

## MINUTES 2/23/21

### SELF-INSURANCE PROGRAM BOARD MEETING

A meeting of the Self-Insurance Program Board of Trustees was called to order at 2:00 p.m., Tuesday, February 23, 2021, via ZOOM web conferencing.

#### MEMBERS PRESENT

Board Chair Francisco Heredia  
Linee Ferguson  
Courtney Guinn  
Peggy Lynch  
Michael Kennington, CFO

#### OTHERS PRESENT

Tracy Hurt, Board Secretary  
Teri Overbey, HR Director  
Janice Ashley, Emp. Benefits Admin  
Nitira Hawkins, Safety Administrator  
Jason Reed, Deputy City Attorney  
Lisa Lorts, Risk Mgmt Claims Analyst  
Brian Ritschel, OMB Asst. Director  
Samuel Schultz, Budget Coordinator, OMB  
Jannah Waters, Budget Analyst, OMB  
Lucy Hambright, City Council Assistant

#### **Citizens Present**

None

1. Board Chair, Councilmember Heredia called the meeting to order at 2:03 p.m. with a roll call of board members present. Mr. Heredia asked if there were any citizens present who wished to speak. There were no citizens present. Mr. Heredia introduced the first presenter, Deputy City Attorney Jason Reed for the Public Property and Liability (PPL) Trust Fund.
2. Mr. Reed referenced the 2021 PPL Trust Fund Board Report (attached) and provided an overview of the PPL Trust which handles costs associated to claims and lawsuits against the City, including litigation legal staff and insurance costs. Office of Management and Budget recommended a \$6.4M City contribution to the PPL Trust Fund for FY 21/22 to result in an ending balance of \$12M. Sam Schultz indicated that they built up the \$10M fund balance to \$12M in preparation for litigation that was in process and the goal is to now bring it back to \$10M by reducing contributions by \$1M for the next couple years. Projection of insurance costs increasing will be a consideration at an increase of 10% each year. Contributions collected for the PPL fund are provided by various funds within the City depending on who is using the funds for PPL.

Jason Reed answered a question posed by Michael Kennington regarding the claims paid costs fluctuating yet a consistent projection being included each year and he explained that based on the types of services the City provides there will always be some anticipation of high exposure cases and projections include those possibilities given it is hard to predict when those type of cases or judgements will hit. Some cases can extend for several years. Final cost payout would also be determined by the type of case and whether it was handled in-house or by outside counsel.

Councilmember Heredia noted that the outside counsel costs had increased from the past year and Jason explained that this was due to two significant cases which included 15+ depositions, expert work, and motions for summary judgement. Councilmember Heredia asked if there were specific departments that have the majority of the cases and if there is any training implemented to help with prevention of claims. Jason confirmed that PD is a major contributor for claims due to the nature

of the service, public pressures placed on the department and there are a lot of PD vehicles on the streets. He said that there are ongoing conversations related to the types of claims we are seeing and in contrast there are other claims that may be unique and we look for opportunities for additional training.

Courtney Guinn asked if there were any payouts last year regarding the Travelers insurance policies and Jason stated he did not recall any related to liability but there may have been one related to property claim. Courtney asked if Travelers would assist with the legal responsibility to help reduce fees if they were potentially going to pay out. Jason said the allegation would be reviewed as soon as it was received to determine if it may reach a Travelers claim and they would start working with them immediately to help mitigate exposure.

Michael Kennington asked if the insurance premiums were locked in and Jason stated that we can only obtain a one-year policy at a time with a locked-in rate.

No additional questions were brought forward by the Board and Councilmember Heredia introduced Nitra Hawkins, Safety Administrator, as the next presenter.

Nitra referenced the Worker's Compensation Trust Fund 2021 Report (attached) which gives an overview of the City's Workers' Compensation program and six-year claims history in addition to highlighting the Injury Prevention Programs and Safety Committees. Nitra noted that the self-insurance retention amount has increased from \$1M to \$1.25M due to insurance companies assessing the risks related to insuring municipalities and new legislation adding to the presumptive cancers that are required to be covered under Workers' Compensation.

Samuel Schultz noted that the Workers' Compensation Trust Fund expenditures were projected to be over budget this year due to increase in claims paid by approximately \$700,000 - \$800,000. Sam stated that with any PSPRS presumptive cancer claims, we are required to pay out retroactively so that will affect the projected expenses.

The targeted fund balance is meant to cover the next years expenses, and the City contribution is calculated based on those projections. A City contribution of \$6.4M is recommended for the Workers' Compensation Trust Fund to meet the reserve fund balance target of \$6.6M, although this may vary slightly as the adjusted workers' compensation rates are applied.

Michael Kennington asked if the number of claims decreased in the prior year due to the COVID pandemic. Nitra confirmed that since we did have fewer employees on site, that it could be the assumption. Michael noted that supportive care seemed to fall off in 2020. Nitra stated that the maturity of a claim is between 3-5 years and there may be some additions of supportive care claims in the next year.

Courtney Guinn asked if the fatality that occurred is a life insurance claim paid out by the City and Nitra noted that if a fatality occurs and that employee is married or has dependents then they are entitled to compensation. Sixty-six and two-thirds of the average monthly wage is paid, not to exceed the State of Arizona's maximum.

There were no additional questions from the Board and Councilmember Heredia introduced Janice Ashley, Employee Benefits Administrator.

Janice reference the Employee Benefits Trust Fund Operations Report (attached) which provided an overview of the benefits and programs offered to employees as well as expanded health and wellness initiatives. Janice noted that a request for proposals for many of the benefits programs were conducted in first quarter of 2021 which included the Prescription Drug benefits, Flexible Spending, and Dental Plan.

Samuel Schultz noted that 90% of the expenses in the EBT were claims. FY 18/19 and 19/20 utilization was a driver of expenses increasing prior to the COVID pandemic. While initially anticipating a pause due to the pandemic, as it continues to drag on we are shifting to the new COVID base. We will be monitoring where we will be when consumer activity resumes. Claims projections for current fiscal year are \$89M and next budget \$92.7M.

Ending fund balance is determined by net of revenues and expenses divided by next year's total anticipated expenses to calculate City fund contribution. Calendar year 2021 premiums were increased for active employees by 4% and 0% for retirees. Calendar year 2022 we are projected an increase of 6% on active employees and 3% for retirees.

Peggy Lynch noted that these rate increases were such an incredible minimum increase compared to other increases across employers of up to 20%. She stated that the management of the fund by the City and the employee benefits administration was a tremendous influence on keeping these costs down.

Sam agreed and noted that during FY15/16 and 17/18 the addition of the drug and rebate subsidies as additional revenues for the fund to help alleviate some of the costs which was implemented by the benefits team were instrumental. He stated that the calendar year 2021 projected

Michael Kennington asked how the split of contributions between active and retiree employees was determined. Sam said deficit per participant is considered when looking at contribution to ensure that we don't have retirees subsidizing active employees when active employees are utilizing the fund the most. Ninety-eight percent (98%) of the increase in claims came from the active side. This is an ebb and flow that is looked at each quarter.

Projections for FY21-22 of a City contribution of \$77.8M, employee contributions of \$11.5M and retiree contributions of \$11.5M for fund balance of \$39.7M with an ending fund balance percentage at 36.3% which is above our balance fund minimum target of 30%.

Janice asked the Board to refer to page two of the EBT OMB Recommendation Memo to note the contributing factors affecting the fund which included stable plan membership, decreased number of claims during pandemic, COVID-19 health plan costs for testing and patient treatment, prescription drug cost trends with the City's net drug spend up 7% and anticipated specialty drug costs increasing by as much as 21%. This specialty drug cost increase has caused us to look at some specialty drug advocacy programs to assist with these costs.

Courtney Guinn asked if the specialty drug alternate funding under the RFP process listed on her presentation was related to co-pay maximization programs by drug manufacturers. Janice said that may include that but would be a more robust program that could include 100% coverage for those specialty drugs.

Councilmember Heredia asked if the COVID-19 costs were covered by any of the CARES funding the City received. Janice noted that some of the COVID-19 testing costs of approximately \$500,000 were reimbursed.

3. There were no additional questions from the Board and the next item on the agenda was to discuss and vote on recommendations to City Council regarding the financial viability and OMB staff recommendations for budgeting of the following Trust Funds for FY 21/22.

- a. Public Property and Liability Trust Fund (attachment OMB PPL Fund FY2122 Recommendation) City contribution of \$6.4 million for FY 2020/21 so that the PPL Trust Fund will have an ending balance of \$12.0 million. Staff recommends including a \$6.9 million City contribution in the FY2021/22 budget to achieve a minimum forecasted ending reserve balance anticipated to be at \$11 million.
- b. Worker's Compensation Trust Fund (attachment OMB Workers Comp FY2122 Recommendation) OMB staff recommends the continuation of the current practice to adjust rates annually unless a significant change in expenses occurs. Staff recommends setting the rates for FY 2021/22 at a level to achieve a targeted ending reserve balance sufficient to cover the annual Workers' Compensation Trust Fund expenses. For FY 2021/22, the reserve fund balance target is \$6.6 million. Based on the FY 2020/21 projected reserve balance and the expenses forecasted for FY 2021/22, a modest increase to the workers' compensation rates from the previous year is recommended for the FY 2021/22 budget to reach the targeted reserve. The current estimate for the City contribution for FY 2021/22 is \$6.4 million. The final budgeted contribution may vary slightly from the recommendation as the adjusted rates are applied to budgeted salaries and the budget process has not yet been completed.
- c. Employee Benefits Trust Fund (attachment EBT OMB Recommendation FY2122) OMB staff recommended a 4% increase in premium contributions for active employees and 0% increase in premium contributions for retirees in CY 2021 and recommends a 6% increase in premium contributions for active employees and 3% increase in premium contributions for retirees in CY 2022. This equates to a FY 2021/22 City contribution of \$77.8 million to the EBT Fund. The FY 2021/22 year-end fund balance estimate is \$39.7 million, or 36.3% of fund balance to following year's total expenses. The final budgeted contribution amount may differ slightly as the estimated number of employees/retirees is further refined during the budget process.

Michael Kennington motioned to approve the OMB recommendations for budgeting the trust funds for FY 21/22 as presented. Courtney Guinn seconded the motion. The Board voted as follows:

Linee Ferguson: Yes  
Courtney Guinn Yes  
Mr. Kennington Yes  
Councilmember Heredia Yes

4. The Board was presented and verified current risk management/insurance provider licenses. (attachments: Insurance License Landsdale, EBT Broker Farren License, WC Broker License AJ Gallagher)
5. The Board voted to authorize the Chairperson of the Board to approve Board minutes after draft minutes have been circulated to all members. Motion to authorize was made by Michael Kennington. The motion was seconded by Linee Ferguson. The Board voted as follows:

Linee Ferguson: Yes  
Courtney Guinn Yes  
Mr. Kennington Yes  
Councilmember Heredia Yes

2. Discussion of scheduling future meetings as needed annually per budget schedule.
3. Motion to adjourn the meeting was made by Linee Ferguson and seconded by Michael Kennington. Councilmember Heredia adjourned the meeting at 4:05pm.

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Attachments:

- a. Public Property and Liability Trust Fund (attachment 2021 PPL Trust Fund Board Report)
- b. Worker's Compensation Trust Fund (attachment Workers Comp 2021 Report)
- c. Employee Benefits Trust Fund (EBT Operations Presentation)
- d. Insurances Licenses
- e. Public Property and Liability Trust Fund (attachment OMB PPL Fund FY2122 Recommendation)
- f. Worker's Compensation Trust Fund (attachment OMB Workers Comp FY2122 Recommendation)
- g. Employee Benefits Trust Fund (attachment EBT OMB Recommendation FY2122)



**Date:** February 23, 2021  
**To:** Self-Insurance Trust Fund Board  
**From:** Jim Smith, City Attorney  
Jason Reed, Deputy City Attorney  
Lisa Lorts, Risk Management Claims Analyst  
**Subject:** The City of Mesa's Property and Public Liability Trust Fund

**I. Purpose.**

This report addresses the financial status of and a budget recommendation for the City's Property and Public Liability Trust Fund (the "PPL Trust Fund").

