

Joint Powers Pool Board

A G E N D A

February 6, 2013

10:30 a.m.

**Duluth Airport
Authority**

- Call to Order
- Approval of Meeting Minutes of October 10, 2012
- Treasurer's Report
- Introduction of Todd Hanson, CBIZ, Sr. Benefits
Consultant
- Wellness Program
- 2013 Open Enrollment
- Medicare Prescription Drugs
- Coordination of Benefits/Benefit Reserve
- Adjourn



**DULUTH JOINT POWERS ENTERPRISE TRUST
BOARD OF TRUSTEES MEETING MINUTES
Wednesday, October 10, 2012**

Board Members Present: Rick Ball, David Montgomery, Randy Overby, Dan Russell

Others Present: Barb Akervik, Paul Borrell, Amy Diedrich, Don Douglas, Keely Downs, Cookie Gilmore, Kim Hall, Steve Hanke (*arrived at 10:30 a.m.*), Terry Johnson, Tom Maida, Terri Nowak, Wayne Parson

Chair Montgomery called the meeting to order at 9:35 a.m.

Approval of Minutes: The September 26, 2012, Minutes were approved with one minor correction(4-0). Russell/Overby

Randy Overby is retiring, and in the interim Tom Werner will be the Airport representative.

Treasurer's Report

- Parson stated 271,000 net loss for first nine months. The 1,166,000 was budgeted. This looks positive, though we do have higher claims in the last quarter.
- Five year trend information is slightly higher for 2012. There was a high claim for September in which we did receive a stop-loss reimbursement.
- Our trend increase is 9.3 % which is a decrease from last month.
- Drugs are substantially less than this time last year, and the trend decreased to 5.5%.
- Combined medical and drugs are a 8.33% trend increase for the year so far.
- Russell asked about the fund balance forecast, and Parson anticipated we will be at a \$1.2 million loss on the balance, which is what we budgeted.
- Montgomery requested year to date fund balance comparison be added to the report in the future.

COBRA/Retiree Third-Party Administrator Agreement

- Gilmore indicated Steve Hanke is reviewing the agreement.
- There is a 38% savings predicted with Genesis as TPA. There is a \$2 million savings anticipated for the Medicare Supplement.
- Hanke will solicit input from the Trustees once it's ready.

2013 Medical Premium Rate Setting

- Diedrich reviewed the 2013 medical renewal summary.

- Montgomery questioned the types of claims that would be categorized as "factors influencing health status" listed in the top five diagnostic categories. Diedrich will provide this information.
- Diedrich explained CBIZ estimates the 2012 funding shortfall at \$1.4 million or 7.5%.
- CBIZ recommends lowering the stop loss level to \$300,000. Parson concurs.
- For 2013 CBIZ projects a 5.7% overall increase.
- Beginning in 2013, Medicare retirees will receive new insurance cards, have a slight increase in benefits, and the program will be geared more towards their specific needs. This will also decrease volatility and costs to the plan.
- The recommended premium increase is 21% if funding to the aggregate; however, funding to claims would be a 15.3% increase.
- Russell asked about a 15% increase. Parson advised that would put the reserve at approximately \$2 million.
- Overby asked if a 60 day reserve is standard, and Diedrich stated actuaries support that as the minimum reserve. Other entities can change rates mid-year, while the JPE cannot.
- Russell proposed an 18% increase for 2013.
- Motion by Russell second by Ball to increase the 2013 medical premiums to 18%.
- Parson advised if the increase is 18%, he recommends including a contingency plan in the 2013 budget. Diedrich suggested awareness of lower-cost utilizations such as Qclinics rather than urgent care.
- Overby urged that plan design issues be discussed in the future.
- **Resolution JPE 0912-26** passed unanimously (4-0).

2013 JPE Meeting Dates & Locations

- The April meeting will be changed to May. A revised schedule will be distributed.

Next meeting: The next meeting is scheduled for February 6, 2013, at 10:30 a.m. at the Duluth Airport Authority Board Room.

The meeting adjourned at 10:52 p.m.

