

**MINUTES
HEALTH CARE BENEFITS TRUST
REGULAR SESSION
November 18, 2025
KACHINA CONFERENCE ROOM
11000 N. LA CAÑADA DRIVE**

REGULAR SESSION AT OR AFTER 10:00 AM

CALL TO ORDER

The meeting was called to order at 10:00 a.m.

ROLL CALL

Present: Frank Trembulak, Chair
Dave Gephart, Vice Chair
Harry Greene, Member
Jennifer Marek, Member
Mark Parston, Member

Staff Present: Jennifer Inboden, Board Secretary
Andrew Votava, Human Resources Director
Sonya Martinez, CBIZ Account Executive
Eric Rustand, CBIZ Business Unit President

Eric Rustand arrived at 10:02 a.m.

CALL TO AUDIENCE - There were no speaker requests.

REGULAR SESSION AGENDA

1. REVIEW AND APPROVAL OF THE SEPTEMBER 23, 2025 REGULAR SESSION MEETING MINUTES

Motion by Chair Frank Trembulak, **seconded by** Member Harry Greene to approve the September 23, 2025 regular session minutes.

Vote: 5 - 0 Carried

2. PRESENTATION AND DISCUSSION OF THE MEDICAL AND PHARMACY EXPERIENCE REPORT THROUGH SEPTEMBER 2025

Sonya Martinez, CBIZ Account Executive, presented the Medical and Pharmacy report through the end of the first quarter in September 2025. She started with the Year-over-Year Financials and pointed out to the Trustees that there was a 2% dip in enrollment from 314 employees to 308. Total Medical/Pharmacy Claims Paid is \$864,057. Pharmacy rebates are \$52,290 compared to \$54,008 a year ago. The Net Medical/Pharmacy Paid Claims are at \$769,696 compared to \$611,797 a year ago which is a 28.4% increase. The fixed costs are unchanged

compared to the end of the first quarter last year. The total plan costs are up 21% from last year at \$981,640 compared to \$827,915.

Ms. Martinez continued by reviewing the paid claims and administration information through the end of the plan year for all plans combined. The average enrollment is 308. The expected claims liability, which is CBIZ' expected number and the Town's budget number, is \$639,000. The maximum claims liability, which is the UHC contractual amount, is \$959,000. The amount paid for medical claims through September was \$687,000. The amount paid for Rx claims was \$177,000 and there have been \$52,000 in Rx rebates. The total paid claims are \$770,000; with admin fees of \$212,000 and HSA contributions of \$78,000, the total claims and admin fees for the plan year are \$1.06 million. The loss ratio for expected claims is 120.4% and 80.3% against maximum liability. The claims and admin fees PEPM is \$1,148 through September. The plan is running at 115% against budget.

Chair Trembulak asked why the plan is running higher than this time last year. Ms. Martinez attributed the higher trend to one large claimant who is no longer on the plan.

Ms. Martinez continued to review the report and focused on the High Deductible Health Plan (HDHP). 62% of employees are enrolled in the HDHP. The HDHP is running at 92% of expected liability or 74% of maximum liability. The claims and admin fees per employee per month (PEPM) is \$880 through September. The PEPM a year ago was \$773. For reference, the prior plan year ended at \$755 PEPM. The HDHP plan is running at 92% against budget. The PPO plan is running at 171% of expected liability or 137% of maximum liability with claims and admin fees PEPM at \$1,727 through September. For reference, the prior plan year ended at \$1,411 PEPM. The membership of the PPO has been decreasing every year for the past few years and is at 118 compared to 121 a year ago. The PPO plan is running at 154.7% of budget; the prior plan year ended at 109%.

Next Ms. Martinez reviewed the year-over-year comparison and reminded the Trustees that the numbers on this page are typically very conservative. The 2024-2025 plan year finished at \$3.6 million; the estimated annualized cost for the 2025-2026 plan year is \$3.68 million, which is an increase of 2.5% or \$90,000 from the prior year. The PEPM is \$998 compared with \$962 in the prior year. The PEPM Total Cost History is up 3.8% from the prior year. The Budgeted Claims vs. Paid Claims & Admin is 99%.

Ms. Martinez explained the Large Claims Report Over \$50k. There is one large claimant with paid claims of \$192,000 through September. Since this claim exceeded the \$150,000 stop loss threshold, there has been \$42,000 paid back to the plan as a stop loss reimbursement. The Plan paid \$150,000 which accounts for 22% of all claim expense prior to the stop-loss adjustment.

