Compensation Plan Budget.

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**Motion:**

I move to approve the recommended FY2024 Workers' Compensation Plan Funding.

---

**Background:**

Pursuant to Article V, Section H of the Health Benefits Trust Agreement: "In furtherance of the purpose of the Trust, as set forth in this Trust Agreement, the Board shall: H. Provide input and recommendations to the City Council, along with City staff and consultants, regarding Trust funding levels in order to establish and maintain, from contributions or other appropriations, reserves necessary to provide stability and security of the Trust, in accordance with sound actuarial and underwriting principles."

---

**Objective Analysis:**

---

**Policy Compliant:**

This item is compliant with the Comprehensive Financial Management Policies.

---

**Financial Impact:**

This approves the budget which is estimated to adequately fund the Workers Compensation Fund.

---

**Budget Impact:**

Approving this item will set a budget for the Workers Compensation Fund. The sources total \$3.2 million and is based on the number of employees hired, the employees' risk code, and the salary for the employees. The uses total is \$3.2, to include funding for claims, taxes, software, professional services, general insurance administration, and personnel.

**FTE Impact:**

---

**ATTACHMENTS:**

1. March 2023 WC Budget Setting





**SURPRISE**

ARIZONA

**FY2024**

# **Workers Compensation Overview**

Health Benefits Trust Fund Board

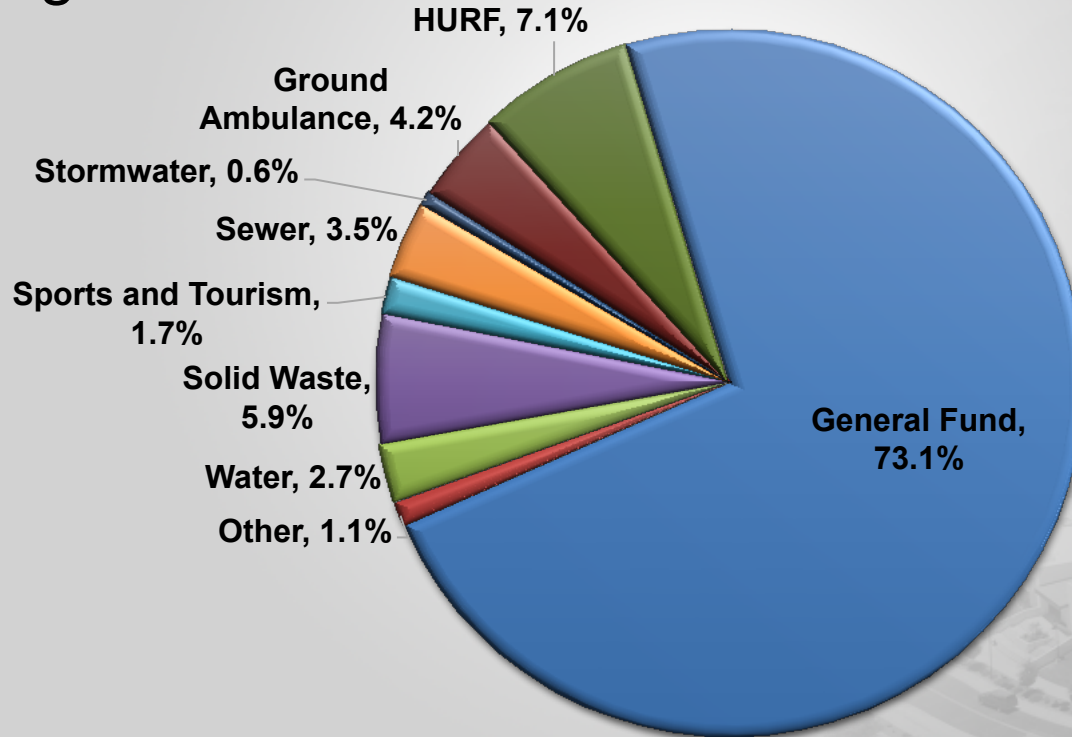
March 8, 2023

# Worker's Compensation Overview

- Review financial position of the trust
- Review program performance
- Review program projections
- Review FY2024 contribution rates

