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Bartlesville, OK 74006
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www.opehw.com

Regular Board Meeting – Notice & Agenda

Notice

As required by Section 311, Title 25, Oklahoma Statutes, **Notice is hereby given that the Board of Review** will hold a Regular Board Meeting, **Thursday, August 8th, 2024**, at 10:00 am at the ACCO Building, 420 NE 50th, Oklahoma City, OK 73105.

Person Filing Notice

Tammy Malone, Board Chairperson
Craig County Courthouse, Vinita, OK 74301, 918-256-2507

Remote Participation

By Computer: <https://tinyurl.com/3598aajb>

Meeting #: **2559 889 5284**

Password: **Mc8tNkbPE53**

By Phone: **415-655-0001**

Meeting #: **2559 889 5284**

Password: **62886527**

Remote Participation Guidelines:

- Mute your microphone or phone whenever you're not speaking.
- All votes will be conducted by roll call.
- Voting board members leaving the meeting early, **MUST** announce their intention to do so.
- A loss of connection by one or more voting board members will result in the meeting being paused until connection is restored.

Meeting Materials

Accessible one week prior to the meeting by visiting: www.opehw1.com/boardmeetingmaterials.html

Agenda

Report, discussion, consideration, amendment, and appropriate action, if any, on the following:

1. Minutes of the **4/11/24** Regular Board Meeting.
2. New Board Members.
3. Financial Position as of **6/30/2024**.
4. Woods County Lawsuit.
5. New Groups.
6. 2025 Meeting Dates.
7. 2023/24 Plan Year Auditor Engagement.
8. 2024/25 Plan Year Stop Loss Contract.
9. 2024/25 Plan Year Rx Contract Improvements.
10. 2023/24 Plan Year Review.
11. Cobalt Health Coverage Option.
12. Growth Opportunities.
13. New Business unforeseen at the time of the posted Agenda.
14. Adjourn.

Next Regular Board Meeting

10am - Thursday, October 10th, 2024.

ACCO Building, 420 NE 50th, Oklahoma City, OK 73105.

Posted at _____ o'clock _____ m. on the _____ day of _____, 2024.

Signed: _____



Meeting Minutes

OPEH&W Health Plan Board of Trustees Board Meeting
ACCO Building
429 NE 50th St, Oklahoma City, OK
April 11th, 2024

Trustees Present: Mike Bouvier, Washington County
Heath Dobrovolny, Kingfisher County
Matt Jacobson, OMAG
Tina Newton, Cimmaron County (attended virtually)
Gary Nielsen, Harper County
CJ Rose, Beaver County
Dolan Sledge, Texas County
Lynn Smith, Ellis County
Gary Starns, Pontotoc County
Steve Stinson, Grant County

Trustees Absent: Mike Brittingham, Pushmataha County
Tammy Malone, Craig County
Kristie Moles, Pawnee County
Kathy Ross, Johnston County
Lisa Turpin, Seminole County

Staff/Guests: Jenny Vincent, Ellis County
Keressa Kerr, Pontotoc County
Tammy Brown, Pontotoc County
Valarie Hogue, Seminole County (attended virtually)
Jake Winkler, Arledge & Associates, P.C.
Ross Naylor, Plan Administration Office
Jennifer Mullally, Plan Administration Office
January Smoot, Plan Administration Office

A quorum was established. Chairman, CJ Rose, called the meeting to order at 10:01 a.m.

1. Minutes of the 1/25/2024 Regular Board Meeting.

Gary Starns made a motion to approve the January 25th minutes. Heath Dobrovolny seconded. Mike Bouvier, Matt Jacobson, Tina Newton, Gary Nielsen, CJ Rose, Dolan Sledge, Lynn Smith, and Steve Stinson all voted aye, and the motion passed.

2. Financial Position of the Plan as of 2/29/2024.

Jennifer Mullally reviewed the financial position of the Plan. Total current assets- \$8,678,543.91 Total liabilities- \$4,272,581.72 Total Income- \$29,745,821.87 Total expenses- \$29,515,332.76. Leaving a net income of \$230,489.11

Gary Nielsen made a motion to approve the financial position of the plan. Dolan Sledge seconded. Mike Bouvier, Heath Dobrovolny, Matt Jacobson, Tina Newton, CJ Rose, Lynn Smith, Gary Starns, and Steve Stinson all voted aye, and the motion passed.

