



# City of Detroit General Retiree Healthcare Trust

City of Detroit General Retiree Healthcare (RHC) Trust Meeting Minutes

Tuesday, July 25, 2023, Regular Meeting

BeneSys, Inc., 700 Tower Drive, Troy, MI 48098

## I. Call to order and Roll call

- A. A Regular meeting of the Board of Trustees of the Detroit General RHC Trust was called to Order by Chairperson Tom Sheehan at 1:07 p.m.
- B. **Board Members present at roll call:** Chairperson Thomas Sheehan; Trustee Dion Stevens; Trustee Roger Cheek; Trustee Barbara Wise-Johnson; Trustee Charles Gayney; Trustee Shirley Lightsey: As four (4) Trustees are required to make a quorum and six (6) were present, Chairperson Sheehan declared a quorum and the meeting proceeded.
- C. **Others Present:** Floyd Allen (*Trustee via Teams*); Francis Judd (*Legal Counsel via Teams*); Dan D'Amico and Jennifer Stoltz-Spiteri (*BCBSM via Teams*); Kevin Leonard and Alexandra Sollers (*NEPC via Teams*); Danya Thorman (*Benesys via Teams*); Violet Gjorgjevski and Jennifer Crosby (*BeneSys in person*).

## II. Approval of Agenda

**Motion** was made by Trustee Wise-Johnson and seconded by Trustee Gayney to approve the agenda. **Motion** passed unanimously.

## III. Public Comment – None

## IV. BeneSys, Inc. – Dayna Thorman, Vice-President Client Services

### A. BeneSys Claims Performance Report 1<sup>st</sup> Quarter 2023 – Corrective Action Plan

The Board informed Benesys that they were not satisfied with their performance over the past three years. As a result, Ms. Thorman presented the Root Cause Analysis to the Board in relation to BeneSys not meeting the performance guarantee for first quarter 2023 claims processing. The root cause was listed as a high-volume of claims and phone calls received within the first quarter each year. Staffing levels have been appropriate for the three out of four quarters of the year and SLAs have consistently been met in those quarters. Incoming claims and call volumes exceeded staffing levels for first quarter. The remediation was set forward that Specialty Claims has allocated one full time employee to oversee City of Detroit General Retirees claims and has trained three additional analysts as back up to help process during the busy season. In addition, a better workflow processes for incoming claims received via email specifically from City of Detroit General members has been put into place. A fund specific email address and fax number is now in available that will route claims directly into the Benesys tracking and processing system. Also, all analysts have been removed from the phones so that they can focus on processing claims. Calls regarding claims will go to the BeneSys Member Services department where there are twice as many agents to answer calls.

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[www.ourbenefitoffice.com/mydetroitretireebenefits](http://www.ourbenefitoffice.com/mydetroitretireebenefits)

All Member Service agents have been trained to respond to questions and concerns regarding claims.

## **V. BCBS of Michigan – Dan D’Amico & Jennifer Stoltz-Spiteri**

### **A. High-Cost Claimants Reporting**

Mr. D’Amico and Ms. Stoltz-Spiteri reviewed the current Maximum Out of Pocket (MOOP) for the City of Detroit General Retiree HCT which is \$2500 In-Network and \$5000 Out of Network. The Trust was provided a BCNA plan with a \$2500 Maximum Out of Pocket and a \$1500 coinsurance max. Both plans provide the member with a \$500 deductible. The total population is roughly 3,700 members and in 2022 939 member hit the in-network MOOP which is approximately 25%. Also, in 2022 20 members hit the out of network MOOP. 290 more members would have been impacted had the MOOP been \$2000. Potential benefit enhancements options with the Blues were discussed.

The currently hearing benefits were discussed in detail. Exam, fittings and evaluations have a \$25 copay, hearing aids are provided binaural up to \$2000 every 36 months and members may see any provider. Members may also go through TruHearing which would maximize the current benefit by giving member additional savings. BCBS will provide a high-level FAQ to assist members as well as promote this newer benefit.

## **VI. NEPC – Kevin Leonard and Alexandra Sollers**

### **A. Quarter in Review**

Mr. Leonard and Ms. Sollers reviewed the current quarter with the Board: S&P 500 returns exceeding 15% in the first half of the year, growth outperformed value, S&P 500 and Mega-Cap yields are low, U. S. Residential Real Estate recovered, the labor market remained resilient, core inflation remained elevated, market rate hike expectations rose, and the yield curve further inverted.

