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

April 14, 2014  
5:30 p.m.  

MINUTES

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

Others Present:  
Anna Maiden – Chief Human Resources Officer  
Janet Underwood – Recordkeeper  
Cliff Wadhams – Trust Accountant  
Debbie Hainke – Account Representative AmeriBen  
Robin Reeves – Director, Buck Consultants

MEETING CALLED TO ORDER  
Meeting called to order at 5.30p.m.

CALL TO THE AUDIENCE  
No one requested to speak.

QUORUM - A quorum is present.

INFORMATION / ACTION ITEMS

Meeting Minutes  
The minutes were approved with correction; the motion was made by Mark Mansfield and seconded by Mark Stegeman; passed 5-0.

Appeals or Subrogation  
Appeals or Subrogation – no 2nd level and no subrogation. TUSD attorney is reviewing subrogation clause.

Financials  
Cliff Wadhams presented the draft March 2014 financials.

- Revenue 2391434.00
- Total expenses $1,8,6,494.00
- Excess Revenue $564,940.00
• Adjustment for Unrealized Gains -$10,300.00 due to market value and cost.
• Expenses were down; Revenue keeps increasing
• Balance Sheet – Wells Fargo invested another $1.7m for month of March: $1m in fed home bank; 3 smaller CDs.
• Verify if we should be investing in overseas banks; WF should respond to this on 4/28 meeting. Per Yousef, WF looks for opportunities and does the investment then. One of the issues in past meeting is them paying us .28 and loaning our money at 6 or 7% we want to share in the wealth. MM asked why so many funds are in banks and that this is just one sector. It is noted the investments are in CDs, at a high rate.

Old Business
2014 Plan Design
TUSD collected medical rates from various surrounding school districts to compare contribution rates. The data analysis shows us that - similar to TUSD - Sunnyside, Nogales, Amphi and Sahuarita all provide a defined District Contribution regardless of coverage tier. The percent is also shown against each tier. This data indicates that we are contributing more on a percentage basis for employees and we are very competitive on the other tiers. It is acknowledged that our plans are more expensive and can be due to our average workforce age and claims dollars. We do not know from the data how many are enrolled in each tier at these other districts, or their plan design, as compared to ours. The data collection is attached.

Interactive Modeling Tool
Buck’s interactive tool that was presented allows us to see the cost impact in real time by selecting various benefits changes such as bariatric and lap band coverage, shingles vaccination available at age 55, zero copay for maintenance drugs, mandatory mail order, and additional wellness program funding. There is more trend built in the rates than what has been our plan’s experience; Buck does this based on what they are seeing in the industry and with other clients.

The areas reviewed in the modeling tools included status quo, and options for adding other benefits. This model increases the Trust Board contribution to 8.5%, and increased contribution toward Dependents. The cost of any premium changes for the following year would need to be included. 

Additional contribution models toward dependent rates, from the Trust, were reviewed. The Plan’s intent would be to offer a more affordable plan if possible. When inflation is factored in the costs would be higher however the Plan’s experience shows that the costs have been

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somewhat flat. Premium is about $29m but claims are about $27m so in a way inflation is contained. Buck to send the new modeling to TUSD at least 48 hours prior to the 4/28 meeting.

The change in the deductible affected the cost by 1.74% or $500k. The EPO elimination resulted in about 10% moved to HDP (20% lower than EPO) and 90% to PPO or 8.5% lower costs. The improvement in claims cost that was expected was 8.5% to 20%.

The Wellness Program was presented. Janet Underwood explained that TUSD’s vendors – AmeriBen, Buck and the Wellness Council of Arizona, met first and then plan options were provided to the Chief Human Resources Officer and the Benefits Manager.

Janet presented TUSD’s summary of the program requesting feedback on the general direction of the program. The Trust does agrees with the general direction of the Wellness Program but details must be defined further. Buck can provide modeling on the next two (2) years of costs to the plan for the wellness participation. The HSA contributions can be used as part of the incentives. For example only - 1st year is $300 up front and then $1200 for rest of year; 2nd year is $1200 for the year in even contributions

The Trust has also requested data on if the Plan Year is expected to result in “breakeven” or a loss/gain for the next meeting. It was requested that Janet Underwood submit a Board Agenda Item (BAI) for the May Governing Board meeting.

Enrollment Reduction
The District has seen a reduction in enrollment which is seen by overall separations at TUSD, and these positions have not all been re-filled.

The next meeting is April 28th, at 5:30 pm.

The meeting adjourned at 7:40pm after Yousef Awwad made a motion to adjourn, seconded by Dr. Stegeman. The motion passed 5-0.

Approved this 28th day of April, 2014.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By Dr. Neil R. West, EBT Board Chair