



DRAFT MINUTES

LOSS TRUST FUND BOARD MEETING

**City Attorney Conference Room and Via Teams
3939 N. Drinkwater Blvd.
Scottsdale, Arizona 85251**

**March 6, 2024
5:00 p.m.**

PRESENT: Allan Smith, Chairman
Austin Brooker
Jacob Seltzer

STAFF: Lori Davis, Legal Advisor
Lynna Soller, Human Resources Benefits Manager
Denise Plug, Risk Management Assistant
George Woods, Director of Risk Management

GUESTS: Charlie Broucek, Brown & Brown

CALL TO ORDER

Chair Smith called the meeting of the Loss Trust Fund Board to order at 5:06 p.m.

ROLL CALL

A formal roll call confirmed the presence of Board Members as stated above.

OLD BUSINESS

1. Approval of minutes of Public Meeting conducted on October 17, 2023,

Chairman Smith called for questions or comments.

Chairman Smith pointed out that during the introduction to Adam Hirsch he explained that his relationship with him was as a sister company to his company, clarifying that his working history with Adam Hirsch was not related to the City of Scottsdale.

BOARD MEMBER SELTZER MOVED TO APPROVE THE OCTOBER 17, 2023; PUBLIC MEETING MINUTES AS AMENDED. MEMBER BROOKER SECONDED THE MOTION, WHICH CARRIED THREE (3) TO ZERO (0). CHAIR SMITH VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

2. Discussion, nomination, and election of Chair and Vice-chair

BOARD MEMBER SELTZER NOMINATED CHAIR ALLAN SMITH FOR A SECOND TERM; CHAIR SMITH SECONDED THE MOTION, WHICH CARRIED THREE (3) TO ZERO (0). MEMBER BROOKER VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

BOARD MEMBER BROOKER MOVED TO APPROVE THE MOTION TO ELECT MEMBER SELTZER THE NEW VICE CHAIR; CHAIR SMITH SECONDED THE MOTION, WHICH CARRIED THREE (3) TO ZERO (0). MEMBER SELTZER VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

3. Discussion and possible action on 2023 Board and Commission Annual Report Summary

George Woods provided an overview of the 2023 Board and Commission Annual Report Summary.

Reviewed past 2022 summary. Focus on safety. Approve a safety and training coordinator for the position of public works with the plan to onboard in the next 30 days, with an eye toward each department having their own safety and training coordinator.

Proposing to have meeting in May for purposes of discussing fund balance monitoring; confidence level; current threshold level. Actuary and city treasurer will be available at that meeting.

Review and have any discussion around this and/or any amendment. Denise Plug stated that she double-checked everything so the present maps in every queue should be correct.

City Council adopted Ordinance 4599 to amend, discuss and revise Section 2-170 to allow initial deductible property loss paid under the Loss Trust Fund to be modified annually as determined by the safety and risk director in consultation with the City.

BOARD MEMBER BROOKER MOVED TO APPROVE THE MOTION TO APPROVE THE 2023 BOARD AND COMMISSION ANNUAL REPORT SUMMARY AS AMENDED. MEMBER SELTZER SECONDED THE MOTION, WHICH CARRIED THREE (3) TO ZERO (0). CHAIR SMITH VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

4. Discussion and possible action on submission of the annual report to City Council

Lynna Soller and Charlie Broucek provided an overview of the following:

- ▶ Year ending close to budget.
- ▶ For past year, medical is right on budget. Dental is slightly above the estimate due to delayed care.
- ▶ 6.1% increase on medical for this year.
- ▶ HSA has been recommended as a long-term planning and retirement tool and is slightly up in participation.
- ▶ Engagement is above average in the training sessions.
- ▶ Under 5% of participants waive.

George Woods provided an overview of the following:

- ▶ Premiums are being managed with a three point system.
- ▶ Claim payments are down over \$1 million.
- ▶ Worker's Compensation is slightly down but will be slightly up next year.
- ▶ Usage of nurse case management is up, which means medical claims are down.
- ▶ See Something Say Something program has 6 to 10 submissions every two weeks.
- ▶ Claim payments have remained relatively flat year-over-year.
- ▶ Presumptive laws for cancer are now in place which affects our insurance health plans and costs.
- ▶ Screening grant is in place to pre-screen fire fighters for cancer.
- ▶ Blue Wall Project helps to locate emergency equipment in public buildings.
- ▶ JSA, Job Safety Analysis, 105 have been completed.
- ▶ 12 High Risk Inspections of buildings have been completed.
- ▶ Goal of getting a safety coordinator for each division in the city.
- ▶ Settlement of lifetime claims could be a reduction of liability for the city.
- ▶ Fire will show higher days away, days restricted, and higher claims; one reason is that fire staff are aging. A second reason is that ambulance will be added to fire coding.
- ▶ Workmen's comp form for notification of secondary employment is now being utilized in the city.
- ▶ Potential of an in-house Wellness Center in future plans, staffed by independent contractors.
- ▶ Allocation of loss recovery by department is not in the annual report, but will start next year. This will action will be housed and managed by the Accident Review Board.

BOARD MEMBER BROOKER MOVED TO APPROVE THE SUBMISSION OF THE ANNUAL REPORT TO THE CITY COUNCIL AS AMENDED. BOARD MEMBER SELTZER SECONDED THE MOTION, WHICH CARRIED THREE (3) TO ZERO (0) WITH

CHAIRMAN SMITH VOTING IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

OPEN CALL TO THE PUBLIC

No comments were submitted.

ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 6:42 p.m.

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2800 N. Central Avenue, #1100
Phoenix, AZ 85004

Plan Year: July 2023 - June 2024

City of Scottsdale



**Monthly Report Analysis
Month Ending : March 2024**

City of Scottsdale

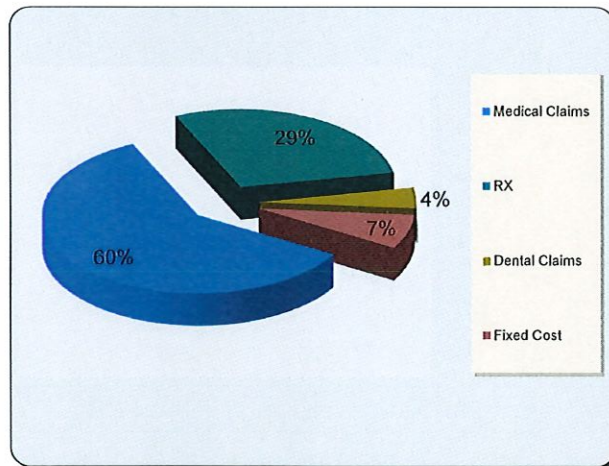
Executive Summary

- The current Medical plan year is running 92% to the Funding Estimate.
- There are 26 large claimants exceeding \$100,000 of Claims and 2 large claimants exceeding the ISL.
- The current Dental plan year is running 93% to the Funding Estimate.

Month Ending : March 2024			
Medical Paid			Year-to-Date
Medical Paid			
Cigna OAP IN	Medical	\$	14,391,675
	Rx	\$	5,761,927
Cigna OAP	Medical	\$	1,991,243
	Rx	\$	741,393
Cigna OAP + HSA	Medical	\$	1,614,361
	Rx	\$	759,096
Cigna Local Plus	Medical	\$	669,737
	Rx	\$	166,274
Refunds			(\$1,731,235)
Stop Loss Reimbursement			(\$1,480,688)
Total Claims Paid		\$	22,883,782
Fixed Cost		\$	1,789,238
Total Medical Cost		\$	24,673,018
Total Funding Estimate		\$	26,872,087
PEPM (Claims, RX ,Fixed Cost)		\$	1,295
Loss Ratio:			
Total Medical Cost to Total Funding Estimate			92%
Total Year to Date Funding Surplus/Deficit			\$2,199,069

Month Ending : March 2024			
Dental Paid			Year-to-Date
Dental Paid			
Dental Claims		\$	1,109,446
Fixed Cost		\$	43,805
Total Dental Cost		\$	1,153,250
Dental Funding Estimate		\$	1,236,340
Loss Ratio:			
Total PEPM (Claims, Fixed Cost)			\$75.03

Month Ending : March 2024			
Total Reported Cost			Year-to-Date
Total Reported Cost			
Medical Claims		\$	15,455,092
RX		\$	7,428,690
Dental Claims	Cigna (PPO only)	\$	1,109,446
Fixed Cost	All	\$	1,833,040
Total		\$	25,826,268



City of Scottsdale

Medical Paid Claims by Month - Plan Year 2023-2024 PAID

	Enrollment						Claims Cost					Fixed Cost		TOTAL	Total Funding Estimate
	EE	ES	EC	Fam	Total	Mem	Medical Claims	RX Claims	Claims over ISL		Total Claims	Admin Fees	Stop Loss Fee		
									Refunds						
Jul	466	200	189	430	1285	3244	\$1,364,288	\$584,625	(\$31,626)	\$0	\$1,917,286	\$45,557	\$75,147	\$2,037,990	\$2,038,731
Aug	472	198	187	429	1286	3216	\$1,584,132	\$679,314	\$0	\$0	\$2,263,446	\$45,593	\$75,205	\$2,384,244	\$2,034,726
Sep	480	196	187	425	1288	3205	\$1,720,523	\$708,284	\$0	(\$261,492)	\$2,167,314	\$45,663	\$75,322	\$2,288,300	\$2,027,802
Oct	482	196	188	421	1287	3190	\$1,353,712	\$616,842	\$0	\$0	\$1,970,554	\$45,628	\$75,264	\$2,091,446	\$2,020,991
Nov	483	199	192	419	1293	3196	\$1,643,048	\$701,823	(\$168,734)	\$0	\$2,176,137	\$45,841	\$75,615	\$2,297,592	\$2,027,744
Dec	489	197	190	420	1296	3188	\$1,365,750	\$710,891	(\$61,386)	(\$409,744)	\$1,605,511	\$45,947	\$75,790	\$1,727,249	\$2,028,653
Jan	487	198	188	411	1284	3149	\$1,593,639	\$625,272	(\$78,166)	\$0	\$2,140,744	\$45,522	\$75,088	\$2,261,354	\$2,003,800
Feb	485	192	187	413	1277	3151	\$1,553,933	\$464,207	(\$347,868)	\$0	\$1,670,273	\$45,273	\$74,679	\$1,790,225	\$1,995,425
Mar	477	194	188	412	1271	3152	\$2,103,084	\$648,043	(\$792,906)	(\$385,873)	\$1,572,348	\$45,061	\$74,328	\$1,691,737	\$1,991,499
Apr	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS	4321	1770	1696	3780	11567	28691	\$14,282,109	\$5,739,301	(\$1,480,688)	(\$1,057,109)	\$17,483,614	\$410,085	\$676,438	\$18,570,137	\$18,169,371

	Admin	ISL	Budget Factor	Total PEPM	Funding Loss ratio
EE		\$58.48	\$791.00	\$1,605	102%
ES		\$58.48	\$1,712.00		
EC		\$58.48	\$1,435.00		
Fam		\$58.48	\$2,467.00		
Com	\$35.45				



