Employee Benefits Trust Meeting  
Maroon Room, Morrow Education Center  
1010 East Tenth Street  
Tucson, Arizona 85719  

March 28, 2016  
5:30 p.m.  

MINUTES

<table>
<thead>
<tr>
<th>Committee Members Present</th>
<th>Committee Members Absent</th>
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<tr>
<td>Dr. West</td>
<td>Wilette Diggs</td>
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<td>Anna Maiden</td>
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<td>Robert Harbour</td>
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<td>Mark Clark</td>
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<td>Dr. Stegeman (arrived at 5:45)</td>
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<td>Dr. Rodriguez (arrived at 6:10)</td>
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Others Present:
Renee LaChance – HR Director of Employment  
Andrea McDougall – CEO, Benefix Solutions  
Sheri Gilbert – Senior Account Executive, Valley Schools  
Michelle Knudson – United Healthcare  
Karla Soto – Chief Finance Officer  
Jamison Davis – Hays Company  
Roberto Garcia – United Health Care  
Les Lauen – Record Keeper

MEETING CALLED TO ORDER  
Dr. West called the meeting to order at 5:30 p.m.

QUORUM - A quorum of 4 was present.

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<th>INFORMATION / ACTION ITEM</th>
<th>MOTION</th>
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<td>CALL TO THE AUDIENCE</td>
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<td>No one requested to speak.</td>
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Meeting Minutes  
The minutes were reviewed. Bob Harbour asked that the minutes be amended to reflect a clarification of his statement referring to money being returned to the District from the Trust. Dr. West asked that the next meeting date noted in the minutes be corrected to March 28, 2016.

Dr. West asked if there was a motion to accept the minutes as corrected.

Mark Clark made a motion to approve the minutes. Bob Harbour seconded the motion; motion passed 4-0.

Old Business  
Dr. West said there was no old business at this time.
**New Business**

**Approval of January and February Financials**

Dr. West asked that the heading on the top of page 7 of the February financials be changed.

Dr. West said that the Trust should consider monthly premium changes for next year and also suggested that the matured CDs noted on page 6 of the February financials should be reinvested. Bob Harbour said the Trust Board should ask Tom Hedges of Wells Fargo about the premium earned on the two early redemptions to which Dr. West referred.

Dr. West said the financials can be accepted with the stipulations and clarifications noted. Dr. West also requested that the March financials be ready for the May meeting.

Bob Harbour said he was concerned about the IEC costs referenced in the financials. Ms. Maiden said she would find out about them and e-mail him the information.

**Approval of Revised EBT Agreement**

Ms. Maiden said that the only change in the Trust agreement was on page 4 which now states that a Governing Board member sitting on the Trust Board would serve Ex-Officio.

Dr. West said that the change to Article IV, paragraph 2 would conform to the Governing Board requirements.

Dr. Stegeman asked if the agreement requires the approval of the Trust Board. Ms. Maiden said that the agreement does not require the approval of the Trust Board because it has already been approved by the Governing Board. Dr. West briefly reviewed the recent history of the Trust agreement for the new members of the Trust. Ms. Maiden said the Governing Board still wants the Trust Board approval.

Dr. West asked for discussion of the new agreement. Dr. West said he was concerned the modification would not benefit the Trust.

In reference to the agreement’s stipulation that Trust Board members live within district boundaries, Bob Harbour said the revision is not logical unless it is politically motivated and added that the Governing Board should be concerned about what is best for the students and the district. A discussion of the agreement followed centering on the boundary requirement.

Dr. West called for a vote on the motion to approve the agreement.

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Mark Clark moved that the agreement be approved. Ms. Maiden seconded the motion. The vote was 2-2. The motion did not pass.
Dr. West recommended that a lawyer be employed to review the agreement.

Dr. Stegeman asked how not signing the agreement affects the Trust Board. Ms. Maiden said the EBT would continue to operate as it has been.

Dr. West said this is an important aspect of the Trust upon which legal opinion is required. Dr. West questioned whether or not the Trust had legal authority to spend money if it has not approved the agreement. Ms. Maiden said she would ask Julie Tolson to give her legal opinion.

**UHC Real Appeal Program Review**

Michelle Knudson introduced the “Real Appeal” program, which focuses on weight loss and on preventing illnesses associated with obesity, such as diabetes and cardiovascular disease.

Dr. West asked if the one-on-one aspect of “Real Appeal” was an online service. Ms. Knudson said it is a virtual program done online and asked Mr. Garcia to play the video to show how the program worked.

Ms. Knudson pointed out the items from the “Real Appeal” kit displayed on the table and gave more details about the program, including costs and participation requirements.

Mark Clark asked if diabetics are included in the program. Ms. Knudson said diabetics are eligible as well as pre-diabetics, although pre-diabetes is harder to identify.

