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

**Committee Members Absent:**

**Others Present:**
Janet Underwood – Recordkeeper
Louis Montoya – Buck Consultants
Debbie Hainke – AmeriBen
Ben Wright – AmeriBen
Dan Johnson – Wellness Council of Arizona

### MEETING CALLED TO ORDER
Meeting called to order at 5:05 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** – The minutes were reviewed; under Plan Review, we will add the word "Payroll" to the 17 deduction verbiage and add it to the paragraph above. Based on these clarifications, a motion to approve the minutes was made by Yousef Awwad and seconded by Mark Stegeman; carried 4-0.

Update on PBM RFP
TUSD received seven (7) responses. Preliminary results are very favorable. Buck analysis will be done this week and will meet with the Evaluation Committee soon, consisting of the Benefits Manager, a TUSD nurse, and an outside representative who is a pharmacist. Mark Mansfield will serve as an advisor.
Rate Review
1st handout – review of standard reporting
Page 3 begins the medical/pharmacy, by plan type; for FY-end the Loss
Ration is 92%.
Page 4 – begins looking at next year; 100% loss ratio so current rates would
cover the next year. 2% would add to reserves.

May have to do some reconcile against financials
Page 5 – show PEPM (per employee per month)
Page 7 – rates: current rates on left side of chart. Estimate of enrollment
for 2013 and the projected rates for 2013.
Modeled EPO and PPO at 2% and HDP decrease at 3%, setting rates
relative to benefit, so this is an option.

In April, we talked about the Expected case which was 0% for EPO, 10%
reduction for HDP and PPO increase. Based on the minutes from last
meeting, we wanted to show the differences. Page 8 shows the monthly
cost and divides into per pay period; also shows the PPO side of $65.11
employee contribution only goes to $66.40 if using a 2% increase.

Handout 2 – the focus is on pages 8, 9, 10, 11 12.
Buck did the modeling of Aggressive, Minimal, Expected.
Page 9 shows assumption in each of those cases / movement between
plans.
Page 10 breaks that down in to projected enrollment due to migration.
Page 11 shows current rates
Current year of 2010-2011 would be sufficient to cover 12-13 rates but there
is risk.

The HDP models, at Expected Case were reviewed and what the
appropriate rates would be.

EPO would be unchanged

PPO would be a significant change, from $525 to $560.68 monthly. Mr.
Harbor said we would want to create incentives to move to HDP. Per Buck
the HDP rates came down (reference page 11 to page 12. H.S.A. would go
up to $37.23 per payroll deduction, therefore making it more attractive.

Looking back at page 8 of Handout #1 again – shows PPO going from
$65.11 to $66.40 with a 2% increase; but in handout #2, the EE rate would
be going up to $86 per pay period. Buck wanted to clarify the use of a 2%
increase vs. true overall Expected Case.

Handout #3. Shows a flat 2%, but HDP still at $0 to EE.

Yousef also visited the topic of the 17 payroll deductions. It was noted the
ASRS rate will increase to 11.14% to employees, which affects their take
home pay and brief discussion was held on the ASRS increase. Since the
Plan is in good shape financially, and with the increased costs to TUSD for
the ASRS increase, we wanted to talk about a plan rate increase, if any.
Dr. West restated, asking if what is meant, based on TUSD’s financials that it would be prudent that we use the reserves and do not increase the plan rates.

All plans, along with HDP, calculated based on actuarial value, which includes factoring in the plan’s experience. Then overall what do the rates need to be per plan. Claims expense could climb 11%, if using trend.

The topic will be revisited after the AmeriBen presentation and the TUSD Financial Review.

Review Financials (Yousef)
April and May statements were provided. May - $24m in assets, $18m liabilities; net equity of $18.2m.

A review of payroll deductions was done. We have 3 more premiums to collect, and fund, during this plan year, which ends Sept 30th as it relates to understanding cash flow of the Plan.