City of Scottsdale

Medical Paid Claims by Month - Plan Year 2023-2024 PAID

	CIGNA Local Plus - All Employees & Cobra														
	Enrollment						Claims Cost					Fixed Cost		TOTAL	Total Funding Estimate
	EE	ES	EC	Fam	Total	Mem	Medical Claims	RX Claims	Claims over ISL	Refunds	Total Claims	Admin Fees	Stop Loss Fee		
Jul	52	19	11	30	112	242	\$112,497	\$9,607	\$0	\$0	\$122,104	\$3,971	\$6,550	\$132,624	\$147,691
Aug	54	19	11	31	115	243	\$53,652	\$11,230	\$0	\$0	\$64,882	\$4,077	\$6,725	\$75,684	\$151,348
Sep	53	20	12	31	116	250	\$113,174	\$12,157	\$0	(\$23,607)	\$101,724	\$4,113	\$6,784	\$112,620	\$153,479
Oct	53	19	12	30	114	249	\$59,702	\$12,952	\$0	\$0	\$72,654	\$4,042	\$6,667	\$83,362	\$149,705
Nov	56	20	12	29	117	247	\$52,332	\$21,835	\$0	\$0	\$74,167	\$4,148	\$6,842	\$85,157	\$151,177
Dec	56	20	12	29	117	250	\$61,977	\$15,412	\$0	(\$37,078)	\$40,311	\$4,148	\$6,842	\$51,301	\$151,177
Jan	54	20	11	30	115	250	\$62,895	\$18,063	\$0	\$0	\$80,957	\$4,077	\$6,725	\$91,760	\$150,672
Feb	57	19	11	30	117	254	\$106,561	\$26,027	\$0	\$0	\$132,588	\$4,148	\$6,842	\$143,578	\$151,271
Mar	58	19	10	30	117	254	\$46,079	\$38,629	\$0	(\$35,600)	\$49,108	\$4,148	\$6,842	\$60,098	\$150,689
Apr	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS	493	175	102	270	1040	2239	\$668,868	\$165,911	\$0	(\$96,285)	\$738,494	\$36,871	\$60,819	\$836,184	\$1,357,209

	Admin	ISL	Budget Factor	Total PEPM	Funding Loss ratio
EE		\$58.48	\$716.00	\$804	62%
ES		\$58.48	\$1,649.00		
EC		\$58.48	\$1,298.00		
Fam		\$58.48	\$2,225.00		
Com	\$35.45				



City of Scottsdale

Medical Paid Claims by Month - Plan Year 2023-2024 PAID

	Enrollment						Claims Cost					Fixed Cost		TOTAL	Total Funding Estimate
	EE	ES	EC	Fam	Total	Mem	Medical Claims	RX Claims	Claims over		Total Claims	Admin Fees	Stop Loss Fee		
									ISL	Refunds					
Jul	154	33	42	86	315	678	\$375,816	\$85,025	\$0	\$0	\$460,841	\$11,168	\$18,421	\$490,430	\$394,736
Aug	158	34	43	86	321	681	\$153,487	\$55,923	\$0	\$0	\$209,410	\$11,380	\$18,772	\$239,563	\$400,273
Sep	159	35	43	87	324	693	\$200,457	\$94,260	\$0	(\$66,382)	\$228,336	\$11,487	\$18,948	\$258,770	\$404,625
Oct	162	35	42	87	326	691	\$186,380	\$95,400	\$0	\$0	\$281,780	\$11,558	\$19,064	\$312,402	\$405,448
Nov	161	36	42	85	324	687	\$170,271	\$78,266	\$0	\$0	\$248,537	\$11,487	\$18,948	\$278,972	\$401,944
Dec	161	36	41	85	323	687	\$213,483	\$62,945	\$0	(\$103,064)	\$173,364	\$11,451	\$18,889	\$203,704	\$400,685
Jan	162	34	43	86	325	692	\$251,345	\$102,568	\$0	\$0	\$353,914	\$11,522	\$19,006	\$384,442	\$403,049
Feb	162	35	44	87	328	700	\$162,483	\$64,389	\$0	\$0	\$226,872	\$11,629	\$19,181	\$257,682	\$407,966
Mar	161	36	44	84	325	690	\$232,559	\$89,931	\$0	(\$99,561)	\$222,930	\$11,522	\$19,006	\$253,458	\$402,306
Apr	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS	1440	314	384	773	2911	6199	\$1,946,281	\$728,708	\$0	(\$269,007)	\$2,405,983	\$103,204	\$170,235	\$2,679,422	\$3,621,032

	Admin	ISL	Budget Factor	Total PEPM	Funding Loss ratio
EE		\$58.48	\$694.00	\$920	74%
ES		\$58.48	\$1,502.00		
EC		\$58.48	\$1,269.00		
Fam		\$58.48	\$2,156.00		
Com	\$35.45				



Medical Paid Claims by Month - Plan Year 2023-2024 PAID

	Enrollment						Claims Cost					Fixed Cost		TOTAL	Total Funding Estimate
	EE	ES	EC	Fam	Total	Mem	Medical Claims	RX Claims	Claims over		Total Claims	Admin Fees	Stop Loss Fee		
									ISL	Refunds					
Jul	228	36	49	65	378	681	\$125,652	\$55,923	\$0	\$0	\$181,575	\$13,401	\$22,105	\$217,082	\$393,514
Aug	231	36	48	67	382	705	\$164,840	\$96,006	\$0	\$0	\$260,847	\$13,543	\$22,339	\$296,729	\$398,395
Sep	227	37	46	68	378	697	\$136,360	\$79,256	\$0	(\$76,269)	\$139,347	\$13,401	\$22,105	\$174,854	\$396,845
Oct	225	38	47	67	377	688	\$127,406	\$88,536	\$0	\$0	\$215,942	\$13,366	\$22,047	\$251,354	\$396,101
Nov	222	39	48	67	376	688	\$234,126	\$99,699	\$0	\$0	\$333,825	\$13,330	\$21,988	\$369,144	\$396,748
Dec	226	39	51	66	382	698	\$252,252	\$118,910	\$0	(\$120,032)	\$251,130	\$13,543	\$22,339	\$287,012	\$400,922
Jan	224	39	50	66	379	692	\$188,322	\$59,541	\$0	\$0	\$247,863	\$13,437	\$22,164	\$283,463	\$398,408
Feb	222	39	49	67	377	690	\$184,666	\$35,885	\$0	\$0	\$220,551	\$13,366	\$22,047	\$255,964	\$397,944
Mar	219	38	49	67	373	692	\$200,738	\$125,341	\$0	(\$112,534)	\$213,545	\$13,224	\$21,813	\$248,582	\$394,539
Apr	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS	2024	341	437	600	3402	6231	\$1,614,361	\$759,096	\$0	(\$308,834)	\$2,064,623	\$120,611	\$198,949	\$2,384,183	\$3,573,416

	Admin	ISL	Budget Factor
EE		\$58.48	\$659.00
ES		\$58.48	\$1,428.00
EC		\$58.48	\$1,196.00
Fam		\$58.48	\$2,050.00
Com	\$35.45		

Total PEPM

\$701

Funding Loss ratio

67%



City of Scottsdale

Medical Paid Claims by Month - Plan Year 2023-2024 PAID

	Enrollment						Claims Cost					Fixed Cost		Total Funding Estimate	
	EE	ES	EC	Fam	Total	Mem	Medical Claims	RX Claims	Claims over		Total Claims	Admin Fees	Stop Loss Fee		TOTAL
									ISL	Refunds					
Jul	900	288	291	611	2090	4845	\$1,978,252	\$735,180	(\$31,626)	\$0	\$2,681,806	\$74,097	\$122,223	\$2,878,126	\$2,974,672
Aug	915	287	289	613	2104	4845	\$1,956,112	\$842,473	\$0	\$0	\$2,798,585	\$74,593	\$123,042	\$2,996,220	\$2,984,742
Sep	919	288	288	611	2106	4845	\$2,170,513	\$893,957	\$0	(\$427,749)	\$2,636,721	\$74,664	\$123,159	\$2,834,544	\$2,982,751
Oct	922	288	289	605	2104	4818	\$1,727,200	\$813,730	\$0	\$0	\$2,540,930	\$74,593	\$123,042	\$2,738,565	\$2,972,245
Nov	922	294	294	600	2110	4818	\$2,099,777	\$901,623	(\$168,734)	\$0	\$2,832,666	\$74,806	\$123,393	\$3,030,864	\$2,977,613
Dec	932	292	294	600	2118	4823	\$1,893,462	\$908,158	(\$61,386)	(\$669,918)	\$2,070,316	\$75,089	\$123,861	\$2,269,266	\$2,981,437
Jan	927	291	292	593	2103	4783	\$2,096,202	\$805,444	(\$78,168)	\$0	\$2,823,477	\$74,558	\$122,983	\$3,021,019	\$2,955,929
Feb	926	285	291	597	2099	4795	\$2,007,643	\$590,508	(\$347,868)	\$0	\$2,250,283	\$74,416	\$122,750	\$2,447,449	\$2,952,606
Mar	915	287	291	593	2086	4788	\$2,582,460	\$901,944	(\$792,906)	(\$633,567)	\$2,057,930	\$73,955	\$121,989	\$2,253,875	\$2,939,033
Apr	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS	8278	2600	2619	5423	18920	43360	\$18,511,620	\$7,393,017	(\$1,480,688)	(\$1,731,235)	\$22,692,714	\$670,771	\$1,106,442	\$24,469,926	\$26,721,028

Total PEPM

\$1,293

Funding Loss ratio

92%



City of Scottsdale

Medical Paid Claims by Month - Plan Year 2023-2024 PAID

	Enrollment						Cigna OAP In-Network - Retirees (Disabled)					Fixed Cost		TOTAL	Total Retiree Contribution	Total Funding Estimate
	EE	ES	EC	Fam	Total	Mem	Claims Cost			Total Claims	Admin Fees	Stop Loss Fee				
							Medical Claims	RX Claims	Claims over ISL Refunds							
Jul	3	1	3	1	8	12	\$3,648	\$515	\$0	\$0	\$4,164	\$284	\$468	\$4,915	\$10,847	\$10,847
Aug	4	1	3	0	8	12	\$1,348	\$3,814	\$0	\$0	\$5,161	\$284	\$468	\$5,913	\$9,181	\$9,181
Sep	4	1	3	0	8	12	\$2,349	\$1,422	\$0	\$0	\$3,771	\$284	\$468	\$4,522	\$9,181	\$9,181
Oct	4	1	3	0	8	12	\$44,998	\$3,090	\$0	\$0	\$48,088	\$284	\$468	\$48,839	\$9,181	\$9,181
Nov	4	1	3	0	8	12	\$13,342	\$766	\$0	\$0	\$14,108	\$284	\$468	\$14,860	\$9,181	\$9,181
Dec	4	1	3	0	8	12	\$22,413	\$6,973	\$0	\$0	\$29,385	\$284	\$468	\$30,137	\$9,181	\$9,181
Jan	4	1	3	0	8	12	\$12,317	\$646	\$0	\$0	\$12,964	\$284	\$468	\$13,715	\$9,181	\$9,181
Feb	4	1	3	0	8	12	\$4,107	\$3,002	\$0	\$0	\$7,109	\$284	\$468	\$7,861	\$9,181	\$9,181
Mar	4	1	3	0	8	12	\$5,044	\$2,398	\$0	\$0	\$7,442	\$284	\$468	\$8,193	\$9,181	\$9,181
Apr	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS	35	9	27	1	72	108	\$109,655	\$22,626	\$0	\$0	\$132,191	\$2,553	\$4,211	\$138,955	\$84,295	\$84,295

	Admin	ISL	Funding Factor	Disabled Retiree Contribution	Total PEPM	Contribution Loss ratio	Funding Loss ratio
EE		\$58.48	\$791.00	\$791.00	\$1,930	165%	165%
ES		\$58.48	\$1,712.00	\$1,712.00			
EC		\$58.48	\$1,435.00	\$1,435.00			
Fam		\$58.48	\$2,457.00	\$2,457.00			
Com	\$35.45						