Minutes respectfully submitted by,

Terri Nowak
Executive Assistant
City of Duluth

Income Statement

Through 12/31/12
 Summary Listing

Organization	Organization Description	Budget Amount	Annual	MTD	Actual Amount	YTD	Budget Less	% of	Prior Year	
				Actual Amount	Actual Amount	YTD Actual	YTD Actual	Budget	Total Actual	
Fund Category Proprietary Funds										
Fund Type Internal Service Funds										
Fund 630 - Group Health										
REVENUE										
Department 036 - Insurance Accounts										
1650	Insurance - Administration	100,000.00		90,222.82	530,532.86		(430,532.86)	531	271,490.43	
1651	Insurance - General City	9,196,000.00		795,686.33	9,396,356.50		(200,356.50)	102	8,050,065.57	
1655	Insurance - HRA	725,700.00		60,475.29	717,338.29		8,361.71	99	629,986.91	
1657	Insurance - DECC	445,300.00		36,793.62	445,948.34		(648.34)	100	382,007.05	
1659	Insurance - Airport	319,300.00		24,692.93	304,462.08		14,837.92	95	282,643.40	
1660	Insurance - City Retirees	9,448,000.00		788,773.33	9,741,542.55		(293,542.55)	103	8,394,422.09	
1663	Insurance - COBRA	29,075.00		4,865.93	18,475.11		10,599.89	64	16,770.85	
Department 036 - Insurance Accounts Totals		\$20,263,375.00	\$1,801,510.25	\$1,801,510.25	\$21,154,655.73		(\$891,280.73)	104%	\$18,027,386.30	
REVENUE TOTALS		\$20,263,375.00	\$1,801,510.25	\$1,801,510.25	\$21,154,655.73		(\$891,280.73)	104%	\$18,027,386.30	
EXPENSE										
Department 036 - Insurance Accounts										
1650	Insurance - Administration	295,000.00		70,416.67	339,161.94		(44,161.94)	115	416,361.13	
1651	Insurance - General City	9,464,285.00		962,810.36	9,969,640.79		(505,355.79)	105	9,474,748.79	
1655	Insurance - HRA	743,800.00		114,112.61	1,172,121.81		(428,321.81)	158	649,094.38	
1657	Insurance - DECC	485,300.00		36,256.53	404,904.50		80,395.50	83	261,946.92	
1659	Insurance - Airport	381,781.00		25,228.92	243,343.86		138,437.14	64	236,703.35	
1660	Insurance - City Retirees	10,026,562.00		855,315.77	9,717,388.44		309,173.56	97	9,734,770.35	
1663	Insurance - COBRA	33,432.00		3,936.88	10,182.64		23,249.36	30	33,506.80	
Department 036 - Insurance Accounts Totals		\$21,430,160.00	\$2,068,077.74	\$2,068,077.74	\$21,856,743.98		(\$426,583.98)	102%	\$20,807,131.72	
EXPENSE TOTALS		\$21,430,160.00	\$2,068,077.74	\$2,068,077.74	\$21,856,743.98		(\$426,583.98)	102%	\$20,807,131.72	
Fund 630 - Group Health Totals										
REVENUE TOTALS		20,263,375.00	1,801,510.25	1,801,510.25	21,154,655.73		(891,280.73)	104%	18,027,386.30	
EXPENSE TOTALS		21,430,160.00	2,068,077.74	2,068,077.74	21,856,743.98		(426,583.98)	102%	20,807,131.72	
Fund 630 - Group Health Net Gain (Loss)		(\$1,166,785.00)	(\$266,567.49)	(\$266,567.49)	(\$702,088.25)		\$464,696.75	60%	(\$2,779,745.42)	
FUND BALANCE - BEGINNING		\$4,876,328.75			\$4,876,328.75				\$7,656,073.17	
FUND BALANCE - ENDING		\$3,709,543.75			\$4,174,240.50				\$4,876,328.75	

