

FINAL
Minutes of Board of Trustees Annual Organizational Meeting
Teleconference
Thursday, September 26, 2024 8:30 AM

The following Trustees were present and a quorum was met:

Ryan Hackmann, Chairperson	Desert View Schools
Linda Watson, Treasurer	City of Page
Gary Neiss	Town of Carefree
Jessica Vaughan	Town of Eagar
Misty Hatch	City of Holbrook
Eric Lillis	Kingman Academy of Learning
Karen Norris	Town of Miami
Kristie Allen	Pine-Strawberry Water Improvement District
Danielle Nelson	City of Safford
Katie Melser	Town of Snowflake
Kelsi Miller	Town of Springerville
Gus Lundberg	Town of Taylor
Pamela Galvan	City of Williams

The following Alternate Trustees were present:

Rick Ogston	Desert View Schools
Randy Sullivan	City of Holbrook
Amy Hunt	Kingman Academy of Learning
Rachell French	City of Page
Morgan Motz	Pine-Strawberry Water Improvement District
Cindy Lee	City of St. Johns
Heidi Wink	Town of Springerville
Marcie Pawlick	Town of Taylor
Sandra Jones	Town of Wellton
Sue Bennett	City of Williams
Kelley Pugh	City of Winslow

The following Vendors were present:

Devin Bennett	Ameritas
Jessica Bowers	Ameritas
Casey Lawton	Ameritas
Noah Mastel	Ameritas
Rose Stamps-Proper	Ameritas
Michael Reich	Cheiron
John Hatz	Gallagher
Tori Hudson	Gallagher
Amanda Weaver	Gallagher
Mike Hensley	Jones, Skelton, & Hochuli, P.L.C.

Rick Cajthaml
Marina Phillips-Waddle
Stacey Bullock
Genie Harrison
Jessica Long

Meritain Health
Meritain Health
PlanSource
PlanSource
PlanSource

The following Guests were present:

Chase Carlson

Benefit Intelligence

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 June 06, 2024 Trust Meeting Minutes and June 25, 2024 Special Trust Meeting Minutes

Ryan Hackmann asked for a motion to approve the June 06, 2024 and June 25, 2024 Draft Trust Meeting Minutes. Amanda Weaver noted that a change was needed to include Heidi Wink, Alternate Trustee at Town of Springerville to be added as an attendee. Gary Neiss made a motion to approve the Draft Trust Meeting Minutes as presented. Eric Lillis seconded the motion.

The motion passed 16-0.

4. PlanSource Implementation, File Feed, and ACA Reporting Implementation

John Hatz let Trustees know that Ameritas, Meritain, and PlanSource were all on the call to address any questions regarding the Open Enrollment implementation. No questions were asked regarding implementation issues. John let Trustees know that a file feed issues regarding the Employer Paid Dependent Life and Voluntary Term Life Premiums were still being addressed.

Gus Lundberg asked if entities would need to continue to review the Securian Portal for approvals and denials of Employee and Spouse Voluntary Term Life. Amanda Weaver confirmed that entities would need to continue to review the Securian Portal and approve or deny the appropriate coverages in PlanSource. Katie Melser asked what process is in place to determine if an Employee/Member has submitted their Evidence of Insurability (EOI). Amanda stated that if the PlanSource System shows Pending coverages that it would be the entities responsibility to follow up with the Employee to determine if the EOI has been submitted and also noted that she would be happy to submit the EOI to Securian if provided by the entity. Amy Hunt shared her process of how her entity handles pending EOI by following up with the Employee giving them a hard deadline and then declining in the system if no response; however, saving all backup documentation of the correspondence in the

Employee file. John noted that if any additional questions were to come up to reach out to Gallagher.

5. Discussion, Consideration of and Possible Action Regarding City of Holbrook Intent to Term RAGHT Membership

Michael Hensley, Trust Legal Counsel, informed Trustees that Gallagher had been made aware that City of Holbrook was looking at other options outside of the Trust; however, had elected to renew for 5 years. Mike stated that this should be discussed in Executive Session to allow for entities, excluding City of Holbrook, to ask questions and have Trust Legal Counsel address them. Mike provided the City to address the Trust prior to going into Executive Session. Misty Hatch stated that request came from the new City Manager; however, it had since been determined that the City would not be moving forward with looking to leave membership with Rural Arizona Group Health Trust (RAGHT). Randy Sullivan stated that after internal discussion the City Manager understood the implications of leaving RAGHT outside of their membership term and they were no longer looking to do so. Mike provided an overview of why RAGHT was formed due to current cities and towns that formed RAGHT receiving significant increases with their current conventional group coverage. This Trust was formed to help offset when a member entity has a loss as it stabilized amongst the entire group. Mike also noted that the Trust Document reads that if an entity leaves prior to the end of their membership term and without providing 90 days notice that the entity will be responsible for the remaining premiums due and will not be eligible to request membership for 3 years. No further discussion occurred and no action was needed.