City of Scottsdale

Medical Paid Claims by Month - Plan Year 2023-2024 PAID

	Enrollment						Claims Cost					Fixed Cost			Total Retiree Contribution	Total Funding Estimate
	EE	ES	EC	Fam	Total	Mem	Medical Claims	RX Claims	Claims over		Total Claims	Admin Fees	Stop Loss Fee	TOTAL		
									ISL	Refunds						
Jul	1	0	0	0	1	1	\$52	\$0	\$0	\$0	\$52	\$35	\$58	\$146	\$716	\$716
Aug	1	0	0	0	1	1	\$52	\$94	\$0	\$0	\$147	\$35	\$58	\$241	\$716	\$716
Sep	1	0	0	0	1	1	\$52	\$0	\$0	\$0	\$52	\$35	\$58	\$146	\$716	\$716
Oct	1	0	0	0	1	1	\$52	\$0	\$0	\$0	\$52	\$35	\$58	\$146	\$716	\$716
Nov	1	0	0	0	1	1	\$58	\$162	\$0	\$0	\$220	\$35	\$58	\$314	\$716	\$716
Dec	1	0	0	0	1	1	\$383	\$0	\$0	\$0	\$383	\$35	\$58	\$477	\$716	\$716
Jan	1	0	0	0	1	1	\$58	\$0	\$0	\$0	\$58	\$35	\$58	\$152	\$716	\$716
Feb	1	0	0	0	1	1	\$110	\$106	\$0	\$0	\$216	\$35	\$58	\$310	\$716	\$716
Mar	1	0	0	0	1	1	\$51	\$0	\$0	\$0	\$51	\$35	\$58	\$145	\$716	\$716
Apr	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS	9	0	0	0	9	9	\$869	\$362	\$0	\$0	\$1,231	\$319	\$526	\$2,076	\$6,444	\$6,444

	Admin	ISL	Funding Factor	Disabled Retiree Contribution	Total PEPM	Contribution Loss ratio	Funding Loss ratio
EE		\$58.48	\$716.00	\$716.00	\$231	32%	32%
ES		\$58.48	\$1,549.00	\$1,549.00			
EC		\$58.48	\$1,298.00	\$1,298.00			
Fam		\$58.48	\$2,225.00	\$2,225.00			
Com	\$35.45						



City of Scottsdale

Medical Paid Claims by Month - Plan Year 2023-2024 PAID

	Enrollment						Cigna OAP- Retirees (Disabled)					Fixed Cost		TOTAL	Total Retiree Contribution	Total Funding Estimate
	EE	ES	EC	Fam	Total	Mem	Claims Cost			Total Claims	Admin Fees	Stop Loss Fee				
							Medical Claims	RX Claims	Claims over ISL Refunds							
Jul	4	2	0	1	7	13	\$10,120	\$2,499	\$0	\$0	\$12,620	\$248	\$409	\$13,277	\$7,936	\$7,936
Aug	2	2	0	1	5	12	\$7,515	\$3,680	\$0	\$0	\$11,194	\$177	\$292	\$11,664	\$6,548	\$6,548
Sep	2	2	0	1	5	11	\$6,540	\$310	\$0	\$0	\$6,850	\$177	\$292	\$7,320	\$6,548	\$6,548
Oct	2	2	0	1	5	11	\$1,554	\$578	\$0	\$0	\$2,132	\$177	\$292	\$2,602	\$6,548	\$6,548
Nov	2	2	0	1	5	11	\$3,979	\$256	\$0	\$0	\$4,234	\$177	\$292	\$4,704	\$6,548	\$6,548
Dec	2	2	0	1	5	11	\$1,180	\$1,633	\$0	\$0	\$2,813	\$177	\$292	\$3,283	\$6,548	\$6,548
Jan	2	2	0	1	5	11	\$3,612	\$892	\$0	\$0	\$4,504	\$177	\$292	\$4,973	\$6,548	\$6,548
Feb	2	2	0	1	5	11	\$5,526	\$2,558	\$0	\$0	\$8,084	\$177	\$292	\$8,553	\$6,548	\$6,548
Mar	2	2	0	1	5	11	\$4,936	\$279	\$0	\$0	\$5,215	\$177	\$292	\$5,685	\$6,548	\$6,548
Apr	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS	20	18	0	9	47	102	\$44,961	\$12,685	\$0	\$0	\$57,646	\$1,666	\$2,749	\$62,061	\$60,320	\$60,320

	Admin	ISL	Funding Factor	Disabled Retiree Contribution	Total PEPM	Contribution Loss ratio	Funding Loss ratio
EE		\$58.48	\$694.00	\$694.00	\$1,320	103%	103%
ES		\$58.48	\$1,502.00	\$1,502.00			
EC		\$58.48	\$1,259.00	\$1,259.00			
Fam		\$58.48	\$2,156.00	\$2,156.00			
Com	\$35.45						



City of Scottsdale

Medical Paid Claims by Month - Plan Year 2023-2024 PAID

	Enrollment						Cigna OAP + HSA - Retirees (Disabled)					Fixed Cost		Total Retiree Contribution	Total Funding Estimate
	EE	ES	EC	Fam	Total	Mem	Claims Cost				TOTAL				
							Medical Claims	RX Claims	Claims over ISL	Refunds		Total Claims	Admin Fees		
Jul	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Aug	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sep	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Oct	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nov	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dec	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jan	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Feb	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mar	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Apr	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	Admin	ISL	Funding Factor	Disabled Retiree Contribution	Total PEPM	Contribution Loss ratio	Funding Loss ratio
EE		\$58.48	\$659.00	\$659.00	#DIV01	#DIV01	#DIV01
ES		\$58.48	\$1,428.00	\$1,428.00			
EC		\$58.48	\$1,196.00	\$1,196.00			
Fam		\$58.48	\$2,050.00	\$2,050.00			
Com	\$35.45						



City of Scottsdale

Medical Paid Claims by Month - Plan Year 2023-2024 PAID

	Enrollment						Claims Cost					Fixed Cost			TOTAL	Total Retiree Contribution	Total Funding Estimate
	EE	ES	EC	Fam	Total	Mem	Medical Claims	RX Claims	Claims over		Total Claims	Admin Fees	Stop Loss Fee				
									ISL	Refunds							
Jul	8	3	3	2	16	26	\$13,821	\$3,015	\$0	\$0	\$16,836	\$567	\$936	\$18,338	#	\$19,499	\$19,499
Aug	7	3	3	1	14	25	\$8,914	\$7,587	\$0	\$0	\$16,502	\$496	\$819	\$17,817	#	\$16,445	\$16,445
Sep	7	3	3	1	14	24	\$8,941	\$1,732	\$0	\$0	\$10,673	\$496	\$819	\$11,988	#	\$16,445	\$16,445
Oct	7	3	3	1	14	24	\$46,605	\$3,668	\$0	\$0	\$50,272	\$496	\$819	\$51,587	#	\$16,445	\$16,445
Nov	7	3	3	1	14	24	\$17,378	\$1,184	\$0	\$0	\$18,563	\$496	\$819	\$19,878	#	\$16,445	\$16,445
Dec	7	3	3	1	14	24	\$23,975	\$8,606	\$0	\$0	\$32,582	\$496	\$819	\$33,897	#	\$16,445	\$16,445
Jan	7	3	3	1	14	24	\$15,987	\$1,539	\$0	\$0	\$17,525	\$496	\$819	\$18,840	#	\$16,445	\$16,445
Feb	7	3	3	1	14	24	\$9,743	\$5,666	\$0	\$0	\$15,408	\$496	\$819	\$16,723	#	\$16,445	\$16,445
Mar	7	3	3	1	14	24	\$10,031	\$2,677	\$0	\$0	\$12,708	\$496	\$819	\$14,023	#	\$16,445	\$16,445
Apr	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#	\$0	\$0
May	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#	\$0	\$0
Jun	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#	\$0	\$0
TOTALS	64	27	27	10	128	219	\$155,395	\$35,673	\$0	\$0	\$191,068	\$4,538	\$7,485	\$203,092		\$151,059	\$151,059

