

Employee Benefits Program Committee Meeting



YOUR BEST PROTECTION

ACWA JPIA
2100 Professional Drive
Roseville, CA 95661

Wednesday
April 26, 2023
8:30 a.m.

Chair: J. Bruce Rupp, Humboldt Bay Municipal Water District

Vice-Chair: Melody A. McDonald, San Bernardino Valley WCD

Stephanie Dosier, Orange County Water District

Karen Gish, Amador Water Agency

Brent Hasteley, Reclamation District #784

James Linthicum, Three Valleys Municipal Water District

Roberta Perez, Cucamonga Valley Water District

Anjanette Shadley, Western Canal Water District

Laures Stiles, San Luis & Delta-Mendota Water Authority



EMPLOYEE BENEFITS PROGRAM COMMITTEE MEETING

AGENDA

JPIA Executive Conference Room
2100 Professional Drive, Roseville, CA 95661
(800) 231-5742- www.acwajpia.com

Wednesday, April 26, 2023, 8:30 a.m.

Zoom Link Meeting ID: 661 516 2566; Password: 1234; Telephone No.: 1 (669) 900-6833

This meeting shall consist of a simultaneous Zoom teleconference call at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661, and the following remote sites:

- Melody McDonald – 254 East Valley Street, San Bernadino
- Stephanie Dosier - 18700 Ward Street, Fountain Valley
- Karen Gish – 12800 Ridge Road, Sutter Creek
- Roberta Perez - 10440 Ashford, Rancho Cucamonga

WELCOME

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

ANNOUNCEMENT RECORDING OF MEETING This meeting may be recorded to assist in preparation of minutes. Recordings will only be kept 30 days following the meeting, as mandated by the California Brown Act.

PUBLIC COMMENT Members of the public will be allowed to address the Employee Benefits Program Committee on any agenda item prior to the Committee's decision on the item. They will also be allowed to comment on any issues that they wish which may or may not be on the agenda. If anyone present wishes to be heard, please let the Chair know.

INTRODUCTIONS

ADDITIONS TO OR DELETIONS FROM THE AGENDA

<u>Presenter</u>			<u>Page#</u>
Rupp	*	I. Approval of minutes of the meeting of July 18, 2022.	4
All		II. Report on meetings attended on behalf of JPIA.	
Smith	*	III. Overview of Program History and Current Status.	14

<u>Presenter</u>		<u>Page#</u>
Smith	* IV. Review 2023 Utilization.	19
Smith	* V. Review and Possibly Take Action on Carrum Incentive.	35
Smith	* VI. Review and Possibly Take Action on Dental Plan Option.	36
Smith	* VII. Review and Possibly Take Action on Vision Plan Option.	37
Steele	* VIII. Review Employee Benefit Financials.	38
Sells	* IX. Review and Possibly Take Action on Reserve Fund.	43
Rupp	* X. Discuss next meeting date.	48

ADJOURN

*Related items enclosed.

Americans with Disabilities Act – *The JPIA conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the JPIA, shall be made to: Michelle Stites, Benefits Administrator II, ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m. (Government Code Section 54954.2, subdivision. (a)(1).)*

Written materials relating to an item on this Agenda that are distributed to the JPIA's Employee Benefits Program Committee within 72 hours before it is to consider the item at its regularly scheduled meeting will be made available for public inspection at ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661-3700: telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m.



Employee Benefits Program Committee Meeting

ACWA JPIA
2100 Professional Drive
Roseville, CA 95661
(800) 231-5742

July 18, 2022

This meeting consisted of a simultaneous Zoom teleconference meeting at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661, and remote sites.

MEMBERS PRESENT

Chairman: J. Bruce Rupp, Humboldt Bay Municipal Water District
Vice-chair: Melody McDonald, San Bernardino Valley Water Conservation District
Stephanie Dosier, Orange County Water District (*via Zoom*)
Kelley Geyer, Byron-Bethany Irrigation District (*via Zoom 8:58 a.m. with intermittent connectivity issues*)
Karen Gish, Amador Water Agency (*via Zoom*)
James Linthicum, Three Valleys Municipal Water District (*via Zoom*)
Roberta Perez, Cucamonga Valley Water District (*via Zoom*)
Anjanette Shadley, Western Canal Water District (*via Zoom*)
Laures Stiles, San Luis & Delta Mendota Water Authority

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells
Sonya Baker, Employee Benefits Systems Analyst II
Adrienne Beatty, Assistant Executive Officer
Chimene Camacho, Executive Assistant to the CEO
Veronica Cobian, Benefits Administrator II
Sarah Crawford, Training Manager
Cassie Crittenden, HR Specialist
David deBernardi, Director of Finance
Robin Flint, Risk Control Manager
Robert Greenfield, General Counsel
Allison Hartill, Benefits Analyst
Ben Hayden, Lead Benefits Analyst
Kyle Hutchinson, Senior Accountant
Jennifer Nogosek, Liability/Property Claims Manager
Jackie Rech, Employee Benefits Account Manager
Patti Ryder, Sr. Work Comp Examiner
Jeremy Sadler, Risk Control Advisor
Patricia Slaven, Director of Human Resources and Administration
Sandra Smith, Employee Benefits Manager

Dan Steele, Finance Manager
Michelle Stites, Benefits Administrator II (Recording Secretary)
Melody Tucker, Workers Compensation Claims Manager

OTHERS IN ATTENDANCE

Fred Bockmiller, Mesa Water District
David A. Drake, Rincon Del Diablo Municipal Water District
Cathy Green, ACWA VP, Orange County Water District
Brent Hastey, Yuba Water Agency
Chris Kapheim, Kings River Conservation District
Randall Reed, Cucamonga Valley Water District
Megan Gonzalez, Modern Health
Kristian Kelly, Hinge Health
Betsy Miller, San Bernardino Valley Water Conservation District
Kimberly Miller, Alliant Employee Benefits
Thomas Sher, Alliant Employee Benefits

WELCOME

Chairman Rupp welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Rupp called the meeting to order at 8:29 a.m. He announced there was a quorum.

ANNOUNCEMENT RECORDING OF MEETING

Chairman Rupp announced that the meeting would be recorded to assist in preparation of minutes. Recordings are only kept 30 days following the meeting, as mandated by the California Brown Act.

PUBLIC COMMENT

Chairman Rupp noted that, as the agenda stated, members of the public would be allowed to address the Employee Benefits Program Committee on any agenda item prior to the Committee's decision on that item. Comments on any issues on the agenda, or not on the agenda, were also welcomed. No comments were brought forward.

INTRODUCTIONS

Chairman Rupp asked that the Employee Benefits Program Committee introduce themselves. Executive Committee members introduced themselves as did ACWA JPIA staff and guests present.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chairman Rupp asked for any additions to, or deletions from, the agenda; none were requested.

CONSENT AGENDA

Chairman Rupp called for approval of the minutes of the August 18, 2021.

M/S/C (McDonald/Dosier) (Dosier-Yes; Geyer-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes, Stiles-Yes):

That the Employee Benefits Program Committee approve the minutes of the August 18, 2021, meeting, as presented.

MEETINGS ATTENDED ON BEHALF OF JPIA

None.

OVERVIEW OF PROGRAM HISTORY CURRENT STATUS

Ms. Smith reviewed rate and enrollment history in the JPIA medical plans, noting the stability of rates and enrollment. She pointed out that Anthem enrollment figures appear reduced due to Anthem retirees with Medicare transitioning to UnitedHealthcare (UHC) Medicare Advantage. Ms. Smith went over some of the plan changes from 2015 to date that have contributed to stable rates in the PPO plans.

RESERVE FUND BALANCE

Mr. Sells reported that the ACWA JPIA Employee Benefits Program maintains an excess Reserves balance for the self-insured programs, medical, dental and vision. The positive balance results when revenues exceed costs in a given policy year. The largest influence in the balance fluctuation is claims costs.

The JPIA has set a target balance of \$19.2 million for the Reserve Fund. As of April 2022, the Employee Benefits Program reserves are approximately \$96 million.

Mr. Sells demonstrated various long-term scenarios that could result, depending on pricing, earnings, reserve use, and claims costs in future years. These projections included earnings from the Captive to offset costs each year.

PPO BENEFIT OPTIONS- FAMILY BUILDING

Ms. Smith informed the Committee that family building benefits are becoming more prevalent, and that this benefit is an excellent recruitment and retention tool, providing savings that offset existing costs in a variety of ways, and can be life changing.

Proposals from Progyny, Maven, Carrot, and WINfertility were evaluated. Progyny was identified as the best fit for JPIA members' needs, with a vetted network of high-quality providers and benefits based on Smart Cycles rather than flat dollar amounts. Smart Cycles include benefits for fertility treatment, procedures, medication, egg freezing, adoption, and surrogacy.

Ms. Smith shared that having this benefit can also protect the pool from the high cost of premature and multiple births. The fixed cost for the program is estimated to be \$18,144. Based on projected utilization, the annual cost of the benefit is estimated to be \$693,602.

M/S/C (McDonald/Stiles) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve adding Progyny family building benefits to the self-funded PPO plan benefits, effective January 1, 2023.

PPO BENEFIT OPTIONS- MENTAL HEALTH

Ms. Smith shared that JPIA contracted with Modern Health to provide additional mental health services to active employees in all JPIA medical plans beginning September 1, 2021. She shared that Modern Health has met the need to provide better, faster access to mental health care and that participants using the service have reported high levels of satisfaction.

Staff was able to negotiate a 71% decrease in rates, from \$10.27 to \$3.00 per employee per month, resulting in a cost reduction of approximately \$575,600 per year. Pricing is guaranteed for 24 months.

Premiums for Modern Health were initially included in the total costs of the Employee Benefits Program, to make them widely available to all medical plan participants in a time of need. Staff recommends including the cost for Modern Health in premiums paid by members for all medical plans. The benefit would be available to active employees and pre-Medicare retirees, who pay the same monthly premiums.

M/S/C (Stiles/Dosier) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve renewal of Modern Health and including the benefit as a component of all Anthem PPO, Anthem HMO, and Kaiser medical plans, effective January 1, 2023.

PPO BENEFIT OPTIONS- PPO BENEFIT OPTIONS-CARRUM ONCOLOGY

Ms. Smith shared that cancer treatment is consistently a top cost category. In 2021, it was the highest cost category in JPIA medical plans.

Two new cancer-related benefits are available through JPIA's current voluntary surgery benefit vendor, Carrum Health. Bundled pricing and concierge service at no cost will be available for breast cancer treatment through City of Hope and for Oncology Guidance through City of Hope or Memorial Sloan Kettering Cancer Center. Oncology Guidance includes consultation and treatment plan review from best-in-class oncologists along with assignment to an experienced oncology nurse for a period of 24 months.

The cost of Oncology Guidance ranges from \$4,000 to \$10,000 per participant. Carrum predicts an overall net savings due to increased efficacy and reduced waste in treatment plans.

M/S/C (Linthicum/Perez) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve adding City of Hope cancer treatment bundles and Oncology Guidance through Memorial Sloan Kettering Cancer Center and City of Hope to the Carrum benefits available through the self-funded PPO plan benefits, effective January 1, 2023.

PPO BENEFIT OPTIONS- VIRTUAL PHYSICAL THERAPY

Ms. Smith informed the Committee that musculoskeletal treatment is consistently a top cost category. In 2021, it was the second highest cost category in JPIA medical plans.

