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

Others Present:
Janet Underwood – Recordkeeper
Louis Montoya – 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.

QUORUM - A quorum is present.

INFORMATION / ACTION ITEMS

Review Minutes
A motion was made by Dr. Stegeman and seconded by Mark Mansfield to approve the 2/25/13 minutes with clarification of the abbreviations; passed 4-0.

Review Financials
February financials will be reviewed at the 3/25/13 meeting.
### Appeals or Subrogation Cases

There were no subrogation cases or second level appeals.

### Old Business

**Plan Design Scenarios for 2013-2014**

Buck reviewed plan designs based on January 2013 data, to reduce overall costs to a 5% increase from the prior 8% increase.

The Buck budgeting tool was again used. Two approaches were taken – plan design changes to current plans and a shift to all deductible plans.

Model 1 is showing copay increases to the plans and how the overall costs are reduced by doing so, resulting in a 4.9% increase for EPO. For PPO, this same methodology is used, reducing the PPO plan increase to 9.9%. The high deductible plan (HDP) is unchanged. Overall then, the cost increase to EPO and PPO would be a 5.4% increase. A further decrease of those plans then become more similar to a high deductible plan; cost share 84% TUSD and 16% employee.

Without plan design changes the increase would be about 13%, with all plans rated together. If using 95%/5%, both TUSD and employee costs would increase. The plan will generate $32M in costs, going up to $34.6M. We currently contribute $26m and member has $5m of costs. This review is to determine if this is a viable solution - the copay changes are high, a deductible is introduced in EPO and the PPO deductible is higher.

The models for PPO High (current PPO), PPO Low (replace EPO) and HDP were reviewed; costs would be $33M for TUSD and $6.4M for employees; an increase of 5.6% overall. District increase of 2.8% and member of 23.3% increase on average using 85/15. There is a significant cost shift in addition to premium increase.

It was noted that in the current plans, the wrap-around network can cost the Plan money also; for example 1% of the rate = $340k. The Caremark data has now been validated per Buck with the difference attributed to timing. Overall we are confident of the cost for the plans with an increase of 13.5%, so we need to be able to reduce the claims costs. In order to get to a lower increase, plan changes must be made.

No elimination of benefits has been reviewed; our plan covers essential benefits under the Affordable Care Act (ACA). An additional option is to subsidize part of the rate increase from the Trust, at least this time.

Mark Mansfield wants the Trust Board to be cognizant of TUSD’s labor pool and if the Board needs to be briefed, and if the Employee

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Janet will follow up on the Trust Attorney/2nd opinion for subrogation; add to next agenda.
Relations Director needs to provide an opinion. Overall, the Trust must decide which strategy and plan models to choose (PPO High, PPO Low, HDP). It was noted that current PPO members may be more risk averse.

A motion was made by Yousef to move forward with the High PPO, Low PPO and the HDP; this was seconded by Mark Mansfield. The motion passed 5-0. Discussion was held on the cost increase to employees and the cost sharing model. Mark Mansfield suggested we use 90/10 this year and next year use 85/15 cost sharing. Yousef interjected that the Trust can recommend subsidizing but the cost sharing is a District decision. Mark Mansfield cautions that that a cost increase is permanent and we should determine how long a subsidized method can be used.

Buck reminded the Trust Board that the Affordable Care Act (ACA) dictates that at least one of the plan offerings cannot exceed 9.5% of annual wages (of full-time employees-30 hours per week).

The Board can consider a blended PPO; they would need to see the rates and Buck can model this and the HDP. Bob Harbour made a motion, seconded by Yousef Awwad to rescind the motion of going with three (3) plans (PPO High Plan, PPO Low Plan and HDP), and moving forward with a blended PPO and a High Deductible Plan (HDP). Mark Mansfield asked for discussion of which would be a rather flat increase to the District and about 5% to the member, plus the other costs layered on with all other. However, this motion is to vote on whether to go with 2 plans or 3. Dr. West clarified the discussion – the Trust Board would make a recommendation that we have the PPO option and the HDP option with a contribution recommendation that incentivizes enrollment with HSA contributions. The Governing Board would determine the cost sharing by District and the members. The motion passed 4-1.