**II. PPL Trust Fund Finances.**

In accordance with state law, the PPL Trust Fund covers the following costs and expenses:

1. Costs associated with staffing the litigation unit in the City Attorney's Office;
2. Payouts and defense costs of third-party claims and lawsuits filed against the City and its employees; and
3. The City's insurance premiums.

The PPL Trust Fund maintains a minimum \$10 million balance through quarterly transfers from various City funds. Payouts from the PPL Trust Fund vary considerably based on the timing of verdicts or settlements in high exposure cases.

In FY 19/20, the PPL Trust Fund incurred \$7.0 million in costs: \$4.3 million for claims and lawsuits; \$1.6 million for insurance; and \$1.1 million for the staffing costs of the litigation unit. For FY 20/21, the City estimates that it may have between \$7.5 and 8.0 million in costs: \$4.0 to \$4.5 million estimated for claims and lawsuits; \$2.1 million for insurance; and \$1.4 million for the staffing costs of the litigation unit.

### **III. Litigation Expenses.**

#### **A. The City's Litigation Unit.**

The City's litigation unit defends the City and its employees in nearly all third-party liability claims and lawsuits. In contrast, many cities hire outside counsel to handle their claims and lawsuits. By handling most of the City's litigation matters internally, the City recognizes significant cost savings for the PPL Trust Fund.

For example, in FY 19/20, the staffing cost for the litigation unit was \$1.1 million. During that fiscal year, the litigation unit managed approximately 260 claims and 45 lawsuits. During that same year, the City retained outside counsel to defend the lawsuits associated with 10 different incidents. The cost of outside counsel for those incidents was approximately \$1.3 million.

Moreover, by handling litigation matters internally, the City's litigation unit has developed a strong working knowledge of City's operations and has reinforced strong working relationships with City employees. This also helps the City recognize significant cost savings for the PPL Trust Fund.

For example, when the City hires outside counsel, it takes time and resources for outside counsel to come up to speed regarding the City's operations and defenses. In contrast, the litigation unit's knowledge and experience with the City's operations readily transfer to newly-filed cases without the cost that outside counsel may incur at the beginning of a case.

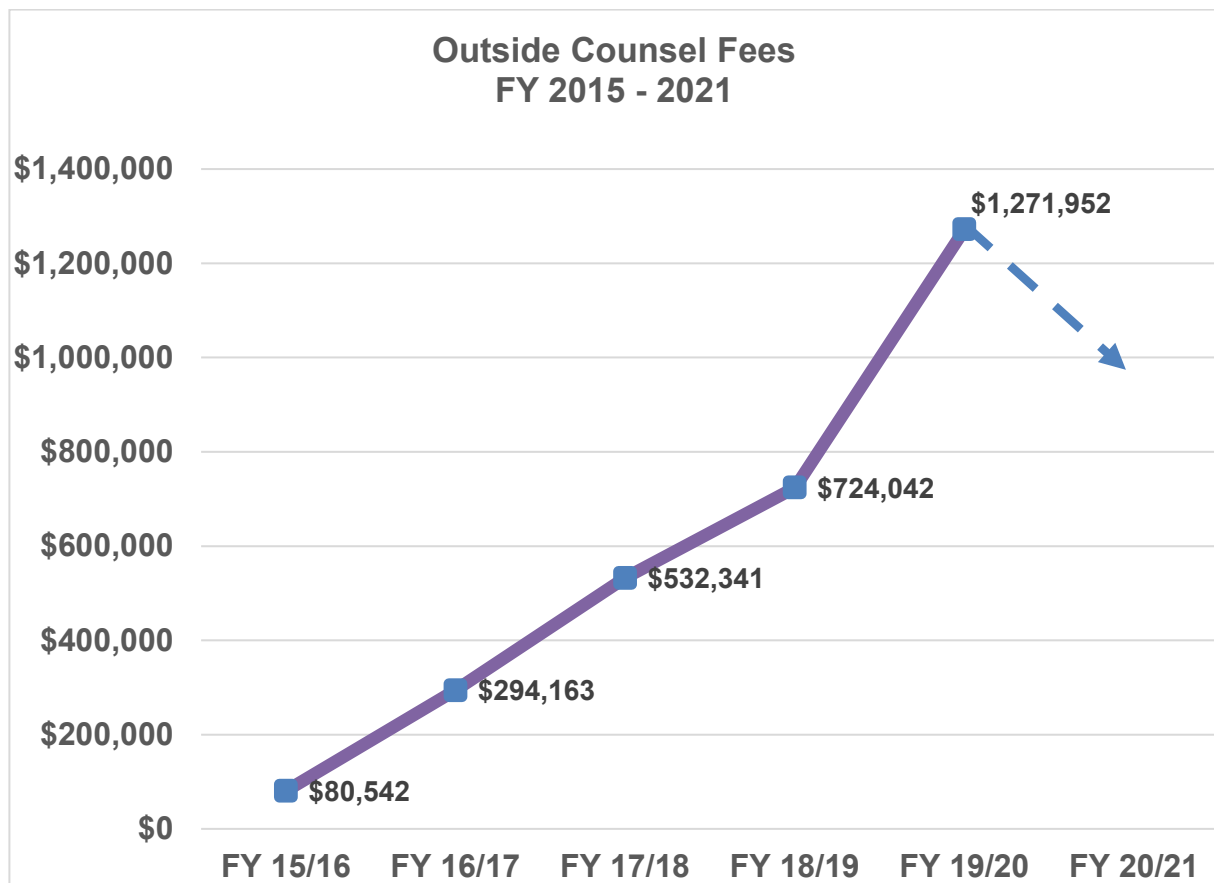
The City Attorney's Office also works with City departments to help reduce the City's financial exposure and explore areas of improvement. This collaborative effort typically results in identifying areas of risk, identifying better practices, and increasing liability sensitivity.

In the past year, the litigation unit has achieved some significant successes. For example, the City settled a significant claim from over 140 plaintiffs regarding a historic flooding event. We also obtained summary judgment in a number of cases, including multiple cases against the City's Police Officers. In total, the litigation unit settled and resolved approximately 240 claims and lawsuits in 2020.

## B. Outside Counsel.

The City generally retains outside counsel when a conflict of interest prevents the City's litigation unit from defending the lawsuit, when a particular expertise is needed, and/or for certain high-exposure claims that may erode the City's SIR.

Outside counsel costs have increased due to the activity in some of the City's high-exposure cases. In one case, outside counsel had to attend multiple depositions, engage in extensive summary judgment briefing, resolve discovery disputes, and prepare an appeal. Because high-exposure cases can last for several years, the City can continue to incur costs for outside counsel until these matters are resolved. The following chart shows the amounts spent on outside counsel for the last five years.



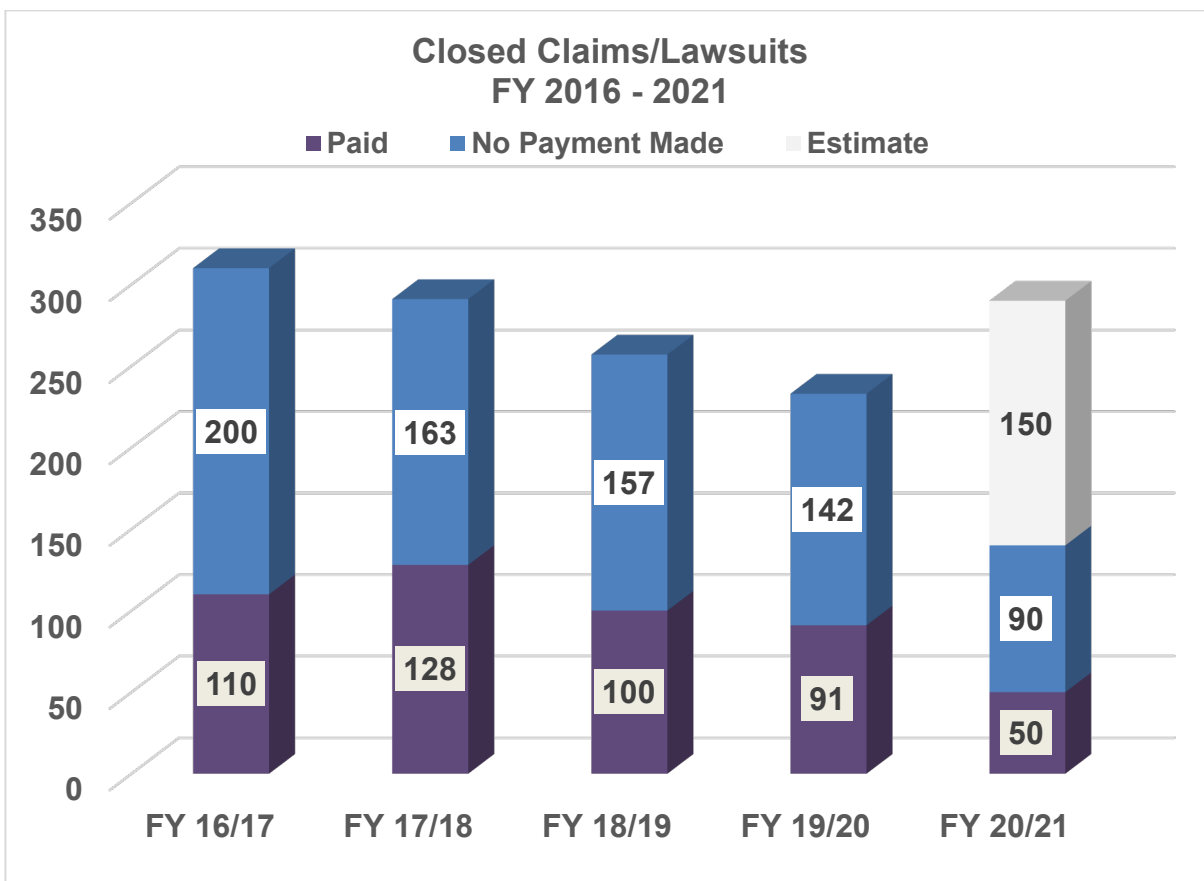
To help limit outside counsel expenses, the City works with outside counsel to explore options to more efficiently manage those cases. Some of those strategies include retaining specialized outside counsel, exploring areas for dispositive motions, using offers of judgment to limit plaintiffs' ability to shift their attorney fees to the City, and



exploring reasonable settlement proposals. Once the matters are resolved, outside counsel costs for that specific case will terminate.

#### IV. Claims And Lawsuits.

The City receives around 300 claims and 30 lawsuits each year. The City is able to resolve a majority of these claims and lawsuits without making a payment to the claimant.



