



Meeting of the Board of Trustees  
January 17, 2019

**Trustees – In Attendance**

Norman Russell, Chairman  
Sarah Smith  
Roger Silbernagel  
Leigh Tapani

**Trustees – Not Present**

Mark Powell

**Others in Attendance**

Mike Salsgiver – Executive Director, AGC Oregon-Columbia Chapter  
Autumn Cavalli – Senior Associate, Willis Towers Watson  
Joe Soulagnet – Associate, Willis Towers Watson  
Erik Ryan – VP of Client Services, Vimly Benefit Solutions  
Paolo Cruz – Account Manager, Vimly Benefit Solutions  
C.J. Hudson – Sr. Account Executive, Regence  
Meagan Rian – Account Executive, LifeMap  
Lee Colclasure – Signing Director. CliftonLarsonAllen LLP (on the phone)  
Lisa Cushman – Signing Director. CliftonLarsonAllen LLP (on the phone)

**Call to Order**

The meeting was called to order at 11:00 a.m. by Chairman Russell.

**Audit Report Update, CliftonLarsonAllen**

Mr. Colclasure and Ms. Cushman from CliftonLarsonAllen gave a Trust audit report update for the year ending on March 31, 2018. Mr. Colclasure stated that the audit had been completed and they sent out copies of the audit reports and financial statements to the Trust. Ms. Cushman also reported that they were able to meet all filing deadlines for the Trust 5500 and 1095 filings as of the date of the meeting.

Mr. Colclasure said that CliftonLarsonAllen will report on the financial statements and the auditor's report in the next Board meeting. Ms. Cavalli stated that she will get CliftonLarsonAllen on the agenda for the next Board meeting.

**2018 Q3 Sponsor Expense Report**

**MOTION: Trustee Tapani motioned to approve Sponsor Expense Report – Q3 2018.  
The motion was seconded and passed unanimously.**

## Regence Quarterly Experience Reporting

### A. Experience Summary

Mr. Hudson reported on the 2018 experience summary. The total premium paid in 2018 was \$11.21 million and the total paid claims was \$9.97 million which brings the total loss ratio to 88.94% for 2018, compared to 82.05% in 2017. He also compared the medical loss ratio of 89.66% in 2018 to 76.90% in 2017 and shared that this increase was mainly driven by high-cost claimants.

Chairman Russell asked what the experience threshold is when the decision is made to keep groups versus pricing them out of the Trust. Mr. Hudson stated that the threshold is a 100% loss ratio. With less than a 100% loss-ratio a group gets the base increase.

Trustee Tapani asked what goes in the "Paid Claims" column in the experience report, and whether the Trust reinsures high claims. Mr. Hudson stated that all claims are included in the total paid claims within the report, and that Regence might carve-out certain high claims during renewal and take these out of the renewal calculation.

### B. Cost Containment

Mr. Hudson shared that 98.4% of claims in 2018 were paid in-network and the 2018 discount rate was at 35.8% and that both rates were higher than the current benchmarks of 95% and 33%, respectively. He stated that there was not much in-network steerage compared to 2017 since the in-network claims payment rate is already very high.

### C. High Claimants

Mr. Hudson reported that there were 16 total claimants exceeding \$75,000 in 2018 with paid claims totaling \$2.87 million. This is compared to 12 claimants with \$1.92 million in 2017. He also reported that there are 12 total high claimants still enrolled at the start of the 2019 calendar year.

### D. Top 25 Medications

Mr. Hudson reported that medications totaled \$1.49 million in cost in 2018 which is not a significant increase from \$1.41 million in the previous year. The cost of the top 25 medications actually decreased in 2018 to \$678,297, from \$829,424 in 2017.

### E. Quotes and Membership

Mr. Hudson reported on the number of quotes each year since 2015. There were 302 quotes in 2017 while there were 101 in 2018.

He also reported on the membership and new group growth since 2015 and how this growth appears to have slowed down in 2018. Mr. Hudson attributes this to an already large increase in Trust membership and new groups since 2015. There were 2116 members and 5 new groups as of January 2019.

### F. Quotes Volume vs Competitiveness vs Sales

Mr. Hudson reported on the total number of quotes compared to the total competitive quotes and total sales for 2018 and 2019. In 2018 there were 302 total quotes wherein 30 of those quotes were competitive and 12 had resulted in sales. In 2019 so far, there were 101 total quotes where 13 of those quotes were competitive and 5 has resulted in sales.

## **G. Top Brokers by Quotes and Sales**

Mr. Hudson reported on the top brokers by quotes and sales in 2018 and 2019. Mr. Salsgiver asked what the AGC OR quote-to-sale ratio is compared to similar Trusts in the market. Mr. Hudson stated that AGC OR's quote-to-sale ratio is currently better than the benchmark.

Chairman Russel noted that the sales seemed low compared to the number of quotes and that the cost of acquisition compared to the low number of closes is high. Ms. Cavalli stated that they will be using this data to review their current roster of brokers and eventually only appoint and work with brokers that are more favorable to AGC OR. Mr. Hudson also stated that the 2018 rates were high, and this reflected in the 2018 quote-to-sale ratio. He shared that because the Trust only had a 9% increase in 2019, there will be better quotes and sales conversations this year.

