

FINAL
Minutes of Board of Trustees Annual Organizational Meeting
Teleconference
Thursday, September 08, 8:30 AM

The following Trustees were present and a quorum was met:

Ryan Hackmann, Chairperson	Desert View Schools
David Coolidge, Vice-Chairperson	City of Winslow
Linda Watson, Treasurer	City of Page
Gary Neiss	Town of Carefree
Pat Nichols	City of Holbrook
Eric Lillis	Kingman Academy of Learning
Alexis Rivera	Town of Miami
Amy Putnam	Town of Parker
Paul Ramsey	City of St. Johns
Katie Melser	Town of Snowflake
Kelsi Miller	Town of Springerville
Pamela Galvan	City of Williams

The following Alternate Trustees were present:

Rick Ogston	Desert View Schools
Karen Norris	Town of Miami
Rachell French	City of Page
Morgan Motz	Pine-Strawberry Water Improvement District
Cindy Lee	City of St. Johns
John Cassella	City of Safford
Heidi Wink	Town of Springerville
Geri Judd	Town of Taylor
Sue Bennett	City of Williams

The following Vendors were present:

Mike Hensley	Jones, Skelton, & Hochuli, P.L.C.
Michael Cote	Meritain Health
Marina Phillips-Waddle	Meritain Health
Erin Collins	Gallagher
Missy Jenson	Gallagher
Amanda Weaver	Gallagher

The following Guests were present:

Kara Solis	Town of Eagar
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1. Call to Order

The meeting was called to order at 8:30 a.m. by Chairperson, Ryan Hackmann.

2. Roll Call

Roll Call was taken by Amanda Weaver.

3. Discussion, Consideration of and Possible Action Regarding Approval of the May 26, 2022 Executive Session Minutes and Trust Meeting Minutes

Ryan Hackmann asked for a motion to approve the May 26, 2022 Draft Executive Session Minutes and Trust Meeting Minutes and confirmed with Amanda Weaver that there were no requested changes. Linda Watson made a motion to approve the Draft Executive Session Minutes and Trust Meeting Minutes as presented. Gary Neiss seconded the motion.

The motion passed 15-0.

4. Discussion, Consideration and Possible Action Approval of Financial Results Through June 30, 2022

Amanda Weaver provided Trustees with an overview of the Trust financials ending June 30, 2022, letting Trustees know that the Cash Position was at \$8,294,661, taking into account the Actuary's Incurred But Not Paid (IBNP) liability of \$1,772,000, the Trust reported an estimated surplus position of \$6,552,661. Amanda reminded Trustees that although this was an extremely tough year due to Large Claimants, the Trust saw a small YTD loss of \$42,695. Had the Trust not obtained \$2.4M in stop loss reimbursements and had Trustees not taken the increases over the past 3 years, the loss would have been significantly larger.

Amanda also provided an overview of the large cases informing Trustees that as of the end of June there were thirty (30) large case over \$75,000 totaling \$6.2M. Thirteen (13) of the large claimants have exceeded the \$150,000 Specific Deductible and the \$100,000 Aggregating Specific Deductible by a combined total of \$2.4M. Meritain had obtained \$2.3M from the Stop Loss Carrier as of June 30th, SunLife, and will continue to seek reimbursement for the remaining \$145,000.

Amanda Weaver noted that a motion to approve the financials as presented was needed.

Gary Neiss made a motion to approve the financials through June 30, 2022 as presented. Eric Lillis seconded the motion.

The motion passed 15-0.

5. Wellness Update

Missy Jenson provided an overview to Trustees of the following Wellness Screenings:

- Health Risk Assessment
- Cardiac and Organ Screenings
- Skin Cancer Screenings

- Flu Vaccinations
- Mammograms

Missy also provided an overview of the Omada Health Program and discussed the Wellness Survey effective August 22nd through September 19th and would discuss results at the December 8th Trust Meeting. No action was needed.

6. Discussion, Consideration of and Possible Action Regarding Ratification of the 2022-2023 Stop-Loss Coverage

Erin Collins informed Trustees that this was a difficult years for securing coverage due to the ongoing large claims and the loss ratio being greater than 200%. RAGHT's current carrier (SunLife) came back with a firm quote offering an overall increase of 56.3%, which was 16% over the 40% estimated during the budget building process. With this being the first year working internally with Gallagher's Stop Loss placement office, the rep was able to market several accounts as a group to receive much more favorable results. In doing so, Gallagher worked with the Trust Chairperson to bind coverage with Voya at a 40.7% increase. The overage was taken from General Admin to offset the additional increase.

