Tucson Unified School District No. 1  
Employee Benefits Trust Meeting  
Board Room, Morrow Education Center  
1010 East Tenth Street  
Tucson, Arizona 85719  

January 31, 2012  
5:30 p.m.  

MINUTES

Committee Members Present:  
Dr. Neil West  
Dr. Stegeman  
Mark Mansfield

Committee Members Absent:  
Yousef Awwad  
Robert Harbour

Others Present:  
Janet Underwood – Recordkeeper  
Cliff Wadhams - Financial Accountant  
Louis Montoya – Buck Consultants  
Michael Schionning – Buck Consultants  
Debbie Hainke - AmeriBen

MEETING CALLED TO ORDER

Meeting called to order at 5:39 p.m.

CALL TO THE AUDIENCE

No one requested to speak

INFORMATION / ACTION ITEMS

1. The Board affirmed that a quorum was present

2. Minutes for the prior meeting were reviewed.  
3. Motion for approval and seconded, carried 3-0.

Introductions of attendees.

Financials

Mike Schionning reviewed the Buck financials, indicating  
2011 results and a projection of 2012 from a rate and claims  
perspective. Most of runout has been paid so FY11 is  
complete; about 86% used for the Plan and the rest went into
reserve. Once the Plan is on a mature basis, would want this to be about 90%. The current fiscal year then is running with about a 90% loss ratio. If looked at each plan separately, the EPO is running at 143% which is expected. From the way its running, and to get to 3rd year of rates, if TUSD did not change the rates at all, the Plan may run at 100%. The Trust will have to consider all factors and performance of the Plan when 2013 rates are established versus reserve needs.

Page 3 – FY Ending 2011 SI Medical results was reviewed. This helps to illustrate inflation, 11% medical and 10% drugs trend, using a conservative model (no need to apply trend). Claims overall running about $369 pepm, before administrative expenses (stop loss, utilization review, network access, and value of TUSDs H.S.A. contribution); total pepm is then $422.90.

Pharmacy expense compared to medical expense is higher than what Buck sees with their other clients. TUSD would like to see how our drug expense categories compare to other school districts. Buck’s clinical pharmacist is looking at this and they are drilling this down to see if clinically there should be a protocol used, and to review the generic substitution rate. More information to be shared on 2/9/12 meeting.

Page 4 shows 2012 – the minor benefit changes (copays) have had little effect on the Plan. The EPO is running fairly well, the PPO is running poorly (low enrollment) and HDHP running positive (expected as healthier population enrolls in this). Overall then there are no surprises and things are running fairly well.

Mark Mansfield asked if there were any concerns with our new S/L deductible and Buck indicates there are no concerns with the S/L level, for a plan our size.

Page 5 – looking out at 2013 which shows moving to 100% and EPO running where expected, PPO poor, HDP acceptable.

Page 6 – Claims for most recent 12 months, with enrollment. Shown graphically on Page 7. Trends are almost flat. Spikes show claims paid (from claims with dates of service 1-½ months prior).

Page 8 – vast majority of EEs have single coverage. Rates are comparable to other SDs, with zero contribution toward dependent coverage. Plan design will be discussed on 2/9/12.

Page 9 – setting rates for next year. If a “manual” rate was done (if everyone was in one of those plans), the PPO is

Buck will prepare and present pharmacy analysis at the next meeting.
about 7.6% richer than EPO. There was discussion of the Trust Board driving the overall plan design recommendations.

Page 10 – Dr. West sees that the IBNR indicates about 2.2% over reserved. Mike Schionning said must hold pure IBNR; should review looking at a little more risk in future. Mark Mansfield would like to see Buck’s line by line IBNR. We will also have a rates discussion with also looking at re-contracting with current partners and additional services i.e. heath risk assessments.

Dr. West asked about large claims – we will report on this at the 2/9/12 meeting.

TUSD Financials were distributed. The liability / funds contributed to Trust by District to start off the trust fund to be held against future possible claims is described as Deferred Revenue. Per Cliff Wadhams, these are ‘recognized’ in the Trust as income; they are being held back and should the Trust require the additional funds, they can be brought forward. Cliff confirmed that these funds are in the Trust account. Mark Mansfield sees how IBNR is a Liability but does not see how this Deferred Income is viewed as a Liability. Cliff Wadhams will check in to this and get a definition and provide it for the next meeting on 2/9/12 meeting.

**Old Business**

*Review 2nd Level Appeal Update*

Review of old 2nd level appeal and misquote on AmeriBen’s part (Out of Network was quoted as In Network). AmeriBen does not typically pay those out as they are not 100% perfect but as a token of our partnership, they would like to pay that $585. The proposed letter was reviewed and Mark Mansfield made a motion to accept AmeriBen’s offer and Dr, Stegeman seconded it; motion carried 3-0.

**New Business**

2nd level appeals – (3)

Debbie Hainke from AmeriBen presented the appeals.

#1-This is a Pre-Certification penalty appeal requested by the provider of $200. Member was admitted to the hospital and the hospital had payer listed as BCBS. The Plan requires a pre-cert of this type to be done within 48 hours of ER admission; the provider did not call for pre-cert until claim processed with the penalty. Dr. Stegeman made the motion to deny the appeal and Mark Mansfield seconded; motion carried 3-0.

#2 – This has to do with outpatient visits and associated co-

Buck will provide a line by line IBNR.

Janet Underwood will bring the list of large claims to the next meeting.

TUSD Financial Account, Cliff Wadhams, to provide more information regarding the label of Deferred Revenue.
pays. AmeriBen quoted the services as covered benefit, which is correct. The covered service outpatient care requires a copay for each visit. Mark Mansfield made a motion that the appeal be denied; Dr. Stegeman seconded the motion; motion carried 3-0.

#3- This is a Pre-Certification penalty appeal. The provider contacted AmeriBen; the named service/benefit requested did not require pre-cert, however, the provider then performed a different procedure, which did require a pre-cert. This appeal is being made by provider billing. Dr. Stegeman made a motion to deny the appeal; Mark Mansfield seconded; motion carried 3-0.

**Subrogation**
Debbie Hainke from AmeriBen presented the subrogation case.

Due to a MVA; the member received a settlement of $15k; the lien was roughly $4k. The member signed a TUSD Plan Subrogation Agreement and offered settlement to Plan of $1800. The subrogation attorney recommended the Plan counter offer for the full amount but not to go lower than $2500. There was discussion of actual gross settlement of $15k and attorney fee of $5k – member receives then $10k but is claiming additional legal fees. The Plan would like to recoup the monies owed to the Plan which still leaves the member with $5400. Mark Mansfield made a motion that the Plan request the full amount of $4518.18 Dr. Stegeman seconded the motion; carried 3-0.

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Next meeting will be on 2/09/2012 at 7:00pm in the Grey Room.

Next regular meeting will be 4/17/12

The meeting adjourned at 7:17pm.

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Approved this _________ 9th _______ day of ________ February 2012.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By ________________________________
Dr. Neil R. West, EBT Board Chair