Ms. Smith shared that Carrum Health provides voluntary, concierge, no cost musculoskeletal surgery benefits by way of bundled pricing with high quality facilities and surgeons. Carrum has partnered with Hinge Health to provide virtual physical therapy benefits. The two programs work in tandem to refer participants to one another as appropriate, for orthopedic surgery or physical therapy. This added benefit could reduce musculoskeletal plan costs by making less invasive treatments more accessible earlier in the process. Partnership between Carrum Health and Hinge Health would likely lead to increased utilization of each program, as participants are cross referred.

M/S/C (Shadley/Dosier) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve a approve adding Hinge Health virtual physical therapy benefits to the Anthem PPO plan benefits, effective January 1, 2023.

MEDICAL STOP LOSS COVERAGE

Mr. Sells explained that ACWA JPIA maintains stop loss coverage for the self-funded Anthem PPO medical plans. The current stop loss policy provides reimbursement to JPIA for claims in excess of \$750,000 per individual participant per plan year.

Mr. Sells shared that premiums for stop loss coverage continue to rise substantially year over year. Without stop loss coverage, JPIA would be responsible to pay all claims and would be liable for any catastrophic claims that may occur. Currently, JPIA is in a financial position to be able to tolerate annual variations in claims costs, with a projected savings over time.

Mr. Steele reported that the largest medical claim the JPIA has paid to date was \$2.3 million. Mr. Sher relayed that there are opportunities for bigger claims in the future and that he has another client, similar to JPIA that has not had stop loss coverage in over 30 years.

M/S/C (Linthicum/Perez) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve elimination of stop loss coverage for the self-funded medical plans, effective January 1, 2023.

PRICING FOR ANTHEM PPO MEDICAL PLANS

Ms. Smith reviewed historic rates for JPIA's self-funded Anthem PPO plans.

Alliant's projections call for a 6.95% reduction in premiums, based on projected income and expenses. Application of \$4.5M in investment earnings results in an 11.04% reduction. Application of investment earnings and the addition of family building and mental health enhancements result in a 9.86% reduction. After discussion about the current state of the Reserve account the following recommendation was made.

M/S/C (Dosier/Linthicum) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve a decrease of 10% for the Anthem self-funded PPO plans, effective January 1, 2023.

PRICING FOR ANTHEM HMO MEDICAL PLANS

Ms. Smith explained that the fully insured Anthem HMO plans renew January 1, 2023.

Anthem provided JPIA with renewal pricing that will result in a 5.36% increase in costs. The addition of Modern Health mental health benefit would result in an increase of 5.52%.

M/S/C (Linthicum/Dosier) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve an increase of 5.52%, including Modern Health mental health benefits, for the Anthem Blue Cross HMO plans, effective January 1, 2023.

PRICING FOR KAISER MEDICAL PLANS

Ms. Smith explained that the fully insured Kaiser plans renew January 1, 2023.

Since 2019, JPIA's Kaiser North and Kaiser South plans have blended the rate of increase to provide rate stability across the regions. Kaiser provided JPIA with renewal pricing that will result in a 0.65% aggregate increase in costs in both regions.

Anthem PPO and HMO plans currently offer a 4% discount for meeting Incentive Rate criteria. Requirements include offering only JPIA medical plans, enrollment of all employees, and several other participation and contribution requirements. The Incentive

Rate discount has not historically applied to Kaiser premiums. Applying an Incentive Rate discount more broadly could further incentivize member policies that are more favorable to the risk profile of the JPIA pool as a whole.

Pricing options with and without the Incentive Rate discount option and the mental health enhancement option were discussed.

M/S/C (Stiles/Linthicum) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve an aggregate increase of 0.88% to Kaiser rates, including Modern Health mental health benefits and variations for Standard and Incentive Rates.

Kaiser Senior Advantage rates for retirees with Medicare were made available the day of the meeting.

Ms. Smith explained that staff obtained a quote from Kaiser to reduce the Senior Advantage copay from \$20 to \$10 to match the copay for active employees and pre-Medicare retirees.

M/S/C (Linthicum/Dosier) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve the renewal of the Kaiser Senior Advantage plan with no change in copay and an 11.47% decrease in rates, effective January 1, 2023.

PRICING FOR UNITED HEALTHCARE MEDICARE ADVANTAGE PLANS

Ms. Smith discussed the UnitedHealthcare Medicare Advantage PPO plan that went into effect January 1, 2022, for all prior enrollees in Anthem PPO and HMO plans for retirees with Medicare. The initial contract with UnitedHealthcare included a two-year rate guarantee.

The hearing aid benefit has been a concern for some plan participants. The PPO had an 80% benefit for hearing aids. The HMO had no benefit for hearing aids. The UHC plan has a \$500 allowance for hearing aids.

Although 2023 will be the second year in a two-year rate guarantee, staff obtained pricing options to increase the hearing aid allowance to \$2,500, \$3,500, or \$5,000. Ms. Smith indicated that hearing aid costs through the UHC program are heavily discounted.

The Committee discussed the frequency of need for hearing aids among the Medicare population. There was also discussion about evaluating a further increase to the allowance in future years since the contract is currently in a rate guarantee period.

M/S/C (Linthicum/Perez) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve increasing the UHC hearing aid allowance to \$2,500, resulting in a 3.1% increase in rates, effective January 1, 2023.

PRICING FOR DENTAL PLANS

Ms. Smith shared that the self-funded dental plans continue to perform well. Staff recommended no change in rates or benefits for the self-funded Delta Dental PPO dental plans.

The fully insured DeltaCare HMO plan is in a two-year rate guarantee with no change in rates, from January 1, 2022, through December 31, 2023.

M/S/C (Stiles/Dosier) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve renewal of Delta Dental PPO and DeltaCare HMO plans, with no change in rates, effective January 1, 2023.

PRICING FOR VISION PLANS

Ms. Smith shared that the self-funded vision plans continue to perform well. Since transitioning from fully insured to self-funded in 2015, expenses have consistently been approximately 10% less than premiums collected.

JPIA's VSP vision plans currently have copays for premium and custom progressive lenses that vary from \$80 to \$160. This is a frequently used benefit that substantially increases out of pocket costs to the plan participants. VSP provided a projection of an 11.4% increase in claims cost to reduce the copay to \$25 for all progressives. Ms. Smith explained that these estimates have historically been higher than the actual increase in claims costs.

Ms. Smith shared that the vision reserve balance currently stands at approximately \$1.9 million. VSP premiums have remained constant since 2015.

M/S/C (Dosier/Shadley) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve decreasing the copay for premium and custom progressives to \$25, with no change in rates, effective January 1, 2023.

EMPLOYEE ASSISTANCE PROGRAM

Ms. Smith reported that the ACWA JPIA Employee Assistance Program transitioned from MHN to Anthem, effective January 1, 2021, with a 7% decrease in rates.

Premiums for 2021 and 2022 remained constant. Anthem has provided a renewal that calls for a 4.2% increase in rates charged to members, effective January 1, 2023.

M/S/C (Linthicum/Perez) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve an increase of 4.2% for Employee Assistance Program rates, effective January 1, 2023.

LIFE AND DISABILITY

Ms. Smith stated that The Standard has provided a renewal that calls for a 10% decrease in premiums for life and long-term disability. The renewal calls for no change in rates for short-term disability, accidental death and dismemberment (AD&D), dependent life, and child life.

Employee and Spouse Supplemental Life premiums consist of a life portion and an AD&D portion. The life portion will be reduced by 10% while the less costly AD&D portion will remain unchanged. The blended decrease in rates will be slightly less than 10%.

Ms. Smith said that this is a three-year rate proposal, with no change in rates charged by the Standard until January 1, 2026.

M/S/C (Linthicum /Dosier) (Dosier-Yes; Gish-Yes; Linthicum-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Committee recommend that the Executive Committee approve renewal of life and long-term disability with a 10% decrease in rates, and renewal of short-term disability, AD&D, dependent life, and child life with no change in rates, effective January 1, 2023.

WELLNESS GRANT PROGRAM

Ms. Rech reported on the Wellness Grant Program. In 2015, ACWA JPIA, through the generous annual funding of \$75,000 from Anthem Blue Cross, was able to establish the Wellness Grant Program. This program has continued for eight years, allowing agencies who participate in Anthem medical plans to apply for a grant to support their employee wellness programs. The minimum grant is \$200, and the maximum is \$2,000, based on number of eligible employees.

This year, JPIA is proud to announce that 77 members were awarded Wellness Grants.

Due to the continued popularity of the Wellness Grant Program, applications for the 2022/2023 grant year have again exceeded the \$75,000 in funds provided by Anthem. Beginning in 2023, Anthem has agreed to provide \$100,000 in funding for Wellness Grants.

NEXT MEETING DATE

Availability for Upcoming Meeting(s)

There are no further Employee Benefits Program Committee meetings scheduled for the remainder of the year.

The Employee Benefits Program Committee meeting adjourned at 11:01 a.m.

ACWA JPIA
Overview of Program History and Current Status
April 26, 2023

BACKGROUND

JPIA began administering Employee Benefits plans July 1, 2012. Plans renew January 1 each calendar year, with plan design and pricing decided the preceding July. Each year plan status and options for program renewal are thoroughly evaluated, with the goal of providing the best possible coverage at the best possible price.

CURRENT SITUATION

This section includes a mid-year update for the Committee regarding:

- Plan enrollment
- Rate history

RECOMMENDATION

None, informational only.

2023 Renewal Actions

Anthem PPOs

- Added Progyny Fertility and Family Building
- Added Carrum Oncology
- Added Hinge Health Virtual Physical Therapy

Kaiser

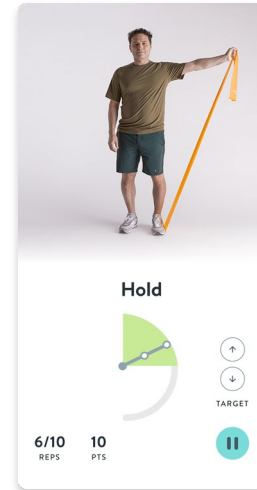
- Applied Incentive Rate Discount

UHC Medicare Advantage

- Increased Hearing Aid allowance from \$500 to \$2,500

VSP

- Decreased copay for all progressives to \$25



4% discount



ACWA JPIA Rate History

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	3 year average	12 year average
Anthem Blue Cross														
Classic PPOs	2%	8%	6%	0%	8%	12%	5%	0%	0%	0%	-5%	-10%	-5%	2%
CalCare HMOs	0%	4%	6%	8%	-1%	12%	8%	0%	8%	8%	4%	5%	6%	5%
Kaiser														
Kaiser North	8%	4%	5%	-3%	6%	6%	5%	3%	2%	9%	-2%	1%	3%	4%
Kaiser South	0%	1%	18%	-2%	2%	2%	13%	3%	2%	9%	-2%	1%	3%	4%
Dental														
Delta Dental PPO	4%	2%	0%	5%	-3%	0%	0%	0%	0%	0%	0%	0%	0%	1%
DeltaCare HMO	0%	0%	8%	0%	0%	0%	0%	0%	5%	0%	0%	0%	0%	1%
Vision														
Vision Service Plan	0%	0%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%
Employee Assistance Program														
MHN EAP	0%	0%	-28%	0%	-8%	0%	0%	0%	9%	-7%	0%	0%	-2%	-3%
Life & Disability														
Basic Life	0%	20%	0%	0%	0%	0%	0%	0%	9%	-5%	0%	-10%	-5%	1%
Supplemental Life	0%	0%	0%	0%	0%	0%	0%	0%	0%	-5%	0%	-10%	-5%	-1%
Short Term Disability	0%	20%	0%	30%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%
Long Term Disability	0%	0%	0%	20%	0%	0%	0%	0%	0%	-5%	0%	-10%	-5%	0%

