<table>
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<th>Committee Members Present:</th>
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<tbody>
<tr>
<td>Dr. Neil West</td>
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<td>Dr. Stegeman</td>
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<tr>
<td>Mark Mansfield</td>
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<tr>
<td>Yousef Awwad</td>
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<td>Robert Harbour</td>
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<th>Committee Members Absent:</th>
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<th>Others Present:</th>
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<tr>
<td>Janet Underwood – Recordkeeper</td>
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<td>Louis Montoya – Buck Consultants</td>
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<td>Debbie Hainke – AmeriBen</td>
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**MINUTES**

**MEETING CALLED TO ORDER**
Meeting called to order at 5:02 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 Mark Mansfield and Dr. Stegeman seconded, carried 5-0

**Old Business**
- **Pharmacy Benefit Manager**
Buck has received review comments from the review panel and will prepare the final RFP which will be posted for four (4) weeks. Buck will prepare the review documents that will be needed by the RFP Committee, which can take up to two (2) weeks. The goal is to complete the Committee review and make a recommendation to Trust Board on 6/19/12 with Governing Board at their 6/26/12 meeting. The Trust Board can be available for a 5/17/12 meeting if needed. We estimate that Open Enrollment materials should be completed by 7/20/12. Mark Mansfield will serve as an Advisor on the RFP Committee. The Committee will be Tony Felix, Janet Underwood, and TBD. Buck will facilitate the RFP meetings.
- **Update on Emergency Room & Hospital Admission Co-pays**

  Buck presented their analysis of co-pay combinations for ER/Hospital Admits. The Board asked what is reasonable in the industry – this is $100 or $150 for Hospital Admissions and ER is usually $75 - $150; usually there is an escalation from Office Visit to Urgent Care to Emergency Room to Hospital Admission.

  A review of the Plan’s non-emergent ER visits was provided by AmeriBen. When a non-emergent diagnosis is billed and the member appeals, AmeriBen then requests the medical records. Removing the Plan’s exclusion of not covering non-life threatening visits to the ER was discussed. Buck said there would be little impact to the Plan but recommended the Plan retain an ER co-pay. Hospital admittance typically requires cost-sharing and the Plan’s $150 co-pay compares to industry.

  There was discussion of lowering the hospital admit co-pay, and increasing the ER since the Plan may see higher claim costs should the Plan remove the non life threatening exclusion (realizing that out-patient surgeries carry a co-pay and how that would compare to lower hospital admit co-pay, using a daily co-pay for hospital stays with a cap, and overall that hospital stays are paid as a DRG. DRGs are Diagnostic Related Group claims whereby the hospital is paid the same amount based on overall visit, and not necessarily paid by the “day” so a hospital may or may not use payment as incentive to discharge sooner.

  With these factors in mind, the $100/Hospital Admit and $225/ER were reviewed and that employees should take into consideration the co-pay differences between Urgent Care and ER. **There was a motion to remove Life Threatening with an effective date of 10/01/2012 and a motion to use a $100 Hospital Admit Co-pay and $225 for ER – effective 10/01/2012 by Robert Harbour and the motion was seconded by Yousef Awwad; the motion carried 5-0**

- **Plan Review / High Deductible Plan(HDP) Review**

  Buck presented the HDP models (page 4). Buck used 11% trend on medical and 10.7% for Rx, for now. This results in an incurred claim number of about $450.42 PEPM plan costs; Rx is about $94 PEPM, the Rx is high compared to industry.

  EPO, PPO, HDP charts are separated out (page 4). When administrative expenses are added in, the projected PEPM increases to $492 PEPM based on current premium. The Loss Ratio is about 99% which means that the Plan can cover its expenses, and the claims costs; this does reflect the underlying trends.

  The Trust should not run that close of a ratio and some type of increase is needed but the Plan must also take into consideration the current funding status of the Plan and the savings that may be realized with the outcome of the Pharmacy RFP. The industry’s standard Loss Ratio is 1- 2% with a Reserve Policy of 1.5 months of IBNR. The Plan is fully funded in its Reserves at this time.

  A review of the current structure of the HDP shows us that there is no incentive to join HDP. **Reviewed Minimal, Expected, and Aggressive cases:**

  - Page 9 – estimated migration
  - Page 11 – shows us the contribution amounts for each of the tiers / Employee & Employer
  - Page 12 – **Expected Case Enrollment.** Rates changed based on actuarial values.