The Trust Board discussed the possible benefits of the “Real Appeal” program for employees, focusing specifically on diabetes, pre-diabetes, and hypertension. The discussion included concerns about the overall responses to “Real Appeal” from other employers, weight loss longevity, the program’s relation to the Wellness Council, and the possibility of beginning the “Real Appeal” program in the new insurance year. Andrea McDougall said TUSD’s employees like the one-to-one interaction with the wellness coaches and that the two programs could work together to provide the best of both approaches. Dr. West suggested the Trust Board consider incorporating the “Real Appeal” program into the insurance plan for the coming year.

**Valley Schools/Hays Claims Projections and Recommendations**

Dr. West asked Sheri Gilbert and Jamison Davis to present information from Valley Schools and Hays Company.

Jamison Davis distributed handouts to the Trust Board and presented details of a lag study. The Trust Board discussed the lag study, necessary reserves, and the frequency of IBNR adjustments.

Mr. Davis called the attention of the Trust Board to the experience report he had distributed to them and explained some of the aspects of the report. Sheri Gilbert told the Trust Board that Valley Schools would provide an experience report monthly.
Dr. West said he was concerned that the premiums for next year be set correctly. Mr. Davis recommended a 1.3% increase based upon the data available at this time. The Trust Board discussed possible premium rate changes and the impact of migration from one plan to another. Mr. Davis said that the probability of migration from one plan to the other makes it important to align the plans.

Dr. West stressed that the Trust Board wants to make sure the plans are more family friendly. Mr. Davis said there were various ways the plans can be adjusted to give families a cost break, such as providing an insurance holiday – a month during which those with family coverage could skip a premium payment. Dr. West said he was concerned that a premium holiday could have negative effects, and the Trust Board discussed the possibilities of the “premium” holiday; e. g. employees receive a pass on paying their contributions toward premiums for one (1) month.

Dr. Stegeman followed up with questions regarding “defined contributions” and asked for clarification. The Trust Board discussed “defined contributions” and considered the pros and cons of implementing that process in which the Trust Board would choose a set dollar amount to contribute towards an employee’s health care.

Dr. West said the Trust Board needs to assume the total cost of insulin in order to comply with the current program of covering maintenance drugs; however, there are other, more expensive drugs that the plan may choose not to cover at 100%. Dr. West asked how much money the Board was prepared to use for that sort of coverage and added that the Board needed to find out how many people require insulin and how much that coverage would cost.

The Trust Board discussion returned to the idea of the premium holiday as members considered the effects on the Board’s resources and the possible response from employees. Among the concerns, Dr. Stegeman said the premium holiday may have a hidden disadvantage, and Mark Clark asked what the Board would do when the reserved are depleted.

Dr. Stegeman said the projected 5% health care cost increase seemed to be reasonable and wondered if the Trust Board could flat line the employee contributions. Dr. West asked Mr. Davis to provide a 24 month projection of what would happen if the employee premiums were flat lined and the Board increased the premium subsidies to adjust for the increase in costs. Mr. Davis said he would bring the projection to the next meeting.

The Trust Board’s attention turned briefly to considering a profile of the employees and their families who were participating in the current plan. Ms. Knudson noted that 6% of the membership is less than 18 years of age.

Dr. West asked Mr. Davis to explain how he would realign the plans, and Mr. Davis reviewed some of his ideas with reference to the figures he had on hand.

Dr. West said he would like to have a Trust Board meeting in April in preparation for the May meeting, suggesting that the April meeting should focus only on premiums and the idea of zero costs for maintenance drugs, which prompted further Trust Board discussion of maintenance drugs.
Dr. West asked Mr. Davis to prepare a presentation that would incorporate the possibility of fully subsidizing maintenance drugs as well as flat lining employee premium costs. Ms. Knudson said that UHC/Optum RX would provide Mr. Davis with the necessary drug lists and costs. Dr. West asked Ms. Knudson to provide him with the list first for review, and Ms. Knudson agreed to that.

Ms. Maiden asked when the Trust Board would talk about plan design changes. Dr. West said that those changes should be addressed during the May 23 meeting.

Dr. Stegeman asked Mr. Davis to project how long it would take to reduce the Trust Board’s current reserved from 29 million down to 10 million dollars if the Trust were to flat line employee premiums. Mr. Davis said he would do that.

Dr. West said that the Trust Board would have two meetings in the near future, one of April 18 and the next on May 23. Dr. West then asked if there was a motion to adjourn the meeting.

The next meeting will be April 18, 2016, at 5:30 p.m. in the Maroon Room at 1010 E. 10th Street.

There being no further business, the meeting was adjourned at 8:10 p.m.

Mark Clark made the motion that the meeting adjourn. Ms. Maiden seconded the motion. Motion carried 5-0.

Approved this ______________ day of ____________.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By ________________________________

Dr. Neil R. West, Chairperson