ACWA JPIA Savings History

2023

- Modern Health
 - Negotiated \$10 PEPM down to \$3 PEPM; estimated savings **\$672,000**

2022

- UnitedHealthcare
 - Transitioned retirees with Medicare from Anthem COB plan; estimated savings **\$2,700,000 + potentially reduced OPEB liabilities**

2019

- Anthem PPOs and Anthem PPO and HMO Medicare plans
 - Changed Pharmacy Benefit Manager from Express Scripts to MedImpact.; estimated savings **\$3,079,569**

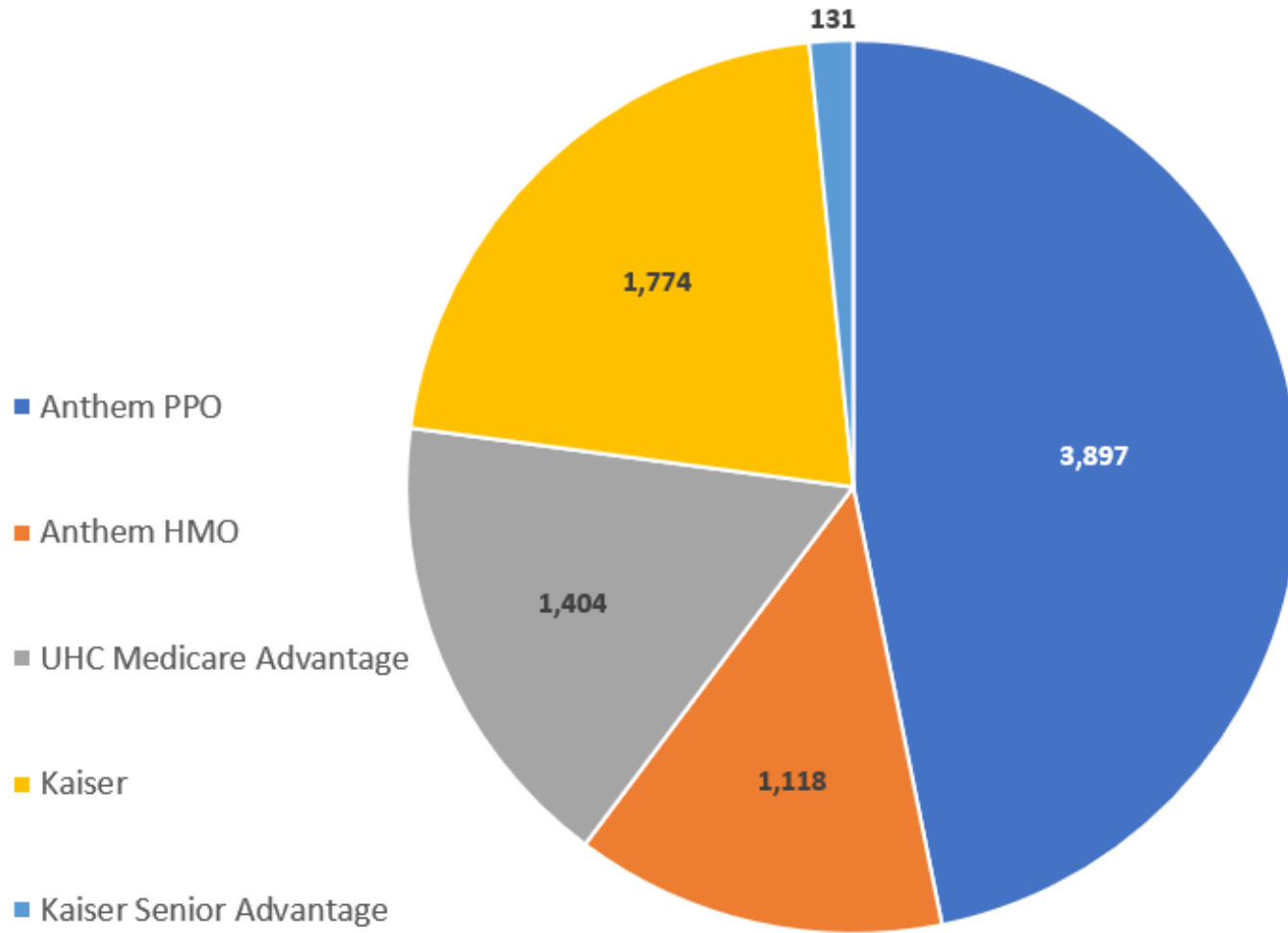
2018

- Anthem Classic PPO
 - Changed out of pocket max from \$1,000/\$2,000 to \$2,000/\$4,000 to closer align with the market; estimated savings **\$1,200,000**
- Anthem PPOs
 - Reduced Pharmacy Benefit Manager expenses by marketing the business to other vendors; estimated savings of **\$1,670,000**
 - Limited Out-of-Network Facility benefits to flat dollar maximums; estimated savings **\$1,000,000 to \$3,000,000**

2015

- Anthem plans PPOs and HMOs
 - Embedded Medicare Part D EGWP plan to receive reimbursement for Medicare with retiree pharmacy claims; estimated savings **\$1,300,000**
 - Implemented Preferred Generics, where participants pay the difference in cost when a generic is available; estimated savings **\$500,000**
 - Implemented Mandatory Mail Order for maintenance medications; estimated savings **\$500,000**
- All medical plans
 - Required enrollment in Medicare A and B for retirees; **significant savings**

Medical Plan Enrollment



Plan	2022	2023	Change
Anthem PPO	3,630	3,897	267
Anthem HMO	1,178	1,118	(60)
UHC Medicare Advantage	1,309	1,404	95
Kaiser	1,742	1,774	32
Kaiser Senior Advantage	120	131	11
	<u>7,979</u>	<u>8,324</u>	<u>345</u>

ACWA JPIA
Review 2023 Utilization
April 26, 2023

BACKGROUND

JPIA began administering Employee Benefits plans July 1, 2012. Plans renew January 1 each calendar year, with plan design and pricing decided the preceding July. Each year plan status and options for program renewal are thoroughly evaluated, with the goal of providing the best possible coverage at the best possible price.

CURRENT SITUATION

This section includes a mid-year update for the Committee regarding:

- Utilization
- Point solution utilization
 - Carrum
 - Hinge Health
 - Progyny
- Future considerations
- Trends and plan performance

RECOMMENDATION

None, informational only.

ACWA JPIA Self-Funded Medical Plans



Trend

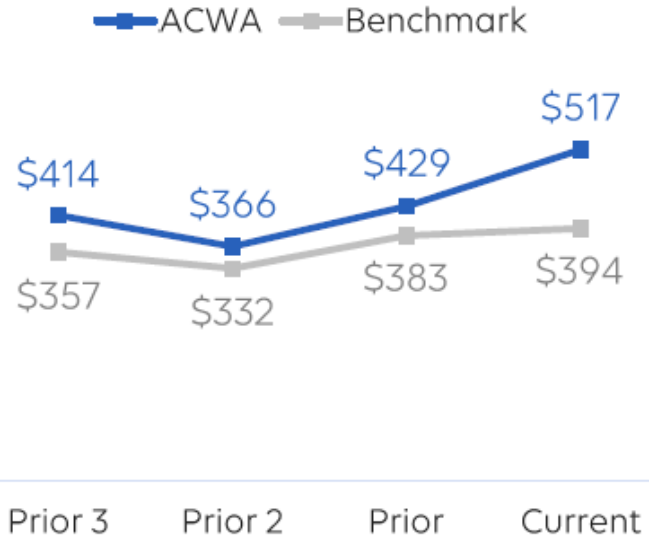
▲ 20.6%
Current Period
PMPM Trend

Trend

- HCC PMPM increased **25%**. This was driven by a 23% increase in the number of **claimants per 1,000** and a 2% increase in the **cost per claimant**.

What was the trend?

PMPM Spend



	Prior 2	Prior	Current
Trend:	-11.7%	17.3%	20.6%
Benchmark	7.2%	15.5%	2.9%



Employees
3,727

72.5%
Male

50.3
Avg age
(50.5 bmrk)



Total Members
9,112

52.3%
Male

38.1
Avg age



Benchmark

52.6%
Male

37.2
Avg age

Current Period Incurred December 2021 - November 2022, paid through January 2023
Prior Period Incurred December 2020 - November 2021, paid through January 2022
Prior Period 2 Incurred December 2019 - November 2020, paid through January 2021
Prior Period 3 Incurred December 2018 - November 2019, paid through January 2020

Top Conditions by total cost



What were your top conditions?

Top spend condition categories
% of spend:

Cancer: 16.6%

▲ 59.2% PMPM trend

Musculoskeletal:

11.6%

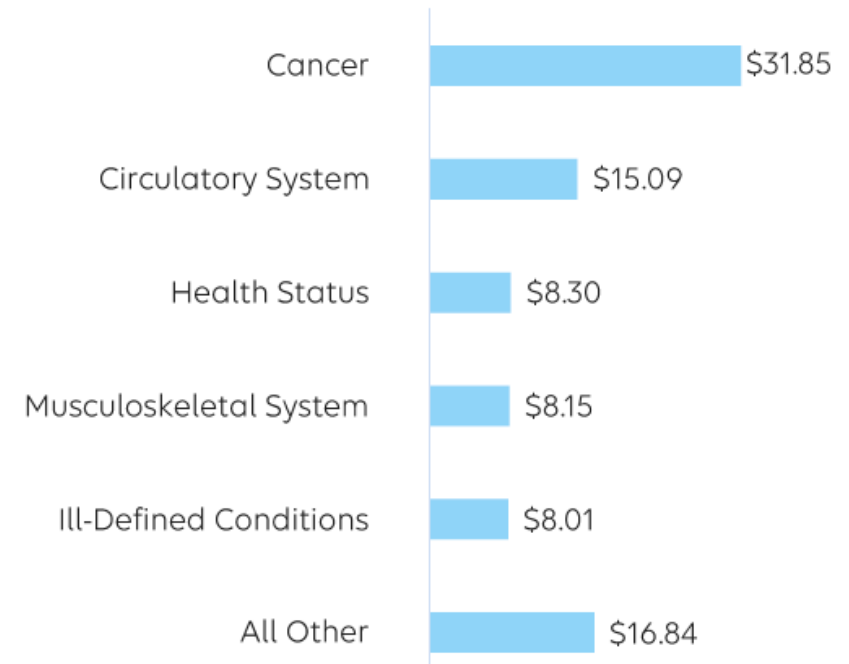
▲ 15.8% PMPM trend

Health Status: 8.9%

▲ 21.9% PMPM trend

What conditions were driving trend?

PMPM Change by Condition



Cancer

Accounted for 17% of spend (13% prior) and 4% of membership (6% prior). Impactable cancer spend was below the benchmark. Increasing screening rates can help to diagnose earlier and improve outcomes for impactable cancer diagnoses.