3. New Board of Trustees Board Member from Seminole County.

Lisa Turpin with Seminole County is stepping down from her position on the Board. The County would like to appoint Valarie Hogue as their new Board member.

Dolan Sledge made a motion to approve Valarie Hogue as the board member replacement for Seminole County. Gary Starns seconded. Mike Bouvier, Heath Dobrovolny, Matt Jacobson, Tina Newton, Gary Nielsen, CJ Rose, Lynn Smith, and Steve Stinson all voted aye, and the motion passed.

4. Woods County Lawsuit

No new updates to discuss.

No action required.

5. Audit of 2022/23 Plan Year

Jake Winkler with Arledge & associates presented the audit findings. This is the first year Arledge & Associates has completed the Audit for OPEH&W. There were no findings to report on internal control or compliance. For a first-year audit, Mr. Winkler felt it couldn't have gone any better.

Heath Dobrovolny made a motion to approve the audit of 2022/23 plan year. Lynn Smith seconded. Mike Bouvier, Matt Jacobson, Tina Newton, Gary Nielsen, CJ Rose, Dolan Sledge Gary Starns, and Steve Stinson all voted aye, and the motion passed.

6. Life Contract for 2024/25 & 2025/26 Plan Years.

All other life insurance companies that quoted benefits were higher than the pricing the Plan currently has through MetLife. So, the contract with MetLife will continue. The renewal contract is good for two plan years.

No action required.

7. Vision Contract for 2024/25 & 2025/26 Plan Years.

VSP did not increase rates and the contract will continue. The renewal contract is good for two plan years with no increase and includes some improvements to benefits.

No action required.

8. Stop Loss Contract for 2024/25 & 2025/26 Plan Years.

Negotiations are still ongoing, and the plan administrators would like more time to decide on the best possible option.

Gary Starns made a motion to allow more time for negotiations. Matt Jacobson seconded. Mike Bouvier, Heath Dobrovolny, Tina Newton, Gary Nielsen, CJ Rose, Dolan Sledge, Lynn Smith, and Steve Stinson all voted aye, and the motion passed.

9. Possible coverage of non-GLP 1 Weight Loss Medications.

The plan administrators are recommending coverage for certain non-GLP 1 weight loss medications. These are established, oral weight loss drugs that have been around for a long time. This benefit would include coverage for Qsymia, Phentermine and Plenity.

Steve Stinson made a motion to approve coverage of non-GLP 1 weight loss medications. Gary Nielsen seconded. Mike Bouvier, Matt Jacobson, Tina Newton, CJ Rose, Dolan Sledge, Lynn Smith, and Gary Starns all voted aye, and the motion passed.

10. IRS 1094/95C XML Files.

Ross Naylor gave an update on the electronic filing errors for the 1094/1095C's.

No action required.

11. New Business unforeseen at the time of the posted agenda.

Heath Dobrovolny is resigning from his position as commissioner with Kingfisher County so the county will need to replace him on the Board. Heath is currently serving as the Secretary/Treasurer of the Board. Heath recommends appointing Steve Stinson to take his place as Secretary/Treasurer.

Heath Dobrovolny made a motion to approve Steve Stinson as Secretary/Treasurer. Matt Jacobson seconded. Mike Bouvier, Tina Newton, Gary Nielsen, CJ Rose, Dolan Sledge, Lynn Smith, Gary Starns, and Steve Stinson all voted aye, and the motion passed.

Next meeting is August 8th, 2024.

12. Adjournment:

Gary Nielsen made a motion to adjourn the meeting. Matt Jacobson seconded. There is no opposition and the meeting adjourned at 10:34 a.m.