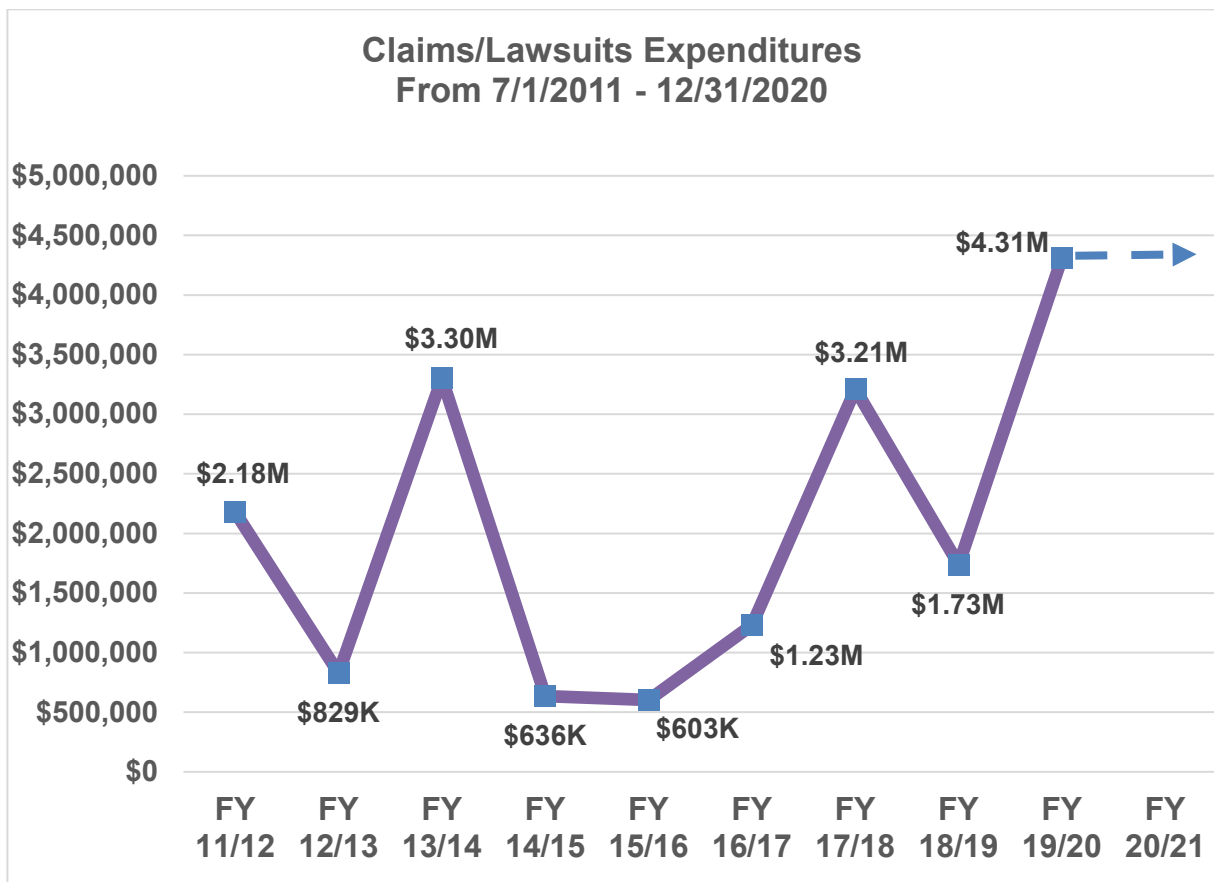
Due to a number of factors, the City anticipates that the number of claims and lawsuits filed against the City will increase. First, municipalities like the City of Mesa continue to be targets for claims and litigation due to, among other things, the services they provide, including utilities, recreational resources, and law enforcement activities.

Second, the City continues to grow and expand its services. The City correspondingly incurs additional exposure with this growth.

In addition to the increasing number of claims, the City anticipates that the costs associated with handling claims and litigation will increase because litigation costs continue to increase and juries are awarding higher damage awards.

For example, the City likely will incur greater costs to defend high-exposure cases as a result of the potential for larger damage awards, increased outside counsel fees, expert witness fees, increased technology costs, attorney fee shifting provisions, and other litigation expenses. Based on these types of trends, the City's litigation costs and annual payouts to resolve claims likely will increase.

The following chart shows the annual claim-related payouts from the PPL Trust Fund. The variation in the annual payout depends primarily on whether high-exposure cases were resolved during a particular fiscal year.



The City is currently defending multiple high-exposure lawsuits. Pressure may be placed on the PPL Trust Fund if a jury awarded significant damages in one or more of the City's high-exposure cases.

## **V. Insurance.**

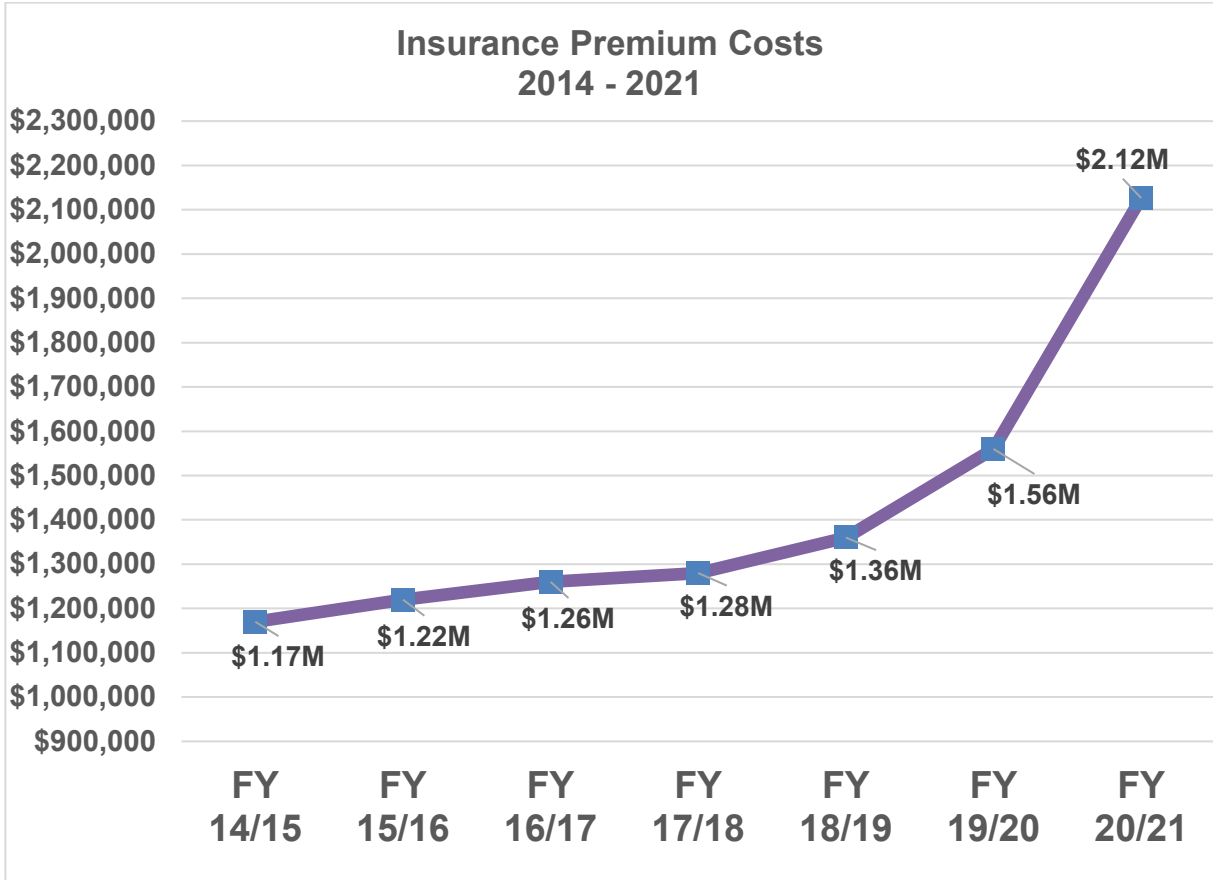
Fewer insurance companies are offering insurance to municipalities like the City. For those companies that continue to offer municipality insurance, those companies are raising insurance premiums in response to increased litigation costs and poor market returns.

In the past three years, when the City requested insurance quotes, many insurance companies indicated either that they had abandoned the municipality insurance market and/or that they would not submit a quote. Those companies have stated that, due to increasing costs (increasing number of claims and increasing litigation costs), fewer and fewer insurance companies have the resources to provide insurance for large municipalities. With fewer insurance companies providing municipality insurance, it is more difficult and more expensive for municipalities to obtain insurance.

In addition to those issues, insurance companies are not achieving the same investment-income returns that they did in the past. Because of poor market returns, insurance companies have raised premiums to maintain profitability, revenue, and insurance reserves. These pressures make it difficult for municipalities to minimize premium increases.

This past year, for example, the City's property insurance premium increased by approximately 25 percent. This significant increase was attributable, at least in part, to national natural disasters, including wildfires on the West Coast and hurricanes on the East Coast. Due to that property loss in those situations, property insurance for all municipalities (including the City) increased significantly.

The following chart shows the annual cost of the City's insurance. Based on current market conditions, the City anticipates that insurance premiums will continue to increase.



For its part, the City works to minimize future premium increases. For example, the City has worked to establish a stronger relationship with its current insurer. As part of that relationship, the City and its insurer meet at different points during the year to identify significant cases, litigation trends, and any training that the insurer could provide to the City.

By establishing a stronger relationship with its insurer, the City can help the insurer recognize the steps the City has adopted to reduce exposure, which in turn, is more likely to lead to lower premium increases.

Finally, and as discussed above, the City Attorneys' Office works with City Departments to identify areas of risk, to identify national and local trends related to new claims and lawsuits, and to offer and implement additional training to reduce future claims and lawsuits. These proactive steps to reduce the City's exposure are also more likely to lead to lower premium increases.

## **VI. The City's Self-Insured Retention.**

The City is currently self-insured for \$3 million per covered event. The amounts paid by the City towards items like litigation costs, outside counsel fees, and expert witness fees erode the SIR.

For claims that exceed the City's SIR, the City has purchased \$50 million in excess liability insurance coverage. Once the City's SIR is completely eroded, insurance is intended to cover the remaining expenses, costs, and any damage award, up to the \$50 million maximum, associated with defending and resolving the underlying claim or lawsuit.

In the future, insurers may pressure the City to raise its SIR in order to reduce the insurers' exposure.

## **VII. Summary And Recommendation.**

The City has had a successful year in managing the claims and lawsuits filed against the City and its employees. The City also came in under budget as to claim related expenses. As a result, the City can carry that savings into the next fiscal year and allow for a smaller contribution from the City to the PPL Trust Fund.

That said, pressure continues to exist on the PPL Trust Fund based on, among other things, high-exposure claims and the rising cost of litigation and insurance. To ensure that the PPL Trust Fund maintains the ability cover the costs and expenses necessary to protect the City, the City recommends a City contribution of \$6.4 million for FY 20/21 so that the PPL Trust Fund will have an ending balance of \$12.0 million.

Based on the trends discussed above, the City anticipates that contributions will need to be increased in future years. The City will continue to evaluate the PPL Trust Fund's funding level and make recommendations as to the amount of future contributions.

***CITY OF MESA  
WORKERS' COMPENSATION  
TRUST FUND***



*Self-Insurance Trust Fund Board Presentation  
February 23, 2021*

# WORKERS' COMPENSATION PROGRAM OVERVIEW

The City's Workers' Compensation Program provides medical and loss wages benefits to City employees and official volunteers who have a work-related injury or illness.