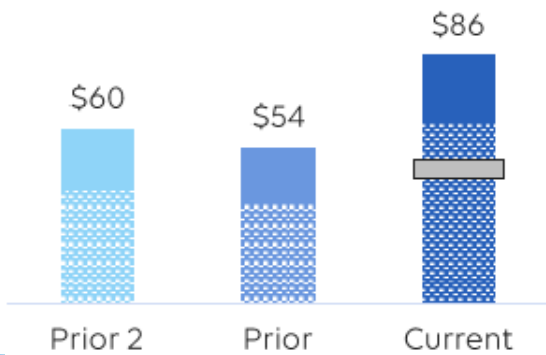
#1 Cancer

\$9.4M / 464 Claimants

- **4.0%** of Members, 5.7% prior
- **16.6%** of Spend, 12.5% prior
 - **73.7%** HCC, 64.4% prior

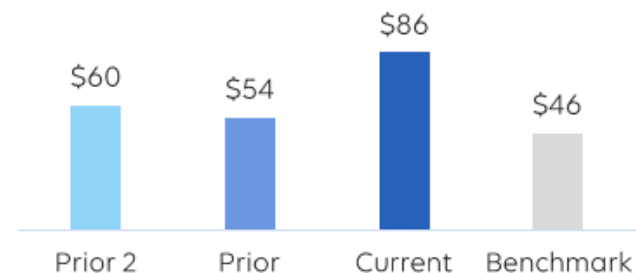
34.4% Chemo/Radiation
9.4% Pancreatic Cancer
7.2% Secondary Cancer of
Resp/Digestive

Current PMPM Trend: **▲59.2%**



How is spend changing over time?

PMPM increased 59.2%



8 of 19 eligible members were on evidence-based Cancer Treatment Pathways

 = HCC Impact

Top 10 Specialty Drugs ranked by spend

\$4.8M
total spend
\$4.8M prior

369
total utilizers
487 prior

Current Rank	Prior Rank	Drug Name	Drug Indication	Spend			Utilizers		
				Prior	Current	Trend	Prior	Current	Trend
1	4	Darzalex	Cancer	\$266,622	\$944,672	254%	1	2	100%
2	2	Rituxan	Cancer	\$332,332	\$684,253	106%	8	8	0%
3	5	Neulasta	Blood Cell Deficiency	\$241,827	\$434,563	80%	12	8	-33%
4	7	Abraxane	Cancer	\$209,519	\$316,535	51%	7	6	-14%
5	0	Avastin	Cancer	\$0	\$196,277		0	9	
6	0	Ocrevus	Multiple Sclerosis	\$0	\$187,517		0	4	
7	9	Tysabri	Multiple Sclerosis	\$197,199	\$157,013	-20%	3	2	-33%
8	1	Keytruda	Cancer	\$379,462	\$151,306	-60%	6	4	-33%
9	3	Orencia / Orencia Clickject	Inflammatory Conditions	\$290,843	\$130,202	-55%	4	3	-25%
10	0	Prolia / Xgeva	Bone Conditions	\$0	\$128,739		0	20	

Top 10 claimants by cost

Top 10 HCCs

HCC	Relationship	Age Band	Health Condition	SpRx* % of Paid	Total Paid	Active Status	Prior Period HCC
1	Employee	Age 60-64	Infectious/Parasitic	0.0%	\$1,119,230	Yes	No
2	Employee	Age 65+	Infectious/Parasitic	0.0%	\$1,001,074	No	Yes
3	Child	Age <1	Perinatal Conditions	0.0%	\$925,040	Yes	No
4	Employee	Age 65+	Cancer	0.4%	\$743,359	No	No
5	Employee	Age 65+	Cancer	3.9%	\$742,436	No	No
6	Employee	Age 55-59	Cancer	12.6%	\$697,016	Yes	No
7	Spouse	Age 50-54	Cancer	13.1%	\$614,984	Yes	Yes
8	Spouse	Age 55-59	Cancer	55.8%	\$608,220	Yes	Yes
9	Spouse	Age 60-64	Infectious/Parasitic	7.2%	\$549,494	Yes	Yes
10	Employee	Age 65+	Health Status	98.0%	\$545,847	Yes	Yes

Musculoskeletal

Accounted for 12% of spend (12% prior) and 26% of membership (31% prior). Promoting lower cost care such as physical therapy prior to surgery & surgery in an outpatient setting can help improve outcomes and lower overall cost.

#2 Musculoskeletal

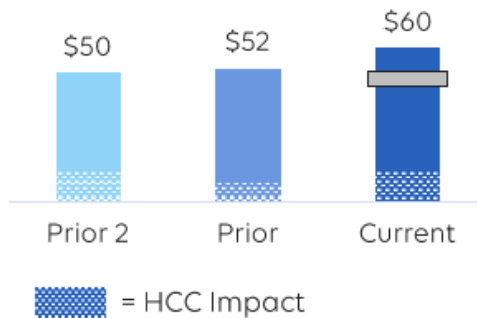
By total cost

\$6.5M / 3,088 Claimants

- **26.5%** of Members, 31.0% prior
- **11.6%** of Spend, 12.0% prior
 - **21.7%** HCC, 13.9% prior

11.0% Osteo of Knee
10.6% Vertebral Disorders
10.4% Osteo of Hip

Current PMPM Trend: **▲15.8%**



#1 Musculoskeletal

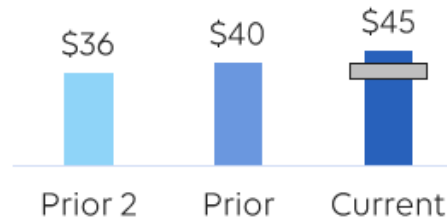
Excludes high costs claimants

\$4.9M / 3,033 Claimants

- **14.0%** of Spend, 14.8% prior
- **26.0%** of Members, 30.5% prior

12.5% Joint Disorder
11.7% Osteo of Knee
10.0% Back Pain

Current PMPM Trend: **▲11.2%**



- MSK PMPM increased 15.8% and is over benchmark
- 58% of MSK spend was surgical
- HCC spend accounts for 22% of total MSK spend
- 50% of back procedures were at non-Blue Distinction Center facilities

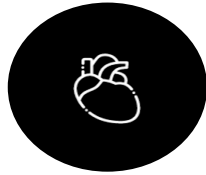
Carrum Health for ACWA JPIA

Carrum Health is a surgery and medical benefit that makes it easier to get the highest-quality surgical care at lower cost, for over 100 procedures including **hip, knee, heart, weight loss, cancer care** and many more.

Available to members of ACWA JPIA Anthem PPO plans.



