



City of Duluth
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Duluth Joint Powers Enterprise Trust
Board of Trustees Minutes Meeting
Wednesday, August 30, 2023 at 9:30 am (Special Meeting)

Board Members Present: Dan Hartman, Noah Schuchman, Tom Werner, Jill Keppers

Others Present: Jodi Amundson, Josh Bailey, Joelle Bodin, Jen Carlson, Adam Casillas, Amanda Denton, Cyndi Falconer, Chris Kibler, Matt Silverness, Rebecca St George, Ben VanTassel, John Upton, Tammie Walsh, Diane Schlossin

Brown & Brown - Jodie Elder and Carter Fallen

Chair Noah Schuchman called the meeting to order at 9:32 a.m. Introductions were made.

New Business:

Discussion on Rate Setting

Jodie Elder, Brown & Brown, presented on the 2024 Medical/Dental Renewal Discussion

2024 Medical Renewal Discussion

1. Plan Summary – Ratio of Paid to Budget Costs at 91%; Favorability \$1,490,109.00 and Ratio of Paid to Expected Claims at 83%; with a ratio of Paid to Max Claims at 69%.
2. High Claim Activity 2023 – Total Amount of High Claims YTD \$5,791,732 Percentage of Total Claims 40% 52 Claims over \$50k
3. B&B Underwriting – Total Per Member Per Month (PMPM) Claims Projection \$847.56; Current Membership 2,770; Monthly Claims \$2,347,755; Annual Claims Projection \$28,173,058; Current Enrollment 1,199; Total Per Employee Per Month (PEPM) Claims Projection \$1,958.09
4. Combined Cost Projection (Actives & Pre-65 Retirees) 2023 \$36,014,717 and 2024 \$34,700,340 with a change of (\$1,314,376) or -3.65% change between the years. Brown & Brown recommending 0% increase in medical for 2024.
5. Brown & Brown recommending four months reserve for medical and two months reserve for dental in the DJPE Fund Accounts.
6. Historical Fund Balance – 2019 Fund balance approximately \$5,000,000; 2023 Fund balance over \$12,500,000;
7. Year over Year percentage Cost Increase to DJPE PEPM 4.9%
8. Demographic Shift; Younger Average Age – In 2019, there were 18% percentage of members 60 + years old vs 14% in 2022.
9. In 2022, Employees accounted for 43% of membership and 59% of claims; Spouse account for 20% of membership and 26% of claims.
10. In 2018, 18% of members suffered from poor nutrition, physical inactivity, tobacco use and substance abuse vs 13.9 % of member in 2022. Chronic Disease went down from 21.0 %, spiked up to 22.4% in 2018 and has decreased each year to 18.2% in 2022.
11. Wellness programs in place to prevent diseases that take place in large claims.
12. RX Utilization and Cost – In 2018, Specialty drugs made up 34.2% of spend and in 2022 our members had a 50.2% member spend. The Specialty drugs sustain life and provide a higher quality of life but at the expense of plan costs.
13. Medical Trend is anticipated to remain around 7.5% while Pharmacy Trend may increase 10-12%. Stop Loss Leveraged Trend is now between 14% - 17%.
14. Future Increases – 86% of employers should anticipate a stop loss claim, 10% will have a claim over \$1 million.

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15. 2023 National Trend, 18% Inpatient utilization; Generic drugs down 6% and Specialty Drugs up 13.5%.
16. Rate increase – Member burden percentage has stayed the same in 2021-2022 at 5.9%. Brown & Brown recommending a plan design change in the future and may need to be considered with topics of Spouse Utilization, Age of membership and keeping in mind cyclical trends.
17. From 2018 – 2023, a \$2500 Medical claim with a 7.5% Medical Trend has an annual increase of 13% to the DJPE fund. With an out of pocket cost at \$1,250 the DJPE costs have increased from 2018 at \$1,250 to 2023 at \$2,339.

2024 Dental Renewal Discussion

1. Corporate Trend for Dental is 5.5%
2. Paid Claims for May 2022 – April 30, 2023 is \$969,614; needed funding is \$1,126,468 and current funding is \$1,084,956 which gives a 3.7% increase. Brown & Brown recommending 4.0% increase in dental premium rates for 2024.
3. Dental plan reserves are at a two-month level.

Discussion was held on the following topics:

- Jen Carlson is working on the 2024 Budget and building in a 5% increase to the 2024 medical premiums and no increase for the dental plan.
- It was noted that not all entities receive Cafeteria Plan Contribution monies.
- A request was made to have more conversations about developing a plan that is sustainable in the long term. An analysis would be a helpful tool to provide information on demographics, trends and projected claims and to be ready for those cyclical times when the fund balance is tested.
- A request was made to show at next month's meeting the 2024 medical plan increases of 0%, 2.5% and 5% including what the impact and exposure to the plan would look like.

Motion to adjourn by Jill Keppers; seconded by Tom Werner. Approved. Meeting adjourned at 10:40 a.m.

Next meeting: Wednesday, September 20, 2023 at 11:00 am – City Hall Conference Room 330

Minutes respectfully submitted by,

Diane Schlossin
Human Resources Technician
City of Duluth