CITY OF DULUTH

COMPARISON OF HEALTH INSURANCE CLAIMS

Last 5 Years

MONTH	MEDICAL CLAIMS					DRUG CLAIMS					CURRENT YEAR TOTAL
	2008 CLAIMS	2009 CLAIMS	2010 CLAIMS	2011 CLAIMS	2012 CLAIMS	2008 DRUGS	2009 DRUGS	2010 DRUGS	2011 DRUGS	2012 DRUGS	
JANUARY	888,408.55	827,666.65	801,436.77	1,234,689.69	1,100,449.57	355,687.16	389,124.56	335,446.06	331,655.32	380,509.58	1,480,959.15
FEBRUARY	863,222.32	1,067,061.73	977,792.41	678,161.83	1,222,880.65	358,927.20	340,880.89	303,638.61	330,489.79	361,178.61	1,584,059.26
MARCH	793,219.61	1,290,192.70	1,148,186.40	949,937.52	1,359,068.68	364,444.39	380,512.46	357,544.97	365,427.67	371,024.67	1,730,113.35
APRIL	1,048,479.37	915,593.34	1,215,446.70	1,327,399.31	1,453,292.68	358,099.80	392,631.97	346,143.11	342,566.68	368,568.37	1,821,881.05
MAY	1,161,418.71	1,019,277.90	702,635.26	1,134,964.13	1,334,579.59	353,874.37	373,346.72	327,234.36	381,380.26	430,286.34	1,764,865.93
JUNE	1,059,711.97	1,205,329.29	1,304,337.72	1,265,561.60	1,249,652.10	358,405.78	368,877.95	340,637.60	351,733.92	369,188.99	1,617,841.09
JULY	1,033,839.80	955,162.92	1,010,845.69	1,297,361.73	1,219,884.23	351,703.29	392,202.73	364,114.39	346,092.46	369,026.05	1,588,910.28
AUGUST	986,377.80	915,279.37	1,042,775.55	1,169,688.92	983,419.56	347,815.20	375,615.25	335,099.46	372,221.79	393,628.85	1,377,048.41
SEPTEMBER	873,659.98	860,647.02	910,166.98	1,243,901.47	1,326,819.12	368,738.02	388,341.38	313,318.44	392,179.25	348,761.55	1,675,600.67
OCTOBER	863,499.09	1,166,014.52	1,348,344.90	1,944,341.14	1,456,819.31	372,829.47	384,519.32	330,875.83	347,749.90	369,116.11	1,825,935.42
NOVEMBER	1,253,679.96	1,291,212.94	1,313,610.84	1,235,709.23	1,324,255.27	333,880.21	368,163.32	355,540.72	379,396.77	388,750.48	1,713,005.75
DECEMBER	963,969.48	1,585,589.06	1,469,866.01	1,253,016.54	1,484,915.03	391,372.36	448,743.95	345,656.11	357,759.00	392,363.72	1,877,218.75
YTD Subtotal*	11,759,486.64	13,099,027.44	13,245,245.23	14,734,723.11	15,515,055.79	4,315,587.25	4,602,960.30	4,055,448.66	4,298,652.81	4,542,383.32	20,057,439.11
Annual Total	11,759,486.64	13,099,027.44	13,245,245.23	14,734,723.11	15,515,055.79	4,315,587.25	4,602,960.30	4,055,448.66	4,298,652.81	4,542,383.32	
STOP-LOSS	-377,010.00	-115,382.00	-80,417.00	-202,550.88	-415,344.10						
YTD Average*	979,957.22	1,091,585.82	1,103,770.44	1,227,883.59	1,292,921.32	359,632.27	383,580.03	337,954.14	358,221.07	378,531.94	
Annual AVG w/SL	948,539.72	1,081,970.45	1,097,069.02	1,211,014.35	1,258,309.31	359,632.27	383,580.03	337,954.14	358,221.07	378,531.94	
MEDICAL CLAIMS YTD						DRUG CLAIMS YTD					
2012	15,515,055.79					2012	4,542,383.32				
2011	14,734,723.11					2011	4,298,652.81				
	<u>780,332.68</u>						<u>243,730.51</u>				
									5.67% INCREASE		

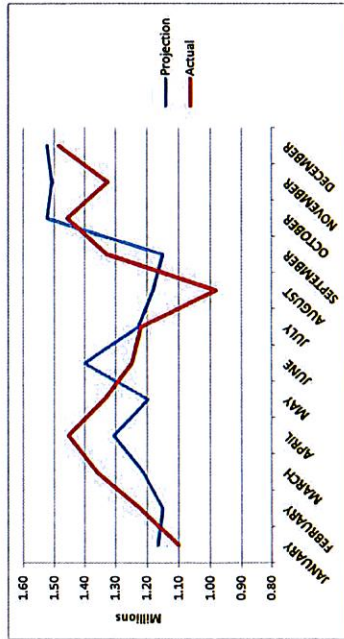
* YTD for previous years is based on number of months of current year.

