



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

Wednesday, May 24, 2023 @ 4:00 PM
 Council Chambers Overflow Room

- A. Call To Order
- B. Roll Call
- C. Pledge of Allegiance
- D. Current Events and Reports
- E. Staff Reports

Update on the completed RFP for medical benefits.

- 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 Finance
 March 8, 2023 Health Benefits Trust Fund Board meeting minutes.

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

- 2. Citywide Presentation and discussion pertaining to CBIZ None
 Consulting FY2023 3rd Quarter Report. Donna Meuse
 Finance
- 3. Citywide Presentation and discussion pertaining to the City's None
 unaudited Employee Healthcare and Workers' Compensation Self Insurance Funds Financial Report for Andrea Davis
 FY2023 3rd Quarter. Finance
- 4. Citywide Presentation and discussion pertaining to the Workers' None
 Compensation Fund. Digger Oster
 Legal
- 5. Citywide Presentation and discussion of the City of Surprise None
 Workers' Compensation actuarial report for fiscal year 2022. 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

SHERRY ANN AGUILAR, CITY CLERK, MMC

POSTED: Thursday May 18, 2023 @ 1:30 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

Council Meeting Date: May 24, 2023
Submitting Department: Human Resources
Staff Recommendations: None

Contact Person:
District: Internal

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

Agenda Wording:

Update on the completed RFP for medical benefits.

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:



CITY OF SURPRISE
Health Benefits Trust Fund Board

Council Meeting Date: May 24, 2023
Submitting Department: Finance
Staff Recommendations:

Contact Person:
District: Citywide

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

Agenda Wording:

Consideration and action pertaining to approval of the March 8, 2023 Health Benefits Trust Fund Board meeting minutes.

Motion:

I move to approve the March 8, 2023 Health Benefits Trust Fund board meeting minutes.

Background:

Attached are the minutes from the March 8, 2023 meeting

Objective Analysis:

Policy Compliant:

Financial Impact:

No financial impact.

Budget Impact:

No budget impact.

FTE Impact:

ATTACHMENTS:

1. HBTf MINUTES 03.08.23 Draft
-

CITY OF SURPRISE

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

March 08, 2023

MEETING MINUTES

CALL TO ORDER

Chairperson Renee Pastor called the Health Benefits Trust Fund Meeting to order at 3:04 p.m. at Surprise City Hall, 16000 North Civic Center Plaza, Surprise, Arizona 85374, on Wednesday, March 08, 2023.

ROLL CALL

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

STAFF PRESENT:

Donna Meuse, Human Resources Director; Lindsey Steinhoff, Human Resources Business Partner; Paige Gearheart, Human Resources Manager; Digger Oster, Risk Manager – Senior; Thomas Partin, Workers' Compensation Senior Claim Adjuster; Michelle Casciato, Risk/Safety Analyst; Kelly Pedersen, Administrative Specialist; Eric Boyles, Assistant Director – Finance; Jenna Garcia, Financial Analyst – Senior; Erick Martin, Assistant Director – Finance; Julie Ralls, Accountant – 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 November 30, 2022 Health Benefits Trust Fund Board Meeting Minutes.

- Vice Chair William Coniam pointed out that the items requested under “Other Business” were incorrect in stating they were requested for the next meeting. It was suggested that they be amended to state that the items were requested for the May 24, 2023 meeting.

- Vice Chair Coniam made a motion to approve the amended meeting minutes for the November 30, 2022 meeting. Board Member Candice Rachal seconded the motion. Motion passed.

REGULAR AGENDA ITEMS NOT REQUIRING A PUBLIC HEARING

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

- Michael Barberio presented CBIZ Consulting's FY2023 2nd 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 FY2023 2nd Quarter.

- Andrea Davis, Finance Director, presented the FY2023 2nd Quarter Financial Reports.

Item 4: Consideration and action pertaining to approval of the recommended FY2024 Health Benefit Trust Fund Budget.

- Eric Boyles presented the recommended budget for the Health Benefit Trust Fund for FY2024.
- Board Member Rachal made a motion to approve the FY2024 Health Benefit Trust Fund Budget. Vice Chair Coniam seconded the motion. Motion passed.

Item 5: Consideration and action pertaining to approval of the FY2024 Workers' Compensation Plan Budget.

- A discussion was held regarding the future of the city's Self-Insured Workers' Compensation Program.
- Digger Oster presented the recommended budget for the Workers' Compensation Plan for FY2024.
- Board Member Barbara Minick made a motion to approve the FY2024 Health Benefit Trust Fund Budget. Board Member Rachal seconded the motion. Motion passed.

OTHER BUSINESS

ADJOURNMENT

Vice Chair Coniam made a motion to adjourn the meeting. Board Member Rachal seconded the motion. Motion passed. Hearing no further business, Chairperson Pastor adjourned the Health Benefits Trust Fund meeting at 4:28 p.m.

Renee Pastor, Chair
Health Benefits Trust Fund Board



CITY OF SURPRISE
Health Benefits Trust Fund Board

Council Meeting Date: May 24, 2023

Contact Person: Donna Meuse, Human Resources
Director

Submitting Department: Finance

District: Citywide

Staff Recommendations: None

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Presentation and discussion pertaining to CBIZ Consulting FY2023 3rd Quarter Report.

Motion:

None. Presentation and discussion only.

Background:

CBIZ Consulting will present the 3rd Quarter self-funded medical, dental, and vision report for plan year FY2023 for the City. This report contains financial information and claims activity.

Objective Analysis:

Policy Compliant:

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.

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:

ATTACHMENTS:

1. City of Surprise Medical, Dental & Vision Experience 03 23 - Final
 2. 2023 City of Surprise PBM Summary (March 2023)
-



City of Surprise

Medical, Pharmacy, Dental & Vision Experience

Plan Year: *July 2022 – June 2023*

Month End: *March 2023*

Presented by your CBIZ Team

Mike Barberio, Branson Cobb, Melissa Barbakoff & Bethany Jeffreys



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



Executive Summary

Medical and Pharmacy

The experience report illustrates claims paid through the third quarter of the new plan year that began July 2022. The overall claims are higher than they have been in years past through the first three quarters but keep in mind that only one quarter of rebates for the 2022-23 plan year have been applied. The first pharmacy rebate was applied in January in the amount of \$242,805. CBIZ is projecting that the City of Surprise will realize approximately \$900,000 in rebates for the 2022-2023 plan year which will lower overall claim liability. Expected claims through the third quarter have come in at 98.5% and 80.4% for maximum claims liability. Average covered lives have increased by 6.4%. Gross run out claims through March were \$868,644, after rebates, reversals and stop loss recoveries that amount drops to \$352,171. Pharmacy rebates for the prior plan year are now complete. While loss ratios will fluctuate up and down from month to month, the average loss ratio has gone up slightly each quarter.

Loss Ratio by Quarter

- Quarter 1: 94.1%
- Quarter 2: 101.6%
- Quarter 3: 103.87%

Claims Spend & Loss Ratio by Plan Design:

- HMO -52% of total claims, 117.1% loss ratio
- PPO – 34% of total claims, 100.1% loss ratio
- EPO – 14% of total claims, 64.8% loss ratio

Large Claims

There are twelve large claims that over the \$100,000 threshold. Three claimants have hit the individual stop loss deductible. We expect Claimant #4 to hit the individual stop loss deductible in the next quarter. Large claims over \$100,000 represent 22.8% of overall spend.

Annual Cost Comparison

On the Annual Cost Comparison slide, the grid all the way the right-hand side illustrates the year over year total cost history increase or decrease. The CBIZ analytics team is projecting total costs for the current plan year to be 8% higher than the prior plan period. In the current plan year, medical claims include a completion factor and escalator load are coming in 9.6% higher over the prior plan year and pharmacy claims are 6.1% higher than the prior plan year. Medical and pharmacy claims have been adjusted for the enrollment increase.



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 March is 90.8%. Through March the dental paid claims per employee, per month (PEPM) is \$81.18, compared to last year at \$80.48.