- **City of Mesa is Self-Insured and Self-Administered**

- Pharmacy benefits
- Network Access fees – Medical Provider Network (Blue Cross/Blue Shield)
- Specialty bill review services – non-Participating Medical Providers
- Legal costs – WC Attorneys
- Self-insurance Surety Bond costs,
- Special and Administrative taxes (AZ ICA),
- Excess Workers' Compensation Stop-Loss Insurance  
*Self-Insurance Retention (SIR) – 1.25 Million*
- Personnel (Staff) Costs – Program Administration

- **Workers' Compensation claims: (6-Year Claim History)**

Calendar Year	# Workers' Compensation Claims
2015	407
2016	397
2017	426
2018	411
2019	448
2020	332
<b><u>Average</u></b>	<b><u>404</u></b>

- **363** Active and Open Claims
- WC Claims Representative claim Load – Average **182 claims**



# The Iceberg Impact

Direct vs. Indirect Costs of Injuries

## Direct Costs

Paid by Worker's Comp Insurance

- Medical (doctor visits, physical therapy, etc.)
- Claim mitigation
- Time loss from work

## Indirect Costs

Paid by Businesses

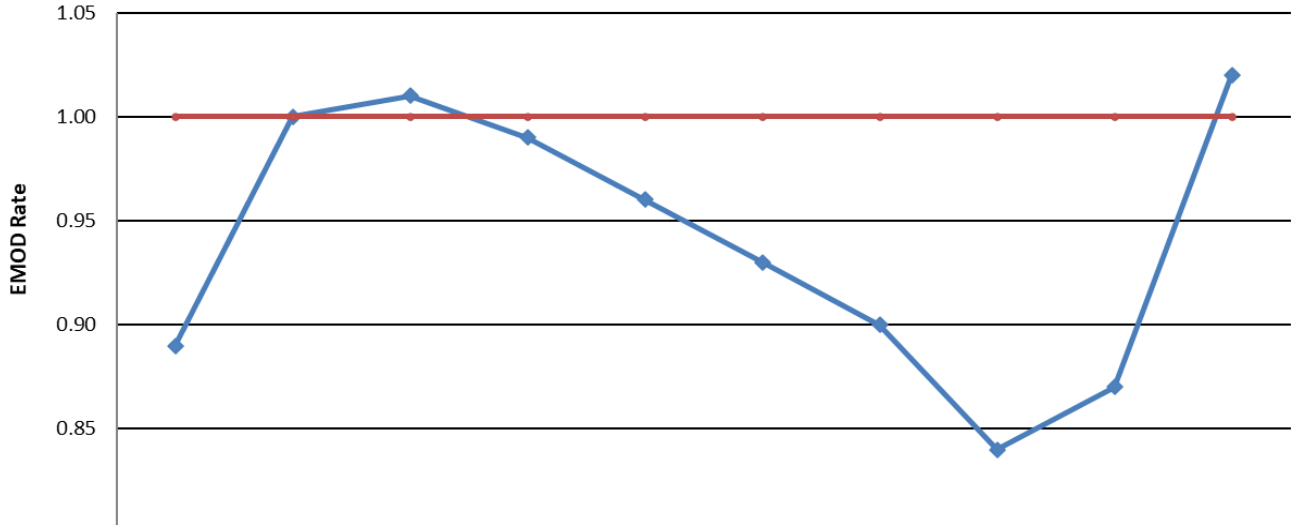
- Reduced or lost productivity
- Lost contracts
- Increased administrative costs
- Lost time at the supervising level
- Costs of training replacements
- Overtime costs
- Potential legal fees
- Equipment repair
- Negative publicity
- Damage to customer relationships
- OSHA investigations or fines
- Increased insurance costs
- More...





# WORKERS' COMPENSATION PROGRAM OVERVIEW

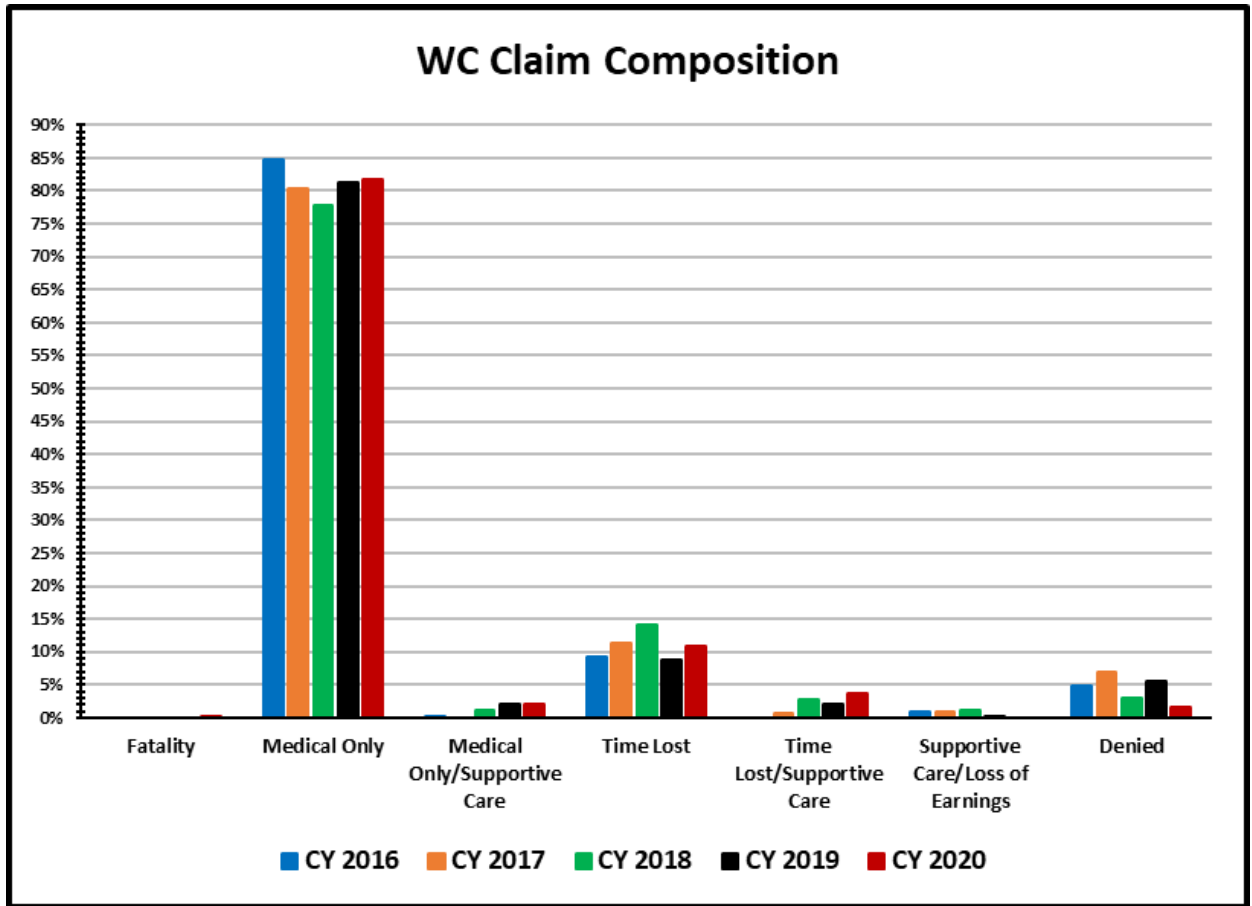
**Annual Experience Modification Rate**



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EMOD	0.89	1.00	1.01	0.99	0.96	0.93	0.90	0.84	0.87	1.02
Target	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00



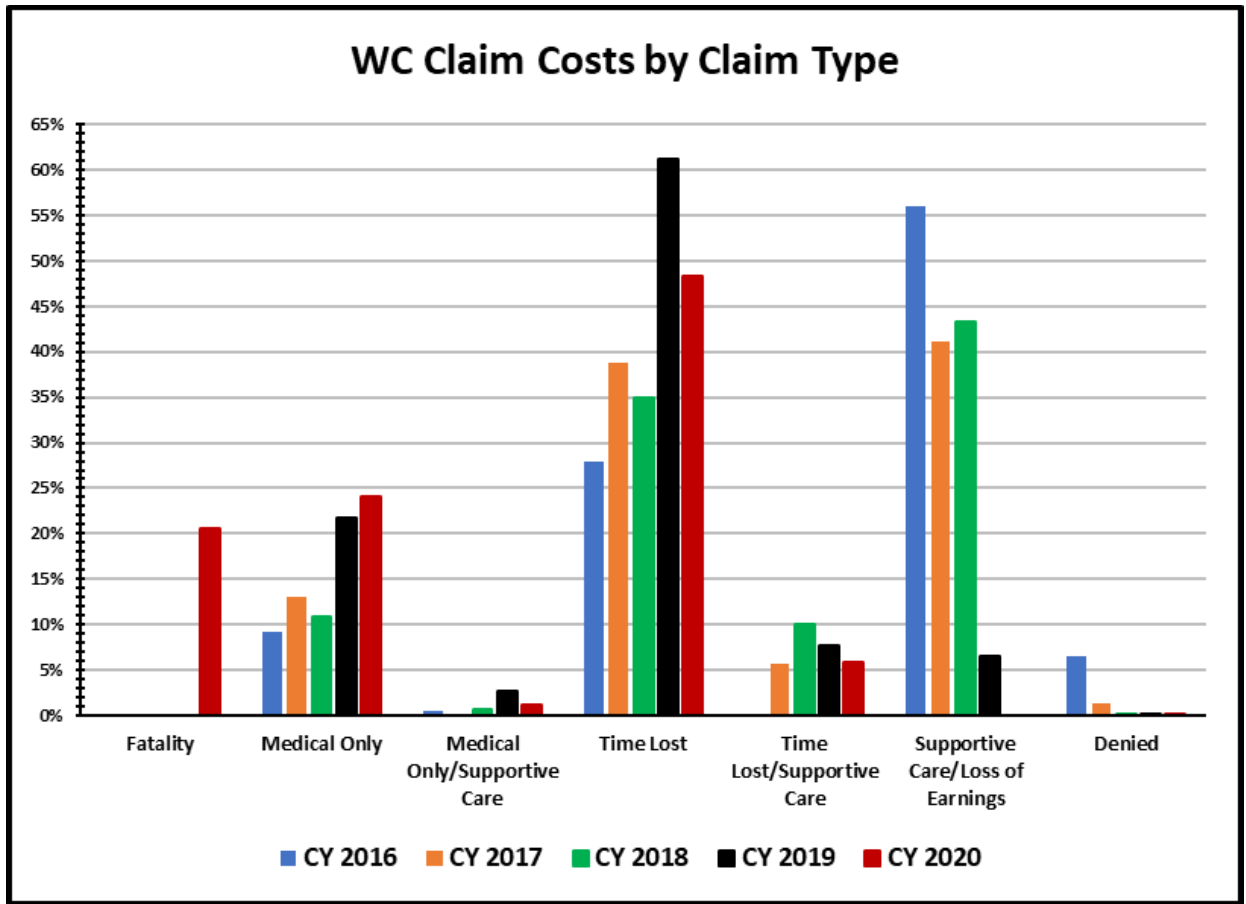
# WORKERS' COMPENSATION CLAIMS OVERVIEW



Claim Type	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
Fatality	0%	0%	0%	0%	0.3%
Medical Only	85%	80%	78%	81%	82%
Medical Only/Supportive Care	0%	0%	1%	2%	2%
Time Lost	9%	11%	14%	9%	11%
Time Lost/Supportive Care	0%	1%	3%	2%	4%
Supportive Care/Loss of Earnings	1%	1%	1%	0%	0%
Denied	5%	7%	3%	6%	2%
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



# WORKERS' COMPENSATION CLAIMS OVERVIEW



Claim Type	2016 \$	2017 \$	2018 \$	2019 \$	2020 \$
Fatality	\$ -	\$ -	\$ -	\$ -	\$ 826,473.15
Medical Only	\$ 291,949.31	\$ 395,838.06	\$ 424,222.15	\$ 724,933.41	\$ 965,798.91
Medical Only/Supportive Care	\$ 15,000.00	\$ -	\$ 27,524.30	\$ 89,652.72	\$ 49,877.87
Time Lost	\$ 896,188.38	\$ 1,174,156.52	\$ 1,373,917.89	\$ 2,043,288.50	\$ 1,939,421.20
Time Lost/Supportive Care	\$ -	\$ 173,242.83	\$ 396,338.46	\$ 254,958.07	\$ 231,921.43
Supportive Care/Loss of Earnings	\$ 1,793,701.84	\$ 1,242,905.94	\$ 1,702,846.91	\$ 217,716.53	\$ -
Denied	\$ 206,455.51	\$ 39,403.25	\$ 2,580.32	\$ 5,525.36	\$ 1,863.21
<b>Grand Total</b>	<b>\$ 3,203,295.04</b>	<b>\$ 3,025,546.60</b>	<b>\$ 3,927,430.03</b>	<b>\$ 3,336,074.59</b>	<b>\$ 4,015,355.77</b>



