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

February 21, 2012
5:00 p.m.

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 (telephonic)

MEETING CALLED TO ORDER
Meeting called to order at 5:13 p.m.

CALL TO THE AUDIENCE
No one requested to speak

QUORUM - The Board affirmed that a quorum was present

INFORMATION / ACTION ITEMS

Review Minutes - Minutes for the prior meeting were reviewed. A motion for approval was made by Robert Harbour and Dr. Stegeman seconded, carried 5-0

Old Business
- Pharmacy Benefit Manager
Louis Montoya from Buck was contacted via phone. He provided the board with an update on US Script, the Pharmacy Benefit Manager. US Script did offer a renewal but the savings are negligible at about $5500; Buck could try to get to at least $250k savings but it will be quite a bit of effort and believes that an RFP could save the plan at least $500k. Resources at TUSD were discussed in order to meet required timing; Buck can prepare the scope and manage the complexity for us. Mark Mansfield made a motion that we proceed with an RFP for a new PBM; this was seconded by Yousef Awwad; the motion carried 5-0.

Buck will prepare the PBM RFP Scope of Work.
Mark Mansfield can assist with the PBM RFP.

**Review Financials**
Past meetings have raised questions regarding how TUSD’s initial funding of the Trust should be classified (Equity vs. Deferred).

Yusef Awwad has been in contact with TUSD’s auditors, Heinfeld & Meech, and the answer is that it “depends on the intent of the District.” If intent to pre fund then the monies would be considered equity; if the funds were to pay for the future, then the monies would be considered deferred revenue.

Yusef Awwad will have the funds classified as Equity. Mark Mansfield offered it is not the Trust’s intent to assume large sums of money and is agreeable that over time the balance reduces and is more comfortable with the equity classification; and be reasonable with the District.

**Consider Any Appeals**
No 2\(^{nd}\) Level Appeals have been received.

**New Business**
- **Plan Design**

**Bariatric Care** – In Dr. West’s experience, he reported that a plan with this benefit has very tight controls and uses Centers of Excellence, but questioned adding the benefit from an actuarial standpoint.

Buck reported the actuarial standpoint – the added cost is 1-4% of total plan spend from pre/post care. At 4%, additional cost to the plan would be $1M. If the benefit were to be considered, one component could be a co-pay such as $1k but would need to be tightly managed with counseling as a requirement, and have exhausted other means of weight control, such as nutritional counseling. This type of benefit would need to be subject to pre-certification rules. The first year or two after surgery is when they see complications that may result.

Mark Mansfield’s experience with other plans is that this benefit was not typically included due to the cost of resulting complications. Robert Harbour asked if this could be controlled through the use of the appropriate facility; it may be that certain facilities have a better rate of success. Dr. West asked if there was a guaranteed price for surgery and post care but Buck does not show this with its DRG (Diagnosis Related Group).

The groups felt that other chronic conditions are improved via bariatric surgery but Buck does not have data for this. The group asked Buck for other weight management programs that could be introduced. Buck does have some info on this such as a pharmacy benefit for suppressants with an annual cap. The group also discussed exploring a Weight Watchers program through our Wellness program to be held at sites.

**Emergency Room Use Rule** - we reviewed TUSD’s rule that carried over from the prior Aetna plan; we have a fair number of claims that have been denied and the TUSD Benefits Office frequently functions as an advocate for employees and assists them through the appeal process.

Janet Underwood will explore how to launch Weight Watchers meetings at TUSD, via WELCO.
TUSD’s current co-pay for ER is $200 and $150 for Hospital Admittance. Buck has not seen the ‘life-threatening’ rule at their other clients for a couple years. If the visit is emergent and admitted, there is a resulting admit co-pay. We discussed how to discourage using the emergency room as doctor’s office visit and Buck stated the Plan currently allows access to care via a physician’s office visit, urgent care and hospital and the Plan has to consider what the employee cost share for each should be. The Trust Board discussed having zero co-pay for hospital admittance since a hospital stay is medically driven, not an individual decision. Buck would have to model this. The Plan’s internal resources should not have to manage the emergency room denials.

High Deductible Health Plan – A discussion centered on the low enrollment in the HDP plan and how this plan could be more attractive to employees with proper funding and education. Many employers will fund this up front – could be $500 or $800 and could increase by tier. The way to encourage participation is to front load the HSA and design the contribution such that the Plan is more attractive against the deductible, and more attractive when compared against the other Plan offerings (EPO/PPO). It does take planning and communication to be successful strategy.

Buck would rate the plan as whole block as improving enrollment to the HDP could result in the EPO plan cost becoming imbalanced if the lower-risk pool of employees moves to the HDP. Even with moderate increases across all plans to avoid adverse selection, the risk is the risk - the overall population as a relative risk factor would be considered by Buck. Even with front-loading the HSA, employees would review the cost of the other plans. Buck’s other clients have as low as 10% and up to 50% participation. A pre-funded HSA at $500 with a $1500 deductible would have a better chance of attracting employees using a well thought out manner.

Some HSAs have investment choices once a certain balance is reached, and can be a retirement savings vehicle as well. Robert Harbour believes the HDP can increase the efficiency of the Plan. Buck added that an HSA could be funded at an even higher level if certain wellness initiatives were met by the employee. The overall result of this is that we should try to model a better HDP plan and explore the impacts of savings – if neutral then would have to be reviewed. If TUSD were to pre-fund the HSA, then perhaps the current per pay employer HSA contribution would be discontinued. The group was reminded that HSAs must be used for medical expenses to avoid penalties.

Impact of New School Calendar – this topic will be reviewed at the next meeting.

Recommended Rates – The Trust Board sees that it is prudent to table this until Buck can run the numbers on the ER rule, the PPO performance, HDP modeling and education/communication plan + HDP calculator, medical inflation, contract increases, cost-sharing philosophy, gifting rules/effect on funding dependent coverage, Coordination of Benefits (COB) rules, etc.

A strong communications plan is needed.

Buck will model the cost impact to the Plan with a $0 Hospital Admit co-pay and other co-pays for the Emergency Room.

Buck will provide the Trust Board with HDP models.
Next meeting will be on March 20, 2012 at 6:00pm in the Grey Room.

Next regular meeting will be 4/17/12

The meeting adjourned at 6:15pm.

Approved this 17th day of April 2012.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By Dr. Neil R. West, EBT Board Chair

JLU 3/03/2012

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