MINUTES

Committee Members Present:
Dr. Neil West
Dr. Stegeman
Mark Mansfield
Yousef Awwad
Robert Harbour

Committee Members Absent:

Others Present:
Janet Underwood – Recordkeeper
Louis Montoya – Buck Consultants

MEETING CALLED TO ORDER
Meeting called to order at 7:10 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 Dr. West seconded, carried 4-0

Old Business
• Large Claims
Large claims were presented by Ms. Underwood. Buck will continue to monitor large claims. Will look at them also from an in-state vs. out of state network and if there are savings opportunities for out of state network.
• Deferred Revenue

A discussion was held regarding the Financial Statement’s use of “Deferred Income/Deferred Revue.”

New Business

A) Plan Expenses – business that stems from the Trust includes accounting and payments from the Trust on behalf of the Plan which involves at least a .5 FTE for the Trust Accountant and .5 FTE from the Finance Benefits Associate, on an annual basis, and position responsibilities were highlighted. Mark Mansfield made a motion that the Trust approves payment for the Plan Year that began 10/1/2011 for the FTE + Benefits; it would be listed as a separate line item and be shown monthly. Dr. Stegeman seconded the motion which carried 5-0.

Also, the Trust Board should approve the expenses post-expense, mostly a ratification process. The Trust Board would like to see this perhaps in a disbursement basis to see what is going in/out of the account and on a quarterly basis.

Dr. West would like to see claims put out in a run-chart to see trends and Buck agreed to provide this.

B) Plan Review: Buck explained this is a preliminary review of the contract to get feedback on how to move forward. The Plan is performing satisfactorily from a funding standpoint but we’ll want to better review expenses going out.

C) Pharmacy Review:

The PBM contract lacks in many areas.
• The contract shows a traditional model but the $3.25 pepm conflicts with this type of model.
• The contract is void of Performance Guarantees and this is not acceptable; one of the reasons this may be is that there is no discount feature in place. Buck will also be reviewing the pre/post 2009 lawsuit that affected discounts.
• The Trust is interested in how to improve this contract which could be reviewed at renewal or via RFP. Buck estimates a minimum of $500k savings for an RFP; a renewal improvement could result in probably half of that.
• As our consultant, Buck would manage the renewal structure with the PBM for the Trust. Buck typically prefers a 4-month window to RFP and for implementation while remaining conscious of the window to be ready for Open Enrollment.

Yousef Awwad will discuss with the District’s auditors, Heinfeld & Meech the question of Deferred Revenue vs. Equity.

Trust Accountant to provide a plan to show the expenses on a separate line item, on a monthly basis.

Trust Accountant to provide a recommendation for showing the disbursement process.

Buck to provide a claims run-chart to see trends, for the April 2012 meeting.

Buck to approach the PBM with renewal options.
There is a good point to address this at renewal and Buck believes this is possible. Dr. West agreed that the contract needs to be reviewed for favorable marketplace modifications.

Pharmacy Claims Review:
- 21% of all plan claims are from Rx (up from 19%) but Buck typically sees Rx as 12-17%. The number of prescriptions (utilization) shows that 76% are filled with Generic. 24% is filled with Brand. 2% of Brand are filled when Generic is available.
- Top 100 drugs by claim count shows 78% are Generic and 22% are Brand. Of the 22% there are 3 drugs that represent 1/3 of this are Crestor, Diavan and Lexapro.
- 76% of our costs are in Brand meds which is a little higher than norm.
- The average cost for Generic is $23 while Brand is $227.
- Of top 100, 92% are Brand and 7 of top 10 by cost are Specialty Injectables - Will need to look at the PBM contract and how to ensure appropriate savings are being seen in this area.
- Will also need to look at initial dispensing amount to ensure waste avoidance.
- Will also look at the refill too-soon language to be sure its appropriate.
- Each mail order has a $20 Rx fee which is non-standard. Only 2% of our Rx is filled through the mail service.

Buck indicates they and their clinical team would manage any RFP that may be needed due to its complex nature. Yousef added that TUSD is looking to ensure we have professionals on the RFP committee(s). Discussed who would be involved in the RFP and using a member of the Trust Board if we RFP. Yousef cautioned that the RFP process could become lengthy. Mark Mansfield made a motion for Buck to have discussions with the PBM and TPA and Yousef seconded the motion; carried 5-0. Buck feels they will know very quickly if the PBM is receptive and we could reconvene in a week or so; a contingency date of 2/21/12 was set for 5:00. Louis will attend by phone.

D) Buck reviewed the Integrated vs. Non-Integrated plan and we are using a non-integrated model at this time. There are very broad/deep network discounts while in Arizona. The re-pricing is done at BCBS and sent to AmeriBen. For out of state networks we are paying a % of savings. Not all of the savings goes back to the
network – 3% goes to AmeriBen. So we must consider this against the actual administration costs. Buck will look at number/types of claims at outside networks.

E) Integrated approach can have a bundled or unbundled PBM. Full service with all the typical pieces plus utilization, disease management, wellness, etc. versus a la carte. We can still control plan design and realize the savings of self insured. Plan cost overall of our non-integrated model of about $33-34m anticipated. It did not take into account the 25% Stop Loss arrangement and we’d be higher than this. There are opportunities to also review the setup at renewal.

F) Plan Design – rates are based on old Aetna model and should be reviewed as part of a long term strategy. HSA should have better tools and resources. Options do not have a clear employee-focused strategy.

The Trust will need to see the analysis and benefits of the current model versus the integrated model. The Plan is interested in IAC discussions to see what employees would like to see in the Plan. Dr. West asked if a pooling arrangement would be attractive to increase the population number. There have been school districts in the past that have tried this pooling arrangement, and all involved trusts have to be aligned; there is complexity to this arrangement. When reviewing, would review the UC/UM costs.

Dr. West asked for 6/19/12 and 8/21/12 and potentially 10/16/12 as meeting dates, and the TB members agreed.

Next meeting will be on 2/21/12 at 5:00pm in the BLUE Room (upstairs).

Next regular meeting will be 4/17/12

The meeting adjourned at 9:16pm.

Approved this 21st day of February 2012.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By Dr. Neil R. West, EBT Board Chair

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