Secretary/Board of Review

Attested To/ Notary

My Commission Expires

Chairman/Board of Review

Attested To/ Notary

My Commission Expires

O. P. E. H. & W. PLANBalance Sheet
June 30, 2024

ASSETS

Current Assets		
Cash - Reserve Account	\$	376,557.93
Arvest Equities Account		1,552,220.12
Arvest Fixed Income Securities		3,330,367.03
Accounts Rec.-Rebates		1,600,000.00
Accounts Rec. - Surcharge		94,214.89
Accounts Rec - Unpaid Premiums		<u>2,831,264.84</u>
Total Current Assets		9,784,624.81
Property and Equipment		<u>0.00</u>
Total Property and Equipment		0.00
Other Assets		<u>0.00</u>
Total Other Assets		0.00
Total Assets	\$	<u><u>9,784,624.81</u></u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable	\$	3,036,735.90
Bank Loan Payable		<u>2,306,024.44</u>
Total Current Liabilities		5,342,760.34
Long-Term Liabilities		<u>0.00</u>
Total Long-Term Liabilities		0.00
Total Liabilities		5,342,760.34
Capital		
Beginning Balance Equity		(337,648.87)
Fund Balance		4,513,121.95
Net Income		<u>266,391.39</u>
Total Capital		<u>4,441,864.47</u>
Total Liabilities & Capital	\$	<u><u>9,784,624.81</u></u>

O. P. E. H. & W. PLAN

Income Statement

For the Twelve Months Ending June 30, 2024

	Current Month		Year to Date	
Revenues				
Public Entity Premiums	\$ 38,763,805.65	86.34	\$ 38,763,805.65	86.34
Cobra Premiums	387,750.68	0.86	387,750.68	0.86
Retiree Premiums	1,465,489.57	3.26	1,465,489.57	3.26
Specific Reinsurance	514,224.07	1.15	514,224.07	1.15
Rebates	3,734,976.85	8.32	3,734,976.85	8.32
Subrogation Refunds	30,357.88	0.07	30,357.88	0.07
Total Revenues	<u>44,896,604.70</u>	100.00	<u>44,896,604.70</u>	100.00
Cost of Sales				
Total Cost of Sales	<u>0.00</u>	0.00	<u>0.00</u>	0.00
Gross Profit	<u>44,896,604.70</u>	100.00	<u>44,896,604.70</u>	100.00
Expenses				
Medical Claims Expense	22,787,453.52	50.76	22,787,453.52	50.76
Dental Claims Expense	1,801,192.57	4.01	1,801,192.57	4.01
Prescription Claims Expense	13,629,134.60	30.36	13,629,134.60	30.36
ACA Reinsurance & PCORI Fee	31,252.25	0.07	31,252.25	0.07
Administration Fees	1,035,948.47	2.31	1,035,948.47	2.31
Claims Supervisor Fees	2,154,364.84	4.80	2,154,364.84	4.80
Specific Reinsurance Expense	1,328,384.44	2.96	1,328,384.44	2.96
Group Life Insurance Expense	1,045,553.44	2.33	1,045,553.44	2.33
Fiduciary & Fidelity Insurance	13,588.00	0.03	13,588.00	0.03
Vision Insurance Expense	474,575.29	1.06	474,575.29	1.06
Bank Charges	6,648.44	0.01	6,648.44	0.01
Dues & Fees	2,281.92	0.01	2,281.92	0.01
Interest Expense	186,310.54	0.41	186,310.54	0.41
Legal Fees	13,949.34	0.03	13,949.34	0.03
Postage Expense	9,219.76	0.02	9,219.76	0.02
Printing Expense	9,203.39	0.02	9,203.39	0.02
Professional Services	101,152.50	0.23	101,152.50	0.23
Total Expenses	<u>44,630,213.31</u>	99.41	<u>44,630,213.31</u>	99.41
Net Income	\$ <u>266,391.39</u>	0.59	\$ <u>266,391.39</u>	0.59



2025

BOARD MEETING SCHEDULE

PARTICIPATION DETAILS

10AM ACCO BUILDING, 420 NE 50TH, OKLAHOMA CITY, OK 73105

VIRTUAL MEETING PARTICIPATION & MATERIALS:

WWW.OPEHW1.COM/BOARDMEETINGMATERIALS.HTML

JANUARY 23RD

UPCOMING PLAN YEAR CONTRACTS
UPCOMING PLAN YEAR RATES
ACTUARY STUDY

APRIL 10TH

UPCOMING PLAN YEAR CONTRACTS

AUGUST 7TH

PREVIOUS PLAN YEAR REVIEW
BOARD MEETING DATES

OCTOBER 9TH

AUDIT RESULTS

FY-2024 AUDIT ENGAGEMENT LETTER

July 19, 2024

To the Governance and Management of the Oklahoma Public Employees Health & Welfare Plan

We are pleased to confirm our understanding of the services we are to provide the Oklahoma Public Employees Health & Welfare (the “Plan”) for the year ended June 30, 2024.