# WORKERS' COMPENSATION PROGRAM OVERVIEW

## ❖ **Injury Prevention Programs:** Safety Coordinators (3)

- Safety Inspections
- Safety Training
- Safety Program Manuals/Procedures
- Indoor Air Quality Monitoring
- Special Safety Considerations – Department employee concerns

## ❖ **Safety Committees:**

- Citywide Safety Committee – multi-department representation
- Citywide LOTO & Electrical Safety Committee
- Commercial Motor Vehicle Committee
- Department Safety Committees

## ❖ **Safety Awareness: Injury Statistics**

- Department Specific & Citywide
  - Slips, Trips, and Falls
  - Lifting & Carrying (strains and sprains)





# CITY OF MESA EMPLOYEE BENEFIT TRUST FUND (EBT) – OPERATIONS REPORT



SELF-INSURANCE TRUST FUND BOARD PRESENTATION  
February 23, 2021

# Employee Benefit Trust (EBT) Benefit Program Overview

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Employee Benefit Trust Fund provides:

- ❑ **Medical**/Prescription Drug/Behavioral Health benefits - Cigna and CVS/Caremark
- ❑ **Stop-loss** Medical/RX insurance - Matrix Group Benefits/Nationwide Life Insurance Company
- ❑ **Dental** benefits - Delta Dental of Arizona
- ❑ **Vision** care benefits - Vision Service Plan (VSP)
- ❑ **EAP** program - ComPsych
- ❑ **Flexible Spending** Accounts (FSA) - ConnectYourCare
- ❑ **Health and Wellness Center** - OnSite Care Inc.
- ❑ **Mesa Wellness 360** – programs, incentives/rewards, digital platform provided by Sonic Boom Wellness Inc.
- ❑ **Other benefit programs** including: Life and Accidental Death and Dismemberment Insurance (MetLife), Business Travel Accident/Commuter Travel Accident Insurance (LINA), Short Term Disability Insurance (Unum) and Long-Term Disability Insurance (For full-time sworn officers and elected officials - MetLife)

# EBT Funding

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- ❑ EBT is funded by:
  - ❑ Contributions from City department budgets
  - ❑ Employee, retiree and COBRA premiums
  - ❑ State retirement system subsidies (ASRS & PSPRS)
  - ❑ Medicare Part D Drug subsidy/discount reimbursements (EGWP) – for eligible retirees
  - ❑ Brand Drug and Specialty Rebates
  - ❑ Administrative, Wellness and Performance Guarantee (PG) credits from contracted vendors
  - ❑ Stop-Loss Insurance reimbursements for medical/prescription drug claims over \$500,000 per claimant per year
  - ❑ Trust investment income

# Operational Highlights

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- ❑ **Open Enrollment Fall 2020 for 2021:**
  - ❑ “Virtual” communications and activities
  - ❑ eBenMesa IT developed enrollment technology – redesign and upgrade for October 2020 – record participation levels with over 2,000 employees and retirees using the system
  - ❑ Virtual and online Wellness classes with behavioral health and resiliency emphasis
  - ❑ Flu shots
- ❑ **Vision care contract** with VSP re-awarded for 2021 with reduced, 5-year guaranteed premium rates and increased benefit allowances



# Operational Highlights cont.

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- ❑ **EAP contract** re-awarded to ComPsych for 2021 with continued competitive per head costs for a guaranteed 5-year period
- ❑ **RFP solicitations** in Q1 2021:
  - ❑ Prescription Drugs benefits under medical plans for:
    - ❑ Active employee and non-Medicare eligible retiree populations
    - ❑ Specialty Drug Alternative Funding administration (new service potential)
    - ❑ Employer Group Waiver Medicare Part D Prescription Drug program for Medicare eligible individuals in retiree medical plans
  - ❑ Flexible Spending Account (health and dependent care) claims, health debit card and customer service administration
  - ❑ Dental Plan Administration including network management and claims administration/customer service

# Operational Highlights cont.

6

- ❑ **Health Plan and City responses to COVID-19:**
  - ❑ Cigna and CVS medical claims updates to provide 100% coverage for COVID-19 testing and diagnosis services
  - ❑ Cigna Medical Group (CMG) facilities - COVID-19 testing services
  - ❑ B2B - CVS Return Ready COVID-19 testing program
  - ❑ CVS/Caremark and Cigna/CMG for vaccine distribution to medical plan members (pending CMS, state and county authorization/phases)
  - ❑ Mesa Fire and Medical coordinated convention center/drive-up COVID-19 testing and flu shot services
  - ❑ Health and Wellness Center drive-up COVID-19 testing services with appointments for sick or symptomatic patients (including eligible medical plan covered dependents)
  - ❑ MCP testing location coordinated by H & W Center for well and asymptomatic employees through March 2021

# Operational Highlights cont.

7

- ❑ **Other Plan responses to COVID-19:**
  - ❑ Short-term disability and life insurance carriers on heightened alert for speedy claims administration services
  - ❑ Consolidated Appropriations Act of 2021 – relaxed rules for Flexible Spending Account (FSA) administration:
    - ✓ Unlimited rollovers of unused funds in 2021 and 2022 for active employees – both health and dependent care FSA's
    - ✓ Change events allowed for any reason: enroll, increase or decrease elections in both health and dependent care FSA's in 2021 only

# Health and Wellness Initiatives

**OnSite Care Health and Wellness Center** - centralized access to quality primary and preventive care services, free of charge to the patient:

- Available to active employees and family enrolled in City medical plans
- Expanded by April 2021 to include City retirees and their covered family - retired after November 1, 2014, enrolled in a retiree medical plan with the City and non-Medicare eligible
- Skin cancer screenings – monthly appointments available with part-time specialty Physician's Assistant
- Employment based physicals and screenings: pre-employment drug testing, DOT physicals, PD recruit physicals and SWAT bi-annual physicals
- COVID-19 testing and primary care treatment

# Health and Wellness Initiatives cont.

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## **Mesa Wellness 360 – wellness initiatives, incentives and education programs with Sonic Boom wellness platform:**

- Engage/encourage healthy behaviors for active employees **enrolled in City medical plans**
- 2,397 participants as of February 2021 (63% of eligible population – up from 58%)
- “Points” opportunities via fitness devices, mobile app, contests, events, screenings, classes, daily challenges
- Health coaching and other health education tools
- 1,000 points annually achieves:
  - \$200 per person in Visa gift cards (\$139,000 awarded in 2020)
  - \$200 per person annual medical premium discount for Choice and Copay medical plan enrollees (526 employees achieved for 2021 – up 5% from 2020)

JACQUELINE FARREN  
353 SACRAMENTO ST  
SUITE 800  
SAN FRANCISCO CA 94111

## ARIZONA INSURANCE LICENSE

License No: 2579880

### JACQUELINE FARREN

353 SACRAMENTO ST  
SUITE 800  
SAN FRANCISCO CA 94111  
NON-RESIDENT

As of October 09, 2017

LICENSE CLASS	FIRST ACTIVE DATE	LICENSE EFFECTIVE DATE	LICENSE EXPIRATION DATE	LINES OF AUTHORITY	LOA EFFECTIVE DATE
Insurance Producer	11/18/2013	11/01/2017	10/31/2021	Life Accident and Health or Sickness	11/18/2013 11/18/2013

APPOINTMENT DATA IS NOT COLLECTED, TRACKED OR MAINTAINED IN ARIZONA.

Arizona Department of Insurance  
2910 N 44th Street, Suite 210, Phoenix, AZ 85018-7269  
<https://insurance.az.gov/> (602) 364-4457

**JACK LONNIE LANSDALE III**  
3043 E CHARLESTON AVE  
PHOENIX AZ 85032-1173

# ARIZONA INSURANCE LICENSE

License No: 8336595

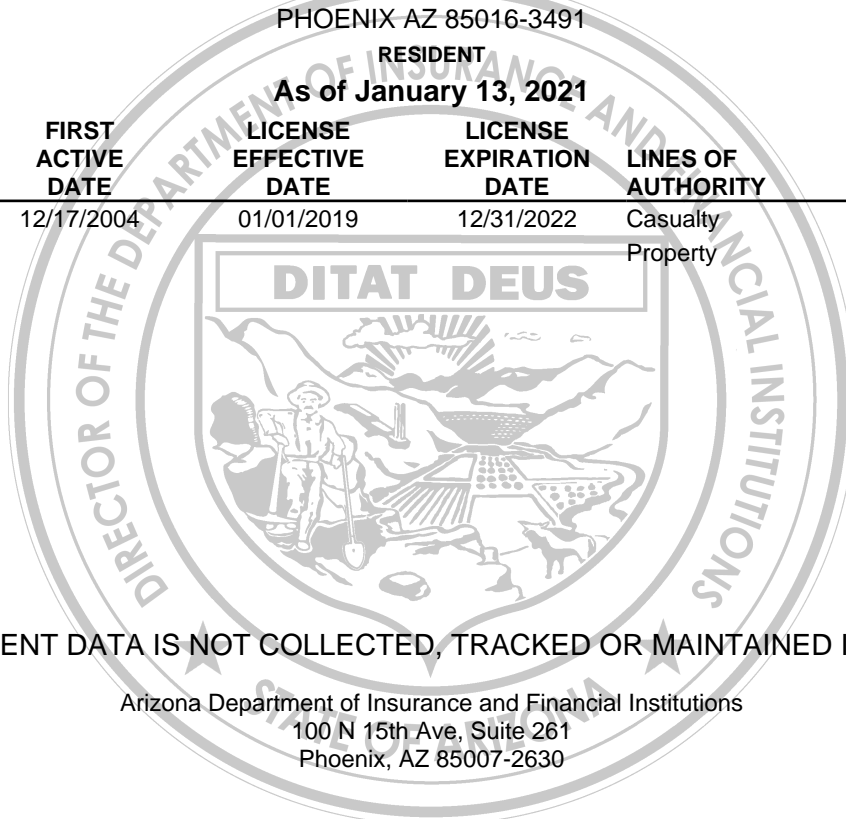
## **JACK LONNIE LANSDALE III**

2375 E CAMELBACK RD STE 250  
PHOENIX AZ 85016-3491

RESIDENT

As of January 13, 2021

<u>LICENSE CLASS</u>	<u>FIRST ACTIVE DATE</u>	<u>LICENSE EFFECTIVE DATE</u>	<u>LICENSE EXPIRATION DATE</u>	<u>LINES OF AUTHORITY</u>	<u>LOA EFFECTIVE DATE</u>
Insurance Producer	12/17/2004	01/01/2019	12/31/2022	Casualty Property	12/17/2004 12/17/2004



APPOINTMENT DATA IS NOT COLLECTED, TRACKED OR MAINTAINED IN ARIZONA.