Vision

Vision claims have followed similar utilization patterns from prior years. Vision claims through the third quarter are at 79.4%. This is lower than previous years. Last year's claims through the third quarter had 95.2% loss ratio. Through March the vision paid claims per employee, per month (PEPM) is \$8.78, compared to last year at \$10.80.



City of Surprise

Paid Claims and Administration

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

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	875	\$ 1,104,156	\$ 1,352,836	\$ 845,213	\$ 197,352	\$ -	\$ 2,497	\$ 7,360	\$ 1,596	\$ (13,320)	\$ 1,040,699	\$ 127,929	\$ 1,168,628	94.3%	76.9%	\$979.05	\$225.55	\$1,204.59	\$1,189.37	\$1,335.58
Jan-23	871	\$ 1,099,735	\$ 1,347,346	\$ 959,095	\$ 253,379	\$ (242,805)	\$ 3,842	\$ 7,304	\$ 1,639	\$ (2,390)	\$ 980,064	\$ 127,345	\$ 1,107,410	89.1%	72.7%	\$1,115.82	\$290.91	\$1,127.96	\$1,125.22	\$1,271.42
Feb-23	872	\$ 1,097,952	\$ 1,345,188	\$ 770,138	\$ 277,575	\$ -	\$ 2,544	\$ 7,304	\$ 1,622	\$ (50,383)	\$ 1,008,801	\$ 127,490	\$ 1,136,290	91.9%	75.0%	\$896.34	\$318.32	\$1,214.66	\$1,156.88	\$1,303.09
Mar-23	887	\$ 1,111,117	\$ 1,362,245	\$ 1,186,742	\$ 222,207	\$ -	\$ 2,662	\$ 7,375	\$ 1,581	\$ (3,119)	\$ 1,417,447	\$ 129,686	\$ 1,547,133	127.6%	104.1%	\$1,351.02	\$250.51	\$1,601.54	\$1,598.02	\$1,744.23
Apr-23																				
May-23																				
Jun-23																				
Total	7,763	\$ 9,842,128	\$ 12,054,916	\$ 7,598,848	\$ 2,319,078	\$ (242,805)	\$ 19,215	\$ 65,694	\$ 14,174	\$ (79,152)	\$ 9,695,051	\$ 1,134,979	\$ 10,830,030	98.5%	80.4%	\$991.62	\$298.73	\$1,259.08	\$1,248.88	\$1,395.08
Avg	863																			

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
Total Admin Fees	\$146.56	\$146.56	\$146.56	\$146.01	\$146.01	\$146.01	\$146.01	\$146.01	\$146.01

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 March 2023)

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	310	\$ 381,045	\$ 481,119	\$ 442,742	\$ 96,329	\$ (2,390)	\$ 536,681	\$ 45,434	\$ 582,114	140.8%	111.5%	\$1,428.20	\$310.74	\$1,738.94	\$1,877.79
Feb-23	307	\$ 380,153	\$ 479,601	\$ 287,015	\$ 55,125	\$ (50,383)	\$ 291,757	\$ 44,994	\$ 336,751	76.7%	60.8%	\$934.90	\$179.56	\$1,114.46	\$1,096.91
Mar-23	318	\$ 390,787	\$ 493,433	\$ 602,790	\$ 50,724	\$ (3,119)	\$ 650,395	\$ 46,606	\$ 697,002	166.4%	131.8%	\$1,895.57	\$159.51	\$2,055.08	\$2,191.83
Apr-23															
May-23															
Jun-23															
Total	2,734	\$ 3,380,638	\$ 4,265,686	\$ 2,811,191	\$ 648,900	\$ (74,904)	\$ 3,385,187	\$ 400,695	\$ 3,785,882	100.1%	79.4%	\$1,028.23	\$237.34	\$1,265.58	\$1,384.74
Avg	304														

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
Total Admin Fees	\$146.56	\$146.56	\$146.56

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

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	96	68	146	310
February	92	69	146	307
March	98	71	149	318
April				
May				
June				
Totals	836	586	1,312	2,734

City of Surprise

Paid Claims and Administration

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

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	341	\$ 477,468	\$ 584,261	\$ 402,648	\$ 99,750	\$ -	\$ 502,398	\$ 49,789	\$ 552,187	105.2%	86.0%	\$1,180.79	\$292.52	\$1,473.31	\$1,619.32
Feb-23	339	\$ 473,217	\$ 579,234	\$ 362,119	\$ 159,931	\$ -	\$ 522,050	\$ 49,497	\$ 571,548	110.3%	90.1%	\$1,068.20	\$471.77	\$1,539.97	\$1,685.98
Mar-23	341	\$ 472,925	\$ 579,250	\$ 517,270	\$ 140,646	\$ -	\$ 657,916	\$ 49,789	\$ 707,706	139.1%	113.6%	\$1,516.92	\$412.45	\$1,929.37	\$2,075.38
Apr-23															
May-23															
Jun-23															
Total	3,095	\$ 4,334,857	\$ 5,304,259	\$ 3,879,240	\$ 1,200,057	\$ (4,249)	\$ 5,075,049	\$ 451,901	\$ 5,526,950	117.1%	95.7%	\$1,253.39	\$387.74	\$1,641.13	\$1,785.77
Avg	344														

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
Total Admin Fees	\$146.01	\$146.01	\$146.01

Claim Expenses	Employee	Emp + 1 Dep	EE + Family
Expected Liability	\$542.31	\$1,230.63	\$1,781.31
Maximum Liability (ICAP)	\$767.09	\$1,526.34	\$2,133.75

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	72	74	195	341
February	73	73	193	339
March	77	71	193	341
April				
May				
June				
Totals	663	648	1,784	3,095

City of Surprise

Paid Claims and Administration

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

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	223	\$ 242,154	\$ 283,392	\$ 68,504	\$ 27,410	\$ -	\$ 95,914	\$ 32,560	\$ 128,474	39.6%	33.8%	\$307.19	\$122.91	\$430.11	\$576.12
Jan-23	220	\$ 241,222	\$ 281,966	\$ 113,704	\$ 57,301	\$ -	\$ 171,006	\$ 32,122	\$ 203,128	70.9%	60.6%	\$516.84	\$260.46	\$777.30	\$923.31
Feb-23	226	\$ 244,582	\$ 286,353	\$ 121,004	\$ 62,519	\$ -	\$ 183,523	\$ 32,998	\$ 216,521	75.0%	64.1%	\$535.42	\$276.63	\$812.05	\$958.06
Mar-23	228	\$ 247,404	\$ 289,562	\$ 66,682	\$ 30,836	\$ -	\$ 97,518	\$ 33,290	\$ 130,808	39.4%	33.7%	\$292.46	\$135.25	\$427.71	\$573.72
Apr-23															
May-23															
Jun-23															
Total	1,934	\$ 2,126,633	\$ 2,484,971	\$ 908,506	\$ 470,121	\$ -	\$ 1,378,627	\$ 282,383	\$ 1,661,010	64.8%	55.5%	\$469.75	\$243.08	\$712.84	\$858.85
Avg	215														

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
Total Admin Fees	\$146.01	\$146.01	\$146.01

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

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	100	223
January	82	37	101	220
February	88	36	102	226
March	87	39	102	228
April				
May				
June				
Totals	716	324	894	1,934

City of Surprise
Paid Claims and Administration
Plan Year: July 2021 to June 2022 (as of March 2023)
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
Total	9,737	\$ 12,217,662	\$ 14,731,923	\$ 9,207,920	\$ 2,740,965	\$ (298,445)	\$ 15,171	\$ 85,585	\$ 19,845	\$ (154,266)	\$ 11,616,775	\$ 1,337,272	\$ 12,954,047	95.1%	78.9%	\$958.05	\$281.50	\$1,208.90	\$1,193.05	\$1,330.39
Avg	811																			

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	\$ 18,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,091
Feb-23	\$ 10,211	\$ -	\$ -	\$ (40)	\$ -	\$ (1,342)	\$ 8,828
Mar-23	\$ (27,146)	\$ -	\$ -	\$ 3	\$ -	\$ (195)	\$ (27,338)
Apr-23							
May-23							
Jun-23							
Total	\$ 868,644	\$ 954	\$ (399,207)	\$ 1,490	\$ 64	\$ (119,774)	\$ 352,171