Muskulo skeletal



Heart



Weight Loss

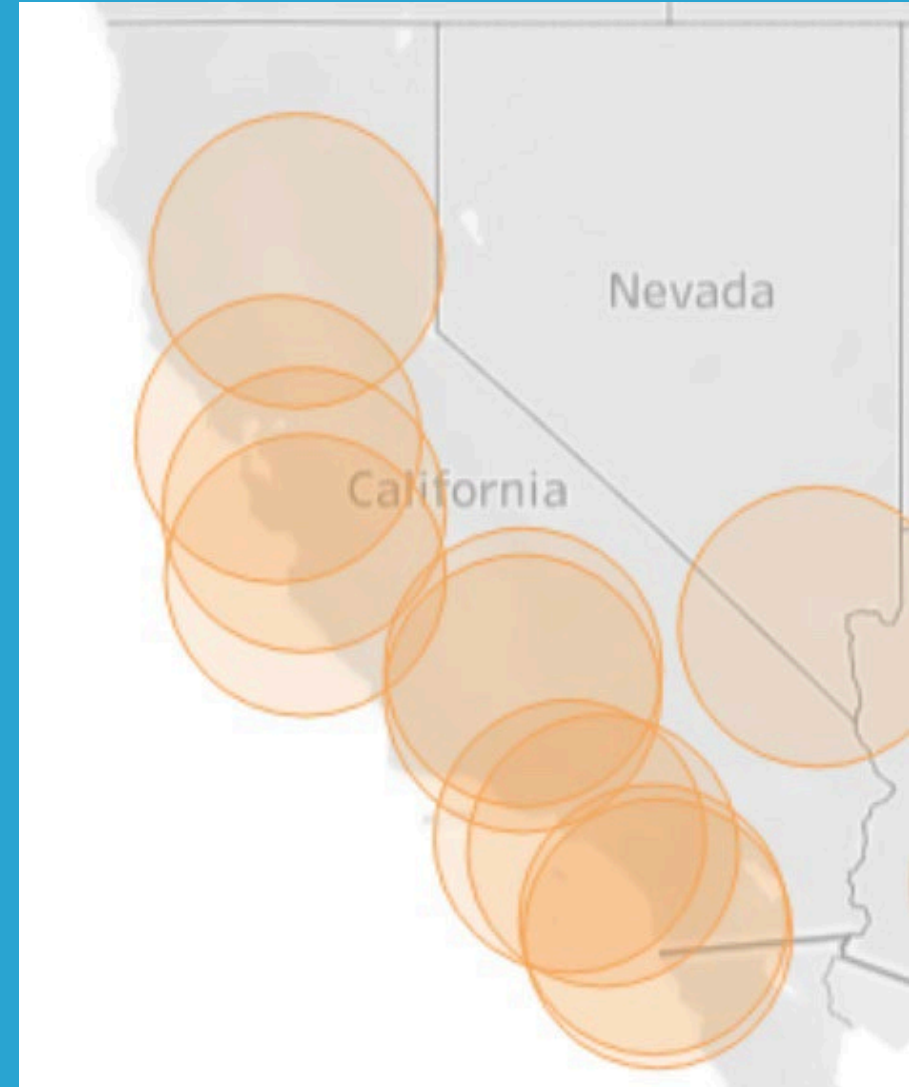


Cancer

Hospital partners



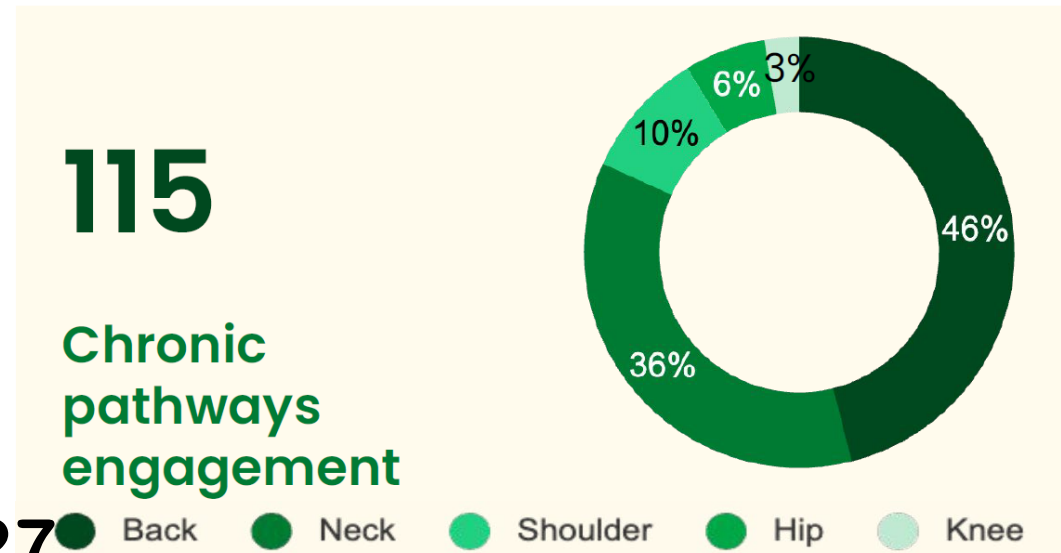
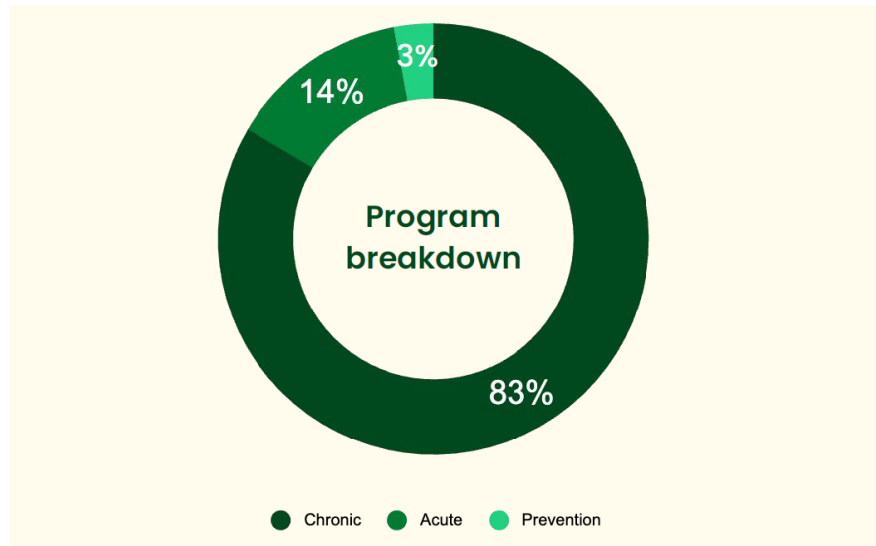
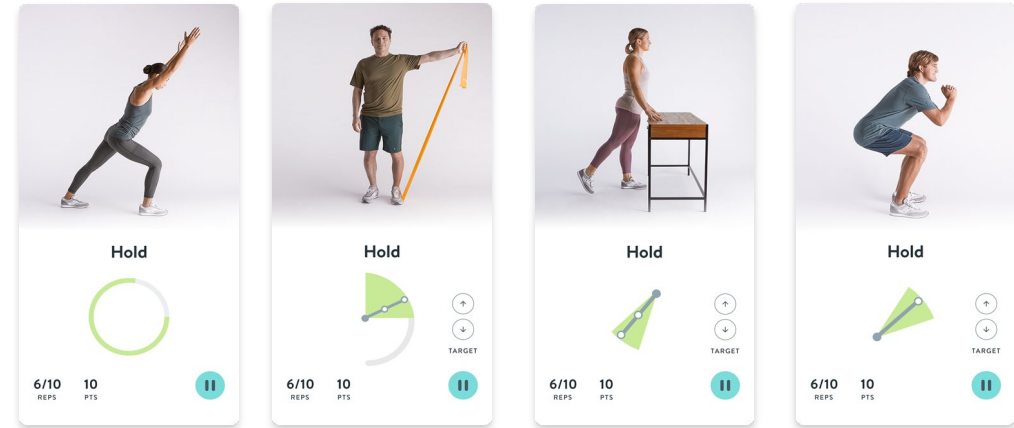
Map of current Carrum Centers of Excellence with 150 mile radius



Hinge Health Utilization

Members engaged by program

Total	128
Chronic	115
Acute	10
Prevention	3



Hinge Health Utilization

Chronic Program Engagement

Pain reduction

44%

Pain reduction in participants over 6 weeks

Create happy employees

8.4/10

Satisfaction

User Testimonial

“I am rejoicing with the release of my pain and increase in healing! I can complete more outside activities. The program is easy to use and I find myself doing stretches throughout the day.”

-Neck participant

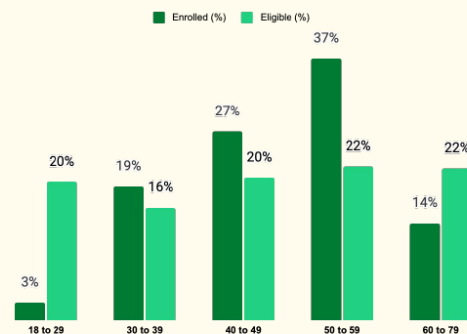
Chronic Program Demographics

Age

Top age groups:

37% 50-59

27% 40-49



Member type

81%
Employees

19%
Dependants

Gender

60%
Female

40%
Male

Hinge Health Feedback from JPIA Staff

“I love, love, love it! At first I ignored the flyer and information sent, but my coworker mentioned Hinge, and the improvement he was experiencing with his neck, so I reached out for the information and service. It is very easy to access and create a customized plan. They send you everything you need. It sends out a daily reminder to do your exercises. They start out slow and build on your improvements. I have noticed reduced pain and increased strength. You are assigned a therapist that asks you questions from time to time, provides feedback and encouragement based on your process. I would recommend it. Plus it costs ZERO!”

“I am using and really like it. I do the exercises 3-4 times per week.”

“I currently use Hinge Health for my shoulder, and I really like it. When you sign up you fill out a questionnaire that takes about 15 minutes. They then will send you a free yoga mat, bands, and sensors to use while you perform your exercises. A physical therapist reaches out to you via text to send encouraging messages and to follow up with your progress. You can also setup phone calls with them so they can answer any questions you may have. After you finish your exercises, they also include an article to read about general health. I find the app very easy to navigate. I do think the PT is helping with my shoulder. I notice a difference if I skip doing my exercises.”

Progyny's fertility and family building benefit utilization

Progyny's mission is to make any member's dream of parenthood come true through a **healthy, timely, and supported fertility journey.**

Progyny ensures ACWA JPIA's member needs are met by providing:

- Personalized support from dedicated Patient Care Advocates
- Integrated medical and Rx
- Large, managed network of top providers
- A comprehensive and equitable benefit plan design, including adoption and surrogacy reimbursement:

“

My (PCA) is super informative and helpful! She was beyond patient and welcoming!”

”

Progyny Member

ACWA JPIA 2022 benefit design:

Smart Cycle Elections:

2

Progyny Rx



Fertility Preservation:



Donor Tissue Purchase:



Adoption Reimbursement:



Surrogacy Reimbursement:



ACWA JPIA member engagement:

37

appointments
scheduled

86

total calls

534

Total emails



Future Considerations

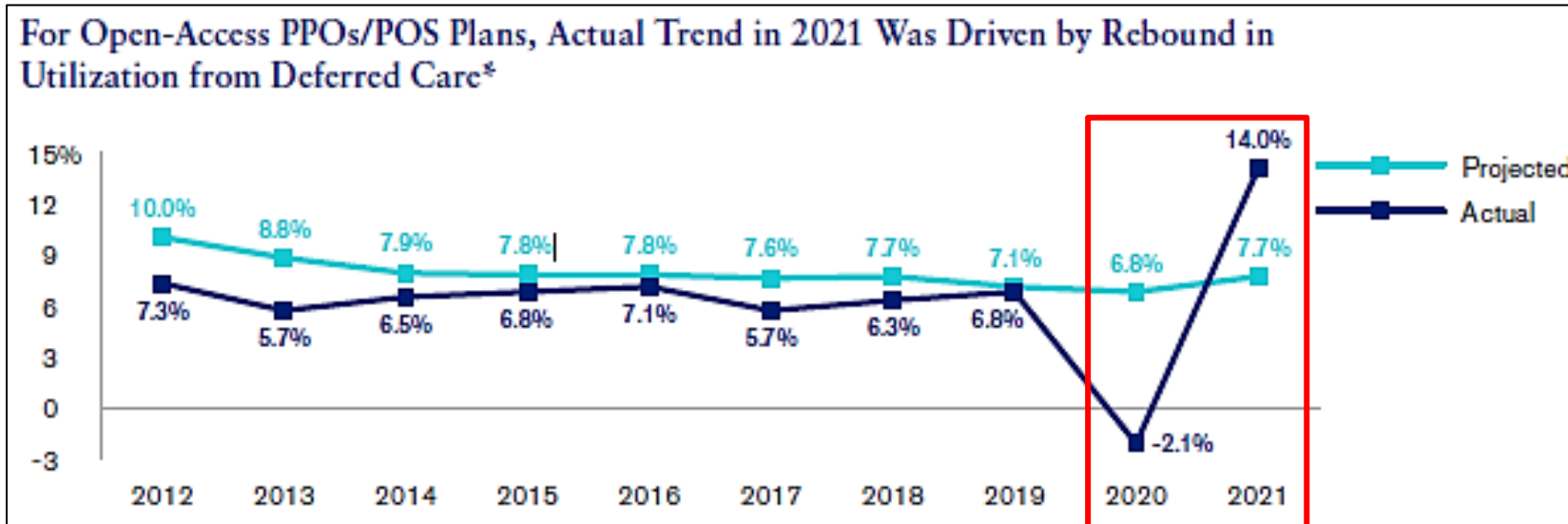
2024

- Pharmacy Benefit Manager (PBM) Analysis
- Carrum Incentive
- Data Warehouse

2025+

- Diabetes Management: Livongo, Virta, Vida
- Carrum CAR-T, Grail
- Kaiser and Anthem HMO fertility benefits
- Evaluate Anthem Exclusive Provider Organization (EPO) in lieu of HMO - 2% less than PPO
- Flex Funded HMO - potential savings based on plan performance

2023-2024 Medical & Pharmacy Trend Forecast

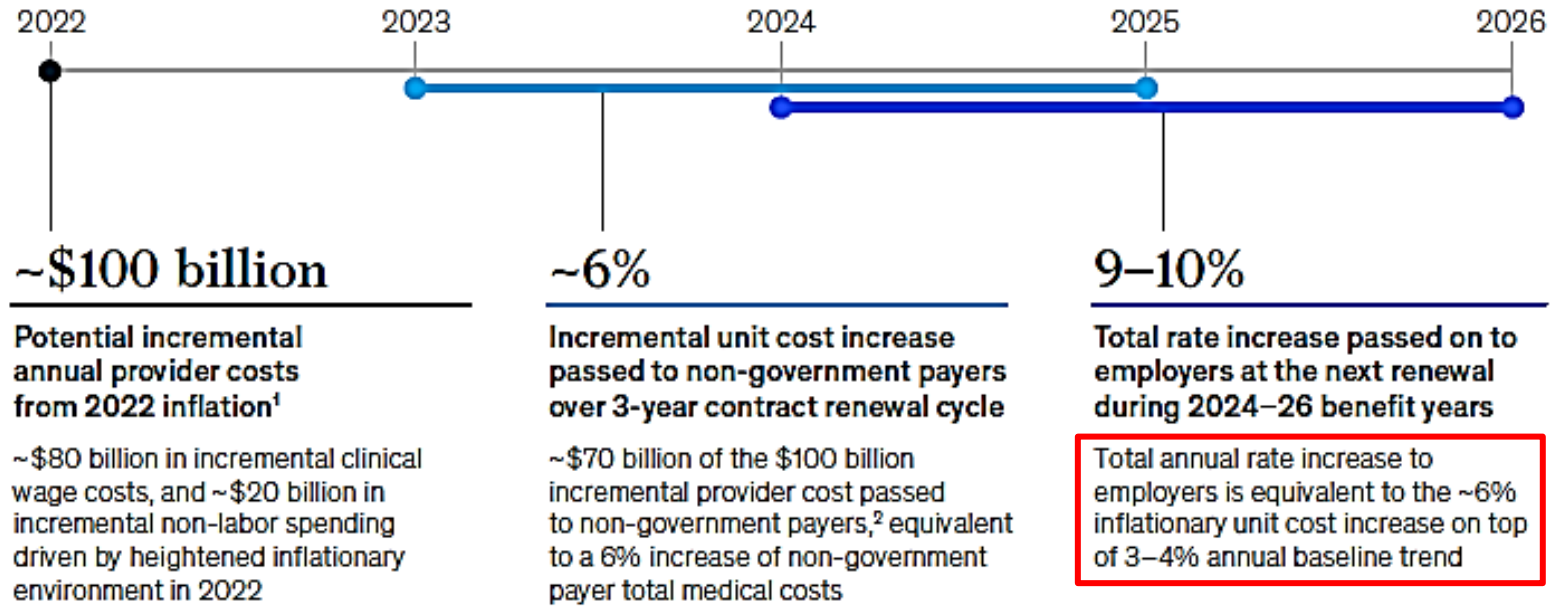


- Medical plan cost increases are returning to pre-pandemic levels, despite significant fluctuations as deferred care rebounded and COVID-19 variants peaked
- The 2022 forecast national average medical PPO trend was 7.3% for PPO and 7.0% for HMO
- For 2023, the forecast is 7.4% for PPO and 7.0% for HMO
- Bottom Line: the long-term impact on health plan costs of new variants, treatments and long COVID is difficult to predict and the full impact of delayed or deferred care is still unknown