Audit Scope and Objectives

We will audit the financial statements of the including the statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and related notes to the financial statements, which collectively comprise the basic financial statements of the Plan as of and for the year ended June 30, 2024. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to supplement the Plan’s basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Plan’s RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1) Management’s Discussion and Analysis

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor’s report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor’s Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of the Plan and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves

fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Test of controls may be performed to test the effectiveness of certain controls that we



consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our test, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Plan's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are responsible for the selection and application of accounting principles and for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements, compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.



You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Other Services

We will also assist in preparing the financial statements and related notes of the Plan in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Arledge & Associates, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Arledge & Associates, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Jake Winkler, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for services will be \$31,500. This price includes an electronic pdf copy of the report for distribution to your members and others and 1 bound copy. Additional bound copies are available for \$.50 per page. This fee includes miscellaneous charges, such as travel, meals, and copies. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we



have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Because our Engagement Letter provides ongoing access to the accounting and business advice you need on a fixed-price basis, you are not inhibited from seeking timely advice from us. While the fixed price entitles you to unlimited consultation with us, if your questions or issues require additional research and analysis beyond consultation, that work will be subject to an additional price negotiation before the service is to be performed, an Addendum to the Engagement Letter will be issued before delivery of the additional service is to be performed, with payment terms agreed to in advance. By virtue of signing this document, you have indicated that your reporting entity has been appropriately defined, all trial balances will be reasonably adjusted, your key accounts will be reconciled, unusual transactions, significant financial estimates and disclosures have been communicated to us prior to the date at the top of this letter. Also, you have indicated that the entity has competent personnel in key financial positions and there has been no turnover in the accounting/finance department. If we find that the facts are different for any of the preceding assumptions, we will negotiate an Addendum to the Engagement Letter and negotiate a new engagement fee before we issue our final report.

Reporting

We will issue a written report upon completion of our audit of the Plan's financial statements. Our report will be addressed to the Governance and Management of the Plan. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that Plan is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Cost of Consequential Damages

Any liability of Arledge & Associates, P.C. and its personnel to the Plan is limited to the amount of the annual fee the Plan paid for this audit engagement as liquidated damages.

The Plan agrees that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if both Arledge & Associates, P.C., and the Plan agrees to be bound. Arledge & Associates, P.C. and the Plan will share any cost of mediation equally.

We appreciate the opportunity to be of service to the Plan and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.



Sincerely,

Arledge & Associates PC

Arledge & Associates, P.C.

RESPONSE:

This letter correctly sets forth the understanding of Oklahoma Public Employees Health and Welfare Plan.

Management signature: _____

Title: _____

Governance signature: _____

Title: _____



2024/25 PY - Stop Loss Contract

	Current	Renewal	Sun Life
Attachment Point per Member (\$)	425,000	425,000	475,000
Premium per Covered Member (\$)	35.11	42.02	25.04
Premium Change (\$)		6.91	-10.07
Premium Change (%)		19.68	-23.96
Rx Claims Covered	Yes	Yes	Yes
Aggregate Attachment Point (%)	125	125	120
Aggregate Premium (\$)	0.55	0.56	2.03
Aggregate Premium Change (\$)		0.01	1.48
Aggregate Premium Change (%)		1.82	264.29
Total Stop Loss PMPM (\$)	35.66	42.58	27.07
Projected Lives (#)	3,355	3,355	3,355
Estimated Monthly Premium (\$)	119,639.30	142,855.90	90,819.85
Estimated Annual Premium (\$)	1,435,671.60	1,714,270.80	1,089,838.20
Estimated Annual Premium Change (\$)		278,599.20	-345,833.40
Estimated Annual Premium Change (%)		19.41	-20.17
Net Premium Change Over Renewal (\$)			624,432.60
Net Premium Change Over Renewal (%)			36.43

Note: These savings projections do not consider recent membership growth.

