



City of Duluth
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Duluth Joint Powers Enterprise Trust
Board of Trustees Minutes Meeting
Wednesday, March 19, 2025, at 11:00 am

Board Members Present: Jill Keppers, Matt Staehling, Tom Werner

Others Present: Jodi Amundson, Morgan Aubel, Josh Bailey, Joelle Bodin, Jen Carlson, Adam Casillas, Amanda Denton, Keely Downs, Shawn Eastman, Robb Enslin, Cyndi Falconer, Adam Gonnerman, Angel Hohenstein, Chris Kibler, Matt Silverness, Daryl Sylvester, John Upton, Tammie Walsh, Wendy Wohlwend, Ashley Lehmann

Brown & Brown - Jodie Elder, Carter Fallen, Janey Luedke

Matt Staehling called the meeting to order at 11:06 a.m. Introductions were made.

Approval of Minutes: Motion was made to approve January 15, 2025 minutes. Motion by Jill Keppers; seconded by Tom Werner. Approved.

Treasurer's Report:

Josh Bailey reviewed the financial statement for February 2025. Medical claims are up 19.39% and drug claims are down .53% compared to last year. Health Plan revenues and expenses combined report a favorable budget variance of \$245,412. The Income Statement for Healthcare showed a reserve balance of \$17,973,159 as of February 28, 2025. Dental showed a reserve of \$599,036 as of February 28, 2025.

The question was asked about the fund reserve history. It was noted that the JPE Board decides what to set the fund balance at.

New Business:

Jodi Elder (Brown & Brown) presented on the 2025 Health Plan Intelligence Analysis/Pre-RFP Discussion.

- **2024 Renewal Decisions**
- Medical
 - 1. No change to Admin Fees with no plan design change
 - 2. Increased Wellness Credit to \$75,000 annually
 - 3. Specific Stop Loss Rates increased to 29% from 2024; Aggregate Stop Loss Rates increased 5.2% from 2024.
 - 4. 1% overall increase to budget rates
- Dental
 - 1. 3% overall increase to budget rates
 - 2. City funding increased from \$34 to \$35 PEPM
- EAP
 - 1. 2% increase to EAP cost
- **2024 Overview**
- Enrollment .8% decrease over prior plan year
- Costs 13.5% increase in PEPY over the prior plan year; 23.8% current PEPY cost is higher than norm of \$18,589

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The City of Duluth is an Equal Opportunity Employer.

- High Cost Members 50.9% claims attributed to members with claims \$50K+ current year (114 members)
- Employees account for 44% of membership and 56% of claims; Spouses account for 21% and 27% of claims.
- 51% of total medical spend comes from conditions: Cancer, Musculoskeletal, Injury, Mental, Behavioral & Neuro and Circulatory system.
- 48.3% Adults with Wellness/Routine Care; 87.5% Adults with Physician Contact; 12% Adults with no physician contact during the plan year
- 8.4% of medical claims related to unhealthy behavior; Claims for Poor Nutrition \$1.5M
- Chronic Conditions 2024 \$6,028 average paid member with a chronic condition
- In 2024, \$2.9M annual musculoskeletal spend; Outpatient Hospital \$1.3 spend with 1,161 number of services
- Musculoskeletal conditions remains a top cost driver for employers; Prevention, PT first, Orthopedic Alternatives and Bundled Ortho Agreements
- Creating a Comprehensive MSK Strategy; Foundational Wellbeing, Prevention, Treatment Access & cost, Treatment Quality & Appropriateness
- Mental & Behavioral Health Claims – 14 Inpatient Hospital and \$424.7K Plan Cost;
- RX Costs – 54.8% Speciality Drug percentage of paid drug costs
- **RFP Timeline**
- RFP Launch – April 1-30 2025
- Carrier Responses & Initial Analysis – May 1-31, 2025
- Deep Dive & Negotiations – June 2025
- Making Decisions – July 2025
- Finalize Budget Rates & Employee Contributions – August 2025
- Strategic Goals include Control Rising Costs, Optimize Prior Auth Process, Choose the Best Network, Keep Members Healthy, Drug Cost Savings, Strengthen Workforce Resilience
- Market Trends in Medical and RX (most influential areas of trend) Specialty RX, Gene Therapy, Oncology, High Cost Claimants, Musculoskeletal and Behavioral Health

Discussion was held on Bundled Ortho Agreements. There is a network of top providers with 99.9% success rate of knee replacement surgery and cost savings with locations in the Cities. Our employees and family would be traveling for these services. Would we be able to negotiate care in the Duluth location?

Wellness Report:

Presented by Angel Hohenstein

New Wellbeing Program

- 75% engagement in some capacity
- 104 in first tier (\$150) currently
- 19 at third tier (\$500)
- Difference between actively engaged or wearing watches to gain points? There isn't a way to tell
- New format allowed for more employees to use
- Next year make it harder to reach the \$500 amount; still encourage engagement
- Medica has an offer to keep people engaged all year for consistent use if we wanted to do that
- Create positive health outcomes
- 217 have completed health assessments
- The Wellbeing program helps high risk factors – weight and physical activity
- Continue to educate employees to engage in the wellbeing program
- Tool for outcomes – Annual physical requirements, aware of numbers and addressing the outcomes

Launch My Health

- 52 people actively enrolled
- The Launch My Health webinars are good tools
- Highway to Health – Gut/Brain Connection on 4/15/2025

Yoga at City Hall every Tuesday from 12-12:45 pm

May is Mental Health Awareness Month – reintroduce mental health first aid course

Meeting adjourned at 12:10 p.m.

Next meeting: Wednesday, May 21, 2025 at 11:00 a.m. Conference Room 330

Minutes respectfully submitted by,

Diane Schlossin
Human Resources Technician
City of Duluth