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
\$ 12,242,986	\$ (274,040)	\$ 11,968,946	\$ 1,337,272	\$ 13,306,218	98.0%	81.2%	\$ 1,366.56

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

City of Surprise

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

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*	\$9,392,078	\$964.58	\$10,942,341	\$1,057.16
Rx Claims Costs	\$2,740,965	\$281.50	\$3,092,104	\$298.73
Rx Rebates	(\$697,652)	(\$71.65)	(\$971,220)	(\$93.83)
Blue Card, Capitation Expenses, Misc and Value Based Services	\$120,601	\$12.39	\$132,110	\$12.76
Stop Loss Recoveries***	(\$154,266)	(\$15.84)	(\$79,152)	(\$7.65)
Admin Fees	\$1,337,272	\$137.34	\$1,513,306	\$146.20
Total Costs	\$12,738,998	\$1,308.31	\$14,629,488	\$1,413.39

% Cost Change	\$ Cost Change	% PEPM Change	\$ PEPM Change
16.51%	\$1,550,263	9.6%	\$92.59
12.81%	\$351,139	6.1%	\$17.23
39.21%	(\$273,568)	31.0%	(\$22.18)
9.54%	\$11,509	3.0%	\$0.38
n/a	\$75,114	n/a	\$8.20
13.16%	\$176,034	6.5%	\$8.86
14.8%	\$1,890,490	8.0%	\$105.08

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	\$1,308.31	11.0%
2022/2023	\$1,413.39	8.0%

	Annual
Enrollment	9,737

	Annualized
Enrollment	10,351

% Enrollment Change	# Enrollment Change
6.30%	614

*2022/2023 Medical Claims Costs includes a 8% completion factor

***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	\$9,392,078	\$964.58
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
Total Costs	\$11,044,932	\$1,178.50	\$12,738,998	\$1,308.31

% Cost Change	\$ Cost Change	% PEPM Change	\$ PEPM Change
15.77%	\$1,279,715	11.4%	\$98.98
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
15.3%	\$1,694,066	11.0%	\$129.81

	Annual
Enrollment	9,372

	Annualized
Enrollment	9,737

% Enrollment Change	# Enrollment Change
3.89%	365

*2021/2022 Medical Claims Costs includes a 2% completion factor

City of Surprise

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

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

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	E002	Y	Active	PPO	\$299,954	\$0	\$299,954	\$299,319	\$634	100.0%	(\$49,954)	\$250,000
2	E014	Y	Active	PPO	\$274,388	\$562	\$274,950	\$272,465	\$2,485	100.0%	(\$24,950)	\$250,000
3	E015	Y	Termed	HMO	\$254,249	\$0	\$254,249	\$254,249	\$0	100.0%	(\$4,249)	\$250,000
4	F001	N	Active	HMO	\$228,601	\$0	\$228,601	\$176,173	\$52,428	91.4%		\$228,601
5	C013	Y	Active	PPO	\$215,382	\$138	\$215,520	\$125,957	\$89,563	86.2%		\$215,520
6	C014	Y	Active	HMO	\$0	\$199,633	\$199,633	\$199,618	\$15	79.9%		\$199,633
7	F003	N	Active	PPO	\$155,645	\$21	\$155,666		\$155,666	62.3%		\$155,666
8	F002	N	Active	HMO	\$150,738	\$111	\$150,849	\$116,145	\$34,704	60.3%		\$150,849
9	E004	Y	Active	PPO	\$6,368	\$136,733	\$143,101	\$138,172	\$4,929	57.2%		\$143,101
10	C006	Y	Active	EPO	\$452	\$129,470	\$129,922	\$129,518	\$405	52.0%		\$129,922
11	F004	N	Active	PPO	\$113,385	\$0	\$113,385		\$113,385	45.4%		\$113,385
12	E017	Y	Termed	PPO	\$100,200	\$156	\$100,357	\$100,357	\$0	40.1%		\$100,357

Total	\$1,799,361	\$466,823	\$2,266,184	\$1,811,971	\$454,213	(\$79,152)	\$2,187,032
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Percentage of Large Claims vs. Medical & Rx Claims	22.8%
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City of Surprise

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

Plan Year: July 2021 to June 2022 (as of March 2023)

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	\$366,018	\$6,533	\$372,552	\$372,552	\$0	100.0%	(\$122,552)	\$250,000
2	E002	N	Active	PPO	\$346,887	\$0	\$346,887	\$346,692	\$195	100.0%	(\$96,887)	\$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	\$267,098	\$0	\$267,098	\$267,098	\$0	100.0%	(\$17,098)	\$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	\$153,198	\$16,835	\$170,032	\$169,912	\$121	68.0%		\$170,032
7	E004	N	Active	PPO	\$2,863	\$166,415	\$169,279	\$169,279	\$0	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	E006	N	Active	EPO	\$117,379	\$1	\$117,380	\$117,380	\$0	47.0%		\$117,380
11	E017	N	Termed	PPO	\$113,991	\$1,401	\$115,392	\$115,392	\$0	46.2%		\$115,392
12	E010	N	Active	HMO	\$98,906	\$8,281	\$107,186	\$123,471	-\$16,285	42.9%		\$107,186
13	E009	N	Termed	HMO	\$105,820	\$184	\$106,004	\$118,807	-\$12,803	42.4%		\$106,004
14	A010	Y	Termed	HMO	\$98,155	\$2,533	\$100,688	\$100,688	\$0	40.3%		\$100,688

Total	\$1,929,716	\$705,418	\$2,635,134	\$2,663,906	-\$28,772
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(\$274,040)	\$2,361,094
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Percentage of Large Claims vs. Medical & Rx Claims	20.6%
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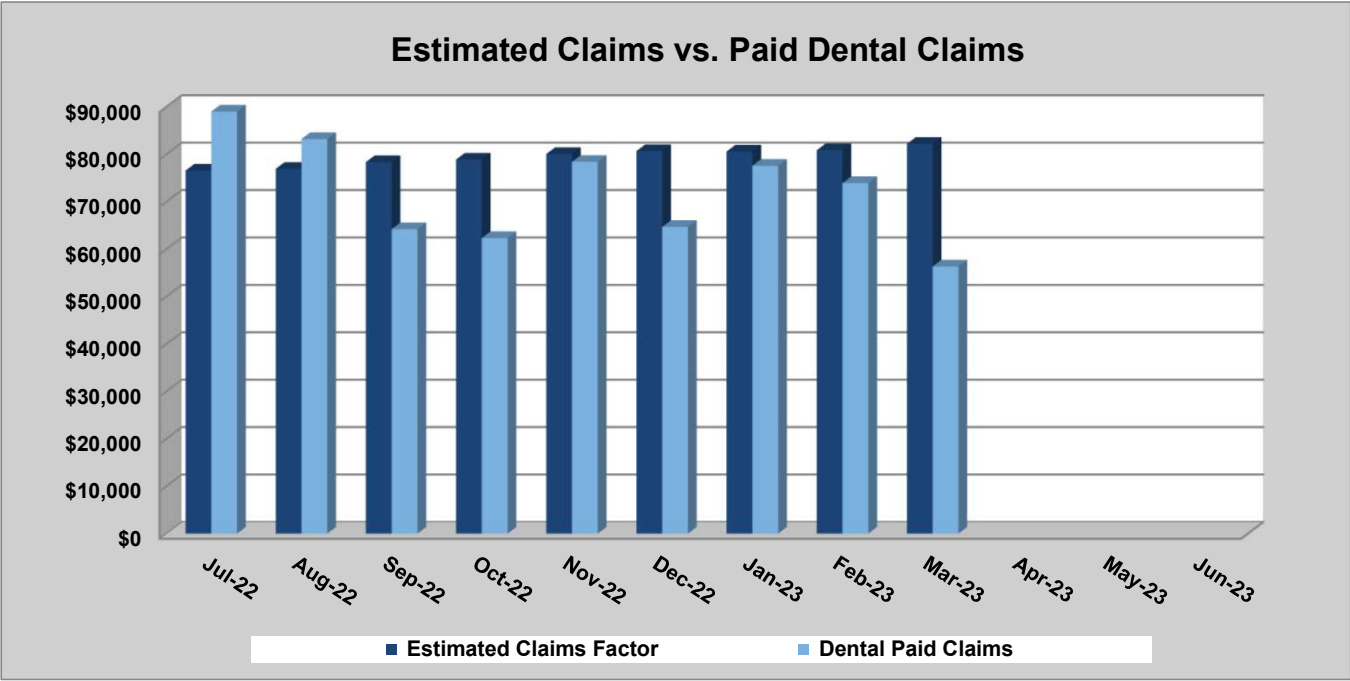
Dental Reports