## **H. Growth Goals**

Mr. Hudson stated that Regence will continue to push towards a 250-member net growth for 2019. He shared that they plan to do this by leveraging their online marketing capabilities, attending the AGC Business Conference, Golf Tournament and Summer Convention, going on broker road shows, and utilizing their competitive pricing to push for sustainable growth. He also mentioned utilizing other opportunities such as pushing for telehealth to be more competitive.

## **LifeMap**

Meagan Rian, the LifeMap executive, was introduced to the Board as the new LifeMap representative in Oregon. Ms. Rian gave a presentation about what LifeMap is and the benefit options available through LifeMap such as life, AD&D, short and long-term disability, dental vision, accident, and critical illness.

## **Lunch Break**

The meeting broke for lunch at 11:55 am and reconvened at 12:20 pm.

## **General Agent's Report**

### **A. 2019 Renewal Summary**

Ms. Cavalli presented the January 2019 renewal summary

- Regence Medical/Rx rates increased 9.91% and their wellness administration fees reduced to \$2.25 per employee per month.
- Standard dental and vision rates received a rate pass and are under a 24-month contract through December 31, 2020.
- LifeMap group life/AD&D and voluntary products are in a 24-month rate guarantee through December 31, 2019.
- LifeBalance rates received a rate pass at \$0.80 per employee per month
- BPA Health Employee Assistance Program rates are in a 24-month rate guarantee through December 31, 2019.

### **B. Renewal Results/Sales/Terms**

Ms. Cavalli reported that the year-to-date retention rate for January 2019 is 70.4%. 27 groups were up for renewal, 19 renewed, 5 groups were new, and 8 groups terminated, for a total of 24 participating groups in January 2019. She stated that the January 2019 retention rate is higher than the entire year of 2018 which closed out with a 70% retention rate.

Ms. Cavalli also reported that as of January 2019 Regence added 35 new rate bands to help keep the AGC OR Trust competitive and rebuild from the 2018 membership loss.

Ms. Cavalli reported that in 2018 they had 302 quotes and 12 new sales which resulted in a 4% close ratio, compared to a 9.4% close ratio in 2017. In 2019 year-to-date, there have been 95 quotes and 5 new sales which is a 5.3% close ratio. Further discussion on the how the Trust can maximize their current broker relationships and how to improve the current quote to sales ratio commenced.

#### **C. 2019 Planning Calendar**

Ms. Cavalli presented their 2019 planning calendar for the Trust. Chairman Russell requested that Ms. Cavalli put together a recap of all Regence and Willis Towers Watson monthly meetings which will be presented at the next Board meeting. Ms. Cavalli shared that these meetings don't usually have meeting minutes however she will put together a summary to present to the Board.

#### **D. 2019 Communications Plans**

Mr. Soulagnet presented their 2019 communications plans which includes their broker communication strategy, Wellness communications campaign, Employee Assistance Program communication campaign, and Health Advocate communications campaign.

### **Administrator's Report**

#### **A. Membership Report**

Mr. Cruz reported on the Trust membership as of January 2019:

- There are 61 employers as of the meeting. Ms. Cavalli stated that there are actually 62 groups as of January 2019 however one group was not captured in the Vimly report due to timing of the group's renewal as they switched brokers mid-renewal.
- 1,107 total employees and 2,105 total members
- 9 COBRA members
- 8 groups terminated and there were 5 new groups in January 2019. January is the month when most groups are up for renewal and when we see most of the year's membership change.
- Membership age data shows the Trust has 479 employees between the ages of 0-39, 500 employees between the age of 40-59, and 91 members age 60 and over.
- Employers within the Trust are choosing a variety of benefits for their coverage lineups in addition to medical coverage.
  - 44% of employers elect dental coverage.
  - 52% of employers elect vision coverage.

#### **B. Financial Report**

Mr. Ryan reviewed the Trust's second quarter financials for the plan year ending September 30, 2018. Cash with Heritage Bank is at \$187,059 and the current value of the investments is \$1,081,935. Total assets are \$1,314,944 and total liabilities are \$19,526. The resulting net assets available for benefits over benefit obligations were \$1,141,587.

Total employer contributions for the current period was \$3,240,920 and total deductions were \$3,218,108, which leaves the Trust with net assets available for benefits at \$22,812 for the current period. Mr. Ryan stated that year-to-date the Trust has \$30,156 net assets available for benefits

which is good since previous years have resulted in deficits. He also said that Vimly will monitor this and work with the Trust on a strategy if it starts running on a deficit.

### **Review and Approval of Prior Meeting Minutes**

**MOTION: Trustee Smith motioned to approve the minutes from the September 12, 2018 meeting. The motion was seconded and passed unanimously.**

### **Other Trust Business**

#### **A. Retro Refund Contracting**

Trustee Tapani asked Ms. Cavalli on retro-refund contracting. Ms. Cavalli responded that Legal Counsel is currently working on this and she will send this to the Trust once finalized.

### **Date for Next Meeting**

The next meeting will be on Thursday, May 9, 2019 at 11:00 am to 2:00 pm.

### **Adjournment**

With no additional items for discussion, Chairman Russell adjourned the meeting at 1:35 pm.