Total PEPM

\$1,587

Contribution Loss ratio

134%

Running Loss ratio

134%



City of Scottsdale

Medical Paid Claims by Month - Plan Year 2023-2024 PAID

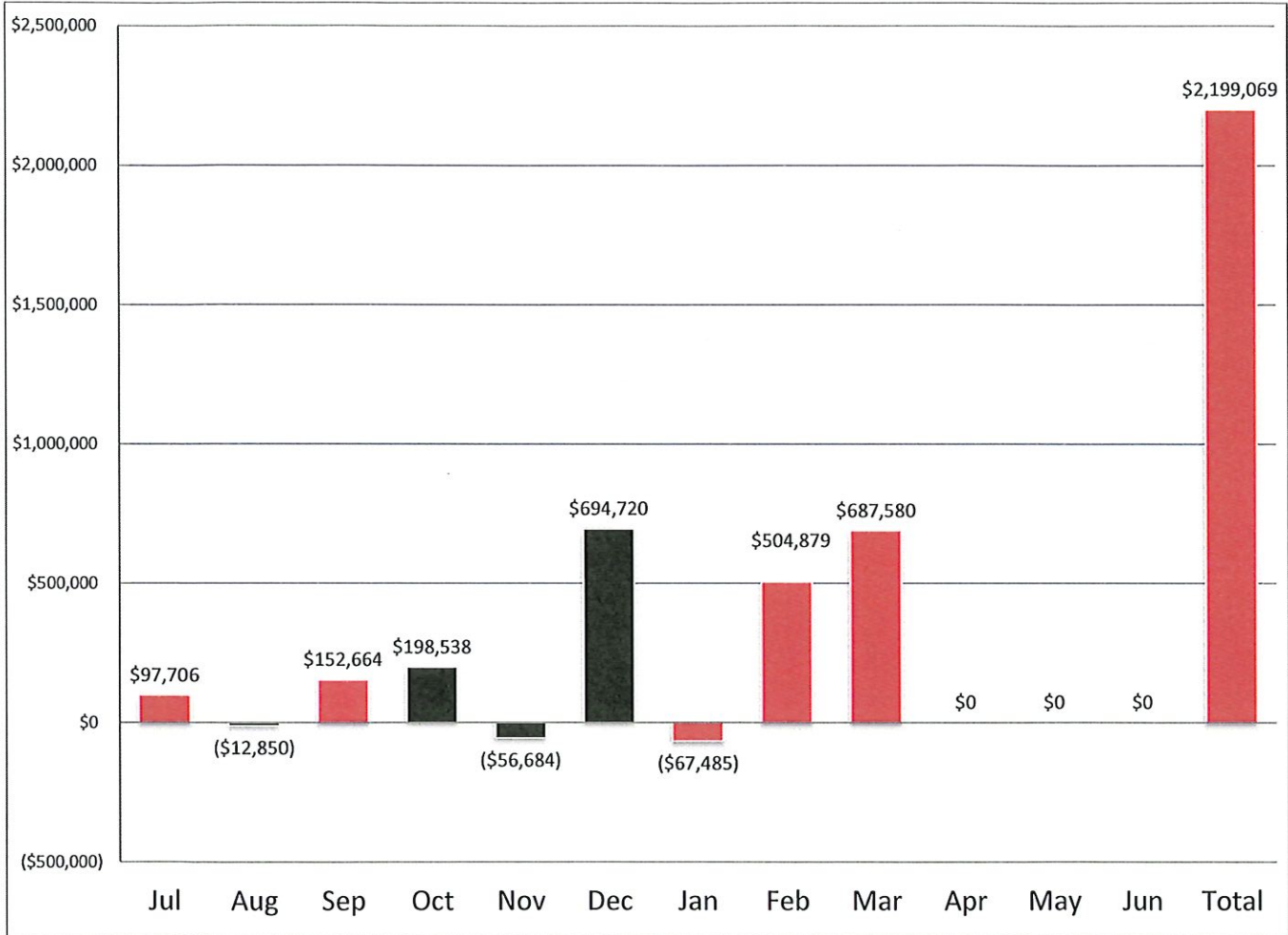
	All Plans														
	Enrollment						Claims Cost					Fixed Cost		TOTAL	Total Funding Estimate
	EE	ES	EC	Fam	Total	MEM	Medical Claims	RX Claims	Claims over ISL	Refunds	Total Claims	Admin Fees	Stop Loss Fee		
Jul	908	291	294	613	2,106	4,871	\$1,992,073	\$738,195	(\$31,626)	\$0	\$2,698,642	\$74,664	\$123,159	\$2,896,465	\$2,994,171
Aug	922	290	292	614	2,118	4,870	\$1,965,026	\$850,060	\$0	\$0	\$2,815,086	\$75,089	\$123,861	\$3,014,037	\$3,001,187
Sep	926	291	291	612	2,120	4,869	\$2,179,454	\$895,689	\$0	(\$427,749)	\$2,647,394	\$75,160	\$123,978	\$2,846,532	\$2,999,196
Oct	929	291	292	606	2,118	4,842	\$1,773,805	\$817,398	\$0	\$0	\$2,591,202	\$75,089	\$123,861	\$2,790,152	\$2,988,690
Nov	929	297	297	601	2,124	4,842	\$2,117,155	\$902,807	(\$168,734)	\$0	\$2,851,228	\$75,302	\$124,212	\$3,050,742	\$2,994,058
Dec	939	295	297	601	2,132	4,847	\$1,917,437	\$916,764	(\$61,366)	(\$669,918)	\$2,102,897	\$75,586	\$124,679	\$2,303,162	\$2,997,882
Jan	934	294	295	594	2,117	4,807	\$2,112,188	\$806,982	(\$78,168)	\$0	\$2,841,003	\$75,054	\$123,802	\$3,039,859	\$2,972,374
Feb	933	288	294	598	2,113	4,819	\$2,017,386	\$596,174	(\$347,868)	\$0	\$2,265,692	\$74,912	\$123,568	\$2,464,172	\$2,969,051
Mar	922	290	294	594	2,100	4,812	\$2,592,491	\$904,621	(\$792,906)	(\$633,667)	\$2,070,638	\$74,451	\$122,808	\$2,267,898	\$2,955,478
Apr	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS	8,342	2,627	2,646	5,433	19,048	43,579	\$18,667,015	\$7,428,690	(\$1,480,688)	(\$1,731,235)	\$22,883,782	\$675,309	\$1,113,927	\$24,673,018	\$26,872,087
Avg/ Month	927	292	294	604	2116	4842	\$2,074,113	\$825,410	(\$164,521)	(\$192,359)	\$2,542,642	\$75,034	\$123,770	\$2,741,446	\$2,985,787
PEPM							\$980	\$390	(\$78)	(\$91)	\$1,201	\$35	\$58	\$1,295	\$1,411
PMPM							\$428	\$170	(\$34)	(\$40)	\$525	\$15	\$26	\$566	\$617
PEPY							\$11,760	\$4,680	(\$903)	(\$7,091)	\$14,416	\$425	\$702	\$15,544	\$16,929

Total PEPM	Funding Loss ratio
\$1,295	92%



City of Scottsdale (Medical)

Monthly Funding Surplus/Deficit



Plan Year Comparison

	Plan Year Jul'19 to Jun '20			Plan Year Jul'20 to Jun '21			Plan Year Jul'21 to Jun '22			Plan Year Jul'22 to Jun '23			Plan Year Jul'23 to Jun '24		
	#EE	Total Cost	PEPM	#EE	Total Cost	PEPM	#EE	Total Cost	PEPM	#EE	Total Cost	PEPM	#EE	Total Cost	PEPM
Jul	2,107	\$2,660,025	\$1,262	2,113	\$2,668,993	\$1,263	2,105	\$2,871,342	\$1,364	2,086	\$3,311,465	\$1,587	2,106	\$2,896,465	\$1,375
Aug	2,103	\$2,467,766	\$1,173	2,109	\$2,323,233	\$1,102	2,123	\$2,757,259	\$1,299	2,086	\$2,786,435	\$1,336	2,118	\$3,014,037	\$1,423
Sep	2,102	\$2,301,133	\$1,095	2,115	\$2,134,120	\$1,009	2,110	\$2,952,823	\$1,399	2,078	\$2,827,529	\$1,361	2,120	\$2,846,532	\$1,343
Oct	2,118	\$3,133,838	\$1,480	2,119	\$2,835,621	\$1,338	2,105	\$2,500,066	\$1,188	2,101	\$2,850,512	\$1,357	2,118	\$2,790,152	\$1,317
Nov	2,131	\$2,618,577	\$1,229	2,114	\$2,563,210	\$1,212	2,107	\$2,692,252	\$1,278	2,104	\$2,519,713	\$1,198	2,124	\$3,050,742	\$1,436
Dec	2,137	\$2,392,766	\$1,120	2,117	\$2,365,813	\$1,118	2,102	\$2,805,577	\$1,335	2,110	\$2,334,698	\$1,106	2,132	\$2,303,162	\$1,080
Jan	2,118	\$3,031,116	\$1,431	2,121	\$2,260,156	\$1,066	2,087	\$2,955,786	\$1,416	2,100	\$3,023,255	\$1,440	2,117	\$3,039,859	\$1,436
Feb	2,124	\$2,461,772	\$1,159	2,114	\$2,429,805	\$1,149	2,080	\$2,841,888	\$1,366	2,097	\$3,195,391	\$1,524	2,113	\$2,464,172	\$1,166
Mar	2,123	\$2,290,635	\$1,079	2,114	\$1,878,801	\$889	2,096	\$2,678,803	\$1,278	2,086	\$2,347,070	\$1,125	2,100	\$2,267,898	\$1,080
Apr	2,124	\$2,042,814	\$962	2,114	\$2,692,604	\$1,274	2,097	\$2,676,738	\$1,276	2,114	\$2,806,430	\$1,328	0	\$0	
May	2,117	\$2,236,397	\$1,056	2,116	\$2,742,390	\$1,296	2,099	\$2,948,973	\$1,405	2,113	\$3,271,624	\$1,548	0	\$0	
Jun	2,118	\$2,269,125	\$1,071	2,105	\$2,412,924	\$1,146	2,107	\$2,724,452	\$1,293	2,117	\$2,782,474	\$1,314	0	\$0	
Total	25,422	\$29,905,965		25,371	\$29,307,672		25,218	\$33,405,959		25,192	\$34,056,595		19,048	\$24,673,018	
Average	2119	\$2,492,164		2114	\$2,442,306		2102	\$2,783,830		2099	\$2,838,050		2116	\$2,741,446	
		PEPM			PEPM			PEPM			PEPM			PEPM	
		\$1,176			\$1,155			\$1,325			\$1,352			\$1,295	
		3%			-2%			15%			2%			-4%	



City of Scottsdale

Monthly Funding Number Plan Year 2022-2023

	Total	Funding Number		Fixed Costs	Actual Claim Costs			Total Plan Costs			
		Employer Costs	Employee Costs	Total Fixed Costs	Net Paid Claims	RX Claims	Total Claims	Actual Costs (Fixed + Net Paid)	Funding Employer + EE	Funding Surplus	Accumulative Funding Surplus
Jul	2,106	\$2,287,709	\$706,462	\$197,823	\$1,960,447	\$738,195	\$2,698,642	\$2,896,465	\$2,994,171	\$97,706	\$97,706
Aug	2,118	\$2,291,550	\$709,637	\$198,950	\$1,965,026	\$850,060	\$2,815,086	\$3,014,037	\$3,001,187	(\$12,850)	\$84,857
Sep	2,120	\$2,290,498	\$708,698	\$199,138	\$1,751,705	\$895,689	\$2,647,394	\$2,846,532	\$2,999,196	\$152,664	\$237,521
Oct	2,118	\$2,287,389	\$701,301	\$198,950	\$1,773,805	\$817,398	\$2,591,202	\$2,790,152	\$2,988,690	\$198,538	\$436,059
Nov	2,124	\$2,290,710	\$703,348	\$199,514	\$1,948,421	\$902,807	\$2,851,228	\$3,050,742	\$2,994,058	(\$56,684)	\$379,374
Dec	2,132	\$2,292,270	\$705,612	\$200,265	\$1,186,133	\$916,764	\$2,102,897	\$2,303,162	\$2,997,882	\$694,720	\$1,074,094
Jan	2,117	\$2,271,025	\$701,349	\$198,856	\$2,034,020	\$806,982	\$2,841,003	\$3,039,859	\$2,972,374	(\$67,485)	\$1,006,610
Feb	2,113	\$2,268,618	\$700,433	\$198,480	\$1,669,518	\$596,174	\$2,265,692	\$2,464,172	\$2,969,051	\$504,879	\$1,511,489
Mar	2,100	\$2,259,340	\$696,138	\$197,259	\$1,166,017	\$904,621	\$2,070,638	\$2,267,898	\$2,955,478	\$687,580	\$2,199,069
Apr	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	19,048	\$20,539,109	\$6,332,978	\$1,789,236	\$15,455,092	\$7,428,690	\$22,883,782	\$24,673,018	\$26,872,087	\$2,199,069	\$2,199,069

** Numbers for Employer portion based off of funding numbers



City of Scottsdale

Large Claims Over - \$100,000 (ISL \$325,000)