CITY OF DULUTH

YTD TOTAL MEDICAL CLAIMS COMPARED TO PROJECTED MEDICAL CLAIMS

MONTH	PROJECTED	ACTUAL	YTD PERCENT PROJECTED	ACTUAL
JANUARY	1,165,690.35	1,100,449.57	7.5%	7.1%
FEBRUARY	1,150,147.81	1,222,880.65	7.4%	7.9%
MARCH	1,212,317.96	1,359,088.68	7.8%	8.7%
APRIL	1,305,573.19	1,453,292.68	8.4%	9.4%
MAY	1,196,775.43	1,334,579.59	7.7%	8.6%
JUNE	1,398,828.42	1,248,652.10	9.0%	8.0%
JULY	1,227,860.50	1,219,884.23	7.9%	7.8%
AUGUST	1,181,232.89	963,419.56	7.6%	6.3%
SEPTEMBER	1,150,147.81	1,326,819.12	7.4%	8.5%
OCTOBER	1,523,168.72	1,456,819.31	9.8%	9.4%
NOVEMBER	1,507,626.19	1,324,255.27	9.7%	8.5%
DECEMBER	1,523,168.72	1,484,915.03	9.8%	9.6%
YTD SUBTOTAL	15,542,538.00	15,515,055.79	100.0%	

2012 PROJECTED MEDICAL CLAIMS 15,542,538.00

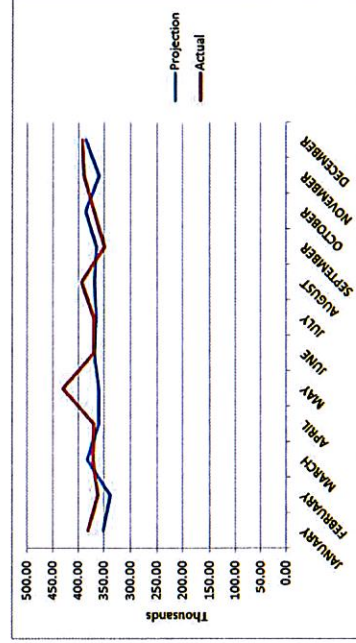


CITY OF DULUTH

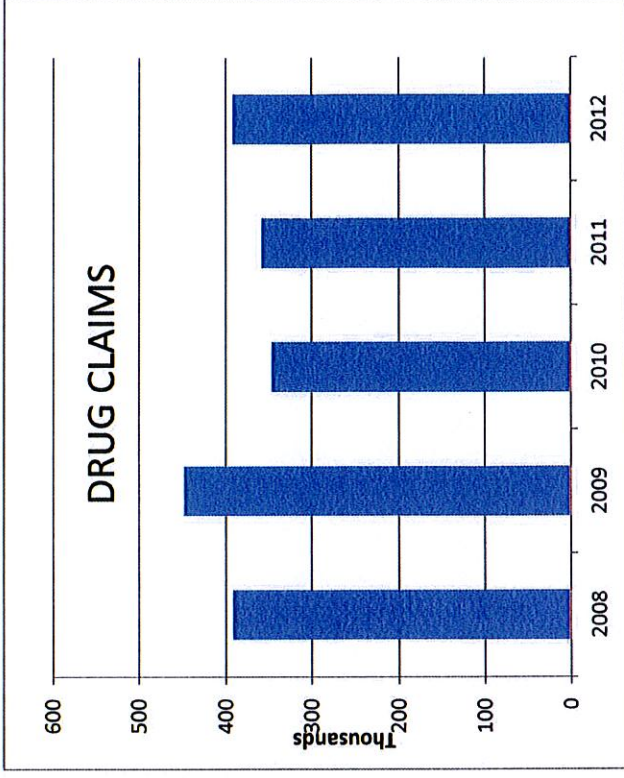
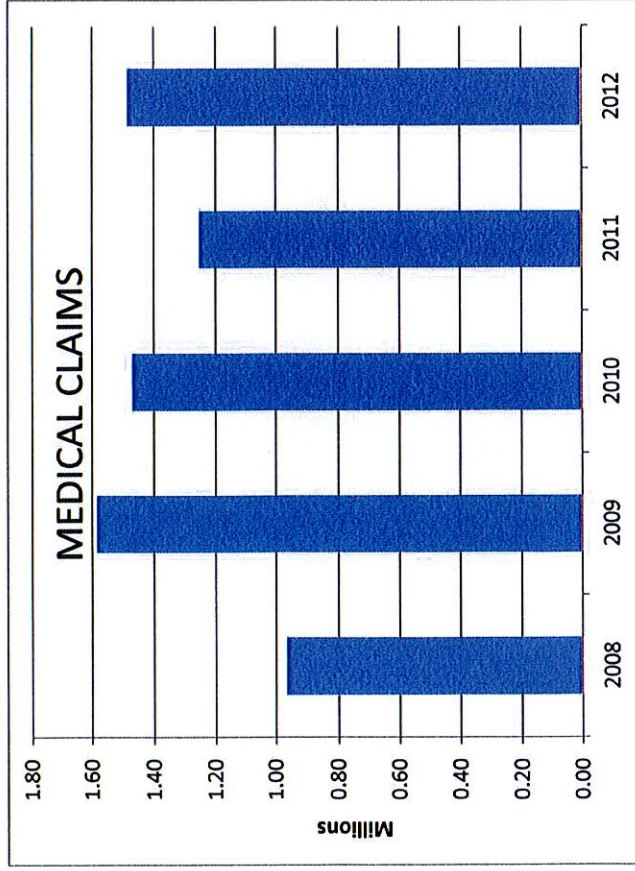
YTD TOTAL DRUG CLAIMS COMPARED TO PROJECTED DRUG CLAIMS

