MINUTES

Committee Members Present:
Dr. Neil West  
Dr. Mark Stegeman  
Amber Fernandez  
Mark Mansfield  
Robert Harbour

Committee Members Absent:
n/a

Others Present:
John Povinelli – Segal  
Alice Amator – Segal  
Debbie Hainke - AmeriBen

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<th>ITEM</th>
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<td>MEETING CALLED TO ORDER</td>
<td>Dr. West called the meeting to order at 4:11 p.m.</td>
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| CALL TO THE AUDIENCE | No one requested to speak.  
No action required. |
| INFORMATION / ACTION ITEMS |  
1. The Board affirmed that a quorum was present  
2. Mark Mansfield called for a motion to approve the minutes; seconded by Amber Fernandez.  
3. Old Business  
   A. Legal Review of changes to the trustee agreement.  
   B. Present revised document to TUSD Board  
   J. Underwood reported that the changes were approved by Legal and that the BAI for the next Governing Board meeting has been submitted.  
   Trust Agreement to be presented at 6/14/11 Governing Board meeting. |
4. Financials Discussion

A. Segal
1. Segal presented the “Preliminary Projection” for TUSD’s medical rates:
2. Rates are projections based on past Aetna claims data and current AmeriBen data, no plan changes to-date (but could incorporate later if needed), but with mandatory health care reform changes implemented
3. Existing contribution rates reviewed and total projected costs for next plan year are $34M which includes utilization management, pharmacy, administration fees, etc. however, the renewal for stop loss coverage has not been incorporated as this renewal is not expected until at least August 1st.
4. The projection indicates a rate increase of 9.8% will be needed due to health care cost trend but otherwise the plan is operating relatively favorable.
5. Segal reported the possible impact of AHCCCS cutting benefits statewide and how those uninsured costs may be eventually incorporated into providers’ fees; this is not incorporated into TUSD’s projection.
6. There could be some seasonal claims increase during the summer months due to summer break.

B. TUSD April Financials and discussion
1. The IBNR has been incorporated
2. Amber Fernandez requested that TUSD break out the IBNR on the Financial Statement going forward and that the pre-funding level is updated.
3. Amber Fernandez reported that as TUSD’s budget becomes finalized, it will determine the benefits budget. Mark Mansfield commented that the Trust Board would expect to recommend to the District the funding level.

Amber Fernandez responded that TUSD, based on the CFO’s strategy, could request Segal to provide plan change recommendations based on utilization to show resulting savings to the Plan. Plan must be in place for August Open Enrollment and it was noted that employee negotiations are ongoing at this time.

John Povinelli added that the Trust should be concerned with maintaining sufficient funds, and not any overfunding but that TUSD should have a Reserve Policy of possibly IBNR + $4-5M. Mark Mansfield made a motion to have Segal formally recommend a reserve policy; the motion was seconded by Robert Harbour.

Mr. Mansfield adds that the Trust Board wants to be sure any over-funding is used appropriately in the best interest of the District. Segal agreed and will recommend the reserve policy. Mr. Povinelli added that communications should flow from the Trust Board’s Finance member, Amber Fernandez, to the TUSD CFO, and from the Trust Board’s Governing Board member, Dr. Stegeman, to the Governing Board.

If possible, determine the headcount of benefit-eligible employees for next Plan Year.

Janet Underwood to request to TUSD Finance on IBNR and the pre-funding level.
5. New Business
A. Plan Issue Summary – tabled for next meeting.
B. Disease Management – Debbie Hainke of AmeriBen presented this information and provided a handout that included a flow chart. AmeriBen uses MedAi for data mining to identify candidates and contact is made by a minimum of three (3) phone calls and two (2) letters. It was noted that 51% of candidates cannot be reached by phone due to bad phone numbers on records with TUSD.

Dr West asked if AmeriBen has any case studies with other clients as to what works and what does not; Debbie Hainke’s response is that disease management is a long term process and that it is an early process for TUSD.

839 candidates have been identified; the standard engagement rate is 10% and TUSD is at 16.4% (“engaged” is having had dialogue with a nurse). The Board requested a clarification on whether MedAi uses an “R squared” algorithm and if candidates were identified using a merged data stream (medical, Rx, etc.) and Debbie Hainke confirmed that it is.

Mark Mansfield inquired as to the potential savings with Disease Management; the savings can be reported after 24 months of data has been collected. John Povinelli believes the savings could be in the range of $1-1.5M after removing utilization fees.

Debbie Hainke also presented the Trust Board with success stories and reminded us that TUSD is also using a wellness program in partnership with the Arizona Council on Wellness.

An update from Debbie Hainke was received and is shown here:

- Slide #2: of the 839 identified for Disease Management (DM), not all were accounted for in the breakdown. The reason is that the rest of them, we are still working on contacting. We will have this on the slide in the future.
- Phone #’s; of the 51% we were unable to contact, 21% were due to missing or invalid phone numbers. The rest did not answer our calls or letters. This will be broken out in the future.
- WWW.Dogpile.com: we tried this on randomly selected individuals and the phone numbers were invalid.
- Algorithm; In statistics, the coefficient of determination $R^2$ is used in the context of statistical models whose main purpose is the prediction of future outcomes on the basis of other related information. It is the proportion of variability in a data set that is accounted for by the statistical model. It provides a measure of how well future outcomes are likely to be predicted by the model.
- The SOA study had each modeling system process data for slightly more than 330,000 people. Because of this huge sample size, the statistical significance (confidence level) is extremely high. Thus, the R-square differences between each tool are very significant.

IAC: Amber Fernandez to inquire when IAC will meet
MedAi does not use a single algorithm in their modeling. They use some 52 heuristics and then combine the results with an artificial intelligence. While very complex and processing intensive, it provides the best, most reliable results.

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6. Introduce Trust Board to TUSD Governing Board
   When the Trust Agreement is presented at the 6/14/11 Governing Board meeting, this may be the best time to introduce the Trust Board; perhaps during Executive Session (?)

7. Next Meeting
   A. TBD

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MEETING ADJOURNED  6:58  p.m.

Approved this _________ 13th _______ day of  June  2011 _______.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By __________________________

Dr. Neil R. West, EBT Board Chair

JLU