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

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	896	\$80,067	\$3,181	\$78,415	\$81,595	97.9%	\$87.52	\$91.07
Dec-22	903	\$80,692	\$3,206	\$64,689	\$67,895	80.2%	\$71.64	\$75.19
Jan-23	902	\$80,603	\$3,199	\$77,596	\$80,795	96.3%	\$86.03	\$89.57
Feb-23	905	\$80,871	\$3,209	\$73,928	\$77,137	91.4%	\$81.69	\$85.23
Mar-23	920	\$82,211	\$3,262	\$56,353	\$59,616	68.5%	\$61.25	\$64.80
Apr-23								
May-23								
Jun-23								
Total	8,004	\$715,237	\$28,404	\$649,792	\$678,195	90.8%	\$81.18	\$84.73
Avg PEPM Enrollment	889							

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 March 2023)

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	\$866,389	\$81.18
Admin Fees	\$35,585	\$3.55	\$37,871	\$3.55
Total Costs	\$843,584	\$84.16	\$904,260	\$84.73

% Cost Change	\$ Cost Change	% PEPM Change	\$ PEPM Change
7.2%	\$58,390	0.7%	\$0.58
6.4%	\$2,286	0.0%	(\$0.00)
7.2%	\$60,676	0.7%	\$0.58

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	\$84.73	0.7%

	Annual
Enrollment	10,024

Annualized
10,672

% Enrollment Change	# Enrollment Change
6.5%	648

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
Total Costs	\$837,899	\$86.85	\$843,584	\$84.16

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

	Annual
Enrollment	9,648

Annualized
10,024

% Enrollment Change	# Enrollment Change
3.9%	376



Vision Reports



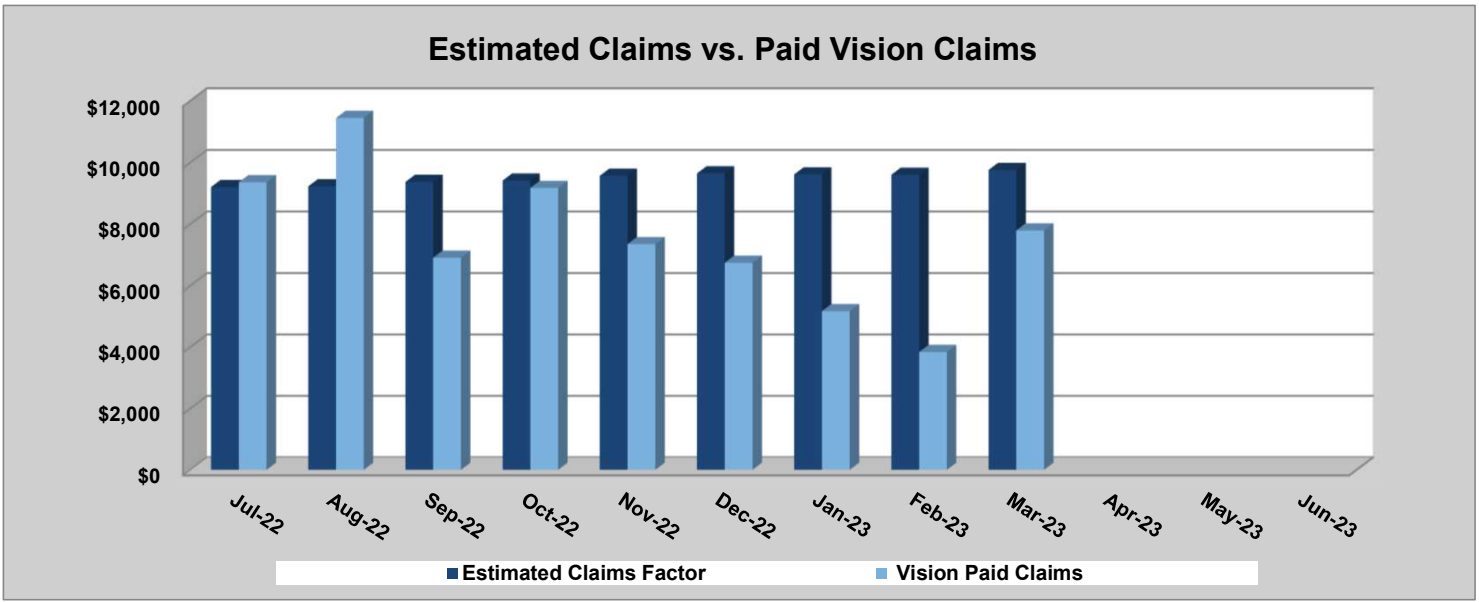
City of Surprise
Avesis Vision Self Funded Paid Claims
 Plan Year: July 2022 to June 2023 (as of March 2023)

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	869	\$9,611	\$826	\$5,171	\$5,996	53.8%	\$5.95	\$6.90
Feb-23	868	\$9,600	\$825	\$3,841	\$4,665	40.0%	\$4.42	\$5.37
Mar-23	882	\$9,755	\$838	\$7,794	\$8,631	79.9%	\$8.84	\$9.79
Apr-23								
May-23								
Jun-23								
Total	7,720	\$85,383	\$7,334	\$67,783	\$75,117	79.4%	\$8.78	\$9.73
Avg Enrollment	858							

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 March 2023)

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	\$90,377	\$8.78
Admin Fees	\$9,258	\$0.95	\$9,779	\$0.95
Total Costs	\$112,484	\$11.54	\$100,155	\$9.73

% Cost Change	\$ Cost Change	% PEPM Change	\$ PEPM Change
-12.4%	(\$12,850)	-17.1%	(\$1.81)
5.6%	\$521	0.0%	\$0.00
-11.0%	(\$12,329)	-15.7%	(\$1.81)

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	\$9.73	-15.7%

	Annual
Enrollment	9,745

Annualized
10,293

% Enrollment Change	# Enrollment Change
5.6%	548

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
Total Costs	\$109,346	\$11.53	\$112,484	\$11.54

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

	Annual
Enrollment	9,484

Annualized
9,745

% Enrollment Change	# Enrollment Change
2.8%	261



City of Surprise PBM Summary

January 1, 2023 – March 31, 2023

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

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 1st Q Rebate \$120,916)

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

\$66.75 – Results thru December, 2019 (includes 1st, 2nd, 3rd & 4th 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 1st, 2nd, 3rd & 4th 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 1st, 2nd, 3rd & 4th Q rebates of \$152,930)

Prior 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 \$211,432)

\$109.29 – Results thru September, 2022 (includes 1st, 2nd & 3rd Q rebates of \$242,805)

\$100.68 – Results thru December, 2022 (includes 1st, 2nd, 3rd & 4th Q rebates of \$236,690)

Current Calendar Year – 2023

\$100.35 – Results thru March, 2023 (includes estimated 1st Q rebate of \$220,000)

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

Projected Rebates (CY 23 - 12 months) - \$880,000

Projected Rebates Per Quarter - \$220,000 as of January 2023

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
Health Benefits Trust Fund Board

Council Meeting Date: May 24, 2023

Contact Person: Andrea Davis, DIRECTOR -
FINANCE

Submitting Department: Finance

District: Citywide

Staff Recommendations: None

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Presentation and discussion pertaining to the City's unaudited Employee Healthcare and Workers' Compensation Self Insurance Funds Financial Report for FY2023 3rd Quarter.