Ms. Martinez finished by providing a preliminary overview of a stop-loss evaluation that her analytics team provided per the request by the trustees at the September meeting. The trustees asked about the possibility of exploring the option to self-insure the stop-loss insurance. Under the current contract with UHC for stop-loss insurance, the individual stop-loss (ISL) threshold is \$150,000 and the Town pays a \$660,000 annual premium for this coverage. This premium tends to increase every year whether or not there is a large claimant that triggers a stop-loss reimbursement because the Town is pooled with other companies for this coverage. Ms. Martinez said that UHC will not agree to a contract with a \$500,000 ISL threshold, and if the Town wants to explore this option or an option to replace the aggregate stop-loss (ASL) coverage, it will be necessary to go out to market for bids. The CBIZ analytics team performed a preliminary simulation utilizing claims information through June 2025 and estimated that the Town could potentially save \$450,000 by switching to a \$500,000 ISL. For the ASL protection, the Town currently pays \$32,000 annually. The simulation projects the likelihood of having an ASL claim and how much it would cost. The Town can use this projection to decide if the total potential savings offset the risk.

Vice Chair Gephart added that if the Town chooses to self-fund the stop-loss insurance, it would be advisable to establish a separate reserve policy and reserve from the realized savings so that these funds can be used in the event of a large claim.

Trustee Parston asked when the CBIZ Analytics team would have a more definitive analysis completed. Ms. Martinez said it would not be done until March or May 2026. Stop-loss insurance is typically the last item to be finalized prior to the start of a new plan year.

3. PRESENTATION AND DISCUSSION OF THE FUND BALANCE REPORT THROUGH SEPTEMBER 2025

Vice Chair Gephart reviewed the fund balance report through the end of September. Assets are down \$310,000 since June 2025. The Total Cash is \$3.56 million. Total Investments are \$577,000, down from \$812,000 at the end of June. The fund has \$1.03 million in Total Revenues, which is \$126,000 lower than a year ago. This is a combination of \$717,000 in employer-paid premiums, \$116,000 in employee-paid premiums, \$100,000 in cost allocation for the health clinic and pharmacy rebates and \$41,000 in investment income.

Vice Chair Gephart continued to review the income statement and reviewed expenditures. The wellness program is \$1,700 and claims are \$919,000, up \$200,000 compared to the end of the first quarter a year ago. The total ending fund balance is down \$169,000 from the end of the prior plan year. The trust fund remains very healthy, up \$258,000 from this time last year.

Chair Trembulak asked why the expenditures for the wellness program are so low. Vice Chair Gephart explained that there is a lag of a couple of months for reporting with the wellness program, so the \$1,700 will increase once reporting comes in.

4. PRESENTATION AND DISCUSSION OF EMPLOYEE WELLBEING SURVEY

Andrew Votava, Human Resources Director, presented an executive summary of the data from the recent employee wellbeing survey. The survey was conducted by CBIZ. The response rate was 45%. The two areas that employees are interested in focusing on are physical wellbeing and financial wellbeing. When the survey results were shared with employees, an educational piece on Kaia, a one-on-one virtual coaching program available for free to employees, was provided. Employees were also reminded about the monthly financial wellbeing webinars offered by Empower and the opportunity to meet one-on-one with an account representative from Empower to review retirement readiness and overall financial health.

The most important supplemental benefits to employees are the free membership to both the Community Recreation Center and Aquatic Center, the free onsite health clinic, and the UHC Rewards program. Employees like being incentivized by gift cards and employer contributions to their Health Savings Account (HSA.) Employees who are not participating in UHC Rewards and the Pillars of Wellness program say they are not participating because they were either not aware of the programs or do not have time.

Vice Chair Gephart asked if the data was analyzed by department. Mr. Votava answered that the Town intentionally did not interpret data by department to protect the anonymity of respondents.

Trustee Marek asked if there are nutrition resources available to employees. Mr. Votava answered that the Town is exploring a new wellbeing platform that has an emphasis on nutrition.

ADJOURNMENT

Motion by Chair Frank Trembulak, **seconded by** Member Mark Parston to adjourn the meeting at 10:49 a.m.

Vote: 5 - 0 Carried

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular session of the Town of Oro Valley Health Care Benefits Trust of Oro Valley, Arizona held on the 18th day of November. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 21st day of November, 2025.

Jen Inboden
Senior Human Resources Analyst