2023-2024 Medical & Pharmacy Trend Forecast

Employers could face health cost increases of 9–10 percent through 2026 because of inflationary pressure passed through from providers.

Inflationary cost pass-through from providers to employers



¹Based on macroeconomic forecasts from McKinsey Global Institute applied to historical provider cost pools.
²Based on historical provider revenue base from non-government payers and historical payer cost pools across payer lines of business.

PPO Plan Performance

Month	Enrollment	Funding	TOTAL	Total	Budget	Total
	Employees	Premiums Collected	COST	Ratio	Surplus (Deficit)	PEPM
1/21	3,444	\$5,748,389	\$4,073,092	70.9%	\$1,675,297	\$1,182.66
2/21	3,423	\$5,713,352	\$4,482,544	78.5%	\$1,230,808	\$1,309.54
3/21	3,424	\$5,715,240	\$5,598,332	98.0%	\$116,907	\$1,635.03
4/21	3,432	\$5,728,584	\$5,794,628	101.2%	(\$66,044)	\$1,688.41
5/21	3,422	\$5,712,458	\$5,985,767	104.8%	(\$273,308)	\$1,749.20
6/21	3,415	\$5,700,658	\$5,010,818	87.9%	\$689,840	\$1,467.30
7/21	3,418	\$5,705,131	\$6,571,466	115.2%	(\$866,334)	\$1,922.61
8/21	3,415	\$5,700,415	\$5,812,369	102.0%	(\$111,954)	\$1,702.01
9/21	3,405	\$5,682,943	\$7,372,100	129.7%	(\$1,689,157)	\$2,165.08
10/21	3,400	\$5,673,523	\$8,474,397	149.4%	(\$2,800,874)	\$2,492.47
11/21	3,407	\$5,685,497	\$8,007,356	140.8%	(\$2,321,859)	\$2,350.27
12/21	3,409	\$5,688,765	\$7,145,286	125.6%	(\$1,456,521)	\$2,096.01
1/22	3,481	\$5,883,006	\$4,818,219	81.9%	\$1,064,787	\$1,384.15
2/22	3,475	\$5,824,551	\$4,019,322	69.0%	\$1,805,230	\$1,156.64
3/22	3,476	\$5,794,261	\$5,849,655	101.0%	(\$55,394)	\$1,682.87
4/22	3,456	\$5,885,813	\$6,274,337	106.6%	(\$388,524)	\$1,815.49
5/22	3,442	\$5,777,325	\$7,413,655	128.3%	(\$1,636,330)	\$2,153.88
6/22	3,446	\$5,605,441	\$7,634,384	136.2%	(\$2,028,943)	\$2,215.43
7/22	3,452	\$5,729,195	\$6,921,601	120.8%	(\$1,192,406)	\$2,005.10
8/22	3,448	\$5,708,278	\$6,127,720	107.3%	(\$419,443)	\$1,777.18
9/22	3,449	\$5,777,395	\$6,304,383	109.1%	(\$526,988)	\$1,827.89
10/22	3,445	\$5,751,712	\$7,662,527	133.2%	(\$1,910,816)	\$2,224.25
11/22	3,456	\$5,725,089	\$7,852,024	137.2%	(\$2,126,935)	\$2,272.00
12/22	3,469	\$5,749,713	\$6,458,418	112.3%	(\$708,706)	\$1,861.75
1/23	3,883	\$5,559,819	\$5,139,002	92.4%	\$420,816	\$1,323.46
2/23	3,874	\$5,502,038	\$5,041,905	91.6%	\$460,133	\$1,301.47
2021	41,014	\$68,454,955	\$74,328,154	108.6%	(\$5,873,199)	\$1,812.26
2022	41,495	\$69,211,777	\$77,336,245	111.7%	(\$8,124,468)	\$1,863.75
2023 YTD	7,757	\$11,061,857	\$10,180,907	92.0%	\$880,949	\$1,312.48
Rolling 12	42,296	\$68,566,077	\$78,679,611	114.8%	(\$10,113,535)	\$1,860.21

ACWA JPIA
Carrum Incentive
April 26, 2023

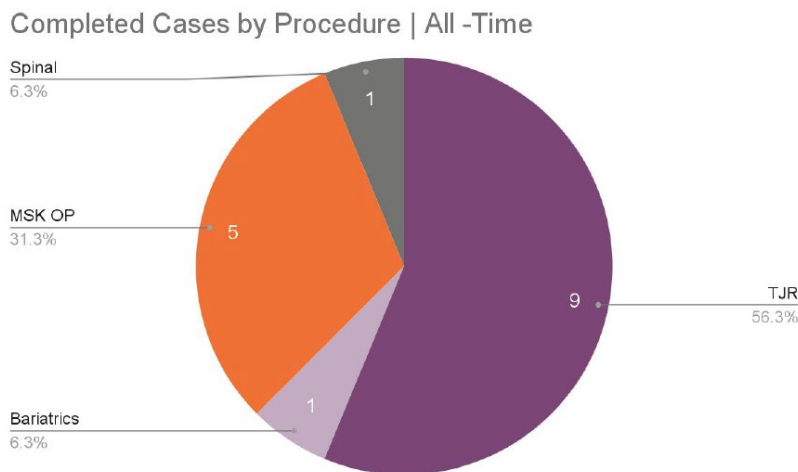
BACKGROUND

JPIA began offering a voluntary, concierge surgical benefit in 2017. The number of Centers of Excellence has increased over time. The number of covered procedures has also increased. Oncology became a new offering in 2023.

CURRENT SITUATION

Carrum offers bundled pricing to the plan for specific surgeries with well vetted Centers of Excellence and world class surgeons. Procedures come with a warranty that includes readmissions. A Carrum Care Concierge is the single point of contact for participants. They request record transfers, arrange travel, and let the participant know what to expect. Consultation includes an appointment with a surgeon vetted for inclusion in the program, where a thorough review of history and treatment plan is done. If both parties agree, travel is arranged for the participant and an adult companion. Carrum provides a concierge experience that made one JPIA participant say they “felt like a movie star.” The plan experiences an average of 30% savings based on bundled pricing. Participants have all copays waived to share in that savings.

Despite extremely positive member experiences, utilization continues to be low. Incentivizing members to have a consult and second opinion with a Carrum surgeon could increase utilization. There would be no requirement that the participant choose to have surgery through Carrum Health.



RECOMMENDATION

That the Employee Benefits Committee recommend that the Executive Committee approve offering a \$250 incentive to participants for being evaluated for surgery by Carrum Health, effective January 1, 2024.

ACWA JPIA
Dental Plan Option
April 26, 2023

BACKGROUND

JPIA offers 20 Delta Dental PPO plan designs for member agencies to choose from.

CURRENT SITUATION

Half of the plan designs available offer an annual maximum benefit of \$1,500. The other half have an annual maximum benefit of \$2,000. Staff have received requests for plan designs with a higher maximum benefit.

Delta Dental has provided an estimated cost impact of 4% to increase the maximum benefit to \$3,000. These plans are self-funded, with rates set by the JPIA.

The additional plan designs would provide more options to JPIA members. There would be no change to plans currently in place.

RECOMMENDATION

That the Employee Benefits Committee recommend that the Executive Committee approve offering new dental plan designs with a \$3,000 maximum benefit, effective January 1, 2024.

ACWA JPIA
Vision Plan Option
April 26, 2023

BACKGROUND

JPIA offers 16 VSP vision plan designs for member agencies to choose from.

CURRENT SITUATION

Benefits for glasses do not include safety glasses. Staff have received requests for plan designs that include prescription safety glasses.

VSP has provided an estimated cost impact of \$2.00 to \$2.50, depending on base plan design, to add the benefit. These plans are self-funded, with rates set by the JPIA.

The additional plan designs would provide more options to JPIA members. There would be no change to plans currently in place.

RECOMMENDATION

That the Employee Benefits Committee recommend that the Executive Committee approve offering new vision plan designs that include prescription safety glasses, effective January 1, 2024.

ACWA JPIA
Review Employee Benefits Financials
April 26, 2023

BACKGROUND

Informational review of the Employee Benefits financial performance, mainly focusing on the PPO program and the overall impact on the reserve balance after 2022 policy year calculations have been completed.

CURRENT SITUATION

This section will report on current and historical Employee Benefits financial statements:

- PPO cumulative financials by program year
- PPO revenue versus costs
- Employee Benefits cumulative financials by program year
- Employee Benefits fund history

RECOMMENDATION

None, informational only.