Motion:

None. Presentation and discussion only.

Background:

Staff will be presenting the city's unaudited Employee Healthcare Self Insurance Fund and Workers' Compensation Fund financial report for FY2023 3rd Quarter. This report contains unaudited financial activity through March 31, 2023 for the Employee Healthcare Self Insurance Fund and the Workers' Compensation Fund.

Objective Analysis:

Policy Compliant:

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.

FTE Impact:

ATTACHMENTS:

1. 3rd Quarter Self Insurance Fund
-

City of Surprise, Arizona
Employee Healthcare Trust Fund and Workers' Compensation Fund
March 31, 2023

	Employee Healthcare Trust Fund	Worker's Compensation Trust Fund
ASSETS		
Current assets:		
Cash and investments	\$ 6,817,301	\$ 4,225,414
Other Receivables	-	-
Prepaid services	1,071	-
Total current assets	6,818,372	4,225,414
Noncurrent assets:		
Net OPEB asset	3,180	2,770
Total noncurrent assets	3,180	2,770
Total assets	6,821,552	4,228,184
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pension related	21,791	18,979
Deferred outflows of resources - OPEB related	565	492
Total deferred outflows of resources	22,356	19,471
Total assets and deferred outflows of resources	6,843,908	4,247,655
 LIABILITIES		
Current liabilities:		
Accounts payable	-	-
Accrued payroll and benefits	1,903	1,910
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	913,484	829,808
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	93,766	77,873
Total liabilities	1,007,250	907,681
 DEFERRED INFLOWS OF RESOURCES		
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	29,902	26,043
Total liabilities and deferred inflows of resources	1,037,152	933,724
 NET POSITION		
Restricted for:		
Committed - Industrial Commission Reserve	-	1,500,000
Committed - Adverse Claims Contingency Reserve	3,602,944	-
Unrestricted	2,203,812	1,813,931
Total net position	\$ 5,806,756	\$ 3,313,931

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 March 31, 2023

	FY 2023 Third Quarter Budget	FY 2023 Actual	Variance favorable (unfavorable)	% Variance
OPERATING REVENUES				
Employee Contributions				
Medical	\$ 2,164,200	1,973,234	190,966	8.8%
Dental	201,675	195,595	6,080	3.0%
Vision	23,700	22,938	762	3.2%
City Contributions				
Medical	9,368,400.00	8,757,950	610,450	6.5%
Dental	527,550	510,578	16,972	3.2%
Vision	68,700	66,788	1,912	2.8%
Cobra contributions	128,400	265,822	(137,422)	(107.0%)
Subrogation recovery	-	34,113	(34,113)	-
Wellness reimbursement	62,550	-	62,550	100.0%
Pharmacy rebate	446,550	320,494	126,056	28.2%
Miscellaneous Revenue	-	35,026	(35,026)	-
Prior Year Recovery	-	223	(223)	-
Interest revenue	57,225	40,360	16,865	29.5%
Total operating revenues	<u>13,048,950</u>	<u>12,223,120</u>	<u>825,830</u>	<u>6.3%</u>
OPERATING EXPENSES				
Personnel (Wages/Benefits)	60,375	93,105	(32,730)	(54.2%)
Wellness				
Work/life balance	62,550	28,594	33,956	54.3%
Books & subscriptions	225	-	225	100.0%
Special event hosting	450	31	419	93.1%
Administration				
Medical	418,275	493,822	(75,547)	(18.1%)
Medical stop loss	737,175	905,050	(167,875)	(22.8%)
Dental	27,900	28,382	(482)	(1.7%)
Vision	7,275	9,032	(1,757)	(24.2%)
Claims				
Medical	8,363,625	8,593,545	(229,920)	(2.7%)
Pharmacy	2,436,750	2,330,741	106,009	4.4%
Dental	710,250	648,959	61,291	8.6%
Vision	84,825	67,783	17,042	20.1%
Professional outside services	92,100	116,452	(24,352)	(26.4%)
Travel & training	3,000	2,251	749	25.0%
Dues & membership	300	-	300	100.0%
Limited purpose flex spending	9,075	11,636	(2,561)	(28.2%)
Total operating expenses	<u>13,014,150</u>	<u>13,329,383</u>	<u>(408,338)</u>	
Operating income (loss)	<u>34,800</u>	<u>(1,106,264)</u>	<u>417,492</u>	
NONOPERATING REVENUES (EXPENSES)				
Total nonoperating revenues (expenses)	-	-		
Income (loss) before contributions and transfers	<u>34,800</u>	<u>(1,106,264)</u>	<u>417,492</u>	
Change in net position	<u>\$ 34,800</u>	<u>\$ (1,106,264)</u>	<u>\$ 417,492</u>	

City of Surprise, Arizona - Workers' Compensation
Schedule of Revenues, Expenditures, and Changes in Net Position -Budget and Actual
For the quarter ended March 31, 2023

	<u>FY 2023 Third Quarter Budget</u>	<u>FY 2023 Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>% Variance</u>
OPERATING REVENUES				
City Contributions				
Worker's comp	\$ 1,782,225	\$ 1,799,885	\$ 17,660	0.99%
Subrogation recovery	-	-	-	-
Recovery of PY	-	-	-	-
Interest revenue	-	35,678	35,678.00	-
Total operating revenues	<u>1,782,225</u>	<u>1,835,563</u>	<u>53,338</u>	<u>0.00%</u>
OPERATING EXPENSES				
Personnel (Wages/Benefits)	77,850	82,638	(4,788)	-6.15%
Administration	375,000	372,991	2,009	0.54%
Claims				-
Claim Settlement	941,250	645,987	295,263	31.37%
Municipal Firefighters Cancer	375,000	383,929	(8,929)	-2.38%
Software license	22,500	39,220	(16,720)	-74.31%
Taxes Chages Service Fees	30,000	16,587	13,413	44.71%
Other professional services	63,750	47,467	16,283	25.54%
Total operating expenses	<u>1,885,350</u>	<u>1,588,819</u>	<u>296,531</u>	<u>84.27%</u>
Operating income (loss)	<u>(103,125)</u>	<u>246,744</u>	<u>349,869</u>	
Income (loss) before contributions and transfers	<u>(103,125)</u>	<u>246,744</u>	<u>369,244</u>	
Transfers in	-	-	-	
Change in net position	<u>\$ (103,125)</u>	<u>\$ 246,744</u>	<u>\$ 369,244</u>	

Employee Health Care Activity

Claims Medical 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	3,650,996		10,924,286

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	(242,597)		(1,106,264)

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	57,429		198,926

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	152,296	89,183	79,015	320,494
Total By Plan	1,487,493.25	802,664.77	285,988.05	2,576,146.07

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	18,090.81	66.00	-	18,156.81
February	8,828.13	375.00	82.00	9,285.13
March	(27,338.40)	-	-	(27,338.40)
April				-
May				-
June				-
Total FY 2022 Claims Run out	700,424.54	29,894.20	2,415.50	732,734.24

IBNR Valuation as of June 30 2022	852,500.00	49,500.00	3,413.00	
	(152,075.46)	(19,605.80)	(997.50)	

FY2022 IBNR	905,413.00
Total Run Out Claims FY2022	(732,734.24)
Medical Claim Adjustment - Revenue to Fund	<u>172,678.76</u>



CITY OF SURPRISE
Health Benefits Trust Fund Board

Council Meeting Date: May 24, 2023
Submitting Department: Legal
Staff Recommendations: None

Contact Person: Digger Oster
District: Citywide

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

Agenda Wording:

Presentation and discussion pertaining to the Workers' Compensation Fund.

Motion:

None. Presentation and discussion only.

Background:

The workers compensation fund has transitioned into a fully insured plan. This item is to update the Board on how this transition impacted the FY24 Final budget.