MONTH	PROJECTED	ACTUAL	YTD PERCENT PROJECTED	ACTUAL
JANUARY	350,708.40	380,509.58	8.0%	8.7%
FEBRUARY	337,556.84	361,178.61	7.7%	8.2%
MARCH	381,395.39	371,024.67	8.7%	8.5%
APRIL	359,476.11	368,588.37	8.2%	8.4%
MAY	359,476.11	430,286.34	8.2%	9.8%
JUNE	368,243.82	369,188.99	8.4%	8.4%
JULY	363,859.97	369,026.05	8.3%	8.4%
AUGUST	368,243.82	393,628.85	8.4%	9.0%
SEPTEMBER	363,859.97	348,781.55	8.3%	8.0%
OCTOBER	385,779.24	369,116.11	8.8%	8.4%
NOVEMBER	359,476.11	388,750.48	8.2%	8.9%
DECEMBER	385,779.24	392,303.72	8.8%	8.9%
YTD SUBTOTAL	4,383,855.00	4,542,383.32	100.0%	

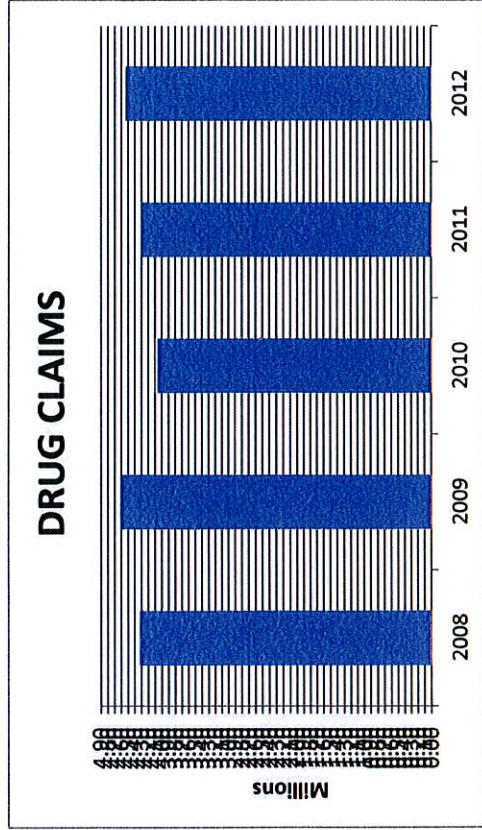
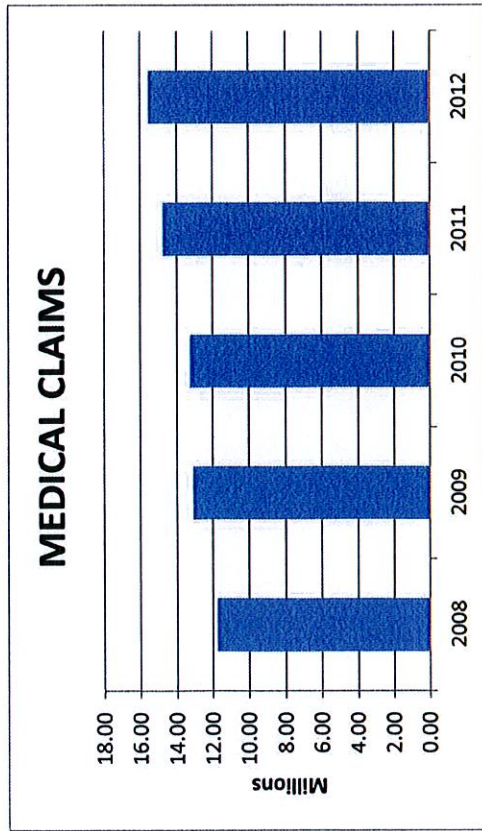
2012 PROJECTED DRUG CLAIMS 4,383,855.00



