



# City of Detroit General Retiree Healthcare Trust

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

Tuesday, May 28, 2024, 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 1:17 p.m.
- B. **Board Members present at roll call:** Chairperson Thomas Sheehan; Trustee Barbara Wise-Johnson; Trustee Charles Gayney; Trustee Roger Cheek; As four (4) Trustees are required to make a quorum and four (4) were present, Chairperson Sheehan declared a quorum and the meeting proceeded.
- C. **Others Present:** David Porter (*Kienbaum Hardy Viviano Pelton & Forrest*), John Vance, Kim Kulas and Craig Kuenzer (*Manquen Vance*), Kevin Leonard and Kim Kaczor (NEPC) Frank Judd (*Legal Counsel*), Violet Gjorgjevski and Jennifer Crosby (*BeneSys*)

## II. David Porter from Kienbaum Hardy Viviano Pelton & Forrest Presentation

Mr. Porter introduced himself to the Board. He discussed the Detroit VEBA Healthcare Grant with the Board. He provided his legal opinion and recommendations.

**Motion** was made by Trustee Gayney and seconded by Trustee Wise-Johnson to authorize Mr. Porter to pursue this matter as recommended in Mr. Porter's legal opinion. **Motion** passed unanimously.

*Trustee Floyd Allen joined the meeting at 2:09 p.m.*

## III. Financial Consultant – NEPC – Kevin Leonard and Kim Kaczor

### A. Monthly Performance Report – April 30, 2024

Mr. Leonard discussed portfolio performance for April 2024. For April 2024 the portfolio was down 2.6%, year to date up 1%, trailing year to date up 8.4%.

### B. Funding Recommendation

Ms. Kaczor had provided a funding recommendation for the Board. Discussion took place.

**Motion** was made by Trustee Gayney and seconded by Trustee Wise-Johnson authorize NEPC to take \$2.5M from BNY Mellon Newton Global for benefit payments. **Motion** passed unanimously.

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#### **IV. Approval of Agenda**

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

#### **V. Public Comment – None**

#### **VI. Regular Agenda**

##### **A. Approval of the April 23, 2024, Meeting Minutes**

**Motion** was made by Trustee Gayney and seconded by Trustee Wise-Johnson to approve the meeting minutes for April 23, 2024, as amended. **Motion** passed unanimously.

##### **B. Approval of the May 14, 2024, Committee of the Whole Meeting Notes**

**Motion** was made by Trustee Gayney and seconded by Trustee Wise Johnson to approve the committee of the whole meeting notes for May 14, 2024, as presented. **Motion** passed unanimously.

#### **VII. Financial Reports**

##### **A. Fifth Third Statement – April 2024**

**Motion** was made by Trustee Wise-Johnson and seconded by Trustee Gayney to approve and accept the Fifth Third Statement for April 2024. **Motion** passed unanimously.

##### **B. Principal Statement – March 2024**

##### **C. Principal Statement – April 2024**

**Motion** was made by Trustee Gayney and seconded by Trustee Wise-Johnson to approve and accept the Principal Statement for March and April 2024. **Motion** passed unanimously.

##### **D. Financial Statement – March 2024**

**Motion** was made by Trustee Gayney and seconded by Trustee Wise-Johnson to approve and accept the Financial Statement for March 2024. **Motion** passed unanimously.

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

Invoices in the aggregate amount of \$39,835.27 were presented for payment from: BeneSys (\$32,186.53); Fifth Third Bank (\$2,500.00); RSCD (\$1,171.24); VanOverbeke, Michaud & Timmony (\$3,977.50).

**Motion** was made by Trustee Wise-Johnson and seconded by Trustee Gayney to approve and authorize payment of the invoice subject to availability of funds. **Motion** passed unanimously.

## **F. Bills for Ratification**

The Bills for Ratification report was presented to the Board along with the invoices of premiums paid.

**Motion** was made by Trustee Wise-Johnson and seconded by Trustee Gayney to approve the Bills for Ratification for May 28, 2024, as presented. **Motion** passed unanimously.

## **G. Fifth Third Bank Balance**

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

## **VIII. Administrative Reports**

### **A. BeneSys Barometers through March 2024**

The BeneSys Barometers were provided as follows:

**Eligible by Month** - A report showing number of eligible members by month through the month of March 2024. 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 March 2024 was 5,736, which is a decrease of 7 eligible participants from February 2024.