6. Discussion, Consideration of and Possible Action Regarding Approval of the Subrogation Settlement Policy

Mike Hensley, Trust Legal Counsel, discussed with Trustees drafted a Subrogation Settlement Policy as per the request of Trustees on best practices for resolving Member subrogation matters. Mike noted that the policy outlines a procedure that helps address those subrogation matters that are more standard to be able to be resolved more timely to work with the Chairman, Legal Counsel and Trust Consultant and for the more complicated and unusual matters to be brought back to Trustees to review.

Ryan Hackmann asked if there were any questions and if there was a motion. Linda Watson moved to approve the Subrogation Policy as presented by Mr. Hensley. The motion was seconded by Kelsi Miler.

The motion passed 16-0.

7. Discussion, Consideration and Possible Action Regarding Approval of Financial Results Through June 30, 2024

Amanda Weaver provided Trustees with an overview of the Trust financials ending June 30, 2024, letting Trustees know that the Cash Position was at \$11,130,293, taking into account the Actuary's Incurred But Not Paid (IBNP) liability of \$2,841,000, the Trust reported an estimated surplus position of \$8,289,293 Amanda noted the Trust ran well; ending the Plan

Year with a gain of approximately \$997,546.

Amanda also provided an overview of the large cases informing Trustees that as of the end of June there were thirty-two (32) large case over \$75,000 totaling \$5.1M. 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 \$1,239,751. Meritain had obtained \$92,267 from the Stop Loss Carrier as of June 30th, WellPoint, and will continue to seek reimbursement for the remaining \$377,702.

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, 2024 as presented. Linda Watson seconded the motion.

The motion passed 16-0.

8. Wellness Update

Tori Hudson provided an overview to Trustees of the following Wellness Screenings:

- Health Risk Assessment
- Skin Cancer Screenings
- Prostate Screenings
- Flu Vaccinations
- Mammography Screenings

It was also discussed that Assured Imaging Women's Wellness reached out to determine if the Trust would be interested in contracting for the Skin Cancer Screenings as they have had a change in management and can potentially reduce the fees that were increased prompting RAGHT to research other vendors.

There is also an opportunity to add Hearing and Vision screenings to the Health Risk Assessment at an additional cost. This will be brought back to Trustees to vote at the December Meeting.

Tori stated the First Annual Wellness Conference went very well. 12 entities attended. The time was used to brainstorm of ideas to help engage Members, grow and evolve the Wellness Program.

No action was needed.

9. Discussion, Consideration of and Possible Action Regarding Approval of the 2024-2025 RAGHT Budget

John Hatz 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.

RAGHT benefit dollars are allocated as follows:

- 73.67% - Medical, Prescription and Dental claims incurred by beneficiaries of the Plan.
- 14.15% - Insurance premiums (Life, Vision and Reinsurance)
- 5.99% - Administrative and Operational Expenses - Trust (Administrator, Wellness Programs, Actuary, Auditor, Legal, DOI examination, General Admin, etc.).
- 6.18% - General Operating Expenses (dollars are associated with claims handling and related services and are paid to vendors paid on a Per Employee Per Month (PEPM) or Per Member Per Month (PMPM) basis).

John also informed Trustees that the General Administration Line item was increased by \$187,000 due to the Stop Loss coming in under budget.

Linda Watson made a motion to approve the 2024-2025 RAGHT Budget as presented. Pamela Galvan seconded the motion.

The motion was approved 16-0.

10. Discussion, Consideration of and Possible Action Regarding Approval of the 2023-2024 Incurred but Not Paid (IBNP) and Target Reserve Recommendation

John Hatz began by letting Trustees know that the Incurred but Not Paid (IBNP) claim reserves report created by Cheiron was included in their meeting packet. John 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 2023-2024 Plan Year is estimated at \$2,841,00 which is an increase of \$1,165,00 from the prior year, which was estimated at \$1,676,000. The increase was due to the time it takes from when the claim is incurred to when it gets paid increased from 1.7 months to 2.4 months.

Also an overview of the \$6.9M Target Reserve Level calculation as recommended by the Actuary was provided to Trustees.

Rick Cajthaml with Meritain noted that in reviewing their internal information, Meritain is processing claims within their contracted time in the 90th percentile for 10 business days and 99% for claims within 30 business days. Rick stated some factors may be how long providers are taking to submit claims, Subrogation claims, Coordination of Benefits, etc.

Ryan Hackmann asked for a motion to approve the 2023-2024 IBNP report and Target Reserve recommendation as developed by Cheiron. Linda Watson moved to approve to the 2023-2023 IBNP report and Target Reserve recommendation. Gary Neiss seconded.

The motion was approved 16-0.

11. Discussion, Consideration of and Possible Action Regarding Approval of the 2023-2024 Surplus/Deficit Allocation Report

John Hatz provided an explanation on how the financial surpluses and deficits are calculated and distributed among the members on a monthly basis. John 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.

John asked Trustees to approve the report as presented.

Ryan Hackmann asked for a motion. Linda Watson moved to approve the 2023-2024 Surplus/Deficit report as presented and Pamela Galvan seconded.

The motion passed unanimously **16-0**.