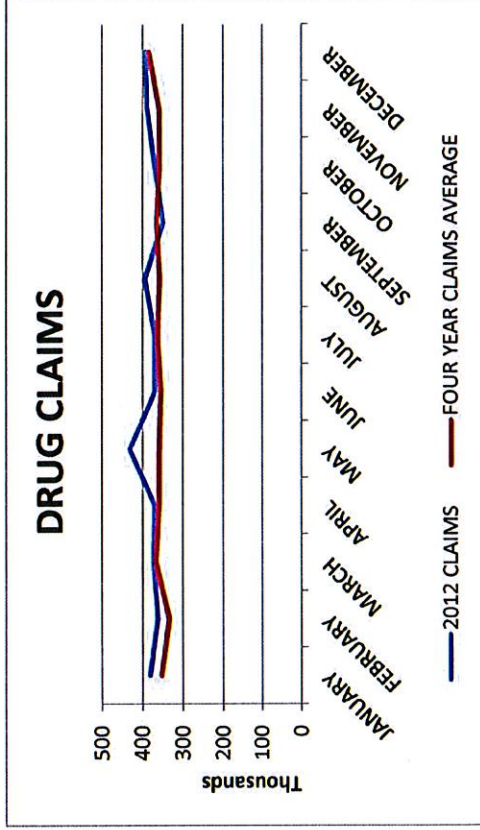
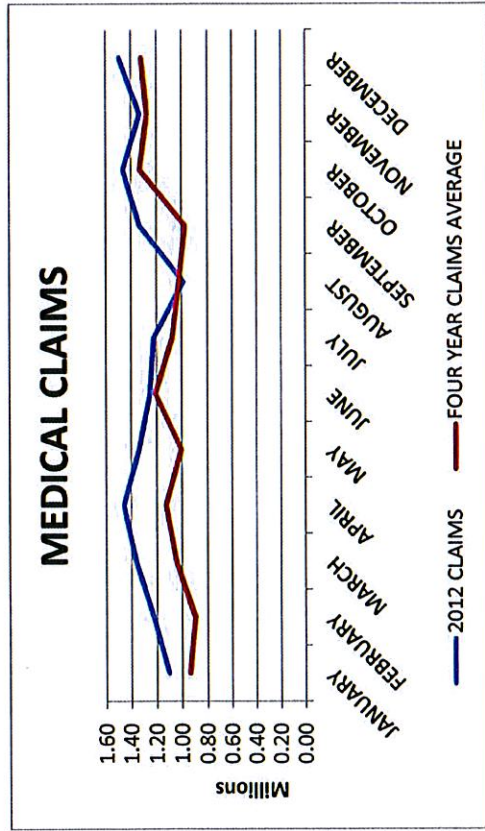
DECEMBER CLAIMS