Plan Year: July 2023 - June 2024
Processed Paid

Plan	Paid Claims	Plan Year Paid Claims	Claims Over ISL (\$125K)	Diagnosis
Cigna OAP	\$350	\$109,808	\$0	END STAGE RENAL DISEASE
Cigna OAP IN	\$7,941	\$182,649	\$0	ATRIOVENTRICULAR BLOCK, COMPLETE
Cigna OAP IN	\$10,455	\$165,273	\$0	SINGLE LIVEBORN INFANT, DELIVERED BY CESAREAN
Cigna OAP IN	\$11,682	\$653,719	(\$328,719)	ENCOUNTER FOR ANTINEOPLASTIC CHEMOTHERAPY
Cigna OAP + HSA	\$57,727	\$278,297	\$0	ENCHNTR FOR GYN EXAM (GENERAL) (ROUTINE) W/O ABN FINDINGS
Cigna OAP IN	\$18,842	\$239,617	\$0	SYNCOPE AND COLLAPSE
Cigna OAP IN	\$781,099	\$1,445,343	(\$1,120,343)	NEUTROPENIA, UNSPECIFIED
Cigna OAP + HSA	\$22,858	\$307,267	\$0	DISSEMINATED MALIGNANT NEOPLASM, UNSPECIFIED
Cigna OAP IN	\$78,193	\$262,216	\$0	MALIGNANT NEOPLASM OF TEMPORAL LOBE
Cigna OAP	\$17,282	\$167,356	\$0	CROHN'S DISEASE, UNSPECIFIED, WITHOUT COMPLICATIONS
Cigna OAP IN	\$8,085	\$157,232	\$0	DIAPHRAGMATIC HERNIA WITHOUT OBSTRUCTION OR GANGRENE
Cigna OAP	\$2,351	\$168,211	\$0	OTH CONGENITAL MALFORM OF SPINE, NOT ASSOCIATED W/ SCOLIOSIS
Cigna OAP + HSA	\$26,739	\$135,148	\$0	ULCERATIVE (CHRONIC) PANCOLITIS WITHOUT COMPLICATIONS
Cigna OAP + HSA	\$24,630	\$178,790	\$0	ACUTE DISSEMINATED ENCEPHALITIS AND ENCEPHALOMYELITIS, UNSP
Cigna OAP IN	\$11,885	\$140,758	\$0	MALIGNANT NEOPLASM OF PROSTATE
Cigna OAP IN	\$18,241	\$159,289	\$0	GENERALIZED ANXIETY DISORDER
Cigna OAP IN	\$10	\$124,887	\$0	PERIODIC FEVER SYNDROMES
Cigna OAP IN	\$9,521	\$115,873	\$0	RADICULOPATHY, LUMBAR REGION
Cigna OAP IN	\$14,492	\$133,366	\$0	CHRONIC LYMPHOCYTIC LEUK OF B-CELL TYPE NOT ACHIEVE REM/S
Cigna OAP IN	\$26,946	\$149,326	\$0	ENCOUNTER FOR ANTINEOPLASTIC IMMUNOTHERAPY
Cigna OAP IN	\$25,949	\$144,006	\$0	OTHER SPECIFIED DISORDERS OF KIDNEY AND URETER
Cigna OAP IN	\$2,816	\$109,506	\$0	PAROXYSMAL ATRIAL FIBRILLATION
Cigna OAP IN	\$0	\$104,100	\$0	BENIGN NEOPLASM OF PANCREAS
Cigna OAP IN	NEW	\$123,621	\$0	PARTIAL TRAUMATIC MCP AMPUTATION OF R MID FINGER, INT
Cigna OAP IN	NEW	\$106,741	\$0	SOLITARY PLASMACYTOMA NOT HAVING ACHIEVED REMISSION
Cigna OAP IN	NEW	\$101,417	\$0	ENCOUNTER FOR AFTERCARE FOLLOWING KIDNEY TRANSPLANT

Cigna OAP IN	\$1,026,164	\$4,618,817	(\$1,449,052)
Cigna OAP	\$20,023	\$532,374	\$0
Cigna Local Plus	\$0	\$0	\$0
Cigna OAP + HSA	\$131,954	\$699,502	\$0
Total Large Claims Paid		\$5,050,693	
Total Medical/ RX Claims Paid (w/out ISL)		\$28,095,709	
% of Total Medical Claims Paid		23%	

**Reported by CIGNA Online Reporting tool



City of Scottsdale

Paid Claims by Month- Plan Year 2022-2023 Cigna Dental

Dental PPO Plan													
	Enrollment					Claim PEPM	Claims Cost		Fixed Cost Admin Fees	TOTAL (Claims + Admin)	Budget		
	EE	ES	EC	Fam	Total		Dental Claims	Budget Estimate			Employer Contribution	Employee Contribution	Surplus
Jul	728	250	268	470	1,716	\$74	\$127,218	\$138,409	\$4,891	\$132,109	\$73,274	\$65,135	\$6,300
Aug	734	250	264	474	1,722	\$81	\$139,631	\$138,878	\$4,908	\$144,539	\$73,526	\$65,352	(\$5,661)
Sep	736	250	267	467	1,720	\$73	\$125,710	\$138,290	\$4,902	\$130,612	\$73,393	\$64,896	\$7,678
Oct	732	251	268	464	1,715	\$76	\$131,010	\$137,898	\$4,888	\$135,898	\$73,183	\$64,716	\$2,001
Nov	728	249	270	470	1,717	\$68	\$116,086	\$138,470	\$4,893	\$120,979	\$73,314	\$65,156	\$17,491
Dec	733	253	267	458	1,711	\$66	\$112,600	\$137,274	\$4,876	\$117,476	\$72,979	\$64,295	\$19,798
Jan	724	252	265	453	1,694	\$76	\$129,112	\$135,973	\$4,828	\$133,940	\$72,262	\$63,711	\$2,034
Feb	723	248	265	454	1,690	\$63	\$106,729	\$135,675	\$4,817	\$111,546	\$72,092	\$63,582	\$24,129
Mar	717	247	267	454	1,685	\$72	\$121,350	\$135,473	\$4,802	\$126,152	\$71,903	\$63,570	\$9,321
Apr					0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
May					0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
Jun					0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
Total	6,555	2,250	2,401	4,164	15,370	\$72	\$1,109,446	\$1,236,340	\$43,805	\$1,153,250	\$655,927	\$580,414	\$83,090

	Admin	Funding Factor	Expected Loss ratio	Total PEPM
Com	\$2.85		93%	\$75.03
EE		\$43.82		
ES		\$96.38		
EC		\$78.86		
Fam		\$130.38		



City of Scottsdale

Definitions

Total Claims Paid	(EPO Claims & RX + HI PPO Claims & RX + Basic PPO Claims & RX) - Stop Loss Reimbursements
Fixed Cost	(Administration Fee + Stop Loss Fee + Mental Health Capitation) x monthly Enrolled Employees
Total Budget Estimate	Monthly enrollment x Budget Factors
PEPM (Per Employee Per Month)	(Claims + RX + Fixed Cost) / Total Member months
Loss Ratio	(Total Claims Paid + Fixed Cost) / Total Budget Estimate
Medical Claims Paid All Employees	Include Fulltime + Part-time + Cobra
Medical Claims Paid Retirees	Retirees Only
Refunds	Any dollars paid to the City of Scottsdale that is outside the plan's claims i.e. RX refund or Government Subsidies
Run Out	Claims Incurred in the prior plan year but paid in the current plan year.



City of Scottsdale

2024-2025 Plan Year - Preliminary Renewal Projection V3.0

February 20, 2024

Brown & Brown Arizona | 2800 N. Central Avenue, #1100 | Phoenix | AZ | 85004

Formerly Hays Companies

City of Scottsdale

High-Case Normalization – \$100,000 to \$325,000

Expected Members

February 20, 2024

	High Case Analysis Tool		
Network / Demographic Factor	0.93		
Pooling Threshold	\$100,000		
Specific Deductible	\$325,000		
Analysis Period	7/1/2021 to 6/30/2022	7/1/2022 to 6/30/2023	7/1/2023 to 1/31/2024
Membership	5,046	4,932	4,850
Actual Claims above \$100,000	\$4,760,296	\$4,489,436	\$1,616,691
Actual Claims above \$325,000	\$25,952	\$399,618	\$308,440
Expected Liability between \$100,000 and \$325,000	\$2,340,762	\$2,465,782	\$1,458,192
Net Underwriting Adjustment	(\$2,419,535)	(\$2,023,654)	(\$158,499)

Specific Deductible	Expected Members in Excess of Deductible	Actual Members in Excess of Deductible	Expected Members in Excess of Deductible	Actual Members in Excess of Deductible	Expected Members in Excess of Deductible	Actual Members in Excess of Deductible
\$100,000	32.0	45	33.7	47	19.9	19
\$125,000	22.3	37	23.5	35	13.9	12
\$150,000	16.3	26	17.2	20	10.2	9
\$175,000	12.5	22	13.2	16	7.8	6
\$200,000	9.8	20	10.3	15	6.1	5
\$225,000	6.5	17	6.9	14	4.1	3
\$250,000	5.3	16	5.6	14	3.3	2
\$275,000	4.4	13	4.6	13	2.7	2
\$300,000	3.1	11	3.2	10	1.9	2
\$350,000	2.3	0	2.4	4	1.4	2
\$400,000	1.8	0	1.8	2	1.1	1
\$450,000	1.2	0	1.3	1	0.7	1
\$500,000	1.4	0	1.4	1	0.8	1
\$600,000	0.8	0	0.9	0	0.5	0
\$750,000	0.5	0	0.5	0	0.3	0
\$1,000,000	0.2	0	0.2	0	0.1	0
\$1,500,000	0.1	0	0.1	0	0.0	0

* Partial Year

City of Scottsdale
Medical Claims Projection

2024-2025 Plan Year - Preliminary Renewal Projection
February 20, 2024

	Medical				Pharmacy				
	7/1/2021 to 6/30/2022	7/1/2022 to 6/30/2023	7/1/2023 to 1/31/2024	Rolling 12	7/1/2021 to 6/30/2022	7/1/2022 to 6/30/2023	7/1/2023 to 1/31/2024	Rolling 12	
Medical Claims	\$27,074,526	\$26,215,835	\$14,057,138	\$25,094,146	\$7,412,447	\$9,015,572	\$5,927,896	\$10,085,028	Rx Claims
Actual Claims above \$325,000				(\$1,394,492)					
Actual Claims above \$100,000	(\$4,760,296)	(\$4,489,436)	(\$1,616,691)	\$0					
Expected Liability between \$100,000 and \$325,000	\$2,340,762	\$2,465,782	\$1,458,192	\$0					
Medical Claims Less Excess	\$24,654,992	\$24,192,181	\$13,898,639	\$23,699,654					
Laser Adjustment ⁽²⁾	1,000	1,000	1,000	1,000					
Benefit Adjustment ⁽³⁾	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	Benefit Adjustment ⁽¹⁾
Network Discount Adjustment	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	Network Discount Adjustment
Migration	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	Migration
Benefit Adjusted Medical Claims	\$24,654,992	\$24,192,181	\$13,898,639	\$23,699,654	\$7,412,447	\$9,015,572	\$5,927,896	\$10,085,028	Benefit Adjusted Rx Claims
Member-Months	60,550	59,181	33,948	58,532	60,550	59,181	33,948	58,532	Member-Months
PMPM	\$407.18	\$408.78	\$409.41	\$404.60	\$122.42	\$152.34	\$174.62	\$172.30	PMPM
7.3% Annual Trend	1.2354	1.1513	1.0889	1.1050	1.3419	1.2166	1.1258	1.1490	10.3% Annual Trend
Capitation	\$0.00	\$0.00	\$0.00	\$0.00	-\$45.12	-\$45.12	-\$45.12	-\$45.12	RX Rebate Credit
Projected Medical PMPM	\$503.03	\$470.64	\$445.79	\$447.40	\$119.16	\$140.22	\$151.46	\$152.85	Projected Rx PMPM
Period Weight	20%	30%	50%		20%	30%	50%		Period Weight
Adjusted Membership	12,110	17,754	16,974		12,110	17,754	16,974		Adjusted Membership
Member-Adjusted Period Weight	25.9%	37.9%	36.2%		25.9%	37.9%	36.2%		Member-Adjusted Period Weight
Medical PMPM Claims Projection		\$470.01		\$447.40		\$138.84		\$152.85	Rx PMPM Claims Projection
% of Total PMPM Claims Projection		77%		75%		23%		25%	% of Total PMPM Claims Projection

Normalization - Method 1

Total PMPM Claims Projection	\$608.85
Total PEPM Claims Projection	\$1,388.26
% Change from Current	6.1%

Blending Three Time Periods: Method 2

Stop Loss Credits	(\$25,952)	(\$399,618)	(\$308,440)
Medical Claims Less Excess	\$27,048,574	\$25,810,217	\$13,748,698
Projected Medical PMPM	\$551.86	\$602.24	\$440.98
Total PMPM Claims Projection	\$631.71		
Total PEPM Claims Projection	\$1,440.38		
% Change from Current	9.8%		

Rolling 12 - Method 3

Total PMPM Claims Projection	\$600.25
Total PEPM Claims Projection	\$1,368.64
% Change from Current	4.7%

Preferred Method:

Normalization - Method 1

4,827	Current Membership
2,117	Current Enrollment
\$1,388.26	Preferred Methods PEPM
\$25.23	Admin (Cigna, EAP, MotivateME, Stoploss Interface)
\$70.17	ISL @ \$25,000 @ 20% Increase
\$10.22	Wellness and Consulting Fee
(\$4.54)	Est. Disabled Retiree Subsidy
\$1,489.34	Total Fixed and Claims PEPM
\$3,152,927	Projected Monthly Fixed and Claims Cost
\$37,035,124	Projected Annual Fixed and Claims Cost
\$35,668,488	Current Annual Fixed and Claims Budget
6.1%	% Change from Current

⁽²⁾Laser adjustments accounts for expected liability for the projection year.
⁽³⁾Benefit adjustments accounts for plan design changes from each time period.
⁽⁴⁾The normalization adjustment can be used to diminish the volatility associated with high-case activity.