AmeriBen Plan review:
A typical quarterly packet would take over an hour. Due to time constraints, this is a scaled back version but can provide full packet upon request.

Per page 7, there is a cost difference; this is due to the difference in number of dependents on TUSD’s plans, versus their book of business, and network utilization.

Customer Care has taken over 10,000 calls YTD. Call statistics and plan performance highlights were included in the booklet, for example:
Page 5 – Enrollment and costs statistics.
Page 6 – Claims experience/enrollment trends
Page 7 – Claims Utilization – below the benchmark. (is # of claims, pepm)
Page 9 – Payment trends
Page 10 – Rx payment trends
Page 11 – Claims by type, plan year to date. TUSD vs. benchmark.
The population is stratified in medical need.

Ben Wright also noted that the BCBS network, due to its breadth, and their contracts with hospitals which cap large claims; it may also be that our Stop Loss carrier takes into consideration the BCBS network strength and the DRG setup.

Page 13 – Large Claim summary.
Stop Loss is notified at the 50% level. The Plan is notified at the $50k trigger.

Page 14 – Network savings
Page 15 – Conclusions

The board returned to a Rate Review discussion - Item 4, b and c. From the District’s point of view, it would be preferable to not go with the 2% increase on the plan.
Robert Harbour noted that nationally/locally we have a well managed plan. Cost PEPM is 92% of claims, which includes administrative costs. Buck
commented on this Projected cost (handout #1). A PPO change to 80/60 (in/out) would have an impact to suggested rate.

Yousef Awwad recommends that the Plan does not increase the rate for next fiscal year. Yousef Awwad made a motion that the approved 2% plan increase be rescinded; Robert Harbour seconded the motion. Discussion: the Trust Board realizes that a pharmacy benefit manager bid is currently in progress which may produce savings to the Plan. If there were no rate increases, the Plan (District) will not incur additional costs, and neither will the employee. Robert Harbour would like to see what individual rates are/should be per plan. The “Expected case” gave us same EPO, higher PPO, and lower HDP rates.

So it would be revenue neutral to use the expected case. EPO would be zero, PPO would be increased, decrease cost (increased H.S.A) for HDP at $37.23 (if based on 20 payroll deductions).

Shannon Roberts questioned the direction of the PPO plan; the response is that it is the Plan’s intent it to match cost with service.

Dr. Stegeman is aware that the District may be in need financially but is not willing to subject the trust to offset this.

Yousef Awwad made a motion to modify the motion instead to accept the Expected Case and to rescind the 2% motion passed in April. Robert Harbour seconded the motion; carried 5-0. This will be on a 17 payroll deduction basis.

**Subro and Appeal**

Appeal – the appeal was presented by Debbie Hainke of AmeriBen. The plan coverage language was reviewed and the exclusion of the Plan under which maintenance is not covered. Mark Mansfield made a motion to deny the appeal and Yousef Awwad seconded the appeal denial. The Plan Benefit structure shows that the billed services are not covered. The motion carried 5-0 to deny the appeal.

Subro #1 – MVA with Date of Loss 1/31/10. The specific dollars were stated to Mark Mansfield telephonically. Robert Harbour noted that the member will receive nothing in the settlement. TUSD paid amount was shown. The Subro vendor recommended that TUSD accept no less than 60%. Robert Harbour made a motion to accept 50% of the lien amount; Yousef Awwad seconded the motion. Discussion ensued; court costs could be incurred even though our position is defensible. The motion was voted on – carried 3-2.