2024/25 PY - Rx Contract Improvements

PRICING DISCOUNT (Per Script)

	2023/24 PY	2024/25 PY	Change
Generic Retail (%)	84.85	86.55	1.7
Generic Mail (%)	87.80	91.25	3.45
Brand Retail (%)	19.40	19.95	0.55
Brand Mail (%)	24.00	22.35	1.65

DISPENSING FEE (Per Script)

	2023/24 PY (\$)	2024/25 PY (\$)	Change (\$)	Change (%)
Generic	0.75	0.60	0.15	20
Brand	0.75	0.60	0.15	20

GROSS COST

	2023/24 PY (\$)	2024/25 PY (\$)	Change (\$)	Change (%)
Gross Cost	14,500,005	14,107,777	392,228	2.7

REBATES (Per Brand Name Script)

	2023/24 PY (\$)	2024/25 PY (\$)	Change (\$)	Change (%)
Mail Order	890	990	100	11.2
Retail 1-83 Days	286	330	44	15.4
Retail 84+ Days	890	990	100	11.2
Specialty	3,305	4,100	795	24.1
Rebates	3,398,290	4,075,020	676,730	19.9

NET COST

	2023/24 PY (\$)	2024/25 PY (\$)	Change (\$)	Change (%)
Net Cost	9,324,030	8,321,765	1,002,265	10.7

Note: These savings projections do not consider recent membership growth.

2023/24 PY - Review

\$2.26	Medical Average Number of Claims per Covered Individual per Month
\$338.50	Medical Average Cost per Covered Individual per Month
69.48%	Medical Average Claim Discount from Billed Charge
765	ConnectDME Claims Count
\$573,077	ConnectDME Claims Total Cost
\$749.12	ConnectDME Average Cost per Claim
25	Air Ambulance Claims Count
\$889,201	Air Ambulance Claims Total Cost
\$35,568	Air Ambulance Average Cost per Claim
3.78%	Air Ambulance Percentage of Total Medical Claims
84.3%	Diamond Health Plan Percentage of Total Membership
14.9%	Platinum Health Plan Percentage of Total Membership
0.3%	Gold Health Plan Percentage of Total Membership
0.4%	Silver Health Plan Percentage of Total Membership
0.0%	Bronze Health Plan Percentage of Total Membership
1.22	Rx Average Number of Claims per Covered Individual per Month
\$197.41	Rx Average Cost per Covered Individual per Month
86.5%	Generic Rx Percentage of Total Rx Claims
16.1%	Generic Rx Percentage of Total Rx Cost
720	Specialty Rx Claims Count
0.9%	Specialty Rx Percentage of Total Rx Claims
34.7%	Specialty Rx Percentage of Total Rx Cost
\$6,210.37	Specialty Rx Average Cost per Claim
0.28	Dental Average Number of Claims per Covered Individual per Month
\$28.25	Dental Average Cost per Covered Individual per Month
87.0%	Enhanced Dental Plan Percentage of Total Membership
13.0%	Standard Dental Plan Percentage of Total Membership

Hinge Health

OPEH&W Member Feedback

"The program and coach guidance is above my expectations. I really enjoy doing my playlist and it helps knowing I have encouragement to get through each week."

Data Highlights

481	ENROLLED INDIVIDUALS
29,229	TREATMENT SESSIONS
75%	REPORTED PAIN REDUCTION
48%	REDUCTION IN OVERALL PAIN AT DAY 90
66%	REDUCTION IN SURGERY INTENT AT DAY 90
71%	REDUCTION IN SURGERY INTENT AT 1 YEAR
3.5X	RETURN ON INVESTMENT
\$1,141,027	MEDICAL COSTS AVOIDED

Engagement by Body Part

45.1%	BACK
23.1%	NECK
11.6%	KNEE
9.8%	HIP
9.1%	SHOULDER
0.8%	FOOT
0.2%	HAND
0.2%	ELBOW
0.0%	ANKLE
0.0%	WRIST
0.0%	PELVIC FLOOR

OPEH&W Member Feedback

"Quality of life has improved **100%** because of Hinge. I actually feel like doing stuff now whether recreational or chores around the house or at work. I used to dread starting the next thing. Now I look forward to the activity because I can no see beyond the labor to the end product without fearing the recovery ordeal."