  EPO is our base level plan. No change from page 11. PPO – rates would go up 6.6% (this plan is underperforming). In the HDP “Expected Case” a rate drop by 10% - provides the incentive to move. **Using the data, Mark Mansfield projected an example of a person moving from PPO to HDP in that 1) If the H.S.A. were**
increased to an amount of $37.23 [based on 20 payroll deductions or $43.80 based on 17 payroll deductions] for an annual total of about $745 for the benefit year plus 2) depositing the savings of PPO premium by moving to the HDP would fund the employee against the HDP Single level deductible by about 2/3.

Minimum and maximum benefit year contributions will be increased to $745 for the benefit year.

Additional review centered on the expected migration to an HDP in an Aggressive Case versus Minimal Case. All cases would take extensive education to get employees to understand the HDP risks and returns. It was noted by Buck that rarely does the employer take the aggressive standpoint due to how much education it takes and that H.S.A.s are usually low on the radar for public sector. Mark Mansfield’s experience with this is that in a heavy union sector most do not take the time to get the education, and take the risk. To be successful, the Plan should provide several presentations at lots of schools; perhaps we’d need to do mandatory OE meeting attendance.

Buck explained example of a person moving from EPO to HDP. There is a risk of subsidizing HDP; pages 15/16 show the employer perspective. In the aggressive case model the Plan savings increases to about 5.1%. An employee would see 11.7% increase with the added impact of the reduction of using 20 to 17 payroll deductions. Plus increase ratio of 1-2% and that could “look” like a 20% increase to the employee.

Overall, we see the need to provide comprehensive education for employees on the HDP. Buck would recommend using the ‘expected’ case for this. The Expected Case does 2 things – it helps to move employees out of PPO, the worst performing plan and helps to move EE’s to HDP.

1) The Trust Board supports the 17 payroll deduction set up (one time 11-month benefit year).
2) Dr. Stegeman suggested keeping the increase at 2% for the rates.
3) Mark Mansfield suggested that we move forward with the HDP Expected Case.

Of all three (3) items above, Mark Mansfield made a motion to approve and Robert Harbour seconded the motion; carried 5-0.

We will identify what resources will be needed for H.S.A. education. It was noted that our district’s infrastructure and opportunities for tech savvy solutions are limited at this time. We will determine if site meetings can be held - there are over 100 sites and 30 days during Open Enrollment to hold education meetings.

### Review Financials

Yousef Awwad presented the financials. The Trust Board was provided a set of revised Financials for June 2011 to Feb 2012 (revisions attributed to the movement of funds coded as Equity, per the request of the Trust Board in prior meetings).

The March Financials were provided also and Yousef reported on the status of the audit – the audit is ongoing but at this time there are no audit findings for the Trust.

### Consider Any Appeals or Subrogation

No 2nd Level Appeals have been received.

**Subrogation**

Debbie Hainke presented updates on the last Subro case in that the employee has now satisfied the Lien.

There is a new subro case – the employee signed the Lien but has now instructed their attorney to not pay the Lien ($5339.00).

Janet Underwood will develop a tentative education plan for HDP/HSA.
The Plan’s options under the Plan Document are to sue the member via the Subro attorney with a cost to the Plan and Debbie will check if these fees are recoverable under the Plan Document rules. Also will determine if/how the Plan can recoup the $5k expended on the claim.

Motion made to proceed by Mark Mansfield to have AmeriBen look at the extra attorney costs tacked on, and bring to next meeting. Yousef Awwad seconded the motion which carried 5-0. Additionally, the Plan will use the subro group to remind the employee of the signed lien and consequences.

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<th>New Business</th>
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<td>Meeting date in May: tentative at 5/15/12 (Tues) for any appeals and revisit the Subro as a Conference Call if needed.</td>
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<td>The next regular meeting will be Tuesday, June 19, 2012 at 5:00pm.</td>
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<td>The meeting adjourned at 6:45pm.</td>
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Approved this ________ 19th ________ day of ________ June ________ 2012 ________.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By

Dr. Neil R. West, EBT Board Chair

5/09/12