Erin discussed with Trustees that due to the current large cases and combined with coming out the end of the COVID-19 pandemic that moving to Voya was the best choice. Although it was over budget, none of the other carriers offered a firm quote or without lasers.

Erin requested that Trustees ratify the already bound coverage with Voya effective July 01, 2022.

Linda Watson made a motion to ratify the renewal contract with Voya as presented. Kelsi Miller seconded the motion.

The motion was approved 15-0.

7. Discussion, Consideration of and Possible Action Regarding Approval of the 2022-2023 RAGHT Budget

Erin Collins informed Trustees that the packet included RAGHT's annual budget, as well as each individual entity's budgets, noting that the final budgets show updated census and Basic/AD&D and Dependent Basic Life annual premiums. It was also discussed how much of the budget dollars go towards claims, insurance premiums and administration.

Erin also informed Trustees that the General Administration Line item was reduced by \$17,933 to absorb the Stop Loss under budgeted increase.

Pamela Galvan made a motion to approve the 2022-2023 RAGHT Budget as presented. Eric Lillis seconded the motion.

The motion was approved 15-0.

8. Discussion, Consideration of and Possible Action Regarding Approval of the 2021-2022 Incurred but Not Paid (IBNP) and Target Reserve Recommendation

Erin Collins began by letting Trustees know that the Incurred but Not Paid (IBNP) claim reserves report created by Cheiron was included in their meeting packet. Erin explained that the IBNP calculation is provided every year and provides an estimate of RAGHT's outstanding claim payments for services that have already been delivered to Plan Members but have not yet been paid by the Trust. The Trust's liability for the 2021-2022 Plan Year is estimated at \$1,772,000 which is a decrease of \$133,000 from the prior year, which was estimated at \$1,905,000.

Also an overview of the \$6.12M Target Reserve Level calculation as recommended by the Actuary was provided to Trustees.

Ryan Hackmann asked for a motion to approve the 2021-2022 IBNP report and Target Reserve recommendation as presented by Cheiron. Linda Watson moved to approve to the 2021-2022 IBNP report and Target Reserve recommendation. Kelsi Miller seconded.

The motion was approved **15-0**.

9. Discussion, Consideration of and Possible Action Regarding Approval of the 2021-2022 Surplus/Deficit Allocation Report

Erin Collins provided an explanation on how the financial surpluses and deficits are calculated and distributed among the members on a monthly basis. Erin noted that the methodology has remained unchanged since the Trust was formed and includes no individual entity-specific loss sensitivity. The methodology is as follows:

1. Each entity pays their monthly premium.
2. The entity's net contribution is determined by subtracting the life insurance premium.
3. Each entity's net contribution is calculated on a percentage of the whole. This percentage changes from month to month.
4. Gallagher calculates the Trust's monthly net surplus/deficit by subtracting claims and administration expenses from income.
5. The surplus and/or deficit for the month is allocated to each participating entity in an amount equal to the net premium deposit percentage for each entity.
6. Interest income for the month is allocated in an amount equal to each entity's cumulative cash percentage as compared to the whole.

Erin asked Trustees to approve the report as presented.

Ryan Hackmann asked for a motion. Kelsi Miller moved to approve the 2021-2022 Surplus/Deficit report as presented and Eric Lillis seconded.

The motion passed unanimously **15-0**.

10. Discussion, Consideration of and Possible Action Regarding Offering of 2022-2023 Premium Holiday

Erin Collins stated that Trustees have previously allowed participating entities that had positive surplus balances to take Premium Holidays according to a Trust-approved formula. As of June 30, 2022, the Trust's unaudited surplus position was \$6,522,661. Traditionally, the Trust's Actuary recommends that the Trust have 5.5 months of expenses in financial reserves available in addition to the IBNP; for 2022-2023 this calculates to \$6,234,631. This provides the Trust \$288,030 for possible Premium Holidays. In the past Trustees have opted to utilize 50% for Premium Holidays which is approximately \$144,015. Erin also reminded Trustees that in the past years when the Premium Holidays were offered not all entities took advantage of the option. Erin discussed with Trustees that the recommendation last year was to not offer the Premium Holiday and that would be Gallagher's recommendation again this year as the claims have not been running well with a significant increase in high dollar large cases. Erin noted that Trustees still had the option to approve if they so choose to do so.