Additional discussion of the health savings account contribution and what impact this would have on employees’ choice to enroll in the HDP. Buck has seen clients use 1/3 of the deductible. We can also consider using a health initiative in order to pre-fund the health savings account (biometric, physical, Health Risk Assessment [HRA]). Buck reminded the Board that those who do not select the HDP must also be offered an incentive as well if an incentive program is used.

A Health Savings Account (HSA) incentive can be reviewed by Buck and modeled for TUSD. Various options were discussed:

- $1200 per year ($300 one-time up front incentive to move to HDP for first time movers and $900 for rest of year).
  - Some models use a reducing contribution level in following years i.e. $300 up front and $600 for rest of year.
- $900 max per year and employees could use the $50 savings per pay from not enrolling in a PPO and use it toward their HSA,
as an employee contribution.
  o It is important that we educate employees on the values of the HDP’s Health Savings Account, and helping them understand, and build a strategy.

Ultimately, Buck can model the H.S.A at $900 and also $1200; both with $300 up front for first time movers and provide cases for movement: Expected, Aggressive and Low.

A highly incentivized HDP/HSA is a very attractive alternate option for employees who do not wish to enroll in a higher cost PPO plan.

Bob Harbour commented on how to use this strategy and build it on a year by year basis. The HDP is currently 80/20 in network and 60/40 out of network

The District can also look at a Tele-Doc option.

Disease Management: It was noted that even though the Plan has a disease management program from AmeriBen and a strong local effort from WELCO, our employees’ health is still at risk. The plan needs better medical management and perhaps offering a reduced contribution if an employee participates in healthy activities; we also recognize that planning would be needed to put a program together for 2014-2015.

Reserves
There was discussion on the reserve level and what it should be, and if the District can offset costs based on surplus dollars, based on its original deposits in 2010 when it pre-funded the Trust. This is in anticipation of the District to provide more tools in the hands of teachers and students.

Bob Harbour, in his review of the financials, noted the net income is growing, therefore the fund is growing. Mr. Harbour felt there is a significant amount of funds in the Trust at this time, but the Board noted and discussed that there is risk in the years ahead with healthcare trends. If costs increase the District would have to determine if the funds levels were adequate, of if those costs would be borne by employees.

Buck can run models on the Reserve Policy and the levels based on current TUSD Employee Benefits Trust Reserve Policy. The Trust Board will need to review its decision on absorption of any needed cost increases as part of a surplus reduction; full absorption would be $1.8m with premium increases; but the employees’ cost would be affected by copay/deductible, etc. Buck gave an example of moving from the 95/5 to an 85/15 using staging.

Janet Underwood will follow-up with Procurement on the Tele-Doc option.
Bob Harbour pointed out that all of the monies for dependent care is not included and therefore prohibitive. Hypothetically, the Board is considering if this can be cost neutral in any way yet still protect the reserves. The Board is very concerned of how to approach this rationally and reasonably. Dr. Stegeman made a motion that the recommended aggregate premium increases for 2013-2014 year be absorbed by the Trust’s reserves level and will revisit the reserve policy within six months (by Sept 2013); seconded by Bob Harbour. The motion carried 5-0.

**Clarifications from AmeriBen**
Correction of the negative mark.
Two claimants hit the $400k Stop Loss level.

Network Utilization slide 7 – is being worked on and is being discussed with Buck.

**New Business**
No new business.

The next meeting is Monday, 3/25/13 at 5:30pm.
Additional meeting dates of 4/22/13 and 5/20/13.

Bob Harbour made a motion to adjourn; Dr. Stegeman seconded; motion carried 5-0. Adjourned at 7:57pm.

Approved this _______ 25th __________ day of ______ March 2013 _____________.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By

Dr. Neil R. West, EBT Board Chair