ACWA JPIA

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
CUMULATIVE FROM JULY 1, 2012 THROUGH FEBRUARY 28, 2023**

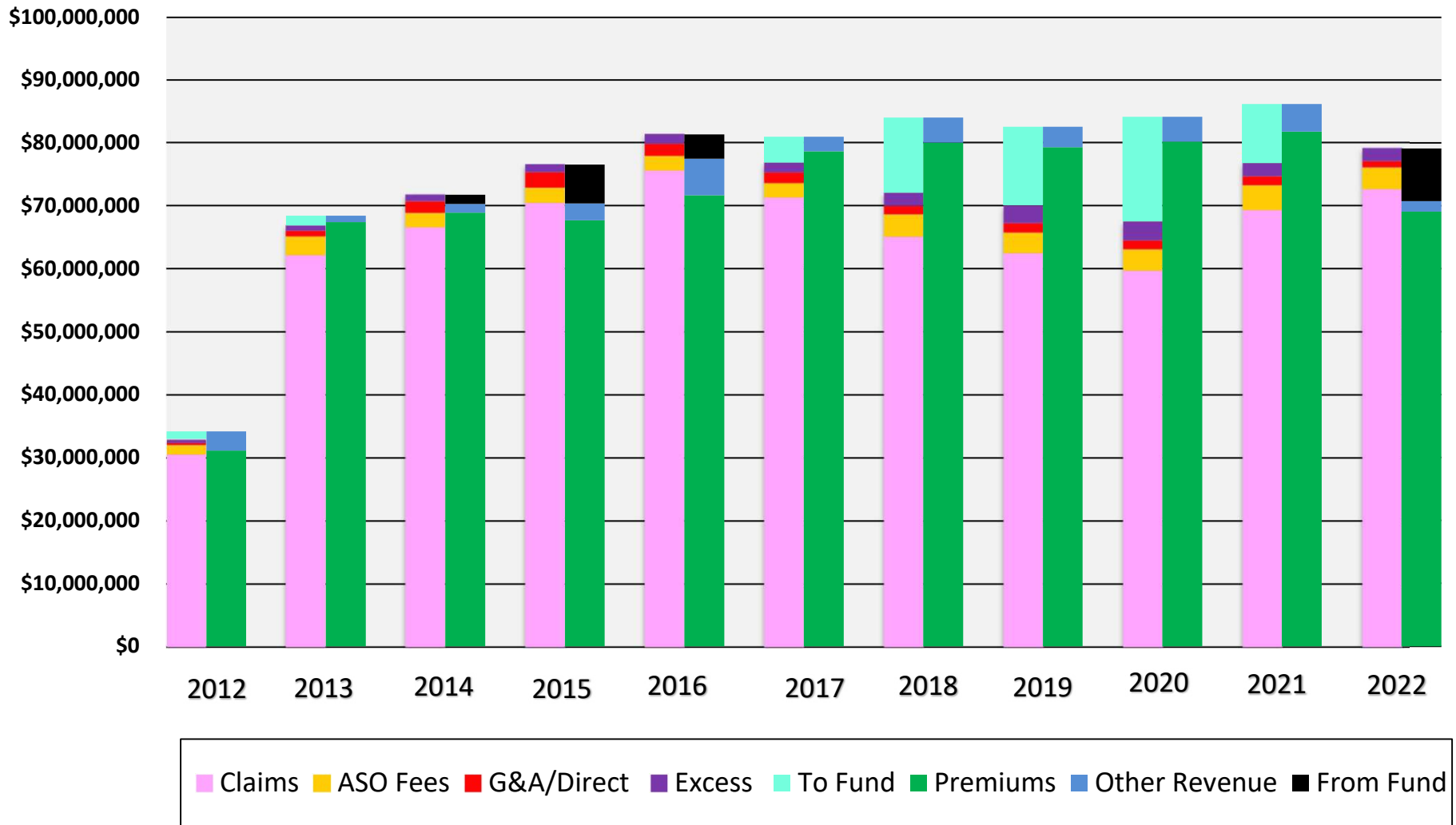
**EMPLOYEE BENEFITS
Anthem Self-Funded PPO Program**

	Anthem PPO E01 Policy Year 2014	Anthem PPO E01 Policy Year 2015	Anthem PPO E01 Policy Year 2016	Anthem PPO E01 Policy Year 2017	Anthem PPO E01 Policy Year 2018	Anthem PPO E01 Policy Year 2019	Anthem PPO E01 Policy Year 2020	Anthem PPO E01 Policy Year 2021	Anthem PPO E01 *Policy Year 2022	Anthem PPO E01 Policy Year 2023	Anthem PPO E01 Totals
REVENUE:											
Deposit Premiums Earned	\$ 68,901,678	\$ 67,684,801	\$ 71,689,085	\$ 78,658,897	\$ 80,056,078	\$ 79,303,896	\$ 80,208,512	\$ 81,812,074	\$ 69,092,739	\$ 11,062,180	\$ 787,001,266
Net Investment & Other Income (Loss)	195,227	270,714	579,926	571,453	885,823	1,554,166	1,709,003	1,207,915	187,028	80,090	7,395,747
Administrative Fee	533,006	533,291	529,242	528,928	523,588	524,668	931,368	982,974	768,706	135,099	6,808,161
Exp. "Specific" Excess Insur. Rec.	691,553	1,908,777	4,690,073	1,218,617	2,580,839	1,201,469	1,324,308	2,191,995	694,600	0	20,028,929
Less: Doubtful Recoveries	(3,476)	0	0	0	0	0	0	0	0	(1)	(489,711)
Total Revenue	70,317,989	70,397,582	77,488,326	80,977,895	84,046,329	82,584,199	84,173,190	86,194,957	70,743,073	11,277,368	820,744,393
EXPENSES:											
Paid Claims - Primary	65,880,634	68,514,569	70,845,824	70,049,068	62,491,161	61,260,168	58,358,488	67,105,537	71,873,079	10,607,470	696,142,878
Paid Claims - Excess	691,553	1,908,777	4,690,073	1,218,617	2,580,839	1,201,469	1,324,308	2,191,995	694,600	0	20,028,928
Claims Expense Sub-Total	66,572,188	70,423,346	75,535,897	71,267,684	65,072,000	62,461,638	59,682,796	69,297,532	72,567,679	10,607,470	716,171,806
Purchased Carrier Insurance	2,285,319	2,401,132	2,319,257	2,274,915	3,519,318	3,256,360	3,394,185	3,925,461	3,448,349	705,823	31,981,608
Purchased Excess Insurance	1,029,985	1,276,428	1,538,801	1,636,443	2,107,541	2,847,451	3,042,473	2,135,657	2,084,937	-	19,077,626
General & Administrative Expenses	1,037,912	1,708,580	1,183,682	1,211,213	1,100,615	1,072,442	949,711	1,007,688	821,765	178,335	11,541,820
Direct Expenses (Beginning 10/01/2014)	818,304	766,345	766,745	504,776	269,241	458,561	448,553	434,583	211,980	33,580	4,772,555
Total Expenses	71,743,708	76,575,832	81,344,381	76,895,031	72,068,716	70,096,452	67,517,719	76,800,921	79,134,710	11,525,207	783,545,415
EXCESS OF REVENUE OVER EXP:											
Net Increase (Decrease) in EB Reserve:	\$ (1,425,719)	\$ (6,178,250)	\$ (3,856,055)	\$ 4,082,864	\$ 11,977,612	\$ 12,487,747	\$ 16,655,472	\$ 9,394,036	\$ (8,391,637)	\$ (247,839)	\$ 37,198,978

Aggregate Increase	-5.00%
Annual Premiums	\$ 69,302,956
Investment Income	2,500,000
Total Funding	71,802,956
Projected Plan Cost	70,250,545
Projected (From)/To Reserves	\$ 1,552,411

*2022 includes projected Q4 RX rebate, does not include full development of excess recoveries

ACWA JPIA
EMPLOYEE BENEFITS
Anthem PPO
 Revenue vs Costs (by policy year)
 As of 12/31/2022



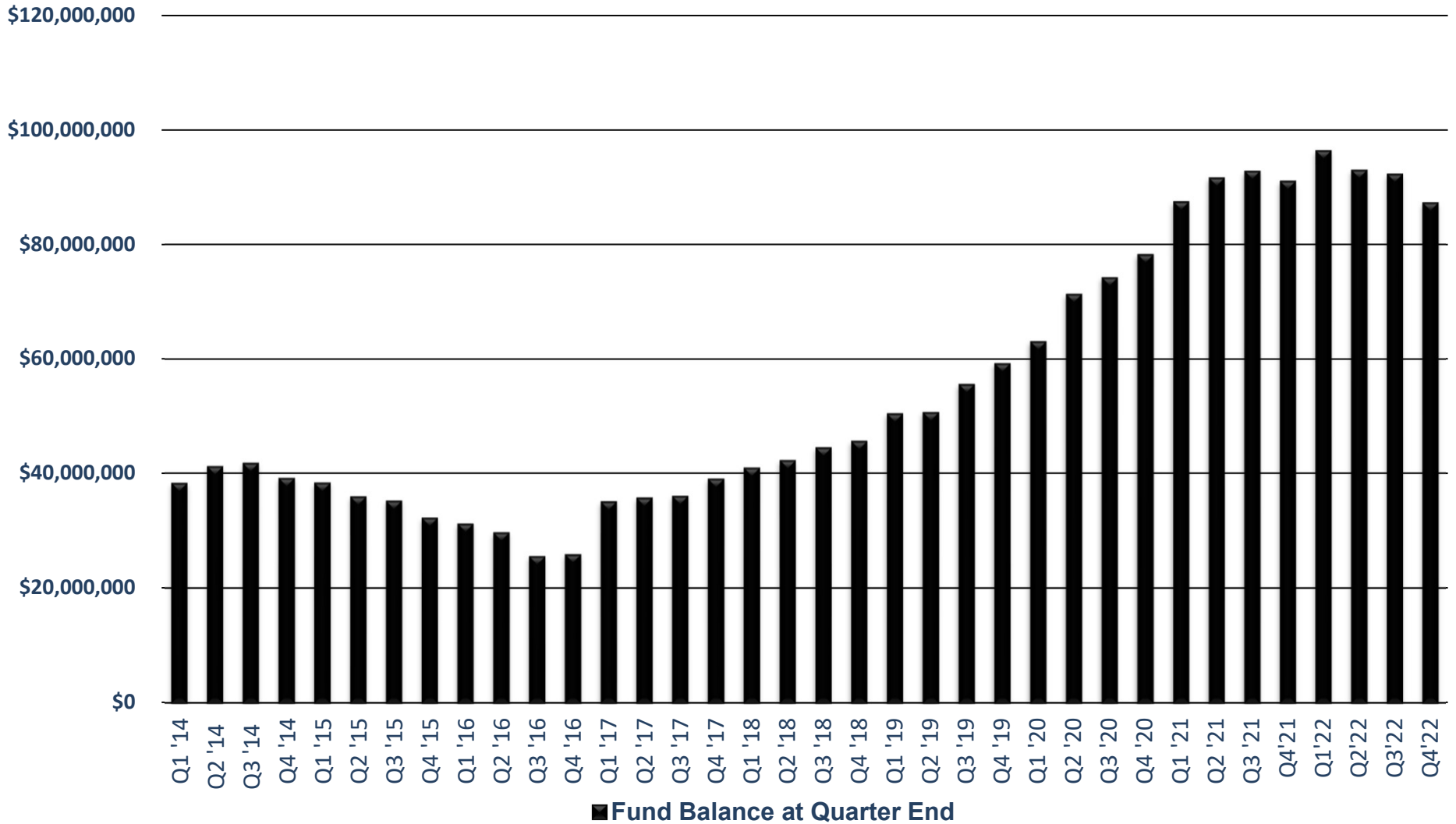
ACWA JPIA

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
CUMULATIVE FROM JULY 1, 2012 THROUGH FEBRUARY 28, 2023**