Option 1

20-Feb-24

		Current Plan Year 2023-2024							
		CIGNA OAP In-Network		CIGNA Local Plus		CIGNA OAP		Cigna OAP + HSA	
		In	Out	In	Out	In	Out	In	Out
Plan Design	Deductible	NA	NA	NA	NA	\$750 / \$1,500	\$2,000 / \$4,000	\$1,500 / \$3,000	\$3,500 / \$7,000
	Maximum out-of-pocket	\$3,000 / \$6,000	NA	\$3,000 / \$6,000	NA	\$4,500 / \$9,000	\$4,500 / \$9,000	\$4,000 / \$8,000	\$6,000 / \$12,000
	Coinsurance	100%	NA	100%	NA	90%	70%	90%	70%
	PCP visit copay	\$10 or \$25	NA	\$10 or \$25	NA	\$10 or \$25	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Specialist copay	\$40	NA	\$40	NA	\$40	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Urgent care copay	\$50	NA	\$50	NA	\$50	Ded Then 70%	Ded Then 90%	Ded Then 70%
	ER copay		\$150		\$150		\$150 + Ded Then 90%		Ded Then 90%
	Inpatient Hospital	\$500	NA	\$500	NA	Ded Then 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Outpatient Hospital	\$250	NA	\$250	NA	Ded Then 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Pharmacy	\$10/20%/40%	NA	\$10/20%/40%	NA	\$10/20%/40%	50%	Ded then \$10/20%/40%	50%
Funding Rates	EE	491	\$791	55	\$716	164	\$694	224	\$659
	EE+SP	199	\$1,712	20	\$1,549	36	\$1,502	39	\$1,428
	EE+CH	191	\$1,435	11	\$1,298	43	\$1,259	50	\$1,196
	Fam	411	\$2,457	30	\$2,225	87	\$2,156	66	\$2,050
Expected Annual Cost	By Plan	\$24,165,772		\$1,816,656		\$4,915,164		\$4,780,896	
	All Plans	\$35,668,488							

		Plan Year 2024 - 2025							
		CIGNA OAP In-Network		CIGNA Local Plus		CIGNA OAP		Cigna OAP + HSA	
		In	Out	In	Out	In	Out	In	Out
Plan Design	Deductible	NA	NA	NA	NA	\$750 / \$1,500	\$2,000 / \$4,000	\$1,600 / \$3,200	\$3,500 / \$7,000
	Maximum out-of-pocket	\$3,000 / \$6,000	NA	\$3,000 / \$6,000	NA	\$4,500 / \$9,000	\$4,500 / \$9,000	\$4,000 / \$8,000	\$6,000 / \$12,000
	Coinsurance	100%	NA	100%	NA	90%	70%	90%	70%
	PCP visit copay	\$10 or \$25	NA	\$10 or \$25	NA	\$10 or \$25	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Specialist copay	\$40	NA	\$40	NA	\$40	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Urgent care copay	\$50	NA	\$50	NA	\$50	Ded Then 70%	Ded Then 90%	Ded Then 70%
	ER copay		\$150		\$150		\$150 + Ded Then 90%		Ded Then 90%
	Inpatient Hospital	\$500	NA	\$500	NA	Ded Then 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Outpatient Hospital	\$250	NA	\$250	NA	Ded Then 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Pharmacy	\$10/20%/40%	NA	\$10/20%/40%	NA	\$10/20%/40%	50%	Ded then \$10/20%/40%	50%
Funding Rates	EE	491	\$839	55	\$759	164	\$736	224	\$699
	EE+SP	199	\$1,816	20	\$1,643	36	\$1,593	39	\$1,515
	EE+CH	191	\$1,522	11	\$1,377	43	\$1,335	50	\$1,269
	Fam	411	\$2,606	30	\$2,360	87	\$2,287	66	\$2,175
Expected Annual Cost	By Plan	\$25,621,212		\$1,926,624		\$5,213,112		\$5,071,305	
	% Change from Current	6.1%		6.1%		6.1%		6.1%	
	All Plans	\$37,832,263							
	% Change from Current	6.1%							

Plan Change Notes

City of Scottsdale

2024-2025 Plan Year - Preliminary Renewal Projection

Total Cost and Contributions

February 20, 2024

Option 1

Smoking Surcharge: \$20	FCP Discount: \$10	Blood Pressure Discount: \$20
Employees Charged: 64	Employees Charged: 1170	Enrolled: 760
Corresponding Percent Enrolled: 3.8%	Corresponding Percent Enrolled: 55.3%	Corresponding Percent Enrolled: 28.0%
Estimated Savings \$15,360	Estimated Cost \$140,400	Estimated Cost \$182,400

Current Plan Year 2023-2024

Plan Year 2024 - 2025

EE CHANGE

Current Plan Year 2023-2024						Plan Year 2024 - 2025						EE CHANGE	
Tier	Enrollment	Monthly Plan Cost	Monthly EE Contributions	Monthly ER Contributions	ER % of Monthly Contribution	Tier	Estimated Enrolled	Monthly Plan Cost	Monthly EE Contributions	Monthly ER Contributions	ER % of Monthly Contribution	Monthly EE Contributions Change Amount	% Change EE Contribution
CIGNA OAP In-Network													
EE Only	491	\$791	\$158	\$633	80%	EE Only	491	\$839	\$168	\$671	80%	\$9.59	6.1%
EE + Spouse	199	\$1,712	\$427	\$1,285	75%	EE + Spouse	199	\$1,816	\$453	\$1,363	75%	\$25.94	6.1%
EE + Child(ren)	191	\$1,435	\$359	\$1,076	75%	EE + Child(ren)	191	\$1,522	\$381	\$1,141	75%	\$21.77	6.1%
Family	411	\$2,457	\$614	\$1,843	75%	Family	411	\$2,606	\$651	\$1,955	75%	\$37.23	6.1%
CIGNA Local Plus In-Network													
EE Only	55	\$716	\$144	\$572	80%	EE Only	55	\$759	\$153	\$606	80%	\$8.65	6.0%
EE + Spouse	20	\$1,549	\$387	\$1,162	75%	EE + Spouse	20	\$1,643	\$410	\$1,233	75%	\$23.48	6.1%
EE + Child(ren)	11	\$1,298	\$324	\$974	75%	EE + Child(ren)	11	\$1,377	\$344	\$1,033	75%	\$19.72	6.1%
Family	30	\$2,225	\$555	\$1,670	75%	Family	30	\$2,360	\$589	\$1,771	75%	\$33.67	6.1%
CIGNA OAP													
EE Only	164	\$694	\$111	\$583	84%	EE Only	164	\$736	\$118	\$618	84%	\$6.72	6.1%
EE + Spouse	36	\$1,502	\$315	\$1,187	79%	EE + Spouse	36	\$1,593	\$334	\$1,259	79%	\$19.08	6.1%
EE + Child(ren)	43	\$1,259	\$264	\$995	79%	EE + Child(ren)	43	\$1,335	\$280	\$1,055	79%	\$15.94	6.0%
Family	87	\$2,156	\$452	\$1,704	79%	Family	87	\$2,287	\$479	\$1,808	79%	\$27.46	6.1%
Cigna OAP + HSA													
EE Only	224	\$659	\$66	\$593	90%	EE Only	224	\$699	\$70	\$629	90%	\$4.01	6.1%
EE + Spouse	39	\$1,428	\$257	\$1,171	82%	EE + Spouse	39	\$1,515	\$273	\$1,242	82%	\$15.66	6.1%
EE + Child(ren)	50	\$1,196	\$204	\$992	83%	EE + Child(ren)	50	\$1,269	\$216	\$1,053	83%	\$12.45	6.1%
Family	66	\$2,050	\$409	\$1,641	80%	Family	66	\$2,175	\$434	\$1,741	80%	\$24.94	6.1%
HSA EE Contribution	224	\$42	\$0	\$42	100%	HSA EE Contribution	224	\$42	\$0	\$42	100%		
HSA Fam Contribution	155	\$83	\$0	\$83	100%	HSA Fam Contribution	155	\$83	\$0	\$83	100%		
Monthly Total		\$2,994,624	\$661,569	\$2,333,055				\$3,174,990	\$701,712	\$2,473,278			
Annual Total	2,117	\$35,935,488	\$7,938,828	\$27,996,660	77.9%		2,117	\$38,099,880	\$8,420,539	\$29,679,341	77.9%		
Smoking Surcharge		\$15,360		-\$15,360				\$15,360		-\$15,360			
Blood Pressure Discount		-\$182,400		\$182,400				-\$182,400		\$182,400			
HRA Discount		-\$140,400		\$140,400				-\$140,400		\$140,400			
Premium Holiday													
Funding Total		\$35,935,488	\$7,631,388	\$28,304,100	78.6%			\$38,099,880	\$8,113,099	\$29,986,781	78.7%		
						Difference (\$)		\$2,164,392	\$481,711	\$1,682,681			
						Difference (%)		6.0%	6.3%	5.9%			
						HSA Difference		\$0.00					

Rolling 12 Dental Claims Projection

		Dental
Experience Period		Rolling 12
Dental Claims		\$1,509,859
Network Discount Adjustment ⁽¹⁾		1.00
Immature Benefit Year Adjustment ⁽²⁾		1.00
COVID-19 Adjustment ⁽³⁾		1.00
Benefit Adjusted Dental Claims		\$1,509,859
Member-Months		20,343
PMPM		\$74.22
4.0% Annual Trend:		1.06
Projected Dental PMPM		\$78.72
Current Membership		1,694
Monthly Claims		\$133,347
Annual Claims Projection		\$1,600,170
Current Enrollment		1,694
Total PEPM Claims Projection		\$78.72
PEPM Admin		\$2.58
Total Average PEPM Cost		\$81.30
TOTAL ANNUAL ESTIMATED COST		\$1,652,616

	Budget Rates			
	EE	EE + SP	EE + CH	Family
Enrollment	<u>724</u>	<u>252</u>	<u>265</u>	<u>453</u>
Current Budgeted Rate	\$43.82	\$96.38	\$78.86	\$130.38
Current Year Annual Cost	\$1,631,682			
Renewal Budgeted Rate	\$44.38	\$97.62	\$79.87	\$132.05
Renewal Year Annual Cost	\$1,652,616			
% Change	1.3%			

⁽¹⁾ Reflects the assumed cost differences between the experience-period and the renewal-period based on changes in networks and/or administrators.