Ryan Hackmann requested a motion. Pamela Galvan made the motion not to offer a premium holiday. Linda Watson seconded the motion.

The motion passed unanimously **15-0**.

11. Discussion, Consideration of and Possible Action Regarding Approval of the 2022-2023 Risk Management Plan (RMP)

Erin Collins began by noting that attached was a draft copy of the 2022-2023 Risk Management Plan for the RAGHT. The document outlines the history of the Trust, the organizational structure, previous year's financial performance, benefit offerings and changes, and work goals for the upcoming Plan year.

1. Monitor administrative and financial impacts of COVID-19/Coronavirus
2. Request for Proposals for Prescription Benefit Manager Services
3. Discuss Utilizing Benefit Enrollers for New Hires/Open Enrollment
4. Trust membership renewals
5. Stop Loss shopping
6. Trustee Annual Educational/Renewal Meeting
7. Wellness Program

Erin discussed that items 2 and 3 would be discussed at the next Trust Meeting.

Ryan Hackmann asked for a motion to accept the 2022-2023 Risk Management. Pamela Galvan motioned to accept the 2022-2023 Risk Management Plan as presented and Linda Watson seconded the motion.

The motion passed unanimously **15-0**.

12. Discussion, Consideration of, and Possible Action Regarding Election of Officers for the 2022-2023 Plan Year

Ryan Hackmann presented the election of Trust Chairperson and requested nominations. Kelsi Miller made a motion for Ryan Hackmann to continue in that role. Linda Watson seconded the motion. No other nominations were made.

The motion was approved **14-0**.

Ryan Hackmann presented the election of Trust Vice-Chairperson and requested nominations. Amy Putnam made a motion to nominate David Coolidge as Vice-Chairperson and Linda Watson seconded the motion. No other nominations were made.

The motion was approved **14-0**.

Ryan Hackmann presented the election of Trust Treasurer. Katie Melser nominated Linda Watson to continue as Treasurer. Pamela Galvan seconded the motion. No other nominations were made.

The motion was approved **14-0**.

Ryan Hackmann made a motion that Gallagher continue as RAGHT's Recording Secretary. Eric Lillis seconded.

The motion was approved **15-0**.

13. Administrative Update

Erin Collins and Amanda Weaver gave a brief overview of the following items with Trustees:

- LGIP Losses 2021-2022 Plan Year
 - RAGHT experienced a significant loss on its LGIP holdings for the Pool 700 account. Erin suggested setting up a committee to discuss alternative investment options. Gary Neiss, Ryan Hackmann and Linda Watson
- Change in Trustees/Alternate Trustees
 - An overview of the change in Trustees/Alternate Trustees for the previous quarter was provided.
- RAGHT's 9th PCORI Fee Payment
 - The PCORI fee was paid in the amount of \$3,987 and mailed on June 29th.
- RAGHT Monthly Premiums
 - Amanda reminded entities that as per the Trust ByLaws, all premiums are due in the exact amount by the end of the month in which they are due or a late fee will be assessed.
- RAGHT Member Terminations
 - Amanda reminded entities that all terminations must occur within a timely manner to ensure the Trust stays in compliance with COBRA regulations. Amanda also noted to entities that they could be liable for any claims if the termed member accrued claims

outside of their term date.

- RAGHT SmartBen Username and Password
 - It was brought to Gallagher's attention that some entities are not using the correct format when setting up New Hires; Username – RAGHT+Last 5 of SSN (RAGHT12345) and Password – Date of Birth (MMDDYYYY).

14. Next Meeting Date

The next Trust meeting is scheduled for October 13, 2022 at 8:30 a.m. via teleconference.

15. Call to the Public

No public was present.

16. Individual Entity Updates

No entity updates

17. Adjourn

Ryan Hackmann asked for a motion to adjourn the meeting at 9:36 a.m. Eric Lillis made a motion to adjourn the meeting. Linda Watson seconded the motion.