YEAR TO DATE - JANUARY THRU DECEMBER



2012 CLAIMS



Income Statement

Through 12/31/12
 Summary Listing

Organization	Organization Description	Annual Budget Amount	MTD Actual Amount	YTD Actual Amount	Budget Less YTD Actual	% of Budget	Prior Year Total Actual
Fund Category Proprietary Funds							
Fund Type Internal Service Funds							
Fund 633 - Dental Health							
REVENUE							
Department 036 - Insurance Accounts							
1651	Insurance - General City	561,000.00	48,574.00	571,948.00	(10,948.00)	102%	557,950.35
1655	Insurance - HRA	36,000.00	2,883.00	34,623.00	1,377.00	96%	35,908.00
1657	Insurance - DECC	15,000.00	1,564.86	18,644.14	(3,644.14)	124%	16,295.00
1659	Insurance - Airport	14,000.00	1,127.28	15,245.28	(1,245.28)	109%	17,056.00
1663	Insurance - COBRA	124,000.00	11,991.86	125,324.48	(1,324.48)	101%	125,669.62
Department 036 - Insurance Accounts Totals		\$750,000.00	\$66,141.00	\$765,784.90	(\$15,784.90)	102%	\$752,878.97
REVENUE TOTALS		\$750,000.00	\$66,141.00	\$765,784.90	(\$15,784.90)	102%	\$752,878.97
EXPENSE							
Department 036 - Insurance Accounts							
1651	Insurance - General City	557,700.00	36,371.83	469,653.76	88,046.24	84%	459,556.54
1655	Insurance - HRA	33,600.00	3,095.98	32,464.18	1,135.82	97%	27,758.54
1657	Insurance - DECC	16,700.00	478.98	11,366.57	5,333.43	68%	10,282.11
1659	Insurance - Airport	15,700.00	918.23	17,505.99	(1,805.99)	112%	14,877.06
1663	Insurance - COBRA	144,800.00	11,192.75	157,691.64	(12,891.64)	109%	144,150.13
Department 036 - Insurance Accounts Totals		\$768,500.00	\$52,057.77	\$688,682.14	\$79,817.86	90%	\$656,624.38
EXPENSE TOTALS		\$768,500.00	\$52,057.77	\$688,682.14	\$79,817.86	90%	\$656,624.38
Fund 633 - Dental Health Totals							
REVENUE TOTALS		750,000.00	66,141.00	765,784.90	(15,784.90)	102%	752,878.97
EXPENSE TOTALS		768,500.00	52,057.77	688,682.14	79,817.86	90%	656,624.38
Fund 633 - Dental Health Net Gain (Loss)		(\$18,500.00)	\$14,083.23	\$77,102.76	\$95,602.76	(417%)	\$96,254.59
FUND BALANCE - BEGINNING		\$403,690.20		\$403,690.20			\$307,435.61
FUND BALANCE - ENDING		\$385,190.20		\$480,792.96			\$403,690.20

CITY OF DULUTH

COMPARISON OF DENTAL INSURANCE CLAIMS

Last 5 Years

MONTH	DENTAL CLAIMS				
	2008 CLAIMS	2009 CLAIMS	2010 CLAIMS	2011 CLAIMS	2012 CLAIMS
JANUARY	63,578.00	59,098.00	58,555.00	61,953.90	67,948.64
FEBRUARY	46,865.00	47,669.00	55,493.00	49,237.24	54,125.77
MARCH	48,572.00	56,603.00	59,118.00	56,718.91	51,795.18
APRIL	52,817.00	55,764.00	46,256.00	52,869.97	65,967.55
MAY	46,807.00	45,503.00	51,920.00	51,555.64	59,919.56
JUNE	44,546.00	54,448.00	43,861.00	53,984.76	42,782.05
JULY	47,476.00	50,427.00	44,587.00	41,597.64	54,826.98
AUGUST	46,332.00	37,553.00	54,546.00	58,011.07	50,342.49
SEPTEMBER	40,515.00	48,419.00	45,831.00	61,984.35	39,082.27
OCTOBER	35,072.00	35,759.00	47,605.00	48,826.96	48,252.22
NOVEMBER	36,446.00	49,140.00	44,926.00	45,274.99	54,678.75
DECEMBER	44,908.00	49,796.00	60,562.00	52,948.84	47,695.67
YTD Subtotal*	553,934.00	590,179.00	613,260.00	634,964.27	637,417.13
Annual Total	553,934.00	590,179.00	613,260.00	634,964.27	637,417.13
YTD Average*	46,161.17	49,181.58	51,105.00	52,913.69	53,118.09
Annual AVG	46,161.17	49,181.58	51,105.00	52,913.69	53,118.09
DENTAL CLAIMS YTD					
2012	637,417.13				
2011	634,964.27				
	<u>2,452.86</u>	0.39% INCREASE			

* YTD for previous years is based on number of months of current year.

DENTAL CLAIMS