# Financial Position of the WC Trust

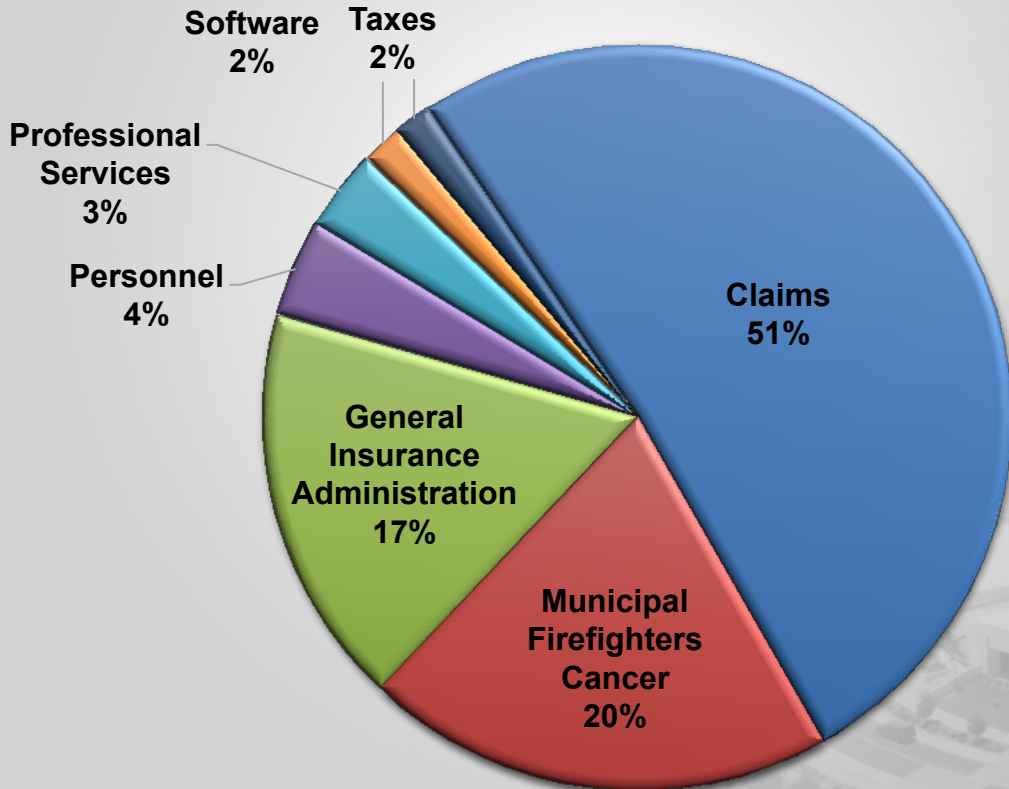
## Ongoing Sources



**FY23  
Budget of  
\$2,376,300**

# Financial Position of the WC Trust

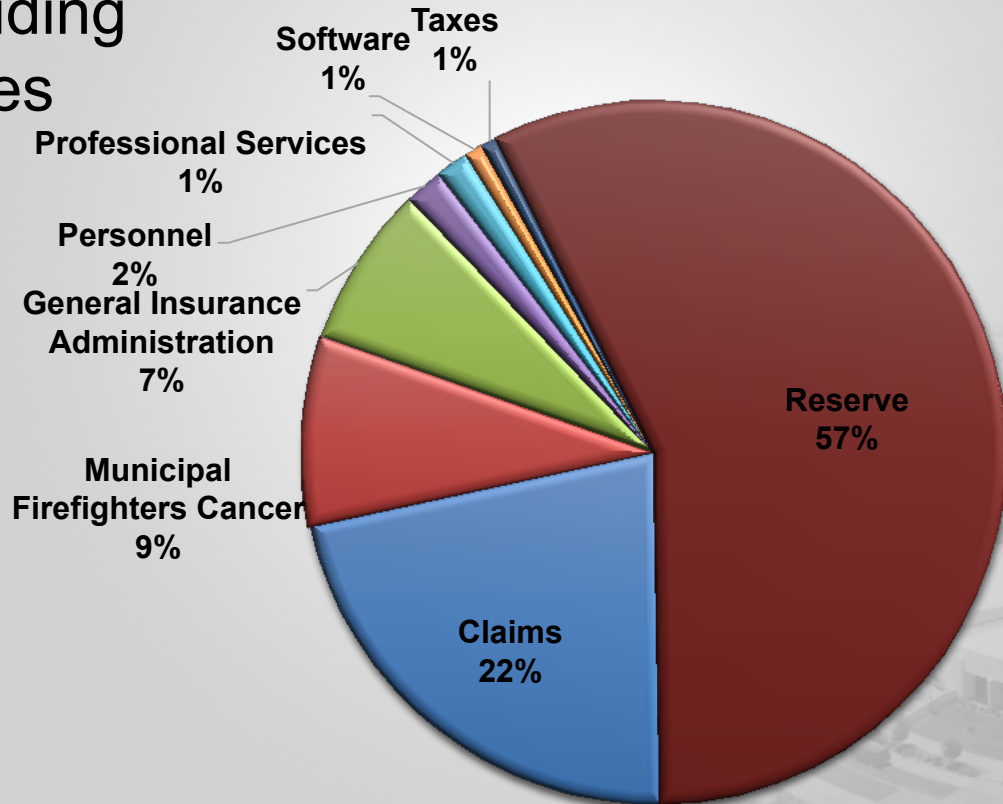
Ongoing  
Uses



FY23  
Budget of  
\$2,453,800

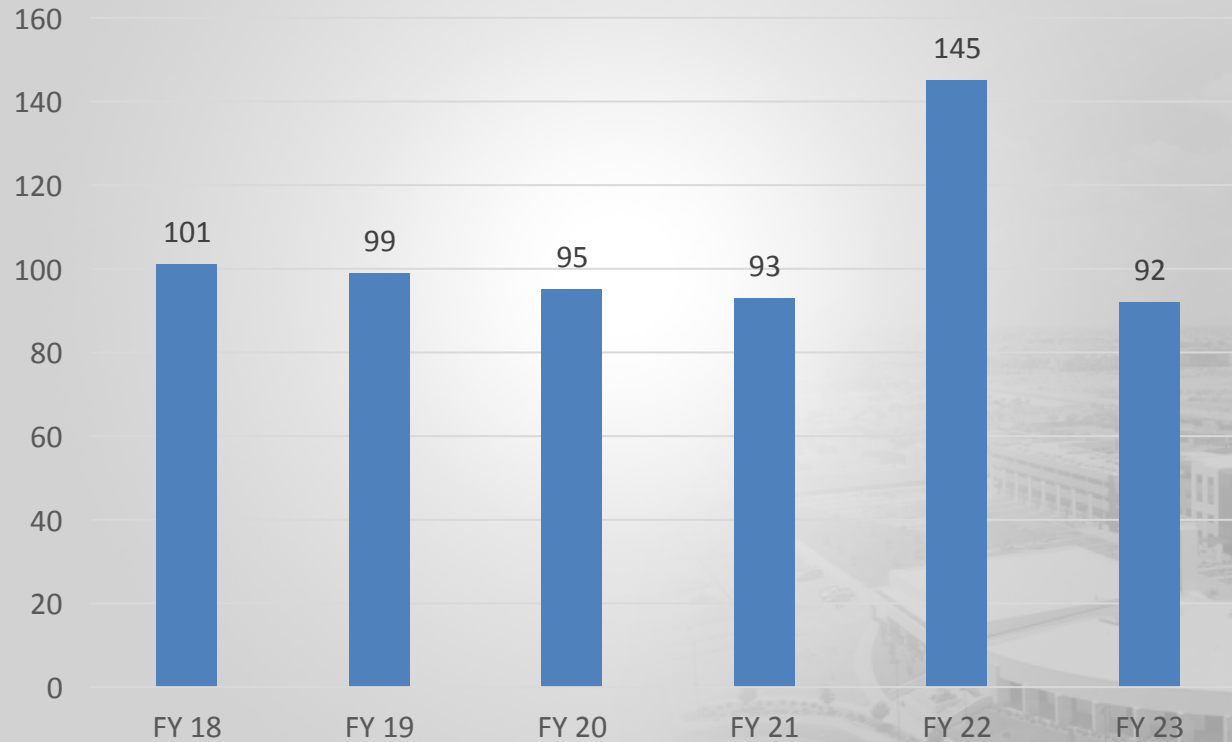
# Financial Position of the WC Trust

Uses including  
Reserves



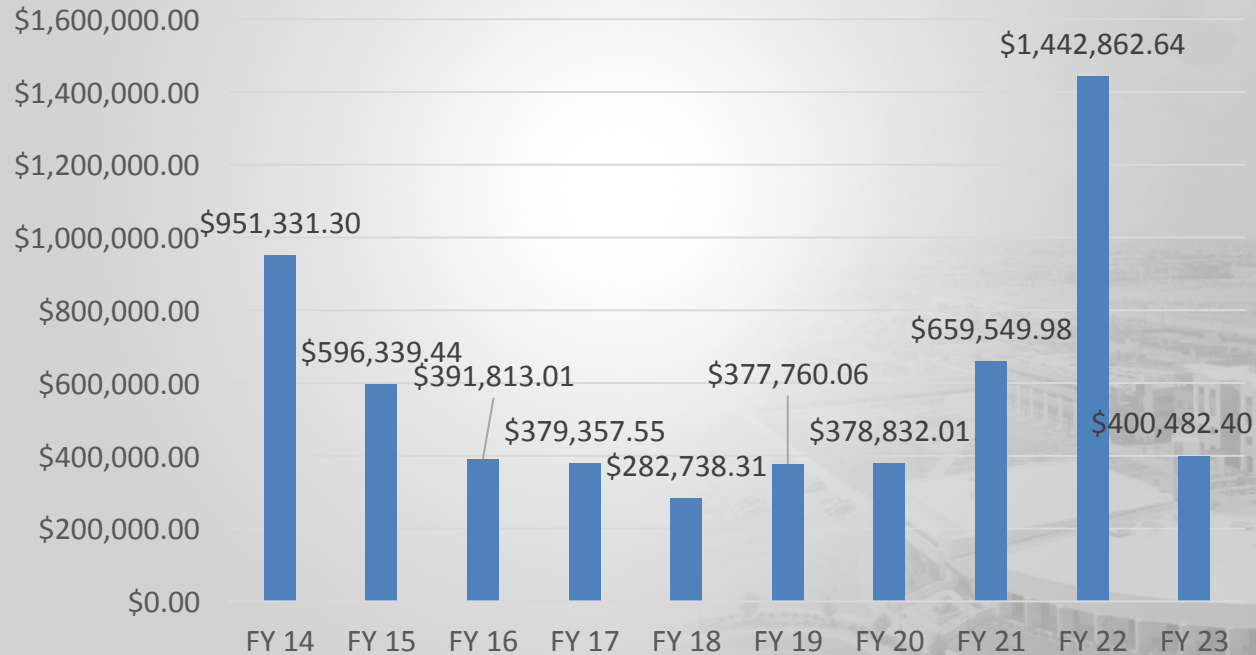
**FY23  
Budget of  
\$5,729,900**

# Claims Experience



# Review of WC Program Performance

## Total Medical Spend



# Review of WC Program Projections

- For FY 23, excess premiums are calculated on a rate of \$0.345 per \$100 of payroll. The City anticipates a modest rate increase and an overall premium increase for FY24.

# WC Budget Detail

<b><u>Program/ Object</u></b>	<b>FY2024 Base</b>
<b><u>13411 - Workers Compensation</u></b>	
55023 - Prof Svc-Legal Services	45,000
55027 - Prof Svc-Software Licenses	45,000
55095 - Professional_Outside Svc-Other	40,000
55530 - Claim Settlement	1,850,000
55531 - Bloodborne Exposure Clm Settle	5,000
55532 - Municipal Firefighters Cancer	500,000
55550 - General Insurance Admin	550,000
55802 - Taxes Charges Service Fees	40,000
<b>13411 - Workers Compensation Total</b>	<b>3,075,000</b>

# Review of WC Contribution Rates

- Entering the seventh year of the self-insured WC Program, it is recommended to assess Workers' Compensation Program premiums in the amount of \$3,075,000 for FY24, using an updated departmental contribution calculation for FY24.



**SURPRISE**  
ARIZONA

**QUESTIONS OR  
COMMENTS?**

Thank You