EMPLOYEE BENEFITS by PROGRAM YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	
REVENUE:												
1	Deposit Premiums Earned	\$ 120,156,284	\$ 120,504,552	\$ 126,122,113	\$ 138,407,245	\$ 144,096,972	\$ 145,550,029	\$ 149,735,816	\$ 154,083,854	\$ 146,506,104	\$ 24,133,600	\$ 1,435,337,806
2	Net Investment & Other Income	347,011	555,210	752,216	740,114	1,088,728	1,789,674	2,057,415	1,487,597	270,922	87,611	9,458,812
3	Administrative Fee	1,226,119	1,231,559	1,256,170	1,286,007	1,294,042	1,346,227	2,356,358	2,388,883	2,505,505	424,734	17,125,202
4	Exp. "Specific" Excess Insur. Rec.	691,553	1,908,777	4,690,073	1,218,617	2,580,839	1,201,469	1,324,308	2,191,995	694,600	0	20,028,929
5	Less: Doubtful Recoveries	(35,233)	(119)	0	0	0	0	(4)	(0)	(0)	(1)	(594,084)
6	Total Revenue	122,385,734	124,199,980	132,820,573	141,651,982	149,060,582	149,887,400	155,473,898	160,152,325	149,977,131	24,645,944	1,481,356,665
EXPENSES:												
7	Paid Claims - Primary	74,346,303	78,661,126	81,297,624	80,840,661	73,346,741	71,802,750	67,436,016	76,723,973	80,888,073	12,184,614	799,148,176
8	Paid Claims - Excess	691,553	1,908,777	4,690,073	1,218,617	2,580,839	1,201,469	1,324,308	2,191,995	694,600	0	20,028,928
9	Claims Expense Sub-Total	75,037,856	80,569,903	85,987,697	82,059,277	75,927,581	73,004,219	68,760,324	78,915,967	81,582,672	12,184,614	819,177,104
10	Purchased Carrier Insurance	46,141,302	45,688,977	46,400,650	50,970,127	56,749,997	58,240,890	60,730,106	65,170,636	70,783,001	12,185,216	570,229,062
11	Purchased Excess Insurance	1,029,985	1,276,428	1,538,801	1,636,443	2,107,541	2,847,451	3,042,473	2,135,657	2,084,937	0	19,077,626
12	General & Administrative Expenses	1,903,854	2,733,941	2,082,993	2,148,424	1,979,585	2,003,557	1,979,157	1,859,119	2,002,421	377,392	21,454,869
13	Direct Expenses (Beginning 10/01/2014)	974,596	947,446	911,463	669,120	464,044	696,289	693,781	683,443	452,162	73,650	6,652,992
14	Total Expenses	125,087,593	131,216,694	136,921,603	137,483,391	137,228,749	136,792,407	135,205,841	148,764,822	156,905,194	24,820,871	1,436,591,653
15	HMO 2012 PY Set Aside Fund	0	0	0	0	0	0	0	0	0	0	426,923
EXCESS REVENUE OVER EXPENSES												
16	Net Increase (Decrease) in EB Reserve:	\$ (2,701,859)	\$ (7,016,714)	\$ (4,101,030)	\$ 4,168,591	\$ 11,831,833	\$ 13,094,993	\$ 20,268,057	\$ 11,387,503	\$ (6,928,063)	\$ (174,928)	\$ 45,191,935

ACWA JPIA
EMPLOYEE BENEFITS
Fund Balance
at Quarter End



ACWA JPIA
Employee Benefits Reserve Fund
April 26, 2023

BACKGROUND

The ACWA JPIA Employee Benefits Program maintains an excess Reserve Fund balance for the medical, dental and vision self-funded programs. Fluctuations are primarily driven by claims costs. If claims costs exceed anticipated losses, the normal result is a reduction in the Fund balance. The opposite occurs when claims costs are less than anticipated. The ensuing result is an increase in the Fund balance.

May 4, 2015 the Employee Benefits Program Committee recommend and the Executive Committee approve using the 99% confidence level (\$18.5 million) of claims fluctuation margin to set as a goal for the Employee Benefits Program Fund.

CURRENT SITUATION

As of February 28, 2023, the Employee Benefits Program Fund Reserve balance is approximately \$88.4 million. Staff obtained a new actuarial study that recommends \$22.7M in Claim Fluctuation Margin (CFM) to reach a 99% confidence level. Incurred But Not Reported (IBNR) claims are estimated to be \$11.2M at a 99% confidence level. The sum of IBNR and CFM is \$33.9M.

Historical Claims Fluctuation Margin:

Date	Medical	Dental	Vision	Total
4/3/2015	15.5M	2.0M	new	18.5M
2/17/2018	16.9M	2.0M	0.3M	19.2M
3/11/2023	20.5M	1.8M	0.3M	22.7M

RECOMMENDATION

That the Employee Benefits Committee recommend that the Executive Committee approve using a target of \$50M for the Employee Benefits Reserve Fund.

March 11, 2023

Ms. Tom Sher
Alliant Insurance
100 Pine St., 11th Floor
San Francisco, CA 94111

RE: ACWA JPIA IBNR Reserves and Claim Fluctuation Margin

Dear Tom:

This report will recommend appropriate levels of reserves for both Incurred But Not Reported (IBNR) claims and Claim Fluctuation Margin (CFR) based on actuarial analysis.

Analysis of Reserves for IBNR Claims

ACWA JPIA is a self-insured medical/Rx, dental, and vision pool with about 3,365 covered employees in the medical plan and approximately 8,000 covered employees in the dental/vision plans. Reserves for IBNR claims reflect the liability for claims incurred but not yet paid due to normal billing, submission, and processing delays. In the event of program termination, this liability would be covered by funds set aside during pre-termination operations. Estimated IBNR are as follows:

As of 12/31/22	IBNR	% of Paid Claims
Medical	\$10,546,639	17.7%
Rx	\$72,873	0.4%
Medical/Rx Subtotal	\$10,619,512	n/a
Dental	\$493,735	6.5%
Vision	\$80,035	5.7%
Total	\$11,193,283	n/a

The above reserve amounts for Medical are significantly higher than our prior 2018 actuarial report due to much higher 2022 PEPM medical claim costs compared to the 2017 data used in the prior report. Claim payment patterns are slower as well, resulting in much lower completion factors in 2022, which translates to higher IBNR reserves, especially as a percentage of paid claims. By contrast, Rx IBNR is much lower than the 2018 actuarial report due to faster completion patterns. Dental/vision results are similar.

IBNR Calculation Methodology

Our IBNR analysis uses completion factor methodology. This approach applies completion factors (the estimated percentage of claims incurred and paid after 1 month, 2 months, 3 months, etc.), developed over the most recent 6 months, to claim lag data to calculate estimated incurred claims for each month during the prior year. This is a standard actuarial methodology that is well known throughout the health and welfare industry.

Estimated IBNR reserves include a 15% admin load for potential runout claim processing fees. Some reserves also include a manual adjustment to ensure reserve amounts are within industry ranges.

Claim Fluctuation Margin

Claim fluctuation margin is an optional but highly recommended reserve that enables self-funded plans to manage unfavorable claim years through the use of funds set aside for random claim fluctuation. The amount of this reserve is usually defined by a confidence level such as 70%, 80%, 90%, etc. that quantifies the probability that claims will not exceed premium plus the specified margin in any given year. Most groups strive to fund this reserve to a 95% confidence level within 3-5 years following the commencement of operations.

The methodology used for this analysis is the simulation of multiple years of random claim experience. The approach defines the estimated claim level that will produce the confidence levels described above.

The recommended claim fluctuation margin for medical/Rx is as follows:

	Confidence Level				
Medical/Rx	70%	80%	90%	95%	Estimated 99%
Margin (% of claims)	7.0%	10.0%	13.0%	15.0%	25.0%
Total \$	\$5.7M	\$8.2M	\$10.7M	\$12.3M	\$20.5M

The recommended claim fluctuation margin for dental is as follows:

	Confidence Level				
Dental	70%	80%	90%	95%	Estimated 99%
Margin (% of claims)	4.0%	7.0%	10.0%	13.0%	23.0%
Total \$	\$0.32M	\$0.56M	\$0.80M	\$1.04M	\$1.84M

The recommended claim fluctuation margin for vision is as follows:

Vision	Confidence Level				
	70%	80%	90%	95%	Estimated 99%
Margin (% of claims)	4.0%	7.0%	10.0%	13.0%	23.0%
Total \$	\$0.58M	\$0.10M	\$0.14M	\$0.19M	\$0.33M

Additional calculation detail is illustrated in the exhibits.

Funding Status

Based on ACWA JPIA financials, both IBNR and Claim Fluctuation Margin amounts are fully funded, with significant member equity/surplus. A surplus position provides the maximum flexibility in rate setting, reserving, new business marketing, etc. but also requires a surplus management strategy.

Below is an analysis of the program's funding status for all plans combined:

Financials	70%	80%	90%	95%	99%
Fund Balance 12/31/22	\$87.1M				
Recommended IBNR	\$11.2M				
Target Claim Fluctuation Margin	\$6.1M	\$8.9M	\$11.6M	\$13.5M	\$22.7M
Surplus/(Deficit)	\$69.8M	\$67.1M	\$64.3M	\$62.4M	\$53.3M
2022 Premium	\$69.1M				
<u>Impact:</u> 1% Rate Subsidy	\$0.7M				
5% Rate Subsidy	\$3.5M				
10% Rate Subsidy	\$6.9M				
<u>Approx. Years to Exhaust Surplus</u>					
1% Rate Subsidy	101	97	93	90	77
5% Rate Subsidy	20	19	18	18	15
10% Rate Subsidy	10	9	9	9	7

Surplus Management Strategy

ACWA's strong financial surplus position necessitates a discussion of surplus management strategy. Many self-funded programs maintain the full surplus on account, in order to remain conservative and to protect against the higher-than-average claim year that typically come along at least once every 3-5 years. Other programs prefer to limit surplus growth through premium rate credits (i.e., deferred rate increases) or other investments in the program. In our opinion, a prudent surplus management strategy allows for small rate credits of up to 2-3% in any given year, since any deferred rate increases must be made up in future years in order to avoid long-term negative cash flow. A 2%-3% use of surplus one year can result in a still reasonable 10%-13% increase the following year, assuming standard industry trend of 8%-10% for medical/Rx. However, we caution clients against an overly aggressive use of surplus since the leveraging effect on future years' rate increases can be significant once surplus is depleted.

We look forward to discussing this information with you.

Sincerely,

David E. Turner

David E. Turner, FSA
Manager
TURNER CONSULTING AND ACTUARIAL, LLC

ACWA JPIA MEETINGS & CONFERENCE CALENDAR – 2023

MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	PROGRAMS				RISK MGMT	CWIF
					Emp. Benefits	Liability	Property	Work Comp		
JAN 23			2:00 PM COSTA MESA							
JAN 30									2:00 PM	
JAN 31		8:00 AM								
MAR 22				1:00 PM			3:00 PM			
MAR 23		8:00 AM								
APR 26					8:30 AM					
MAY 8	1:30 PM	10:15 AM						8:30 AM		
MAY 9-11 ACWA SPRING CONFERENCE – MONTEREY										
MAY 25										9:00 AM UTAH
JUNE 8			11:00 AM							
JUNE 14-15 EXECUTIVE COMMITTEE ONBOARDING MEETING										
JUNE 20							3:00 PM	1:00 PM		
JUNE 21		8:00 AM								1:00 PM
JULY 26					2:15 PM	12:30 PM				
JULY 27		8:00 AM								
SEPT 6			11:00 AM							
SEPT 27				3:00 PM		1:00 PM				
SEPT 28		8:00 AM								1:00 PM
OCT 25		8:30 AM								
NOV 27	1:30 PM	10:15 AM								
NOV 28										8:30 AM
ACWA FALL CONFERENCE – NOVEMBER 29 – DECEMBER 1 – INDIAN WELLS										

- CICA Conference, Rancho Mirage – March 5-7, 2023
- AGRiP Governance Conference, Orlando, FL – March 5-8, 2023
- CAJPA Conference, Lake Tahoe – September 12-14, 2023