⁽²⁾ Adjusts partial-periods to reflect immature claims and lag of claims payment



CITY OF SCOTTSDALE

Confidence Levels

May 21, 2024

Adam Hirsch, FCAS, MAAA

A business of Marsh McLennan

ACTUARIAL CONSULTING

CONFIDENTIALITY

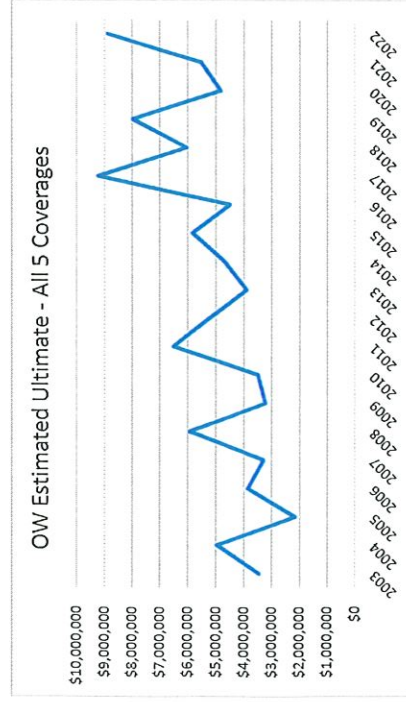
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CONFIDENCE LEVELS

- The establishment of confidence levels is judgmental. Aon used a 20% lift to go from their central estimate to their 85% confidence level, and our calculation produced a 38% lift at 6/30/22 and 43% at 6/30/23. Our factor to get to a 75% confidence level at 6/30/23 is 17%.
- The confidence level estimates can be more intuitive when considering the loss pick (projected ultimate losses for a policy year) rather than the reserves. The table below shows the estimated ultimate losses for the last 10 and 20 policy years in total across all five coverages, ranked from largest to smallest, without consideration for changes in exposure or loss trend. This shows the difference between the average and the various percentiles.



Using Last 20 Years' of Estimated Ultimates

	Avg	\$5,176,877	Empirical via Ults	OW 6/30/23	OW 6/30/22	Aon 6/30/21
75%			1.16	1.17	1.18	
80%			1.26	1.28	1.27	
85%			1.54	1.43	1.38	1.20
90%			1.72	1.62	1.54	

CONFIDENCE LEVELS

- The table below displays our estimates of ultimate loss for future policy years both at the central estimate and various confidence levels. These are not on a cash flow basis and rather represent estimated costs to the City to be paid out over time.
- In comparing to the graph on prior slide (our estimated ultimates for the last 20 policy years), we must consider the growing exposure levels and annual loss trend (or claim cost inflation).

Table 14: Projected Nominal Ultimate Losses for Future Periods

	23/24	24/25	25/26	26/27	27/28	28/29
Central	\$8,022,000	\$8,483,000	\$8,970,000	\$9,490,000	\$10,044,000	\$10,625,000
75%	\$9,667,762	\$10,220,568	\$10,804,380	\$11,427,702	\$12,091,444	\$12,787,520
80%	\$10,473,270	\$11,068,114	\$11,696,049	\$12,366,459	\$13,079,873	\$13,827,963
85%	\$11,520,580	\$12,169,706	\$12,854,586	\$13,585,770	\$14,363,246	\$15,178,406
90%	\$13,024,006	\$13,750,274	\$14,516,020	\$15,333,507	\$16,201,856	\$17,112,134

CONFIDENCE LEVELS

- The difference between the 75% and 85% confidence level estimate of reserves as of 6/30/23 is approximately \$4.8 million on a nominal/undiscounted basis (\$4.4 million discounted) and this delta increases as we project the reserves forward to future 6/30 dates.

Table 11: Estimated Nominal Reserves as of 6/30/20xx

	23	24	25	26	27	28	29
Central	\$18,382,452	\$19,869,807	\$21,491,696	\$23,400,148	\$25,390,993	\$27,593,086	\$29,933,469
75%	\$21,529,007	\$23,238,014	\$25,099,604	\$27,300,882	\$29,592,808	\$32,134,661	\$34,836,169
80%	\$23,514,172	\$25,397,601	\$27,415,559	\$29,798,969	\$32,275,047	\$35,024,558	\$37,946,089
85%	\$26,299,469	\$28,436,394	\$30,680,601	\$33,325,197	\$36,066,143	\$39,113,167	\$42,349,938
90%	\$29,785,265	\$32,232,595	\$34,737,339	\$37,684,308	\$40,726,073	\$44,115,046	\$47,713,396
85 less 75	\$4,770,462	\$5,198,380	\$5,580,997	\$6,024,315	\$6,473,335	\$6,978,506	\$7,513,769

Table 12: Estimated Discounted Reserves as of 6/30/20xx

	23	24	25	26	27	28	29
Central	\$16,641,357	\$17,933,134	\$19,354,222	\$21,040,095	\$22,792,728	\$24,737,615	\$26,804,103
75%	\$19,531,974	\$21,017,133	\$22,649,068	\$24,595,661	\$26,615,088	\$28,862,612	\$31,250,693
80%	\$21,366,038	\$23,008,658	\$24,779,975	\$26,889,882	\$29,073,413	\$31,506,890	\$34,091,891
85%	\$23,932,504	\$25,803,954	\$27,776,791	\$30,120,509	\$32,539,734	\$35,239,151	\$38,105,787
90%	\$27,180,747	\$29,335,958	\$31,543,017	\$34,159,969	\$36,849,060	\$39,856,866	\$43,049,374
85 less 75	\$4,400,529	\$4,786,820	\$5,127,723	\$5,524,848	\$5,924,646	\$6,376,539	\$6,855,094

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The opinions expressed in this report are valid only for the purpose stated herein and as of the date of this report. No obligation is assumed to revise this report to reflect changes, events, or conditions, which occur subsequent to the date hereof.

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**ACTUARIAL ANALYSIS OF
WORKERS' COMPENSATION,
GENERAL LIABILITY, AUTO
LIABILITY, PROPERTY AND
AUTO PHYSICAL DAMAGE AS
OF JUNE 30, 2023**

CITY OF SCOTTSDALE

July 19, 2023

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1. EXECUTIVE SUMMARY

Purpose and Scope

Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) has been retained by the City of Scottsdale (Scottsdale or the City) to provide actuarial consulting services. The purpose of this analysis is to estimate unpaid losses and allocated loss adjustment expense (ALAE) as well as claim cost projections for the City's workers' compensation (WC), general liability (GL), auto liability (AL), property and auto physical damage (APD) exposures. The conclusions in this study are related to its stated purpose and may not be applicable for other purposes.

The analysis provides the following for all coverages, limited to the City's per-occurrence deductibles / retention limits:

- Nominal and discounted unpaid losses and ALAE at an actuarial central estimate as of June 30, 2023 for claims incurred through that same date.
- Nominal and discounted unpaid losses and ALAE at various probability levels as of June 30, 2023 for claims incurred through that same date.
- Projected ultimate losses and ALAE and claim counts at an actuarial central estimate for policy periods 7/1/23 – 6/30/24 through 7/1/28 – 6/30/29 as of June 30, 2023.
- Projected ultimate losses and ALAE at various probability levels for policy periods 7/1/23 – 6/30/24 through 7/1/28 – 6/30/29 as of June 30, 2023.
- Projected cash-flows by fiscal year of the ultimate losses and ALAE at the central actuarial estimate through fiscal year 7/1/28 – 6/30/29 as of June 30, 2023.
- Roll-forward of the nominal unpaid losses and ALAE at an actuarial central estimate to June 30, 2024 through June 30, 2029.
- An estimate of unallocated loss adjustment expenses as of June 30, 2023
- Size of loss distribution analysis
- Comparison of results to prior estimates

The estimates as of June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026, June 30, 2027, June 30, 2028, and June 30, 2029 (accounting dates) are based on data evaluated as of June 30, 2023 (valuation date) and additional information provided to Oliver Wyman (and only that information provided) through July 13, 2023 (review date).

The estimates are prepared on both nominal and discounted bases. Discounted estimates considered the time value of money.

Additionally, estimates are presented as actuarial central estimates. An actuarial central estimate is defined as an expected value over the range of reasonably possible, as opposed to all conceivable, outcomes.

Finally, estimates are also provided at various probability levels, meaning the estimates include a margin for potential adverse development in excess of the actuarial central estimate. These estimates represent

the amount for which there is a x% chance that the actual unpaid losses and ALAE will be less than or equal to this value.

Unless otherwise stated, all references to loss should be understood to include ALAE and be net of salvage and subrogation. Please note that ALAE is an insurance industry term which generally refers to costs that can be attributed to the settlement of individual claims. Fees paid to outside defense attorneys represent a major portion of this expense item. Also, please note that the terms unpaid losses, reserves and liabilities are used interchangeably throughout this report.

The scope of this project did not include the estimation of any expenses other than ALAE and unallocated loss adjustment expenses (ULAE) that are sometimes associated with insurance programs. Such expenses include insurance premiums, the costs of trustee, legal, administrative, risk management and actuarial services, taxes, fees and assessments, and costs for surety bonds or letters of credit pertaining to outstanding liabilities or capital requirements. ULAE is the insurance industry term generally used to refer to any claims-handling costs that cannot be attributed to individual claims. Fees paid to third party administrators (TPAs) and salaries paid to in-house claim adjusters and in-house defense attorneys represent examples of this type of expense.

This report sets forth the results of Oliver Wyman's analysis and is accompanied by exhibits which should be considered integral parts of this report.

Please note that all values in this report are in U.S. currency.

Actuarial Findings

Table 1 below displays our estimates of unpaid losses and ALAE on both nominal and discounted bases. Further, this table compares the nominal estimates to those from the prior actuarial report. Below the total line, the table displays our estimate of unpaid ULAE (on a nominal basis).

Table 1: Estimated Loss & ALAE Reserves as of June 30, 2023

<i>Coverage</i>	<i>Nominal</i>	<i>Discounted</i>	<i>Nominal as of June 30, 2022</i>	<i>Nominal Change</i>
WC	\$12,635,182	\$10,970,233	\$17,806,108	(\$5,170,926)
GL	\$4,457,353	\$4,394,894	\$3,989,193	\$468,160
AL	\$568,619	\$559,836	\$882,237	(\$313,618)
Property	\$385,627	\$382,899	\$365,826	\$19,800
APD	\$335,671	\$333,496	\$355,283	(\$19,613)
Total	\$18,382,452	\$16,641,357	\$23,398,648	(\$5,016,196)
ULAE	\$576,788			

On a nominal basis, the total estimate decreased by \$5.0 million. The drivers of this change are as follows:

- **WC:** the City saw \$1.7 million in incurred loss development (across all policy years and coverages) over the past twelve months. For comparison, the City saw \$11.8 million in the prior twelve months and an average level of \$6.3 million per year the four years prior. This low level of incurred loss development is driven by a total incurred reduction of \$0.6 million for WC. Specifically, we

observed significant reductions on claims across all prior policy years, with the incurred losses of \$4.0 million in the new policy year being more than offset by a reduction of \$4.7 million in prior policy years. We understand from discussions with the City that a new claims adjuster reserved for worker's compensation claims differently as of the prior report, and this appears to be a reversal of or correction for that. If we combine the development across the last two fiscal years, we get an average of \$3.7 million per year for WC and \$6.8 million per year in total, both of which are more line with historical averages.

