

DRAFT

**MINUTES
HEALTH CARE BENEFITS TRUST
REGULAR SESSION
September 22, 2026
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
Mark Parston, Member

Absent: Jennifer Marek, Member

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

CALL TO AUDIENCE - There were no speaker requests.

REGULAR SESSION AGENDA

1. REVIEW AND APPROVAL OF THE JUNE 2, 2026 REGULAR SESSION MEETING MINUTES

Motion by Member Harry Greene, **seconded by** Chair Frank Trembulak to approve the June 2, 2026 regular session minutes.

Vote: 4 - 0 Carried

2. PRESENTATION AND DISCUSSION OF THE MEDICAL AND PHARMACY EXPERIENCE REPORT THROUGH JUNE 2026 AND THE PREMIUM ADEQUACY REPORT FOR A JULY 1, 2026 EFFECTIVE DATE

Sonya Martinez, CBIZ Account Executive, presented the Medical and Pharmacy report through the end of the plan year in June 2026. She started with the Year-over-Year Financials and pointed out to the Trustees that the primary spend was on medical claims rather than pharmacy claims which is not typical. Total

Medical/Pharmacy Claims Paid finished the year at 40.5% higher than the prior plan year at \$4.58 million compared to \$2.99million a year ago. The Net Medical/Pharmacy Paid Claims Per Employee Per Month (PEPM) are at \$913.68 compared to \$650.51 a year ago. The total plan costs were up 30% at \$4.24 million compared to \$3.29 million a year ago which can be attributed to a number of large claimants.

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 309. The expected claims liability, which is CBIZ' expected number and the Town's budget number, is \$2.5 million. The maximum claims liability, which is the UHC contractual amount, is \$3.8 million. The amount paid for medical claims through June was \$3.8 million. The amount paid for Rx claims was \$729,000 and there have been \$177,000 in Rx rebates. The total paid claims are \$3.39 million; with admin fees of \$852,000 and HSA contributions of \$314,000, the total claims and admin fees for the plan year are \$4.55 million. The loss ratio for expected claims is 132.8% and 87.9% against maximum liability. The claims and admin fees PEPM is \$1,228 through June. The plan finished at 124.5% against budget.

Ms. Martinez continued to review the report and focused on the High Deductible Health Plan (HDHP). 64% of employees are enrolled in the HDHP and enrollment is increasing. The HDHP finished at 122% of expected liability or 98% of maximum liability. The claims and admin fees PEPM is \$1,051 through June. For reference, the prior plan year ended at \$755 PEPM. The HDHP plan finished at 146% against budget; the prior plan year ended at 68%. The PPO plan finished at 161% of expected liability or 129% of maximum liability with claims and admin fees PEPM at \$1,624 through June. 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 110 compared to 118 a year ago. The PPO plan finished at 146.5% of budget; the prior plan year ended at 108.9%. Ms. Martinez added that there were eighteen large claimants this plan year, and thirteen of them are enrolled in the PPO which impacted the loss ratio.

Next Ms. Martinez reviewed the year-over-year comparison and reminded the Trustees that the numbers on this page are typically very conservative, but now that the plan year is done, all the cushioning is gone. The 2024-2025 plan year finished at \$3.6 million; the 2025-2026 plan year finished at \$4.56 million which is an increase of 26.7% or \$961,000 from the prior year. The PEPM is \$1,228 compared with \$962 in the prior year. The PEPM Total Cost History is up 27.6% from the prior year. The Budgeted Claims vs. Paid Claims & Admin is 124.5%.

Ms. Martinez explained the Large Claims Report Over \$50k. There are eighteen large claimants with paid claims between \$50,000 and \$1,017,000. The Plan paid \$2.69 million which accounts for 58.6% of all claim expense prior to stop loss adjustment. The Net paid after stop loss reimbursements was \$1,672,000 which is 49% of all claim expense after stop loss adjustment. For the 2026/2027 plan year, the new stop loss contract has a deductible of \$175,000 instead of \$150,000. Moving forward, the Large Claims Report will be for claims over \$75k.

Ms. Martinez finished by going over the Premium Adequacy Report for a July 1, 2026 effective date. This report includes the comparison of 2025 funding rates at expected liability to the forecasted rate for 2026 resulting in an increase of 14.2%. Mr. Votava, Human Resources Director and Plan Administrator, reminded the trustees that the Town's strategy was to implement lower premiums during the 2025/2026 plan year to run at a deficit to bring the reserve balance into the 6-9 months of reserves requirement. This strategy was successful.

Eric Rustand, CBIZ Business Unit President, explained that facilities used to bill at the end of a month, but this is not the case anymore. Carriers are not processing claims as quickly as they used to either. The new stop loss contract includes 12 months of run out protection to protect against claims that are not processed in a timely manner.

3. PRESENTATION AND DISCUSSION OF THE FUND BALANCE REPORT THROUGH JUNE 2026

Vice Chair Gephart reviewed the fund balance report through the end of June. Assets decreased 25% year over year. The Total Cash is \$3.28 million. Total Investments are \$159,000 at the end of June for Total Assets of \$3.6 million. The fund has \$5.47 million in Total Revenues, which is \$596,000 higher than a year ago. This is a combination of \$2.88 million in employer-paid premiums, \$461,000 in employee-paid premiums, \$365,000 in cost allocation for the health clinic and pharmacy rebates and \$205,000 in investment

income.

Vice Chair Gephart continued to review the income statement and reviewed expenditures. Outside professional services are \$1.1 million at the end of June. The wellness program is \$133,000 and claims are \$5.3 million. The total ending fund balance is down 26% from a year ago at \$2.9 million.

4. DISCUSSION AND POSSIBLE ACTION TO SET THE HEALTH CARE BENEFITS TRUST MEETING DATES FOR 2027

Motion by Member Harry Greene, **seconded by** Chair Frank Trembulak to approve the 2027 Health Care Benefits Trust meeting schedule.

Vote: 4 - 0 Carried

ADJOURNMENT

Motion by Chair Frank Trembulak, **seconded by** Member Harry Greene to adjourn the meeting at 10:57 a.m.

Vote: 4 - 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 _22nd_ day of _September_. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this _25th_ day of _September_, 2026.

Jen Inboden
Senior Human Resources Analyst