Employee Benefits Trust Meeting  
1010 E. 10th St.  
Tucson, Arizona 85719  
Maroon Room, Morrow Education Center  
September 18, 2017  
5:30 p.m.  

MINUTES  

COMMITTEE MEMBERS PRESENT  
Robert Harbour - Chair  
Eric Rustand – Member  
Dr. Marlene Rodriguez - Member  
Wilette Diggs – Member  
Mark Mansfield – Member  
Dr. Mark Stegeman - Member  

OTHERS PRESENT  
Renee LaChance – Director of Employment  
Bill Munch – Valley Schools  
Martin Godfrey – Senior Coordinator (Benefits)  
Michelle Knudson – UHC  
Kevin Startt – Director of Purchasing  
Sheri Gilbert – Valley Schools  
Tom Elliot – Valley Schools  
Robert Garcia – UHC  
Charlie Broucek – Hays Companies  

MEETING CALLED TO ORDER  
Mr. Harbour called the meeting to order at 5:36 p.m.  

QUORUM  
A quorum was present.  

INFORMATION / ACTION ITEM  

CALL TO THE AUDIENCE  
No one requested to speak.  

MEETING MINUTES  
Mr. Harbour asked the Board members to review the August 14th minutes. The minutes were approved.  

MOTION  
Dr. Rodriguez made a motion to approve the August 14th meeting minutes. Ms. Diggs seconded the motion. Motion passed 5-0. (Dr. Stegeman arrived late)
OLD BUSINESS

UHC Contract

Michelle Knudson with UHC provided a brief summary of the Clinical Overview (which was also presented on August 14th) and updated to reflect a benchmark of other Schools Districts instead of their book of business.

Ms. Knudson also provided a response to Mr. Rustand’s inquiry from last month about why a recent medical procedure was much more expensive than other similar procedures. Ms. Knudson provided that there were complications which significantly increased the cost.

Ms. Knudson also answered another question that was raised last month about why employees opt out of follow up communication from UHC. Michelle indicated that that data is not captured in their system.

Ms. Knudson provided that the UHC contract has been finalized and that all that is needed is a counter signature to close this out.

Optum Rx Breakout of Interest Earned on Rebates

Bob Hull with Optum Rx addressed the question raised by the Board about the amount of interest paid by Optum Rx, as rebate payments had not been made timely. Mr. Hull indicated that Optum Rx does not make interest payments.

Mr. Hull offered a proposal to the Board that would save the District a projected 3.1 million dollars over the next 3 plan years (through 08/30/2020) starting 02/01/2018 by increasing the pharmacy rebate rates.

Mr. Mansfield asked Mr. Startt (TUSD Purchasing Director) if a change in rates would be a breach of contract. Mr. Startt indicated that a better rate would not be a breach of contract.

The Board asked Valley Schools to review the proposal to determine if the savings projected by Optum Rx is accurate.

The Board agreed to visit this in the October meeting and vote at that time.

NEW BUSINESS

Wells Fargo Update on Investments

Tom Hedges with Wells Fargo presented an overview of the investments associated with the Benefits Trust Fund. He highlighted that currently CDs are out performing government bonds.
Stop Loss Renewal presented by Valley Schools

Sheri Gilbert with Valley Schools presented details surrounding the Stop Loss. She indicated that the stop loss increase of 21% was a warranted increase. She indicated it would be $33,000 more per year and that they could obtain pricing again next year. She also indicated that there would be a fee if we carve out the stop loss coverage.

Mr. Mansfield inquired what the impact would be if we changed our stop loss amount of $1,000,000 to another amount. Mr. Rustand indicated that most stop loss amounts are $500,000. Mr. Harbour also inquired what the impact would have been to our financials if we had a different stop loss amount. Mr. Mansfield indicated that in the past, the stop loss amount was lower but did not see a benefit to it.

Hays Companies was asked to run an analysis to see what our projected risk/return would be at different stop loss amounts.

Experience Reports

Sheri Gilbert with Valley Schools reviewed the July Experience report. These monthly reports will be provided to the Board ongoing.

IBNR Calculation presented by Hays

Charlie Broucek with Hays Companies presented the calculation of the IBNR to the Board. He highlighted a few aspects of the IBNR calculation. He indicated that we have 22 months of data to work with. 88% of claims are completed within 2 months. The IBNR that will be used consistently going forward will be a smoothing IBNR calculation (smoothing most recent 2 months by taking the prior 12 months and estimated completed claims). The current IBNR using this calculation is 6.25%. The current benchmark IBNR is currently at 9%.

Mr. Mansfield asked if the IBNR needs to be adjusted for the stop loss. He was told by Mr. Broucek that the calculation of the IBNR has the stop loss embedded.

Mr. Harbour asked if pharmacy costs are taken into account and he was told by Mr. Broucek that it is included but not a large variable because 98% of pharmacy claims are paid out timely.

Annual Planning Calendar

Ms. LaChance presented to the Board a summary of previous month’s Board meetings and what was discussed when, as to provide the Board a roadmap for which items to discuss in upcoming planning meetings. Item included topics such as UHC annual review, Annual Pharmacy updates etc.
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<th>Preparation for Long Term Strategic Planning</th>
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<td>Ms. Gilbert also provided the Board an additional document to provide a guide as to which topics to discuss.</td>
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**NEXT EBT MEETING DATE**

The EBT set the upcoming meeting date to October 30th 2017.

Mr. Harbour asked if there was a motion to adjourn the meeting.

Mr. Clark made the motion to adjourn. Ms. Diggs seconded the motion. Motion passed 5-0.

The meeting was adjourned at 7:39 p.m.

Approved this _______________ day of ____________________________________________________________________.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By ____________________________________________________________________

Robert Harbour, Chairperson