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

- 1. May 2023 WC Budget Update



SURPRISE

ARIZONA

FY2024

Workers Compensation Update

Health Benefits Trust Fund Board

May 24, 2023

WC Claims Management Update

- **Effective April 1, 2023, the City of Surprise contracted with the Arizona Municipal Risk Retention Pool (Pool) to provide claim services and a fully insured product for all worker's compensation claims.**
- **The Pool provides dedicated adjusters to the City's personnel.**

Review of WC Contribution Rates

- At the March meeting, a budget request was recommended and approved in the amount \$3,075,000 for FY24, using an updated departmental contribution calculation for FY24.
- The final budget for FY24, will be \$2,494,600.

WC Budget Detail – May Update

<u>Program/ Object</u>	FY 2024 Budget
<u>13411 - Workers Compensation</u>	
55023 - Prof Svc-Legal Services	10,000
55027 - Prof Svc-Software Licenses	45,000
55095 - Professional_Outside Svc-Other	75,000
55530 - Claim Settlement	523,600
55531 - Bloodborne Exposure Clm Settle	5,000
55532 - Municipal Firefighters Cancer	500,000
55550 - General Insurance Admin	1,300,000
55802 - Taxes Charges Service Fees	36,000
13411 - Workers Compensation Total	2,494,600
9030 - WORKERS' COMPENSATION TOTAL	2,494,600

WC Reserve Minimums

- **Minimum security deposit, for the Industrial Commission of Arizona, is \$100,000. At the time of last reporting, November 30, 2022, the calculated security was \$401,068.84.**
- **A loss run and actuarial analysis will be completed in the July/August timeframe to assess our liability for the current period of self-insurance authority.**
- **The reserve will remain in place and will be funded in accordance with applicable rules and guidelines.**



SURPRISE
ARIZONA

**QUESTIONS OR
COMMENTS?**

Thank You



CITY OF SURPRISE
Health Benefits Trust Fund Board

Council Meeting Date: May 24, 2023
Submitting Department: Legal
Staff Recommendations: None

Contact Person: Digger Oster
District: Citywide

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

Agenda Wording:

Presentation and discussion of the City of Surprise Workers' Compensation actuarial report for fiscal year 2022.

Motion:

None; Presentation and discussion only

Background:

Sigma Actuarial Consulting Group will be presenting the FY2022 Actuarial Report.

Objective Analysis:

Policy Compliant:

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.

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:

ATTACHMENTS:

1. City of Surprise 2022 06 30 - Actuarial Final
-



SIGMA Actuarial Consulting Group, Inc.
5301 Virginia Way, Suite 230 • Brentwood, TN 37027
Telephone: 615-376-5110

October 18, 2022

William Digger Oster
Risk Department
Senior Risk Manager
City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374

Re: City of Surprise Workers Compensation Actuarial Analysis as of 6/30/22

Mr. Oster:

Enclosed are the results of an actuarial analysis prepared by SIGMA Actuarial Consulting Group, Inc. Your comments and questions are welcome.

It has been a pleasure working on this assignment and we look forward to future opportunities to work together.

Regards,

AL J. Rhodes, ACAS, MAAA
President & Senior Actuary
SIGMA Actuarial Consulting Group, Inc.

Keith Hein, ARM
Actuarial Consultant
SIGMA Actuarial Consulting Group, Inc.

Qualification Statement: I, Al J. Rhodes, am associated with the firm of SIGMA Actuarial Consulting Group, Inc. I am a member of the American Academy of Actuaries and meet its qualification standards, and I am an Associate of the Casualty Actuarial Society.

Final Report: This final report replaces any draft reports for this analysis.

Table of Contents

Section 1: Executive Summary

- *Introduction* 1
- *Loss Summary* 3
- *Outline of Basic Methodology* 5
- *Data Reliance and Review* 6
- *Qualifying Statements* 7
- *Preface to Additional Sections* 8

Section 2: Workers Compensation Tables

Executive Summary

Introduction

This actuarial analysis is prepared by SIGMA Actuarial Consulting Group, Inc. (SIGMA) for the City of Surprise (the City). The conclusions represent a professional analysis and opinion of the City's self-insured workers compensation loss experience for the 7/1/17-18 through 7/1/21-22 periods. The scope of this analysis is:

1. *Evaluate net (retained) estimated required reserves for workers compensation for the self-insured periods 7/1/17-18 through 7/1/21-22 as of 6/30/22 using data as of 6/30/22.*
2. *Provide confidence levels for the estimated required reserves.*
3. *Prepare a cash-flow schedule indicating the probable amount of payments by period.*

The uses of this report could also include the following.

- *Actuarial reserve certification*
- *Satisfaction of self-insurance requirements*

Immediately following this introduction is a **loss summary** of the results of this analysis. The **outline of basic methodology** section summarizes the actuarial techniques utilized. The **data reliance and review** section discusses the sources of all data utilized for this analysis. The **qualifying statements** add important comments concerning the data and assumptions used to complete the analysis. Additional sections provide supporting detail.

Included within this report is an estimate of required reserves, also referred to as an unpaid claim estimate. For the purposes of this report, three important dates are noted:

- The valuation date 6/30/22 is the date through which transactions are included in the data used in the unpaid claim estimate analysis.
- The accounting or required reserve date 6/30/22 is the date used to separate paid versus unpaid claim amounts.
- The review date 10/10/22 is the cutoff date for including information known to the actuary in the unpaid claim estimate analysis.

This report is intended for the use of the City of Surprise. If released to any third party it should be released only in its entirety. Please advise the authors at SIGMA of the release of this report to

any other parties. SIGMA reserves the right to supplement this report with additional explanations and qualifications as it deems appropriate for the particular user.

Executive Summary

Loss Summary

The evaluation of ultimate losses requires the estimation of future contingent events. In estimating these losses, we have assumed historical patterns, with adjustments as noted, are indicative of future patterns. We have not anticipated any extraordinary changes in the legal, social or economic environment which might affect the frequency and cost of claims. To the extent actual future development is different than the historical patterns assumed in our analysis, the conclusions contained in this report will change. For these reasons, we can provide no guarantee that estimates will prove adequate or not excessive. However, all available information has been considered, and, given reliable data, a reasonable amount has been estimated.

Estimated required reserves, along with confidence levels for the reserves, are shown below.

Estimated Required Reserves
(Losses Limited to \$500K/\$1M Per Occurrence)
Evaluation Date - 6/30/22

Period Start	Selected Estimated Ultimate Losses	Reported Paid Losses	Estimated Required Reserves	Case Outstanding Reserves	Development on Known Claims and IBNR
7/1/2017	\$284,132	\$284,132	\$0	\$0	\$0
7/1/2018	630,000	581,289	48,711	1,535	47,176
7/1/2019	980,000	559,818	420,182	298,134	122,048
7/1/2020	830,000	631,089	198,911	8,619	190,292
7/1/2021	1,090,000	835,199	254,801	7,179	247,622
Total	\$3,814,132	\$2,891,527	\$922,605	\$315,467	\$607,138
Confidence Levels					
50%	\$3,631,527	\$2,891,527	\$740,000	\$315,467	\$424,533
55%	3,691,527	2,891,527	800,000	315,467	484,533
65%	3,841,527	2,891,527	950,000	315,467	634,533
70%	3,941,527	2,891,527	1,050,000	315,467	734,533
75%	4,051,527	2,891,527	1,160,000	315,467	844,533
85%	4,371,527	2,891,527	1,480,000	315,467	1,164,533

Estimated ultimate incurred losses are defined as the amount needed to provide for the cost of claims relating to events that occurred during the period. This includes the **estimated required reserves** which is the amount that will be required for future payments on (1) claims that have

been reported and (2) claims that have occurred but have not been reported as of the evaluation date. The estimated required reserves are then segregated between **case reserves** and **incurred but not reported losses** (IBNR). Case reserves are calculated as reported losses minus paid losses. IBNR includes development on known claims as well as a provision for claims that have occurred but not been reported.

These amounts reflect the per occurrence limits in effect for the period. **Allocated loss adjustment expenses** are included within the loss limitation for each period. Allocated loss adjustment expenses are those expenses assignable to specific claims, such as legal costs.