### **B. June 2023 Portfolio Review**

Mr. Leonard continued with the June 2023 portfolio review; the trusts current 10-year return expectations are 5.8%, over the 30-year time horizon, the Trust is expected to return 6.4%, market sell-off over 2022 has increased both the 10-year and 30-year expected returns across fixed income.

### **C. Update on Real Estate and REITS**

In addition, per the Board request, they were given a real estate and real assets overview. It was stated that NEPC expects 2023 to be a year of both challenges and opportunities. Rising interest rates, limited debt availability, and diminished demand for traditional office weigh on real estate markets. The two components of return for real estate are current income and capital appreciation. The volatility in recent quarters has been driven by appreciation. Fundamentals are generally healthy but vary across both property types and geographic regions. Capital markets have shifted from a tailwind to a headwind. Except for office, robust demand has resulted in strong rent growth and stable vacancy rates. The recent spike in interest rates has caused a reckoning for real estate markets but fed-driven interest rate increases may be behind

us. The higher cost of debt and reduction in lending activity has a silver lining. Core real estate sales volumes remain low into 2023 as buyers and sellers adjust to changing cap rate environment. Best practices: maintain regular investment pacing and avoid trying to time the market, a consistent annual investment pace is the best way to mitigate market timing risk, private market funds are long-term investments and should not be used to make tactical investment decisions, as part of the pacing plan and portfolio construction exercise, remain cognizant of diversification across sub-strategies, sectors, fund sizes, etc., re-up with strong managers in your portfolio when practicable. The Board requested an asset allocation review.

## **VII. Regular Agenda**

### **A. Approval of the June 27, 2023, Meeting Minutes**

**Motion** was made by Trustee Gayney and seconded by Trustee Stevens to approve the meeting minutes for June 27, 2023, as presented. **Motion** passed unanimously.

## **VIII. Financial Reports**

### **A. Fifth Third Statement – June 2023**

**Motion** was made by Trustee Stevens and seconded by Trustee Gayney to approve and accept the Fifth Third Statement for June 2023. **Motion** passed unanimously.

### **C. Financial Statement – May 2023**

**Motion** was made by Trustee Stevens and seconded by Trustee Gayney to approve and accept the Financial Statement for May 2023. **Motion** passed unanimously.

### **E. Bills for Approval**

Invoices in the aggregate amount of \$604,627.77 were presented for payment from: BCBS Dental (\$81,848.30); BCBS MA (\$227,754.52); BCN (\$31,070.00); BeneSys (\$33,356.30); Delta Dental (\$45,204.75); DENCAP (\$15,579.10); Golden Dental/DENCAP (\$20,718.88); HAP (\$90,099.07); Heritage Vision (\$18,721.28); Humana (\$11,253.01); Priority Health (\$1,047.26); RCSD (925.86); VSP (\$27,049.44).

**Motion** was made by Trustee Wise-Johnson and seconded by Trustee Gayney to approve and authorize payment of all invoices with removal of duplicates subject to availability of funds. **Motion** passed unanimously.

### **D. Fifth Third Bank Balance**

Ms. Gjorgjevski provided the current cash balance from Fifth Third.

## **IX. Administrative Reports**

### **A. BeneSys Barometers through May 2023**

The BeneSys Barometers were provided as follows:

**Eligible by Month** - A report showing number of eligible members by month through the month of May 2023. This report reflects the breakdown of eligible members by HRA, HAP, Blue Care Network, and Blue Cross Blue Shield Medicare Advantage,

Humana and Priority Health and a total of all participants. The number of total eligible participants, as of May 2023, was 5,821, which is a decrease of 17 eligible participants from April 2023.

**Income and Expenses by Month** - A report showing the income and expenses, excluding investment income, for the months of May 2021 thru May 2023, was provided. This report shows an expense of \$2,871,217 at the end May 2023.

**Investment Income by Month** - A report showing the investment gain/loss for the months of May 2021 thru May 2023 was provided.

**Fund Assets** - A report showing the assets and equity of the Fund for the months of May 2021 through May 2023 was provided for review. This report shows both Assets and Fund Equity have increased slightly.

**Benefit and Operating Costs by Month** – A report showing the total benefit and operating costs for the months of May 2021 through May 2023 was provided.

