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

August 31, 2015  
5:30 p.m.

MINUTES

Committee Members Present
Dr. Neil West  
Dr. Stegeman  
Dr. Marlene Rodriguez

Committee Members Absent
Dr. Stegeman  
Robert Harbour  
Dr. Marlene Rodriguez

Others Present:
Dr. H.T. Sanchez – Superintendent  
Karla Soto – Chief Financial Officer  
Renee LaChance – Benefits Manager  
Christina Cruz --Senior Accounting Manager  
Janet Underwood – Benefits Program Coordinator  
Kristin Fitch & Ben Wright – AmeriBen  
Michelle Knudson, Robert Garcia – United Healthcare

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

QUORUM - A quorum of 3 was present.

INFORMATION / ACTION ITEM

<table>
<thead>
<tr>
<th>INFORMATION / ACTION ITEM</th>
<th>MOTION</th>
</tr>
</thead>
</table>

Dr. West noted that he and Anna Maiden met with Dr. Sanchez and discussed providing more education to Governing Board regarding the Trust Board.

Introductions
Dr. Sanchez noted that this Trust Board has a direct impact on the district’s and employees’ well being, with recruitment and retention. He will be able to provide the Governing Board with detailed information in this area and will be taking a more active role.

Dr. West introduced new board member Dr. Marlene Rodriguez. Dr. Marlene Rodriguez provided the group with her background information and was welcomed by the group as the newest Trust Board voting member.

Dr. West explained that we are in a transition period at this time from AmeriBen to
United Healthcare and AmeriBen will be responsible for providing runout claims payment services for TUSD.

Michelle Knudson from UHC provided a handout to the group. She explained that we have been working diligently on the setup and UHC is ready to provide benefits services for 9/1/15, the effective date. Michelle’s role is strategic planning: claims review, plan analysis and recommendations. Robert Garcia is the TUSD Account Manager and his role is for services and the WELCOAZ program.

**CALL TO THE AUDIENCE**
No one requested to speak.

**Meeting Minutes**
Minutes from the June meeting were reviewed.

**Financials**
Christina Cruz provided the June Financials overview.

- The Trust’s Balance Sheet is still very strong with $14M in cash and $12M in investments.
- Net Operating Income is minus $200k due to a reduction in value of investments for the month. Net Loss of $232m; YTD still very well at $1.2M which includes increased subsidy (Wellness Incentive Program).
- The Prior Year Comparison shows revenues are down due to the increased subsidy.
- Medical claims are down quite a bit however prescription claims are up quite a bit.
- Symetra (Stop Loss) premiums are down. Dr. West added that Symetra’s costs are down due to the Trust accepting more of the risk since the Trust has now built up enough reserve to do so.
- The ACA fee is down $1.5m from prior year.
- Prescription rebates are up slightly.
- A new payroll summary has been added to show which employees’ salaries are being charged to the Trust Board account.
- Investments: Dr. West requested the data be sorted by maturity dates. Dr. Stegeman noted that part of issue may be how Wells Fargo is executing the investments; the District will invite Tom Hedges from Wells Fargo to the next Employee Benefits Trust meeting. Bob Harbour is concerned that the value is falling. He feels there will not be a rise in interest rates this year but downstream we will be holding to maturity and this may not be the best course for the District to be in; may want to revert back to the county. Karla Soto indicated Finance has been looking at this also and agreed Tom Hedges should present to the Trust Board members.
- Average membership has gone down; status on average cost per member per month.

*Bob Harbour made a motion to approve the minutes. Anna Maiden seconded the motion; motion passed 5-0.*
• Dr. West requested the financials sooner than the meeting dates; these will be sent each month on the 20th. He noted the margin of surplus has decreased PMPM due the prescription claims increase and trying to get our members to be more compliant (i.e. zero copay maintenance meds). Bob Harbour added that the surplus would not have been reduced had it not been for the new wellness subsidy (Wellness Incentive Program). The reserves may provide for flat premiums in coming years also per Dr. Stegeman.

• Dr. Sanchez commented on the Rx increase versus medical and inquired what this means for these data points in the future; Dr. West indicated we will have to continue to track this.

• The IBNR report from Buck was provided; Dr. West feels the IBNR is overstated at about $3.7m when it should be at $2.7m; Christina Cruz will review the IBNR. Dr. West feels that in the past our consultants tended to err on the high side; he will defer the IBNR then to Christina Cruz to discuss with Buck. Bob Harbour reminded the group of what constitutes the IBNR (Incurred But Not Reported) based on past 24 months of claims; have also had discussions of having a full reserve policy that was in excess of the IBNR (perhaps 2.5x). The full blown reserve then is a multiple of the IBNR.