Arizona Department of Insurance and Financial Institutions  
100 N 15th Ave, Suite 261  
Phoenix, AZ 85007-2630

**ARTHUR J GALLAGHER RISK MANAGEMENT SERVICES INC**  
BSD LICENSING  
2850 GOLF ROAD  
ROLLING MEADOWS IL 60008-4050

# ARIZONA INSURANCE LICENSE

License No: 1800001294

## **ARTHUR J GALLAGHER RISK MANAGEMENT SERVICES INC**

2850 GOLF ROAD  
ROLLING MEADOWS IL 60008

NON-RESIDENT

As of February 01, 2018

<b>LICENSE CLASS</b>	<b>FIRST ACTIVE DATE</b>	<b>LICENSE EFFECTIVE DATE</b>	<b>LICENSE EXPIRATION DATE</b>	<b>LINES OF AUTHORITY</b>	<b>LOA EFFECTIVE DATE</b>
Insurance Producer	08/16/2005	01/01/2018	12/31/2021	Casualty Variable Life and Variable Annuity Property Life Accident and Health or Sickness Personal Lines	08/16/2005 08/16/2005 08/16/2005 08/16/2005 08/16/2005 08/16/2005 08/16/2005
Surplus Lines Broker	08/16/2005	01/01/2018	12/31/2021	Surplus Lines Broker	08/16/2005

APPOINTMENT DATA IS NOT COLLECTED, TRACKED OR MAINTAINED IN ARIZONA.

Arizona Department of Insurance  
2910 N 44th Street, Suite 210, Phoenix, AZ 85018-7269  
<https://insurance.az.gov> | (602) 364-4457





## Self-Insurance Trust Fund Board Report

Date: February 23, 2021  
 To: Self-Insurance Trust Fund Board  
 From: Brian A. Ritschel, Office of Management and Budget Assistant Director  
 Subject: Property and Public Liability (PPL) Trust Fund: Financial Update and FY 2021/22 Funding Recommendations

### Purpose

The Self-Insurance Trust Fund Board received information in Fiscal Year (FY) 2019/20 regarding the financial history and reserve policy of the Property and Public Liability (PPL) Trust Fund. This report will provide an update on the financial status of the fund through FY 2019/20, year-end projections for FY 2020/21, and recommended City contributions for inclusion in the FY 2021/22 budget.

### Financial Update

#### *Expenses Trends*

Expenses in the PPL Trust Fund are tracked in three categories: administration, claims paid, and premium costs. Administration costs include salary and benefits of City employees who work directly with the program, as well as other operating costs. Citywide overhead charges are not applied to the PPL Trust Fund. The length of time from the submission of a claim to final resolution, value of claims paid, and frequency of claims contribute to the variability of the annual costs to the PPL Trust Fund. The total expenses and cost of claims for the last several fiscal years are shown in the following chart.

	<b>Fiscal Year</b>	<b>Total Expenses</b>	<b>Cost of Claims</b>
Actual	FY15/16	\$2.9M	\$0.6M
Actual	FY16/17	\$3.5M	\$1.2M
Actual	FY17/18	\$5.6M	\$3.2M
Actual	FY18/19	\$4.1M	\$1.7M
Actual	FY19/20	\$7.0M	\$4.3M
Projected	FY20/21	\$8.0M	\$4.5M
Forecast	FY21/22	\$8.1M	\$4.5M

### *Revenues/Contributions and Reserve Balance*

PPL Trust Fund expenses can vary greatly from year to year, but the fund has a stable funding source from contributions directly from the City's operating funds. The needed contribution is estimated each year and included in the adopted budget. Expenses are reviewed during the year, and contributions are made to the fund on a quarterly basis. Since FY 2014/15, the PPL Trust Fund has maintained a minimum \$10.0 million year-end fund balance.

In FY 2019/20, the budget was adopted with PPL Trust Fund contributions estimated at \$7.6 million to achieve an ending reserve balance above \$10.0 million. In order to prepare the fund for potential expenses above the FY 2018/19 budgeted amount of \$7.5 million, the total budgeted contribution from operating funds was transferred into the fund, bringing the ending reserve balance above \$10.0 million. The City is on a multi-year plan to draw down of the fund balance back down to \$10.0 million.

### *Future Stability of the Fund*

The City's management practices over the last several years have resulted in a stable reserve balance for the PPL Trust Fund. If the PPL Trust Fund balance remains above \$10.0 million, the City will plan a multi-year fund utilization with total PPL Trust Fund expense estimates in consideration. There are no identified changes in policy or legislation that would affect the future revenues or expenses of the fund. Insurance premium costs to the City for property and public liability insurance premiums have remained stable in recent fiscal years and are negotiated on an annual basis.

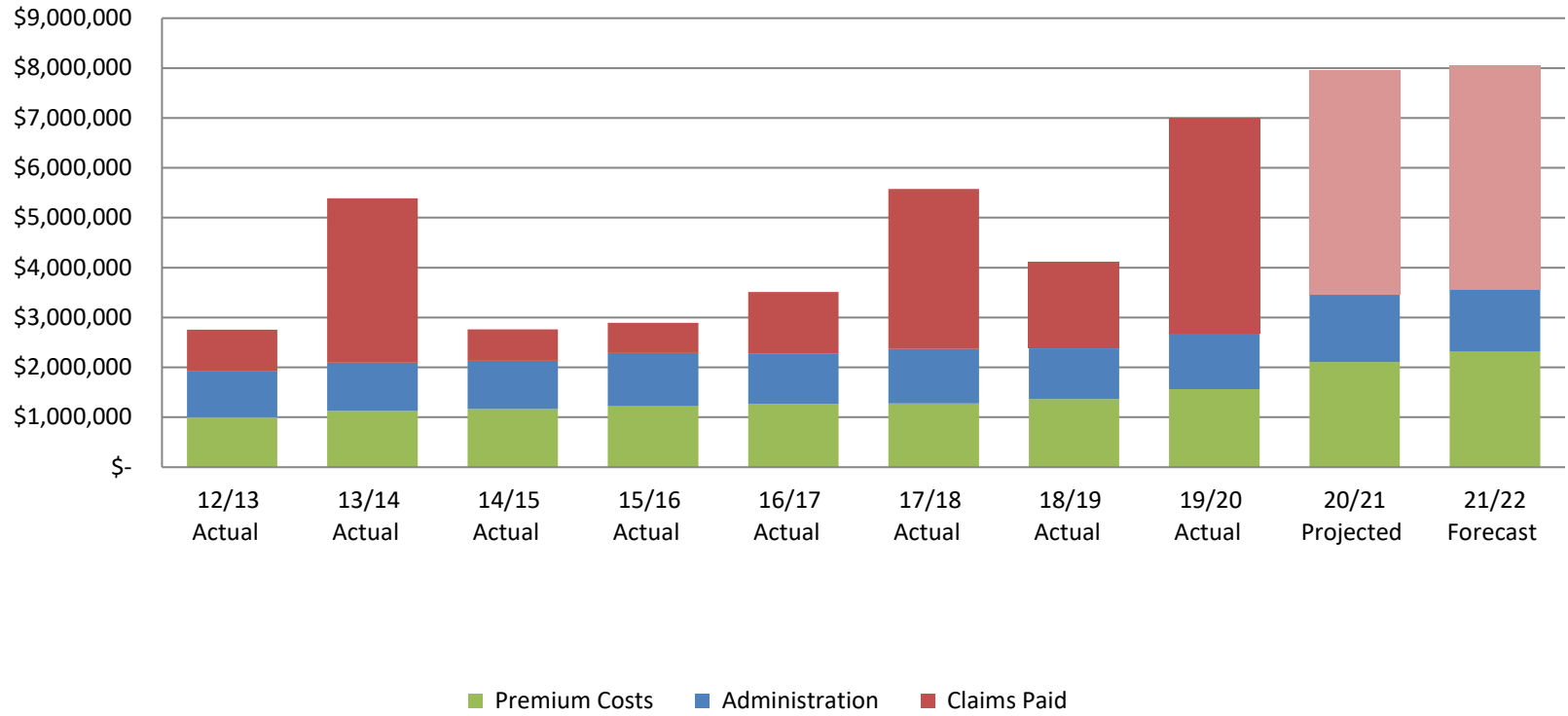
### Recommendation

Staff projects a City contribution of \$6.4 million for FY 2020/21 so that the PPL Trust Fund will have an ending balance of \$12.0 million. Staff recommends including a \$6.9 million City contribution in the FY2021/22 budget to achieve a minimum forecasted ending reserve balance anticipated to be at \$11 million.

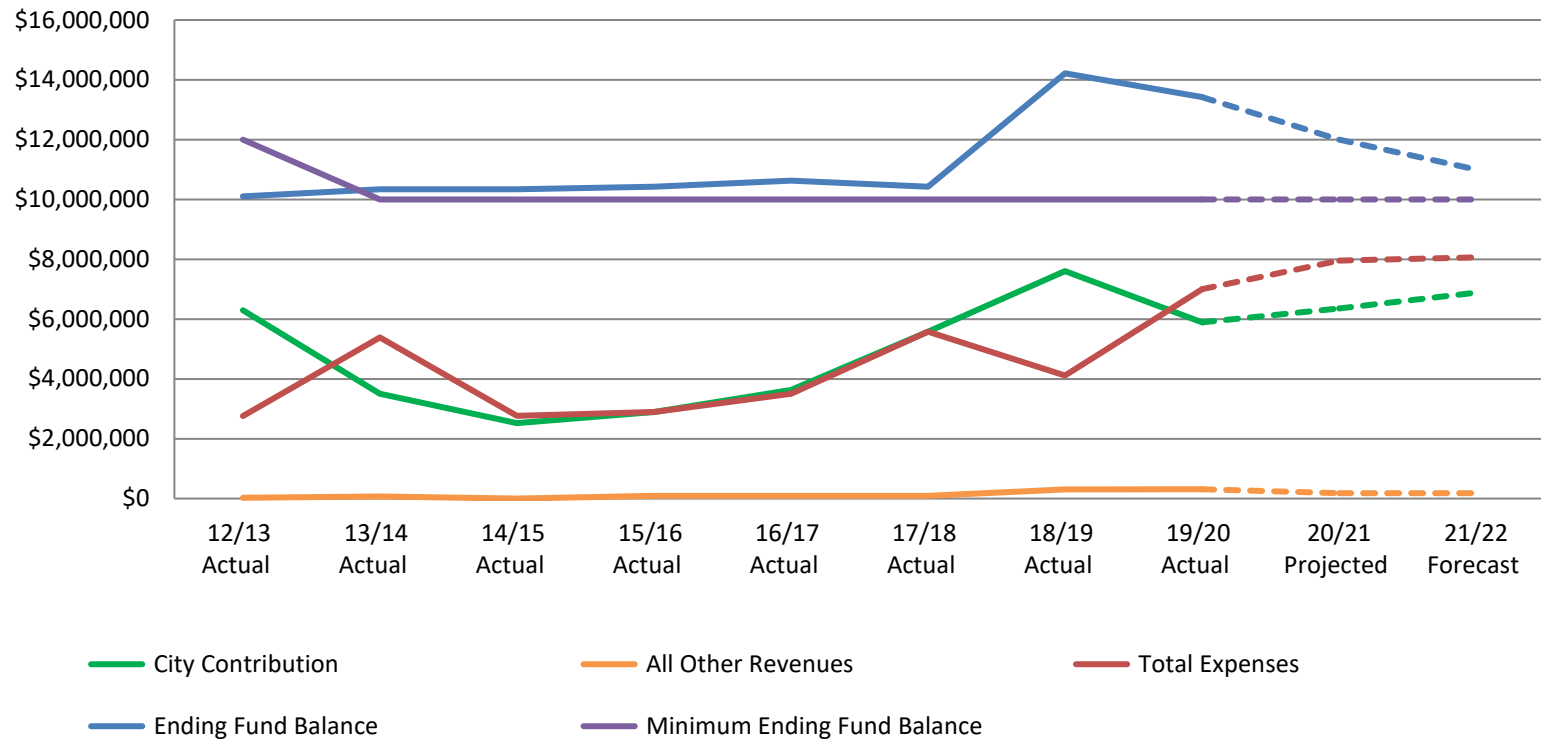
### Attachments:

1. *Property & Public Liability Trust Fund Expenses and Property & Public Liability Trust Fund Cashflow Charts – Data Through 1-4-2021*

## Property & Public Liability Trust Fund Expenses



## Property & Public Liability Trust Fund Cashflow





## Self-Insurance Trust Fund Board Report

Date: February 23, 2021  
To: Self-Insurance Trust Fund Board  
From: Nitra Hawkins, Work Safety Administrator  
Brian A. Ritschel, Office of Management and Budget Assistant Director  
Subject: Workers' Compensation Trust Fund: Financial Update and FY 2021/22 Funding Recommendations

### Purpose

The Self-Insurance Trust Fund Board received information in Fiscal Year (FY) 2019/20 regarding the financial history and reserve policy of the Workers' Compensation Trust Fund. This report will provide an update on the financial status of the fund through FY 2019/20, year-end projections for FY 2020/21, and recommend City contributions for inclusion in the FY 2021/22 budget.