**Benefit Premiums Paid** – A report showing the total premiums paid for medical, dental and vision for the months of May 2021 through May 31, 2023, was reviewed.

**Motion** was made by Trustee Wise Johnson and seconded by Trustee Gayney to approve the BeneSys Barometers for May 2023 as presented. **Motion** passed unanimously.

### **C. BeneSys – Telephone Response Time Report 2<sup>nd</sup> Quarter 2023**

Ms. Crosby presented the Telephone Response Time Report for 2<sup>nd</sup> Quarter 2023. BeneSys met the Performance Guarantee for Telephone Response Time in 2<sup>nd</sup> Quarter 2023.

## **X. Legal Report**

Mr. Judd reviewed House Bill 4437 with the Board. House Bill 4437 has been passed by the Michigan House and Senate and is awaiting signature by Governor Whitmer. He provided Sec. 1010 paragraph 8 for the Board to review. Paragraph 8 states: “From the funds appropriated in part 1 for healthcare grants, \$10M must be awarded to a voluntary employee’s beneficiary association located in a city with population greater than 600,000 according to the most recent federal decennial census that was formed during the city’s bankruptcy. The funds shall be used to provide association members funding for benefits that were reduced because of the city’s bankruptcy.” The Board’s Legal Counsel will monitor for the governor to sign and what next steps would need to happen for this VEBA to obtain its potential portion of the funds being made available.

## **XI. New Business**

### **A. 2024 Open Enrollment Form Draft**

Ms. Crosby provided an Open Enrollment Form draft for the Board to review.

**B. 2024 Open Enrollment Letter Draft**

Ms. Crosby provided an Open Enrollment Letter draft for the Board to review.

**C. Responses from Vendors re: Open Enrollment Cost Sharing**

Ms. Crosby provided the responses received from vendors regarding the cost sharing of 2024 Open Enrollment mailing. Responses are still pending for BCBSM, Delta Dental and VSP.

**D. HAP 2024 Renewal Proposal**

Ms. Crosby provided the HAP 2024 Renewal to the Board.

**E. DENCAP Coverage 2024**

Ms. Crosby updated the Board that with DENCAP's acquisition of Golden Dental it has been confirmed that the dental coverage provided by DENCAP will continue for the 2024 benefit year as they are currently.

**XII. Unfinished Business**

**A. 2024 Open Enrollment Timeline**

Ms. Crosby provided an updated Open Enrollment Timeline.

**B. 2024 Pre-2014 Open Enrollment Book Draft**

Ms. Crosby provided the 2024 Pre-2014 Open Enrollment Book Draft for the Board to review.

**C. Open Enrollment FAQ's**

Ms. Crosby provided the Open Enrollment FAQs for the Board to review.

**D. Updated Dental Pages for Main Book**

Ms. Crosby provided the updated Dental pages for the main book for the Board to review.

**E. 2024 Post-2014 Open Enrollment Materials**

Ms. Crosby provided the 2024 Post-2014 Open Enrollment Materials for the Board to review.

**F. BCBS – CMS Mandate re Race and Ethnicity**

Ms. Crosby provided the memo that references the CMS mandate regarding new enrollees providing race and ethnicity information beginning in 2024 per the Boards request.

**G. 2024 Renewals for Humana and Priority Health**

Ms. Crosby updated the Board that she had received the Humana 2024 Renewal and provided it as a handout. Priority Health has not responded yet.

#### **H. Service Provider Review – BeneSys, Inc.**

This item is on hold.

### **XIII. Correspondence**

- A. BCBS/BCN Updated Management Contact Sheet**
- B. Humana 2023 Annual Checkup**
- C. Humana 2023 Colorectal Screening**
- D. Humana 2023 Flu Journey**
- E. Humana 2023 G0365 Annual Wellness Visit**
- F. Humana 2023 Statin Member Outreach**
- G. Humana 2023 Mammogram Screening**
- H. Humana 2023 Go365 Holistic Outreach**
- I. Humana Kidney Disease**
- J. Humana Medication Adherence**

### **XII. Trustee Comment/Open Forum**

The Committee of the Whole Meeting scheduled for August 8, 2023, was cancelled by the Board.

### **XIII. Adjournment**

There being no further business a **Motion** was made by Trustee Stevens and seconded by Trustee Wise-Johnson to adjourn the meeting at 3:00 p.m. **Motion** passed unanimously.

Respectfully submitted,

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Jennifer Crosby, Plan Associate