**Old Business**

**Stop Loss RFP Award**

Janet Underwood reported that the Stop Loss RFP was released and 4 bid responses were reviewed. The RFP committee chose UHC as the new carrier who provided a savings to the plan as well as providing all the parameters of Stop Loss that the Trust Board was interested in.

**Candidate for Board Membership**

Dr. West would like to add 2 more people but runs into difficulty with the District’s boundary rules. He asked the group to assist in searching for additional candidates to add diversity to the Trust Board composition. Mark Stegeman has tried to find candidates from UMC but so far people do not have the time; Dr. West indicated that an industry person with benefits design experience would be ideal. All board members agreed they would continue to solicit potential members.

**New Business**

**AmeriBen**

Claims data will be shared with UHC; Ben Wright indicated that their role is to administer the claims through 8/31/2015. Dr. West requested that a claims file be provided to UHC for use in identifying a mature claim line; this will help in the transition for UHC to use in a trend report. AmeriBen can provide claims detail for the full five years if requested; this will help identify which providers are providing care to our employees. At a minimum then, Dr. West would like at least one year of claims data to be provided and then runout claims every three months.

Kristin provided the final report to the group via a handout. Over time AmeriBen has seen a decrease in enrollment of employees and dependents. When in a declining environment it is usually related to premium increases; so on slide 8 these graphs show the PEPM cost trends. Ben notes he has fully supported the direction the Plan has taken; before the plan came to AmeriBen costs were over $400 PEPM and there was
instability in the Plan, which has had 3 major administrative changes. In-network performance has been improved to 98% - which is superior performance. The strength of the discounts has been very strong also at 65%. Dr. West thanked Ben Wright and AmeriBen.

**UHC TPA Functions and Expectations**

Dr. West noted that the board expects UHC to be able to risk identify the population: Which providers are most efficient and most effective? What is on the horizon in the pharmacy industry? Michelle Knudson says pharmacy data analysis is faster due to claims being in real time.

Michelle reported that UHC has a premium design program for evidence based medicine and can incent members to choose those providers; providers are reviewed every six months. UHC has value based contracts with providers with certain metrics to meet for a premium bonus. UHC has also seen tiered copays as a way to steer members to more efficient providers. UHC also has weekly updates on high cost pharmacy claims i.e. Hepatitis C and some other newer bio medicals.

Payments to providers are done annually although some can be quarterly (PEPM basis). UHC can help us project this; this is new and while the current list is small it is expected to grow. Dr. West also would like to know if diabetics are getting their A1C tests, is HBP a comorbidity, and do they take get regular screenings (eye/feet). UHC offers a Diabetes Compliance program that we can consider - if the member is compliant they are given lower costs such as zero copays, etc. The usual path to implement the Diabetes Compliance program is to know 4-5 months ahead of Open Enrollment to see who would continue into the program with the new plan year. Dr. Sanchez points out that data has to be collected and review the impact to the plan overall.

**Consultant Role / Buck / Xerox contract**

The current contract ends today and Anna gave the group an update. The District asked for a fee of $5k per month however Buck has indicated they would have to reduce services. Dr. West would like to consider a 180 day extension and expects we will go out to bid for these services; asked UHC to help provide plan design recommendations.

Mark Stegeman motioned to let the contract expire; Anna Maiden seconded the motion. Ben mentioned that currently PHI data is only available to Buck via a BAA as the District does not receive any PHI. Dr. West felt it may be risky to not have the consultant at this point while we are in this transition. Michelle Knudson volunteered that UHC can provide a BAA directly with AmeriBen during the runout period and Ben agreed that this can be reviewed. Janet Underwood added the runout period is actually 12 months with AmeriBen and we acknowledge that the bulk of the data will be received early on. Bob Harbour asked that the motion be restated; Mark Stegeman restated that the motion is to let the Buck contract expire.

RFP process – the District will go out to bid for a consultant and will request the assistance from UHC for plan design recommendations. In particular needs to rely on

---

The motion to let the consultant contract expire passed 3-2.
the HR Department for what we need to remain competitive in the marketplace; he would like to use some of the reserves for the benefit of our employees whether its club membership, onsite clinics, Fitbits, etc.

Next meeting: 10/26/2015

The meeting adjourned at 7:00 p.m.

Approved this ____ 26th ______ day of ______ October, 2015 _________.

TUSD EMPLOYEE BENEFITS TRUST BOARD

                          ____________________________

By ________________________________

Dr. Neil R. West, Chairperson