12. Discussion, Consideration of and Possible Action Regarding Offering of 2024-2025 Premium Holiday

John Hatz 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, 2024, the Trust's unaudited surplus position was \$8,289,293. 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 2023-2024 this calculates to \$6,896,283. This provides the Trust \$1,182,219 for possible Premium Holidays. In the past Trustees have opted to utilize 50% for Premium Holidays which is approximately \$591,109. John also reminded Trustees that in the past years when the Premium Holidays were offered not all entities took advantage of the option. John discussed with Trustees that the recommendation the past two years was to not offer the Premium Holiday. Gallagher's recommendation is if Trustees were to offer a Premium Holiday to be conservative at the 50%. John noted that Trustees still had the option to approve any of the three options if they so choose to do so.

Amy Hunt asked if the surplus is not utilized for a Premium Holiday, can the dollars be used to offset a premium increase. John stated that could be discussed; however, the danger of utilizing the surplus to offset an increase is it could potentially put you behind down the road; for example, if the Trust were to receive an 8% increase and the surplus was used to buydown to 5%, the Trust is now 3% behind for the upcoming Plan Year. When utilizing for a Premium Holiday, the entities are maintaining the rates high enough to cover the expenses.

Linda Watson requested clarification on if Trustees voted to offer a Premium Holiday if entities were obligated to use their surplus. Amanda Weaver clarified that if the Premium Holiday is offered, entities can choose if they use their surplus, some may elect not to take a Premium Holiday, some may use some of their allotted surplus and some may use all. Amanda also noted that not all entities had a surplus to take a Premium Holiday.

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 **16-0**.

13. Discussion, Consideration of, and Possible Action Regarding 2024-2025 Risk Management Plan (RMP)

John Hatz began by noting that attached was a draft copy of the 2023-2043 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 Benefit Enrollment Portal and ACA Reporting Services
2. Monitor First Year Audit of Navitus Prescription Benefits Claims
3. Monitor Patient Advocacy Patient Services through AHG
4. Plan Benefit Analysis
5. Mental Health Parity Compliance
6. Research New Skin Cancer Screening Vendor
7. Monitor Implementation of New Quarterly Wellness Focuses
8. Research New Screening Opportunities – Mobile Dental, Vision, Hearing
9. Monitoring of Engagement in the Omada Whole Person Solution to Eligible Population
10. Employee Benefit Packet Overview
11. Stop Loss Shopping, if applicable
12. Trustee Annual Educational/Renewal Meeting
13. Trust Membership Renewals

Ryan Hackmann asked for a motion to accept the 2024-2025 Risk Management. Gary Neiss motioned to accept the 2024-2025 Risk Management Plan as presented and Eric Lillis seconded the motion.

The motion passed unanimously **16-0**.

14. Administrative Update

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

- Change in Trustees/Alternate Trustees
 - An overview of the change in Trustees/Alternate Trustees for the previous quarter

- was provided.
 - Holbrook Trustee – Pat Nichols to Misty Hatch
 - Taylor Alternate Trustee – Geri Judd to Marcie Pawlik
- RAGHT's 11th PCORI Fee Payment
 - The PCORI fee was paid in the amount of \$4,530 and mailed on July 23rd.
- RAGHT Member Terminations
 - 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.
- Enrollment Portal
 - All New Hire, Terminations, Qualifying Life Events, and Demographic Changes must occur in PlanSource to update the vendor portal via the weekly file feeds
- VTL Approvals
 - If any Voluntary Term Life elections pending in the PlanSource portal for Employee or Spouse Voluntary Life was approved without Evidence of Insurability, please let Gallagher know and we will work to correct in PlanSource

Amanda thanked the entities for being so patient and understanding during the implementation process and with the file feed and eligibility issues. Ryan Hackmann thanked Amanda for all of her assistance during Open Enrollment, with the PlanSource Implementation and the file feed and eligibility issues.

15. Discussion, Consideration of, and Possible Action Regarding Election of Officers for the 2024-2025 Plan Year

Ryan Hackmann presented the election of Trust Chairperson and requested nominations. Kelsi Miler 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 **15-0**.

Ryan Hackmann presented the election of Trust Vice-Chairperson and requested nominations. Eric Lillis made a motion for David Coolidge to continue as Vice-Chairperson and Kelley Pugh seconded the motion. No other nominations were made.

The motion was approved **16-0**.

Ryan Hackmann presented the election of Trust Treasurer. Kristie Allen nominated Linda Watson to continue as Treasurer. Eric Lillis seconded the motion. No other nominations were made.

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

Pamela Galvan made a motion that Gallagher continue as RAGHT's Recording Secretary. Linda Watson seconded.

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

16. Next Meeting Date

The next Trust meeting is scheduled for Thursday, December 12, 2024 at 8:30 a.m. via teleconference.

17. Call to the Public

No public was present.

18. Individual Entity Updates

No entity updates

19. Adjourn

Ryan Hackmann asked for a motion to adjourn the meeting at 9:40 a.m. Eric Lillis made a motion to adjourn the meeting. Gary Neiss seconded the motion.