### Financial Update

#### *Expense Trends*

Expenses in the Workers' Compensation Trust Fund are tracked in three categories; administration, claims paid and premium costs. Administration costs include salary and benefits of City employees who work directly with the workers' compensation program, as well as other operating costs. Citywide overhead charges are not applied to the Workers' Compensation Trust Fund. Total expenses for FY 2020/21 are projected to be \$7.1 million which is higher than in the previous five years which ranged between \$4.4 million and \$5.0 million with a five-year average of \$4.8 million dollars annually.

FY 2019/20 total Workers' Compensation Trust Fund expenses were \$4.8 million, an increase of 5.8% over the prior fiscal year. The projected total expenses for FY 2020/21 are expected to be \$7.0 million, approximately \$803 thousand above the budgeted amount. The projected claims for FY 2020/21 are anticipated to be \$5.0 million, approximately \$800 thousand higher than the budgeted amount and \$1.8 million higher than previous year actuals. The increases in expenses are largely driven by the increased cost of providing medical care for workers' compensation claims. The total expenses and cost of claims for the last several fiscal years are shown in the following chart.

	<b>Fiscal Year</b>	<b>Total Expenses</b>	<b>Cost of Claims</b>
Actual	FY 15/16	\$4.4M	\$3.0M
Actual	FY 16/17	\$4.7M	\$3.3M
Actual	FY 17/18	\$5.0M	\$3.5M
Actual	FY 18/19	\$4.8M	\$3.0M
Actual	FY 19/20	\$4.8M	\$3.2M
Projected	FY 20/21	\$7.1M	\$5.0M
Forecast	FY 21/22	\$6.6M	\$4.5M

*Revenues/Contributions and Reserve Target*

The Workers’ Compensation Trust Fund has a stable funding source as departments are charged each pay period based on the salary of the departments’ employees. The needed revenues are estimated each year and included in the estimated expenses of each department’s adopted operating budgets. Expenses are reviewed during the fiscal year, and rates may be modified as needed. The outstanding workers’ compensation claims are valued at the total estimated payments which may occur over many years based on the type of injury. The current reserve policy sets the reserve target at the amount sufficient to cover the following year’s total Workers’ Compensation Trust Fund expenses. Rates are adjusted annually to coincide with budget adoption.

The target year end fund balance for the Workers’ Compensation Trust Fund is equal to the total estimated expenses for the following fiscal year. The reserve balance at the end of FY 2020/21 is anticipated to be \$6.5 million. The budgeted fund balance utilization (where expenses are higher than revenues) was \$1.0 million, but the projected year-end utilization amount will be \$1.2 million. Based on the FY 2020/21 projected reserve balance and the expenses forecasted for FY 2021/22, a slight increase to the workers’ compensation rates from the previous year is recommended for the FY 2021/22 budget. This will bring the year end targeted reserve balance equal to the following year’s estimated total Workers Compensation Trust Fund expenses.

*Future Stability of the Fund*

The future stability of the Workers’ Compensation Trust Fund may be impacted by the proposed legislative expansion of the of Arizona Revised Statute §23-901.01 regarding presumptive cancers. The pandemic tabled prior proposed legislation to expand the number of cancers covered under the presumptive statute. Currently there are twenty-one (21) covered cancers for public safety employees, which includes both Fire and Police departments sworn employees. The presumed cancers are considered to arise out of employment and covered under the City’s workers’ compensation program. During the current legislative session, Arizona State Legislators have once again introduced proposed bill(s) to expand the presumptive cancer benefits. House Bill (HB) 2506 adds breast and ovarian cancers to the presumptive list and expands presumptive cancer benefits to Fire Investigators. The house bill also proposed that former firefighters or Police officers 65 or younger and diagnosed with cancer up to 15 years

after last date of employment as firefighter or police officer shall also constitute occupational disease. The total ongoing financial impact of the proposed new legislation, if approved as stated, to the Workers' Compensation Trust Fund will have to be evaluated once the approved legislation is adopted.

The next table shows the number of new workers' compensation claims per year. The City of Mesa has a six-year new claim average of 404 workers' compensation claim per year. There are currently 363 active and open workers' compensation claims.

Calendar Year	# Workers' Compensation Claims
2015	407
2016	397
2017	426
2018	411
2019	448
2020	332
<b>Average</b>	<b>404</b>

The Safety Services Division provides OSHA safety training and education to City employees as well as department-specific safety programs. The safety team members work in collaboration with departments to proactively address, correct, and mitigate safety challenges. Claims are reviewed for preventability, mechanism, and accident types for trending and candidacy for additional training to reduce accident occurrence with the goal of reducing the number of future injuries and illnesses which can result in additional workers' compensation claims.

### Recommendation

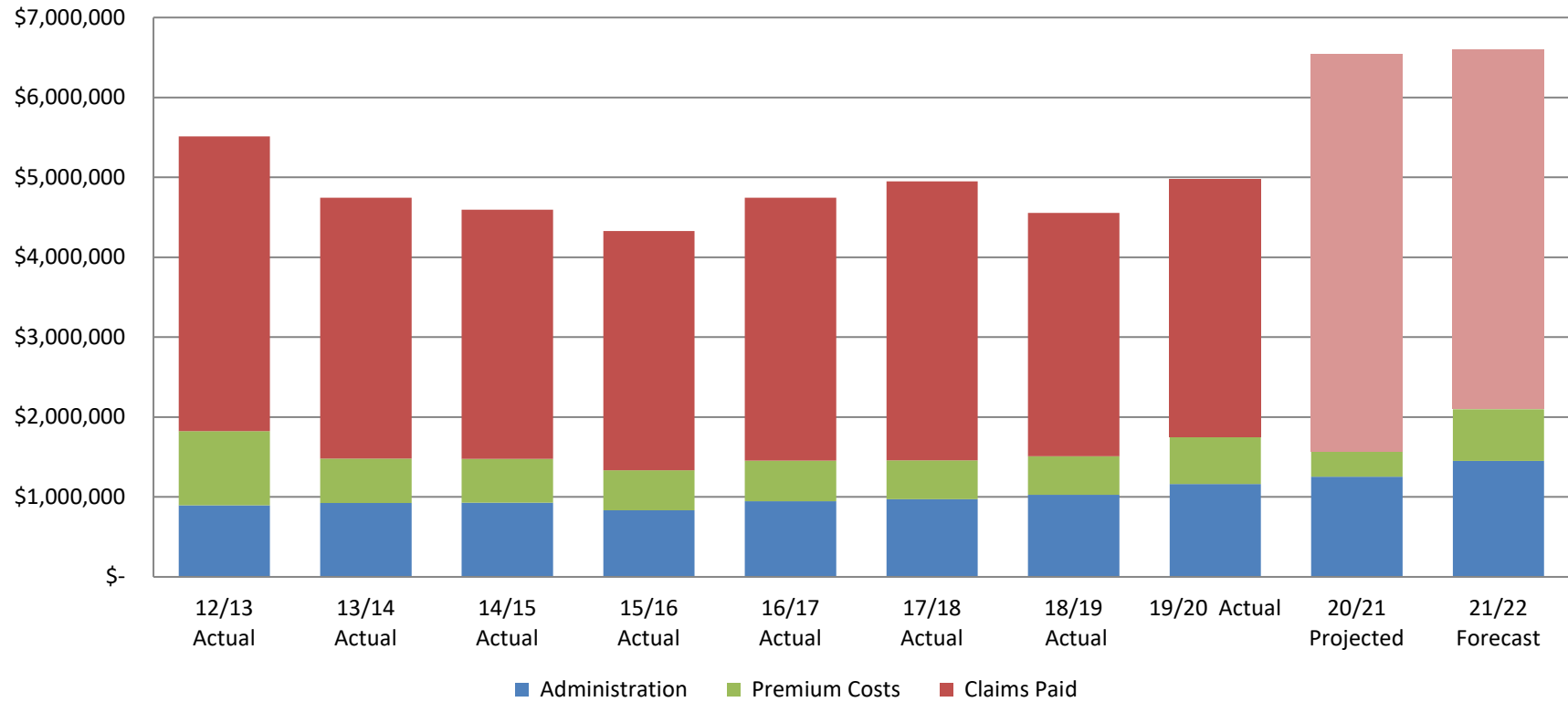
Staff recommends the continuation of the current practice to adjust rates annually unless a significant change in expenses occurs. Staff recommends setting the rates for FY 2021/22 at a level to achieve a targeted ending reserve balance sufficient to cover the annual Workers' Compensation Trust Fund expenses. For FY 2021/22, the reserve fund balance target is \$6.6 million. Based on the FY 2020/21 projected reserve balance and the expenses forecasted for FY 2021/22, a modest increase to the workers' compensation rates from the previous year is recommended for the FY 2021/22 budget to reach the targeted reserve. The current estimate for the City contribution for FY 2021/22 is \$6.4 million.

The final budgeted contribution may vary slightly from the recommendation as the adjusted rates are applied to budgeted salaries and the budget process has not yet been completed.