Subro #2 – Member has not responded to request for information. An option of the Plan is to withhold future claim payments. Mark Mansfield made a motion to suspend medical claims payments up to the amount of the lien with coverage remaining intact, and seconded by Mark Stegeman. Discussion was held of the logistics of how claim payment suspension happens. Mark Mansfield added to his motion that AmeriBen send a letter stating the Plan’s intent, with a 30-day notice. All in favor vote was done and the motion carried 5-0.
Presentations by WELCO and US Script.
Dan Johnson – WELCO
WELCO is a non-profit. There is a new “living” poster that will be used as an ongoing communication piece. We are advancing a range of wellness services. WELCO participates in Open Enrollment along with biometric screenings. Reviewed health coaching and the stats of individual meetings. There were 245 new employees using 1-on-1 coaching. In the disease management section, 140 employees were coached on better diabetes management. 106 instances were encouraged to seek physician care.

Various fitness programs are offered (page 3).
- Had a great turnout at Gridley where over 150 walked, played hula-hoop, etc.
- Biometric screenings had a low turnout at last OE meetings.
- It may be that the Diabetes number has false (low) positives.
- Heart disease
- M.O.M. – referred 3 employees to physician
- Maintain Don’t Gain – is a popular TUSD program
- Health Weight Loss Challenge – 90 day period 1300 lbs was lost
- Massage Days – part of the reward program and typically held at end of AIMS testing, and during OE
- Walking club has branched out into summer walking program
- Wellness Wednesdays

Dr. West inquired if there was a way to track gym membership/attendance such as through Silver Sneakers. Dan Johnson reported that this is not available in Tucson – there are no gyms that so far in Tucson will do this and he has approached large clubs in the past. It may be that gyms could begin a partnership with WELCO. We could discuss at a future meeting along with premium reduction incentives with attendance, HRA, annual physical exam, etc. There are definite strategies to accomplish healthy lifestyles.

There is a survey currently in progress; results to date were included. We discussed how to potentially design an incentive program and Buck offered that it is typically started at least 8 months prior to Open Enrollment and thoughts of integration in the benefits plan strategy.

Preliminary meetings can be arranged to scope out options, strategies, resources, etc.

US Script Presentation
The Plan’s biggest expense is specialty drug spend - about 22% and their book of business is 14%. TUSD could look at Step Therapy where warranted. We do not have any Proton Pump Inhibitors. Overall our generic fill rate is 74% which is very good. We have a good differential between co-pays.

Reviewed Top Ten drugs. Five (5) of them are specialty drugs. Some clinicians recommend different copays on specialty drugs but it can cause someone to not use the drug, which may result in increased medical plan costs. These are not drugs that are abused. There are ways to educate the population of step therapies to use first but if a member’s condition warrants
the drug, then its needed.

Dr. West asked if algorithms are used at USS to provide us a profile of diabetes and statins. USS does not at this time, but they can provide us with a report. USS also has a top prescriber list.

Buck also reported that they can provide a population risk assessment.

Copays for mail order were explained and it was noted that over the last 10-12 years the mail order cost savings has deteriorated for brand name drugs. It may be beneficial to have a local retail 90-day fill program.

The TUSD plan was graphically reviewed against USS’s book of business. There was some reduction in specialty drug member utilization.

Physician administration of drugs by incentives by eliminating cost advantage to the physician purchasing the drug, and infusing at the office. There are options of using direct contracts for infused drugs as a way to increase cost savings also.

There are ways to minimize plan escalating costs – mail order copays, step therapy for RA, clinical options, etc. USS will provide recommendations for the Trust.

The question was raised as to how do get the interface between USS, AmeriBen and Buck in place, to better manage the specialty drugs area.

Physician dispensing profiles can be launched but USS would like fiduciary approval before launching a program of this sort. It could be that physicians are not aware of the unit cost of one drug from another. USS reported also that brand drug copay discount cards are being made available to physicians from drug companies.

Buck can review our Step Therapy program and offer recommendations for the plan. The Trust Board was updated on USS’s move from BioScrip to Caremark for specialty medications only.

New Business
n/a

The next regular meeting will be Tuesday, August 21, 2012.

The meeting was adjourned.

Approved this 21st day of August 2012.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By

Dr. Neil R. West, EBT Board Chair