Executive Summary

Outline of Basic Methodology

- Estimated ultimate losses are calculated using different methods, including standard development methods, a loss projection method, and the Bornhuetter-Ferguson methods. Results from these methods are compared, and a selection of ultimate loss is made.
- Historical ultimate loss estimates are adjusted to reflect the projected period's retention level, then trend factors are applied to contemplate changes in the level of claim costs. Inflation-sensitive exposures are also trended. Adjusted losses are divided by adjusted exposures to calculate historical pure loss rates. These rates are used to select a projected pure loss rate. Projected losses are calculated by multiplying the selected pure loss rate by projected exposures.
- Paid losses are then subtracted from the estimated ultimate incurred losses to calculate the estimated required reserves as of 6/30/22 for the 7/1/17-18 through 7/1/21-22 periods. Confidence levels are calculated for the reserves based on a lognormal distribution around the reserves.
- A payout schedule is completed in which expected future payments are allocated to the period in which they are expected to be paid. These future payments are then discounted.

Executive Summary

Data Reliance and Review

The company-specific loss, exposure, and financial data used in this report is supplied by the City of Surprise. It is our understanding we have been provided with all information which would materially affect this analysis. The historical data is assumed to be accurate and complete and should be reconciled with internal records. We have used the City's own loss and exposure data to the extent this data is credible and available. All supplementary industry data reflects the characteristics of the City's type of business, to the extent possible.

Our consulting engagement does not include an audit of the loss data, financial records, or accounting records provided to us. An audit of the data is defined in an actuarial standard of practice as "a formal and systematic examination of data for the purpose of testing its accuracy and completeness." SIGMA does not provide accounting or auditing services, and these services are normally completed by independent accounting firms.

We have reviewed the data for overall reasonableness. We have also reviewed the data for consistency to the prior actuarial report completed by SIGMA. This review involved the comparison of incurred losses, paid losses, and claim counts, as well as other tests we considered necessary. As part of this review, we did not find any material issues in the data. However, such issues could be revealed by an audit.

Indemnity payments not included in the loss runs were sent separately this year to include in the calculation of reserves. The payments should be included going forward.

Additional sources of industry data include National Council on Compensation Insurance (NCCI) and United States Department of Commerce.

Executive Summary

Qualifying Statements

1. We have relied without audit or verification on historical data and qualitative information supplied by the City. It is our understanding we have been provided with all information which would materially affect the loss estimates, and that all information furnished to us has been accurate and complete.
2. We have assumed there are no factors which would cause patterns in the underlying data to be unrepresentative of the current or future situation.
3. We have assumed the alternative data sources used to develop losses reflects the characteristics of the City's type of business, to the extent possible.
4. Included within this report is an estimate of required reserves, also referred to as an unpaid claim estimate. For the purposes of this report, three important dates are noted:
 - The valuation date 6/30/22 is the date through which transactions are included in the data used in the unpaid claim estimate analysis.
 - The accounting or required reserve date 6/30/22 is the date used to separate paid versus unpaid claim amounts.
 - The review date 10/10/22 is the cutoff date for including information known to the actuary in the unpaid claim estimate analysis.
5. Changes in any of the information or assumptions upon which SIGMA's estimates of ultimate losses are based will require a reevaluation of the results of this report and possibly a revision of these projections.

This report should be released only in its entirety. SIGMA actuaries will be available for consultation should any individual reviewing this report have questions or require further analysis.

Executive Summary

Preface to Additional Sections

Section 2 contains all backup calculations used in analyzing the City's self-insured workers compensation loss experience for the 7/1/17-18 through 7/1/21-22 periods and limited to historical per occurrence retentions. All tables discussed in the narrative are included in Section 2.

Section 2, Table 1

City of Surprise

Workers Compensation

Estimated Ultimate Losses - Development Methods

(Losses Limited to \$500K/\$1M Per Occurrence)

Evaluation Date - 6/30/22

Period Start	Period End	Evaluation Date	Per Occurrence Retention	Reported Incurred Losses	Excess Incurred Losses	Limited Incurred Losses	Months of Loss Development	Incurred Loss Development Factor ¹	Estimated Ultimate Incurred Losses
07/01/12	06/30/13	06/30/22	\$500K/\$1M	\$775,339	\$0	\$775,339	120	1.051	\$814,881
07/01/13	06/30/14	06/30/22	\$500K/\$1M	1,119,276	0	1,119,276	108	1.058	1,184,194
07/01/14	06/30/15	06/30/22	\$500K/\$1M	475,521	0	475,521	96	1.066	506,906
07/01/15	06/30/16	06/30/22	\$500K/\$1M	468,666	0	468,666	84	1.076	504,284
07/01/16	06/30/17	06/30/22	\$500K/\$1M	503,295	0	503,295	72	1.092	549,598
07/01/17	06/30/18	06/30/22	\$500K/\$1M	284,132	0	284,132	60	1.000	284,132
07/01/18	06/30/19	06/30/22	\$500K/\$1M	582,823	0	582,823	48	1.139	663,835
07/01/19	06/30/20	06/30/22	\$500K/\$1M	857,953	0	857,953	36	1.183	1,014,958
07/01/20	06/30/21	06/30/22	\$500K/\$1M	639,709	0	639,709	24	1.247	797,717
07/01/21	06/30/22	06/30/22	\$500K/\$1M	842,378	0	842,378	12	1.536	1,293,893

Period Start	Period End	Evaluation Date	Per Occurrence Retention	Reported Paid Losses	Excess Paid Losses	Limited Paid Losses	Months of Loss Development	Paid Loss Development Factor ¹	Estimated Ultimate Incurred Losses
07/01/12	06/30/13	06/30/22	\$500K/\$1M	\$729,235	\$0	\$729,235	120	1.277	\$931,232
07/01/13	06/30/14	06/30/22	\$500K/\$1M	1,119,261	0	1,119,261	108	1.296	1,450,562
07/01/14	06/30/15	06/30/22	\$500K/\$1M	475,199	0	475,199	96	1.320	627,263
07/01/15	06/30/16	06/30/22	\$500K/\$1M	413,601	0	413,601	84	1.352	559,189
07/01/16	06/30/17	06/30/22	\$500K/\$1M	503,248	0	503,248	72	1.390	699,514
07/01/17	06/30/18	06/30/22	\$500K/\$1M	284,132	0	284,132	60	1.000	284,132
07/01/18	06/30/19	06/30/22	\$500K/\$1M	581,289	0	581,289	48	1.502	873,095
07/01/19	06/30/20	06/30/22	\$500K/\$1M	559,818	0	559,818	36	1.600	895,710
07/01/20	06/30/21	06/30/22	\$500K/\$1M	631,089	0	631,089	24	1.811	1,142,903
07/01/21	06/30/22	06/30/22	\$500K/\$1M	835,199	0	835,199	12	3.198	2,670,967

Period Start	Period End	Evaluation Date	Per Occurrence Retention	Limited Reported Incurred Losses	Limited Reported Paid Losses	Limited Case Reserve Losses	Months of Loss Development	Case Loss Development Factor ²	Estimated Ultimate Incurred Losses
07/01/12	06/30/13	06/30/22	\$500K/\$1M	\$775,339	\$729,235	\$46,104	120	1.288	\$788,616
07/01/13	06/30/14	06/30/22	\$500K/\$1M	1,119,276	1,119,261	15	108	1.316	1,119,280
07/01/14	06/30/15	06/30/22	\$500K/\$1M	475,521	475,199	322	96	1.343	475,632
07/01/15	06/30/16	06/30/22	\$500K/\$1M	468,666	413,601	55,064	84	1.372	489,149
07/01/16	06/30/17	06/30/22	\$500K/\$1M	503,295	503,248	47	72	1.429	503,315
07/01/17	06/30/18	06/30/22	\$500K/\$1M	284,132	284,132	0	60	1.000	284,132
07/01/18	06/30/19	06/30/22	\$500K/\$1M	582,823	581,289	1,535	48	1.575	583,706
07/01/19	06/30/20	06/30/22	\$500K/\$1M	857,953	559,818	298,134	36	1.702	1,067,243
07/01/20	06/30/21	06/30/22	\$500K/\$1M	639,709	631,089	8,619	24	N/A	N/A
07/01/21	06/30/22	06/30/22	\$500K/\$1M	842,378	835,199	7,179	12	N/A	N/A

¹ Arizona workers compensation benchmark.