**Income and Expenses by Month** - A report showing the income and expenses, excluding investment income, for the months of March 2022 thru March 2024, was provided. This report shows an expense of \$1,803,578 at the end of March 2024.

**Investment Income by Month** - A report showing the investment gain/loss for the months of March 2022 thru March 2024 was provided. So far, 2024 is showing to be slightly lower than 2023.

**Fund Assets** - A report showing the assets and equity of the Fund for the months of March 2022 through March 2024 was provided for review. This report shows both Assets and Fund Equity have stayed consistent.

**Benefit and Operating Costs by Month** – A report showing the total benefit and operating costs for the months of March 2022 through March 2024 was provided.

**Benefit Premiums Paid** – A report showing the total premiums paid for medical, dental and vision for the months of March 2022 through March 31, 2024, was reviewed.

**Motion** was made by Trustee Gayney and seconded by Trustee Wise-Johnson to approve the BeneSys Barometers for March 2024 as presented. **Motion** passed unanimously.

## **IX. Manquen Vance – John Vance, Kim Kulas, Craig Kuenzer**

Mr. Vance reviewed the Inflation Reduction Act of 2022 and the impact this will have on Medicare Advance plans. CMS Rating structure/risk scoring is changing and results in an estimated Federal subsidy decrease to MA medical carriers of -0.16% which will result in a

larger than normal MA medical rate renewal increase. In 2023 the insulin copay was capped at \$35/month. This will increase premium costs in the short term, but future cost of the change creates greater insulin adherence by Medicare beneficiaries. In 2025 there will be an annual member out-of-pocket spending to be capped at \$2,000 per year on covered Part D drugs. Members also have the option to smooth their out-of-pocket costs throughout the year via a payment plan arrangement. This will increase premium costs but is a positive change for the members high out-of-pocket RX costs. Also, in 2025 the coverage gap/donut hole is eliminated. This will cause a likely increase in premium costs and won't affect members because they do not have a donut hole. Additionally in 2025 the catastrophic coverage phase is being altered. CMS currently reimburses carriers 80% of drug expenses once member out of pocket exceeds \$3,800 per year, and the carrier reimburses the balance. Beginning in 2025, Part D carriers will be responsible for 60% pharmaceutical manufacturers will be responsible for 20% and CMS will be responsible for 20% of brand drug costs (40% of generic drug costs since manufactures are not involved in generic phase). This will cause a cost shift from CMS to plan sponsors and pharmaceutical managers which will increase premiums. From 2026 forward, CMS will negotiate the prices on 10 high-cost Medicare drugs. An additional 15 in 2027, 15 in 2028 and 20 in 2029. By the end of 2029, 60 drugs in total will be negotiated. This will be beneficial to members and the Trust. Overall, in the short term the Trust is looking at increased premium costs and in addition final pricing data for 2025 will not be available until mid to late August which may delay Open Enrollment.

**X. Legal Report - None**

**XI. New Business - None**

**XII. Unfinished Business**

**A. BCBS Follow Up re: OOPM**

BCBS provided follow up to the Board regarding the OOPM. Discussion took place.

**B. 2024 Open Enrollment Printing/Mailing Cost Reimbursement**

This item is in progress.

**C. Actuarial Valuation December 31, 2023**

GRS will be providing their report at the June 25, 2024, Board Meeting.

**D. Recurring HRA Payments**

Ms. Gjorgjevski asked the Board when they would like the recurring HRA payments to begin and it was determined January 1, 2025, so that announcements can go out with Open Enrollment.

**F. 2025 Benefit Review**

This item is pending.

## **G. GRS Supplemental Report**

This item is in progress.

## **H. BCBS Letter re: Hearing Aid Benefits**

This item was provided to the Board for informational purposes.

## **I. Performance Guarantee Response**

This item is in progress.

## **J. Invite Vendors to Present to Board**

This item is in progress.

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

This item is on hold.

## **XIII. Correspondence**

### **A. Humana Contact List**

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

## **XV. Adjournment**

There being no further business a **Motion** was made by Trustee Gayney and seconded by Trustee Wise-Johnson to adjourn the meeting at 3:12 p.m. **Motion** passed unanimously.

Respectfully submitted,

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Jennifer Crosby, Plan Associate