- **GL:** We note an increase in the estimated reserves for GL, and this is driven by the 7/1/22 – 6/30/23 policy year, which shows \$1.2 million in incurred loss, already beyond the levels of the prior two (more mature from a loss development perspective) policy years.

Table 2 below displays a reconciliation between the prior and current estimates. The estimated ultimates for new exposure (\$8.9 million in total) are larger than the payments made over the past twelve months (\$5.9 million in total). The change in prior ultimates (\$8.0 million decrease in total) is the key driver of the decrease, and is largely driven by the aforementioned reduction in incurred WC loss development.

Table 2: Reconciliation from June 30, 2022 to June 30, 2023

	WC	GL	AL	Property	APD	Total
Estimate as of June 30, 2022	\$17,806,108	\$3,989,193	\$882,237	\$365,826	\$355,283	\$23,398,648
Ultimates for New Exposure	\$4,436,000	\$3,303,000	\$402,000	\$330,000	\$410,000	\$8,881,000
Payments Made	\$3,620,653	\$1,444,586	\$421,604	\$208,846	\$246,563	\$5,942,251
Change in Prior Ultimates	(\$5,986,273)	(\$1,390,254)	(\$294,014)	(\$101,354)	(\$183,050)	(\$7,954,945)
Estimate as of June 30, 2023	\$12,635,182	\$4,457,353	\$568,619	\$385,627	\$335,671	\$18,382,452

Table 3 below displays the components of the nominal estimate of unpaid loss and ALAE. The case reserves are derived directly from the data, while the incurred but not reported (IBNR) provision is calculated in our analysis. IBNR includes both development on known claims as well as late reported claims, reopened claims and payment on closed claims. For purposes of this table, we have assumed 10% of the IBNR provision is related to late reported claims and the remaining 90% of the provision relates to development on known claims.

Table 3: Components of Estimated Reserves as of June 30, 2023

Coverage	Limited Case Reserves	Develop. on Reported Claims	IBNR Claims	Total Nominal Est. Reserves
WC	\$7,786,866	\$4,363,485	\$484,832	\$12,635,182
GL	\$1,426,624	\$2,727,656	\$303,073	\$4,457,353
AL	\$100,307	\$421,481	\$46,831	\$568,619
Property	\$336,467	\$44,244	\$4,916	\$385,627
APD	\$294,093	\$37,420	\$4,158	\$335,671
Total	\$9,944,357	\$7,594,285	\$843,809	\$18,382,452

IBNR is estimated in total, and for purposes of this exhibit, we assume a 90 / 10 split between development on reported claims and late reported claims.

Tables 4 (nominal basis) and 5 (discounted basis) below display our projected ultimate losses for future policy periods, at an actuarial central estimate. Prospective period loss and ALAE estimates are directly related to the projected exposures. Therefore, if actual exposures differ from the projection, we would need to adjust the prospective policy/accident period estimates accordingly. Further, the projections below assume the current insurance structure for all future policy periods.

Table 4: Projected Nominal Ultimate Losses for Future Periods

	23/24	24/25	25/26	26/27	27/28	28/29
WC	\$4,435,000	\$4,726,000	\$5,036,000	\$5,367,000	\$5,724,000	\$6,099,000
GL	\$2,358,000	\$2,463,000	\$2,572,000	\$2,687,000	\$2,806,000	\$2,931,000
AL	\$496,000	\$513,000	\$530,000	\$549,000	\$568,000	\$587,000
Property	\$353,000	\$378,000	\$405,000	\$434,000	\$465,000	\$498,000
APD	\$380,000	\$403,000	\$427,000	\$453,000	\$481,000	\$510,000
Total	\$8,022,000	\$8,483,000	\$8,970,000	\$9,490,000	\$10,044,000	\$10,625,000

Table 5: Projected Discounted Ultimate Losses for Future Periods

	23/24	24/25	25/26	26/27	27/28	28/29
WC	\$4,072,758	\$4,339,989	\$4,624,669	\$4,928,634	\$5,256,475	\$5,600,845
GL	\$2,300,074	\$2,402,494	\$2,508,817	\$2,620,992	\$2,737,068	\$2,858,998
AL	\$485,224	\$501,855	\$518,485	\$537,073	\$555,660	\$574,247
Property	\$350,558	\$375,385	\$402,198	\$430,998	\$461,783	\$494,555
APD	\$376,852	\$399,661	\$423,462	\$449,247	\$477,015	\$505,774
Total	\$7,585,465	\$8,019,385	\$8,477,632	\$8,966,943	\$9,488,001	\$10,034,420

Tables 6 (losses and ALAE) and 7 (exposure) below display the changes in the projections relative to the prior report.

Table 6: Changes in Projected Nominal Ultimate Losses for Subsequent Policy Year

	WC	GL	AL	Property	APD	Total
Prior	\$4,367,000	\$2,394,000	\$548,000	\$341,000	\$436,000	\$8,086,000
Current	\$4,435,000	\$2,358,000	\$496,000	\$353,000	\$380,000	\$8,022,000
Change	\$68,000	(\$36,000)	(\$52,000)	\$12,000	(\$56,000)	(\$64,000)
Change %	2%	-2%	-9%	4%	-13%	-1%

Table 7: Changes in Projected Exposure for Subsequent Policy Year

	WC Payroll (000)	GL Payroll (000)	AL Vehicles	Property TIV (000)	APD Vehicles
Prior	\$199,287	\$199,287	1,150	\$1,078,306	1,150
Current	\$202,913	\$202,913	984	\$1,066,047	984
Change	\$3,627	\$3,627	(166)	(\$12,259)	(166)
Change %	2%	2%	-14%	-1%	-14%

Table 8 below displays the projected loss and ALAE payments, related to all policy years with newly reported or open claims, by fiscal year.

Table 8: Projected Payments

	23/24	24/25	25/26	26/27	27/28	28/29
WC	\$2,979,128	\$3,219,429	\$3,373,155	\$3,580,660	\$3,801,379	\$4,051,038
GL	\$4,770,243	\$4,885,252	\$5,067,099	\$5,212,801	\$5,437,105	\$5,675,853
AL	\$716,469	\$794,522	\$850,323	\$894,763	\$934,504	\$971,984
Property	\$0	\$0	\$0	\$0	\$0	\$0
APD	\$159,199	\$140,500	\$143,201	\$151,907	\$161,279	\$171,020
Total	\$8,625,039	\$9,039,703	\$9,433,777	\$9,840,131	\$10,334,267	\$10,869,895

Tables 9 (nominal; by coverage), 10 (discounted; by coverage), 11 (nominal; by confidence level) and 12 (discounted; by confidence level) display our estimates of the unpaid loss & ALAE or reserve position as of future June 30 dates. These estimates are dependent on the projections of ultimate loss and ALAE for future policy periods and thus assume the current insurance structure for all future policy periods.

Table 9: Estimated Nominal Reserves as of 6/30/20xx

	24	25	26	27	28	29
WC	\$14,091,055	\$15,597,626	\$17,260,471	\$19,046,810	\$20,969,431	\$23,017,393
GL	\$4,770,243	\$4,885,252	\$5,067,099	\$5,212,801	\$5,437,105	\$5,675,853
AL	\$716,469	\$794,522	\$850,323	\$894,763	\$934,504	\$971,984
Property	\$132,841	\$73,796	\$79,055	\$84,712	\$90,767	\$97,220
APD	\$159,199	\$140,500	\$143,201	\$151,907	\$161,279	\$171,020
Total	\$19,869,807	\$21,491,696	\$23,400,148	\$25,390,993	\$27,593,086	\$29,933,469

Table 10: Estimated Discounted Reserves as of 6/30/20xx

	24	25	26	27	28	29
WC	\$12,234,264	\$13,542,313	\$14,986,043	\$16,536,995	\$18,206,270	\$19,984,370
GL	\$4,703,399	\$4,816,797	\$4,996,095	\$5,139,755	\$5,360,917	\$5,596,319
AL	\$705,403	\$782,249	\$837,189	\$880,942	\$920,069	\$956,970
Property	\$131,902	\$73,274	\$78,496	\$84,113	\$90,125	\$96,532
APD	\$158,167	\$139,590	\$142,273	\$150,923	\$160,234	\$169,912
Total	\$17,933,134	\$19,354,222	\$21,040,095	\$22,792,728	\$24,737,615	\$26,804,103

Table 11: Estimated Nominal Reserves as of 6/30/20xx

	23	24	25	26	27	28	29
Central	\$18,382,452	\$19,869,807	\$21,491,696	\$23,400,148	\$25,390,993	\$27,593,086	\$29,933,469
75%	\$21,529,007	\$23,238,014	\$25,099,604	\$27,300,882	\$29,592,808	\$32,134,661	\$34,836,169
80%	\$23,514,172	\$25,397,601	\$27,415,559	\$29,798,969	\$32,275,047	\$35,024,558	\$37,946,089
85%	\$26,299,469	\$28,436,394	\$30,680,601	\$33,325,197	\$36,066,143	\$39,113,167	\$42,349,938
90%	\$29,785,265	\$32,232,595	\$34,737,339	\$37,684,308	\$40,726,073	\$44,115,046	\$47,713,396

Table 12: Estimated Discounted Reserves as of 6/30/20xx

	23	24	25	26	27	28	29
Central	\$16,641,357	\$17,933,134	\$19,354,222	\$21,040,095	\$22,792,728	\$24,737,615	\$26,804,103
75%	\$19,531,974	\$21,017,133	\$22,649,068	\$24,595,661	\$26,615,088	\$28,862,612	\$31,250,693
80%	\$21,366,038	\$23,008,658	\$24,779,975	\$26,889,882	\$29,073,413	\$31,506,890	\$34,091,891
85%	\$23,932,504	\$25,803,954	\$27,776,791	\$30,120,509	\$32,539,734	\$35,239,151	\$38,105,787
90%	\$27,180,747	\$29,335,958	\$31,543,017	\$34,159,969	\$36,849,060	\$39,856,866	\$43,049,374

Table 13 below displays projected ultimate claim counts for future policy periods, by coverage. Similar to prospective loss and ALAE estimates, these estimates are directly related to the projected exposures. Therefore, if actual exposures differ from the projection, we would need to adjust the prospective policy/accident period estimates accordingly.

Table 13: Projected Ultimate Claim Counts for Future Periods

	23/24	24/25	25/26	26/27	27/28	28/29
WC	246	248	250	253	255	258
GL	71	72	72	73	74	75
AL	30	30	30	30	31	31
Property	48	51	54	57	61	64
APD	98	99	100	101	102	103
Total	493	500	506	514	523	531

The size of loss distributions for each segment can be found towards the back of each section of the analysis.

Relevant Comments

Unpaid losses and ALAE are composed of claims examiners' estimates and IBNR amounts. The claims examiners' estimates are established by individual claim adjusters on open claims. Claims examiners' estimates are based on the facts of a claim as they are known today; these estimates do not anticipate that a claim will change. The IBNR amounts are estimated by Oliver Wyman and include amounts for late reported and re-opened claims as well as development on known open claims. The fact that Oliver Wyman's IBNR amounts include a provision for development on known claims does not necessarily imply that there is a problem with the claim examiner estimates. The tendency is that, in aggregate, damages or injuries are worse than originally thought. Thus, an adequate provision for unpaid losses and ALAE should include a provision for upward development. Please note that Oliver Wyman's IBNR amounts are

appropriate for all historical policy periods in aggregate but not necessarily for any one particular policy period.

DRAFT