² (Incurred LDF x (Paid LDF - 1.000))/(Paid LDF - Incurred LDF) Case method not used for most recent periods where case reserves aren't being set for most claims.

Note: Retention is \$500,000 per occurrence for general administration and \$1,000,000 for Public Safety.

Section 2, Table 2

City of Surprise

Workers Compensation

Selected Estimated Ultimate Incurred Losses

(Losses Limited to \$500K/\$1M Per Occurrence)

Evaluation Date - 6/30/22

Period Start	Period End	Evaluation Date	Estimated Ultimate Incurred Losses (Incurred Method)	Estimated Ultimate Incurred Losses (Paid Method)	Estimated Ultimate Incurred Losses (Case Method)	Projection (Table 4)	Selected Estimated Ultimate Incurred Losses
07/01/12	06/30/13	06/30/22	\$814,881	\$931,232	\$788,616		\$800,000
07/01/13	06/30/14	06/30/22	1,184,194	1,450,562	1,119,280		1,160,000
07/01/14	06/30/15	06/30/22	506,906	627,263	475,632		490,000
07/01/15	06/30/16	06/30/22	504,284	559,189	489,149		500,000
07/01/16	06/30/17	06/30/22	549,598	699,514	503,315		530,000
07/01/17	06/30/18	06/30/22	284,132	284,132	284,132		284,132
07/01/18	06/30/19	06/30/22	663,835	873,095	583,706		630,000
07/01/19	06/30/20	06/30/22	1,014,958	895,710	1,067,243		980,000
07/01/20	06/30/21	06/30/22	797,717	1,142,903	N/A		830,000
07/01/21	06/30/22	06/30/22	1,293,893	2,670,967	N/A	\$700,000	1,090,000

Section 2, Table 3

City of Surprise

Workers Compensation

Trend Adjustments to 7/1/21-22

(Losses Limited to \$500K/\$1M Per Occurrence)

Period Start	Loss Trend Adjustments		
	Estimated Ultimate Incurred Losses	Loss Inflation Trend Factor ¹	Trended Losses
07/01/12	\$800,000	1.314	\$1,050,000
07/01/13	1,160,000	1.261	1,460,000
07/01/14	490,000	1.231	600,000
07/01/15	500,000	1.199	600,000
07/01/16	530,000	1.171	620,000
07/01/17	284,132	1.133	320,000
07/01/18	630,000	1.095	690,000
07/01/19	980,000	1.062	1,040,000
07/01/20	830,000	1.033	860,000
Total	\$6,204,132		\$7,240,000

Period Start	Exposure Trend Adjustments		
	Payroll	Exposure Inflation Trend Factor ¹	Trended Payroll
07/01/12	\$45,519,532	1.335	\$60,770,000
07/01/13	53,659,032	1.301	69,810,000
07/01/14	57,354,848	1.266	72,610,000
07/01/15	59,884,165	1.238	74,140,000
07/01/16	62,413,482	1.204	75,150,000
07/01/17	64,942,800	1.162	75,460,000
07/01/18	66,231,039	1.126	74,580,000
07/01/19	68,637,277	1.080	74,130,000
07/01/20	72,387,202	1.036	74,990,000
Total	\$551,029,376		\$651,640,000

¹ Table 7.



Section 2, Table 4

City of Surprise

Workers Compensation

Calculation of Projected Losses

(Losses Limited to \$500K/\$1M Per Occurrence)

Period Start	Pure Loss Rates Projected From Historical Data		
	Trended Losses	Trended Payroll	Pure Loss Rate (Per \$100 Trended Payroll)
07/01/12	\$1,050,000	\$60,770,000	\$1.73
07/01/13	1,460,000	69,810,000	2.09
07/01/14	600,000	72,610,000	0.83
07/01/15	600,000	74,140,000	0.81
07/01/16	620,000	75,150,000	0.83
07/01/17	320,000	75,460,000	0.42
07/01/18	690,000	74,580,000	0.93
07/01/19	1,040,000	74,130,000	1.40
07/01/20	860,000	74,990,000	1.15
Total	\$7,240,000	\$651,640,000	\$1.11
	6-Year Weighted Average =		\$0.92
	Selected Pure Loss Rate =		\$0.90
Projected Period Start	Projected Pure Loss Rate	Projected Payroll	Projected Losses
07/01/21	\$0.90	\$78,254,253	\$700,000

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Section 2, Table 5

City of Surprise

Workers Compensation

Estimated Required Reserves

(Losses Limited to \$500K/\$1M Per Occurrence)

Evaluation Date - 6/30/22

Period Start	Selected Estimated Ultimate Losses	Reported Paid Losses	Estimated Required Reserves	Case Outstanding Reserves	Development on Known Claims and IBNR
07/01/17	\$284,132	\$284,132	\$0	\$0	\$0
07/01/18	630,000	581,289	48,711	1,535	47,176
07/01/19	980,000	559,818	420,182	298,134	122,048
07/01/20	830,000	631,089	198,911	8,619	190,292
07/01/21	1,090,000	835,199	254,801	7,179	247,622
Total	\$3,814,132	\$2,891,527	\$922,605	\$315,467	\$607,138

Confidence Levels

50%	\$3,631,527	\$2,891,527	\$740,000	\$315,467	\$424,533
55%	3,691,527	2,891,527	800,000	315,467	484,533
65%	3,841,527	2,891,527	950,000	315,467	634,533
70%	3,941,527	2,891,527	1,050,000	315,467	734,533
75%	4,051,527	2,891,527	1,160,000	315,467	844,533
85%	4,371,527	2,891,527	1,480,000	315,467	1,164,533

Section 2, Table 6

City of Surprise

Workers Compensation

Cash-Flow and Present Value Analysis

(Losses Limited to \$500K/\$1M Per Occurrence)

Period Start	Expected Future Payments										Total	
	Expected Payment Period Ending 6/30:											
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032		
07/01/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
07/01/18	12,505	9,771	8,396	7,446	5,826	4,767	0	0	0	0	0	48,711
07/01/19	108,388	80,045	62,542	53,745	47,659	37,289	30,514	0	0	0	0	420,182
07/01/20	62,729	35,129	25,943	20,270	17,419	15,446	12,085	9,890	0	0	0	198,911
07/01/21	129,725	39,445	22,089	16,313	12,746	10,953	9,713	7,599	6,219	0	0	254,801
Total	\$313,347	\$164,389	\$118,970	\$97,773	\$83,649	\$68,455	\$52,312	\$17,489	\$6,219	\$0	\$0	\$922,605

Discount Rate	Expected Future Payments - Discounted Basis										Total	
	Expected Payment Period Ending 6/30:											
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032		
2%	\$310,260	\$159,580	\$113,220	\$91,230	\$76,520	\$61,390	\$45,990	\$15,080	\$5,260	\$0	\$0	\$878,530

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Section 2, Table 7

City of Surprise

Workers Compensation

Trend Factor Compilations

	(1)	(2)	(3)	(4)	(5)	(6)
Period Start	Average Hourly Earnings Index ¹	Average Hourly Earnings Trend Factor	Medical Care Claim Costs Index	Medical Care Claim Trend Factor	Benefit Level Change Factor ²	Loss Inflation Trend Factor ³
07/01/12	17.80	1.335	24,400	1.211	1.032	1.314
07/01/13	18.26	1.301	24,900	1.187	1.014	1.261
07/01/14	18.76	1.266	25,000	1.182	1.006	1.231
07/01/15	19.19	1.238	25,250	1.170	0.996	1.199
07/01/16	19.73	1.204	26,200	1.128	1.004	1.171
07/01/17	20.44	1.162	27,000	1.094	1.004	1.133
07/01/18	21.09	1.126	27,800	1.063	1.000	1.095
07/01/19	21.99	1.080	28,300	1.044	1.000	1.062
07/01/20	22.94	1.036	28,700	1.030	1.000	1.033
07/01/21	23.76	1.000	29,550	1.000	1.000	1.000

¹ Source: U.S. Department of Commerce - Services.