### Attachments:

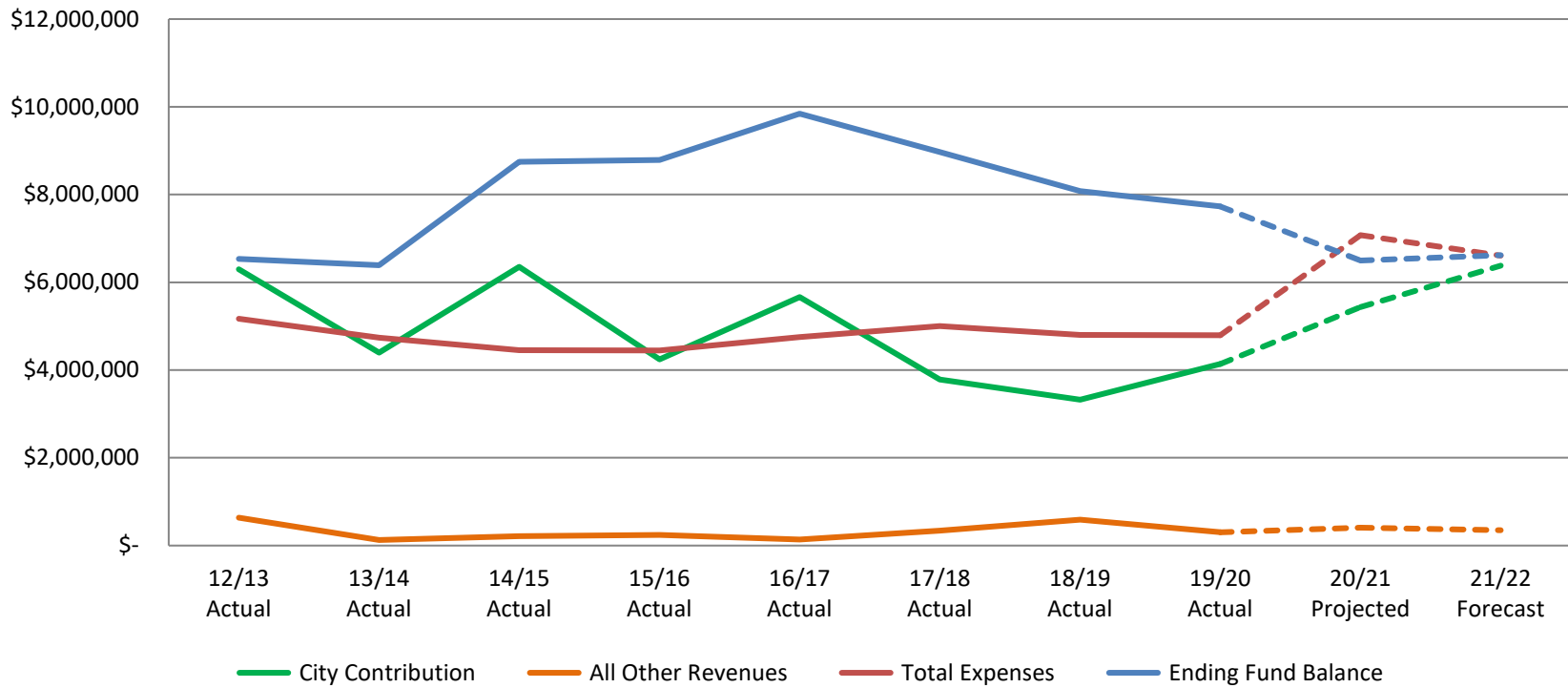
1. *FY20-21 Workers Compensation Report Trust Fund Board – Data Through 12-31-2020*

## Workers' Compensation Trust Fund Expenses





## Workers' Compensation Trust Fund Cashflow





## Self-Insurance Trust Fund Board Report

Date: February 23, 2021  
 To: Self-Insurance Trust Fund Board  
 From: Janice Ashley, Employee Benefits Administrator  
 Brian A. Ritschel, Office of Management and Budget Assistant Director  
 Subject: Employee Benefit Trust Fund: Financial Update and Fiscal Year 2021/22 Funding Recommendations

Purpose

The Self-Insurance Trust Fund Board received information in Fiscal Year (FY) 2019/20 regarding the financial history and reserve policy of the Employee Benefits Trust (EBT) Fund. This report will provide an update on the financial status of the EBT Fund through FY 2019/20, year-end projections for FY 2020/21 and recommended City contributions for inclusion in the FY 2021/22 budget.

Financial Update

*Expense Trends*

Expenses in the EBT Fund are tracked in four major categories: administration, self-insured medical/dental/prescription drug claims paid, Employee Health and Wellness Center and Mesa Wellness 360 incentive programs/services, and Life Insurance/Other benefit programs. The cost of Citywide overhead is included in the administration expenses along with departmental overhead, third-party administration fees and fully insured premium costs. Total expenses and the cost of self-insured claims have increased as shown in the following chart:

	<b>Fiscal Year</b>	<b>Total Expenses</b>	<b>% Increase</b>	<b>Cost of Claims</b>	<b>% Increase</b>
Actual	FY 14/15	\$68.4M	17.2%	\$56.8M	11.9%
Actual	FY 15/16	\$77.0M	12.7%	\$69.0M	17.9%
Actual	FY 16/17	\$78.4M	1.8%	\$69.3M	0.4%
Actual	FY 17/18	\$80.1M	2.1%	\$70.1M	1.1%
Actual	FY 18/19	\$90.8M	13.4%	\$80.7M	15.1%
Actual	FY 19/20	\$96.6M	6.4%	\$86.6M	7.4%
Projected	FY 20/21	\$99.7M	3.3%	\$89.6M	3.4%
Forecast	FY 21/22	\$102.9M	3.1%	\$92.7M	3.4%

Healthcare access, utilization, costs and trends, legislative changes and the effects of a

long-term, national health pandemic have contributed to an ever-changing environment. Staff reviews trends in expenditures and membership for the various self-insured benefit plans offered to employees and retirees, along with the impact of approved or pending legislation, to assess future risk to the fund. For FY 2019/20 the total cost of medical, prescription drug, and dental claims was 7.4% above the prior fiscal year, as compared to a 15.1% increase for FY 2018/19 over FY 2017/18. FY 2020/21 claims are trending lower than the budgeted amount and are expected to finish the year at \$89.6 million, or 3% below the budgeted amount of \$92.7 million. Contributing factors affecting the fund include:

- Stable medical plan **membership** from February 2020 to February 2021:
  - Active membership down 1%
  - Retiree membership up 0.9%
  - Total membership at 14,118 (as compared to 14,104 in February 2020)
- **Claims frequency/utilization** in medical plans – **decreased number of claims** primarily due to decreased access and utilization during pandemic months in 2020 and 2021:
  - Claims counts down 3% in CY 2020 (approximately 159,000 claims compared to almost 164,000 claims in CY 2019)
  - Average 383 fewer claims per month in CY 2020 compared to CY 2019.
- Slight increase in **high-cost claimants** above \$500,00 for CY 2020 (3) as compared to CY 2019 (one)
- **COVID-19 health plan costs** for testing, professional diagnostic/treatment/lab services and inpatient/outpatient costs for care and treatment of severely ill patients often complicated by other health conditions/occurrences:
  - Over \$2.2 million thru January 2021
  - Influenced by compliance requirements to provide 100% coverage
  - Future vaccine distribution costs for authorized pharmacy/medical provider phased distribution - projected \$200,000 - \$400,000
- **Prescription Drug cost trends:**
  - City's **net drug spend** up almost 7% in CY 2020 for active and non-Medicare eligible populations and down almost 10% for retiree Medicare eligible individuals
  - **Non-specialty drugs price trends** in CY 2020 decreased between 2.5% and almost 5%
  - **Specialty Drugs costs:**
    - Primary pipeline for new to market entries and new treatments
    - Treat complex, rare disease states like rheumatoid arthritis (RA), oncology conditions, multiple sclerosis (MS), psoriasis and hemophilia
    - 21% national price trend increase in CY 2020
    - 48.4% of total City prescription drug spend comes from Specialty drugs for 1.6% of active and non-Medicare eligible retiree populations (both trends slightly above national benchmarks of 48% and 0.9% respectively)
    - 27.2% (lower than national benchmark of 37%) of total City

prescription drug spend comes from Specialty drugs for 2.8% of retiree Medicare eligible individuals (slightly higher than national benchmark of 2%)

### *Revenues/Contributions and Reserve Balance*

The current reserve balance policy sets the reserve minimum at 30% of year-end EBT Fund balance to following year total EBT Fund expenses. The 30% reserve balance has been determined to be the lowest threshold that the fund can tolerate two consecutive years of significant expenditures, while keeping contributions at no more than 8% growth.

The EBT Fund is projected to end FY 2020/21 with a balance of \$41.0 million or 39.8% of year-end EBT Fund balance to following year total EBT Fund expenses. This fund balance is similar to prior fiscal years and is considered a moderate year-end balance. This is lower than the prior year's ending fund balance of \$43.0 million, or 41.7% of year-end fund balance to following year total EBT expenses.

As costs for prescription drugs and medical claims continues to increase simultaneously with increased member utilization of medical services, the City will continue to monitor the fund balance and adjust premium contributions accordingly to maintain the fund balance above the 30% fund balance minimum. Office of Management & Budget and Employee Benefits staff have worked jointly on an EBT quarterly report that closely monitors the claims experience of the fund.

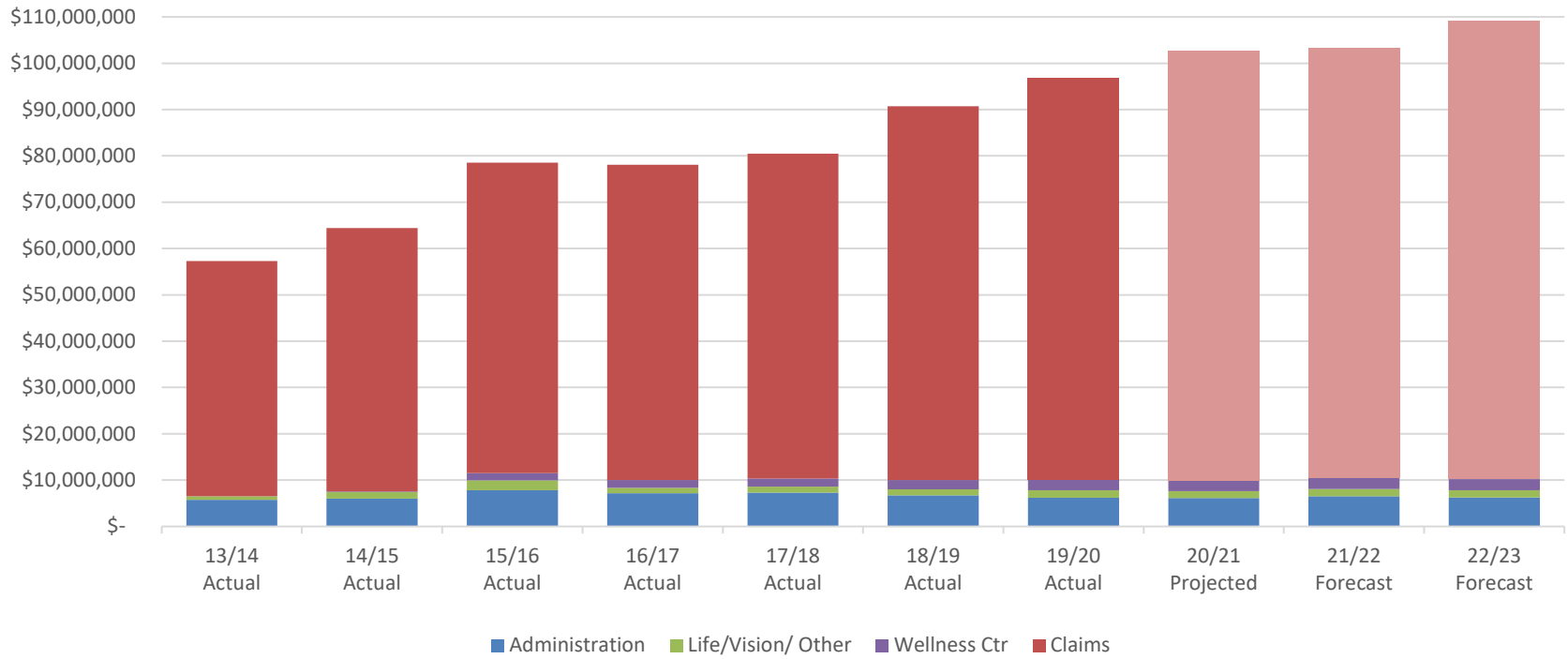
### Recommendation

Staff recommended a 4% increase in premium contributions for active employees and 0% increase in premium contributions for retirees in CY 2021 and recommends a 6% increase in premium contributions for active employees and 3% increase in premium contributions for retirees in CY 2022. This equates to a FY 2021/22 City contribution of \$77.8 million to the EBT Fund. The FY 2021/22 year-end fund balance estimate is \$39.7 million, or 36.3% of fund balance to following year's total expenses. The final budgeted contribution amount may differ slightly as the estimated number of employees/retirees is further refined during the budget process.

### Attachments:

1. *EBT Fund Balance Report – FY20-21 Trust Fund Board – Data Through 12-31-2020*

### Employee Benefits Trust Fund Expenses



### Employee Benefits Trust Fund Cashflow