ENSO

81	ENSO'S ACTIVE
52	AVERAGE SESSIONS PER INDIVIDUAL
74	AVERAGE MINUTES PER SESSION

OPEH&W Member Feedback

"I use Enso daily. Best shocker!! My pain is down **90%!**"

NEW 7/1/2024
PELVIC FLOOR
PROGRAM

COBALT

HEALTH COVERAGE

2024-2025 Plan Year
July 1st, 2024 through June 30th, 2025



FREE MAJOR MEDICAL CARE

MEMBERS PAY **ZERO** OUT-OF-POCKET FOR

**TRANSPLANTS
CARDIAC SURGERIES
SPINAL SURGERIES
HIP & KNEE REPLACEMENTS
MATERNITY
CANCER CARE**

FROM BlueDistinction+ PROVIDERS **ONLY**

MAKING HEALTHY CHEAPER

- FREE** Cash Rewards for Members from **Member Rewards**
- FREE** Primary & Pediatric Care Telehealth from **MDLIVE**
- FREE** Psychiatry & Counseling Care Telehealth from **MDLIVE**
- FREE** Medical Equipment & Supplies from **ConnectDME**
- FREE** Diabetes & High Blood Pressure Programs from **Omada**
- FREE** High Cholesterol & Weight Programs from **Omada**
- FREE** Muscle & Joint Pain Programs from **Hinge Health**
- FREE** Asthma & COPD Programs from **Propeller**
- FREE** Tobacco & Vaping Addiction Program from **Pelago**
- FREE** Opioid Addiction Program from **Pelago**
- FREE** Alcohol Addiction Program from **Pelago**
- FREE** Mental Health Program from **SilverCloud**
- FREE** Mental Health Program from **inMynd**
- FREE** Mental Health Program from **LearntoLive**
- FREE** Women's & Family Health Programs from **Ovia Health**
- FREE** Health & Wellness Programs from **Well onTarget**
- FREE** Weight-Loss Program from **Wondr Health**
- FREE** In-Home Sleep Studies from **ConnectDME**

MEDICAL

IN-NETWORK

Blue Preferred Network Providers

- \$ **7,500** Deductible - Individual
- \$ **15,000** Deductible - Family Maximum
- \$ **7,500** Maximum Out-of-Pocket - Individual
- \$ **15,000** Maximum Out-of-Pocket - Family Maximum
- 20%** Co-Insurance

OUT-OF-NETWORK

100% Balance Billing for Amounts Over Allowable Cost

- \$ **7,500** Deductible - Individual
- \$ **15,000** Deductible - Family Maximum
- \$ **7,500** Maximum Out-of-Pocket - Individual
- \$ **15,000** Maximum Out-of-Pocket - Family Maximum
- 50%** Co-Insurance

PROFESSIONAL SERVICES

- | | |
|--|---|
| FREE Primary & Pediatric Care Telehealth from MDLIVE | \$ 25 Primary & Pediatric Care In-Person Co-Pay |
| FREE Counseling & Psychiatry Telehealth from MDLIVE | \$ 50 Specialist In-Person Co-Pay |
| FREE Urgent Care Telehealth from MDLIVE | \$ 25 Urgent Care In-Person Co-Pay |
| | \$ 50 Emergency Care Co-Pay (waived if admitted) |

PRESCRIPTION

COVERAGE

- \$ **0** Deductible
- \$ **7,500** Out-of-Pocket Max
- \$ **15,000** Family Max

ENHANCEMENTS

- 30** Day Supply
- \$**5** Diabetic Oral Generics
- FREE** Contraceptives

CO-PAYS

- 30** Day Supply
- \$ **5** Generics
- \$**45** Preferred Brands
- \$**85** Non-Preferred Brands

For **90** Day Supply Multiply by 2.5

- \$**5** Antihistamine OTC's
- FREE** Tobacco Cessation

SPECIALTY CO-PAYS

- 30** Day Supply
- \$ **5** Generics
- \$ **95** Preferred Brands
- \$**195** Non-Preferred Brands

- \$**25** Insulin (Select Brands)
- FREE** GERD & Acid Reflux OTC's

MONTHLY RATES

- \$ **538.86** Member
- \$ **257.44** Child
- \$ **419.10** Children
- \$ **630.04** Spouse
- \$ **887.48** Spouse & Child
- \$ **1,049.08** Spouse & Children

LEARN MORE

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Visit **OPEHW.COM**
Call **800.468.5744**



COBALT

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- FREE** Counseling & Psychiatry Telehealth from **MDLIVE**
- FREE** Urgent Care Telehealth from **MDLIVE**

- D&C** Primary & Pediatric Care In-Person Co-Pay
- D&C** Specialist In-Person Co-Pay
- D&C** Urgent Care In-Person Co-Pay
- \$50** Emergency Care Co-Pay (waived if admitted)

D&C = Subject to Deductible & Co-Insurance

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