Meeting called to order at 5:30 p.m.

A quorum is present

No one requested to speak.

Minutes from the 09/30/13 meeting were reviewed. Mark Mansfield moved to approve the minutes as submitted; Yousef Awwad seconded the motion. Passed 4-0.

Financials
Cliff Wadhams presented the August financials.

- August – Statement of Revenue and Expenses shows $2.3M of fees. Pharmacy costs were only $228k; will be higher next month due to catch up of billing. Net loss of $61k leaving cash balance of $11,660,402. Again, showing the INBR non-cash adjustment.
- Comparison Review shows Revenue is down about $548k; total expenses down $2.5M; Additional $961k of rebates and Stop Loss savings for the year. Net cash of $5.3M, most of which put in Reserves.
- Average member count 4097 members, down about 130 members from prior year.

**Appeals or Subrogation**

- There were no 2nd level appeals.
- Subrogation – Debbie has requested the language from Tim Callendar, AmeriBen’s attorney.
- We had 2 cases where we wanted to withhold payment; one employee termed and one had no claims. As long as we have the language in our plan document for subrogation we can use subrogation. We need to finalize our SPD for this year and look at lien document for next plan year.

**Old Business**

**Follow up on Trust Fund Integration**

- Dr. West wanted to follow up on folding in workers comp or other plans, i.e. dental, vision, etc. Dr. West feels we do not have a liability trust he’d like to establish with either this trust or the workers comp trust. Additionally, dental, vision and is not within the Trust.
- It was recommended that we add the dental, vision and life, and what the steps would be, such as modifying the Charter for Governing Board approval. However, we are not sure about the liability which may fit more with the workers comp trust.
- Yousef Awwad made a motion to fold in the dental, vision and life insurance; Mark Mansfield seconded this motion. The motion was then amended to include EAP and Mark Mansfield also seconded this; motion passed 4-0.

**New Business**

**Plan Update**
Bob Burnell, National Practice Leader for AZ, NV, So. Cal introduced his team Kristi Olivas, Actuary, and Dan Zentgraf, Sr. Consultant.

- Kristi Olivas: The 12 month period ending 12/2012 was fairly high. Rates were set during the time period through January 2013 which had spiked considerably. It was then that March and May came in very low. It is seen that there was a spike in claims in July 2013, just prior to the elimination of the EPO plan effective 9/1/13. It is her understanding that the reserves are fairly high as well. At this time, Buck does not recommend rate reductions but can perhaps provide for a premium holiday. She would need to know what level of reserves the Board wants; we reminded Buck that there is a reserve policy on file with Buck.
- Kristi does the work on the IBNR and will look to see what Lou had on file for the Reserve Policy. The Trust relies on Buck to help project appropriate rates. It was noted that it is helpful to hear the actuary input but essentially Buck’s actuary assists us in setting rates and the IBNR on a regular basis. Mark added we’d be willing to take a larger deductible on Stop Loss, and Dr. West noted our current deductible level.
- Dr. West again expressed concern is that we need to get into the claims details and he is not happy with the types of claims that are bleeding. The Board is not seeing any action on this between Buck and AmeriBen, sees opportunity for claims to be lower, and is upsetting for cases to be outside of Pima County. Dr. West offered that J codes should be reviewed for oncology as there is almost ¾ of a million in oncology costs.
• Kristi said can do a study for certain categories of care. Debbie proposed that we set up a conference call with Dr. West and Buck however the role of the Board is just to ascertain the fiduciary aspect of the plan and should not be involved in the day to day operations, and the expertise that Buck/AmeriBen have should be delivered to the District. Some ideas would be to narrow our network and look at BCBS for a more efficient network; who are the people providing the services for the school district and who can we drive a special deal with – i.e. TMC, AZ Oncology Center.

• Yousef added that he had his doubts about the claims numbers; he is not interested in abrupt reduction; does not want flux in rates; wants to be consistent for a as many years as possible and requested a 5 year projection with the history we have to-date. Kristi can show how the claims and reserve will grow and show various percentages, and trends that are expectations of the national survey experience. We can look at scenarios using half the trend. The District is trying to use an 85/15 contribution scheme. Using 90/10 currently since the Trust is providing a partial subsidy currently. Yousef shows that Mesa has a full year of reserve so is not too concerned about our reserve level especially with the effects of ACA, and the fees, and the PPO plan can hit the Cadillac tax level at some point. Buck could provide a projection for this in a couple weeks. The Cadillac tax typically hits the Employee Only level first and the Family level second.

• Current IBNR is about $3.2M. TUSD has about 6 months Reserve on hand. Kristi feels that six months reserve is reasonable, but never less than 3 months. Employees are bearing more of the cost and the Trust therefore assisted with the premiums for the employees. Majority of employees moved to the PPO plan and there is more work to be done with our population in CDHP education.

• Kristi will be in touch with Debbie to develop a clinical review. Yousef asked if we had a hand in narrowing the network but AmeriBen felt BCBS was not real flexible in this regard. Bob added that we may be able to do the onsite clinic and sharing with another employer. Debbie asked for an agenda item for claims drill down; also, the 5-year analysis projection can be provided.

Emerging Trends – 2014/2015 Plan

_U of A Study Proposal_

• Dr. W has spoken to the U of A study proposal and does not see how their study would benefit us.

_Kathy Ruiz – Human Resources/IT at UniSource, parent of TEP; On-Site Clinics_

They have had a “doc in the box” with TEP and Sundt Construction who no longer wants to partner with TEP. CareHere is the vendor.

• They were seeing a trend of 10-13% increase every year in the medical; the company started out much like where TUSD is today but benefits were basically free and have moved to copays and now have a 70/30 split.

• They looked at everything that it costs an employee and there was almost zero utilization of their wellness benefit.

• Long before Obamacare, they offered a robust plan and the population is mostly male. They began to look at ways to reduce the barriers of going to the doctor, such as the time it takes to make appointment, go to the visit, and stop at drug store. They began using onsite clinics and hired doctors rather than physician assistants. Sundt consolidated and leased out their space. TEP wants to open an additional location, potentially downtown and perhaps NW side. There is one out at Irvington that would be available to their partner also. Look at wellness as a long term proposition; stats show that on an annual basis a CareHere visit has a savings of about $100k per year.
- On average, an employee has 1 to 5 or 6 visits per year.
- TEP Has 1200 employees in Tucson. There is 90% utilization of the clinic.
- Hours vary for the clinics. Can provide Saturday service. Can structure the hours and driven by the employer.
- Trying to offset emergency services.
- Costs for CareHere is based on a per head eligibility to use it. All their employees who are not on HDHP can use it. They are trying to determine if there is a way for HDP participants to use the service.
- Rests of their employees are located throughout Tucson. Working with CareHere to get apples to apples comparison of claims. CareHere would have to be able to demonstrate that they charged the right amount for HDP but they are not there yet.
- Can schedule appointments via website or phone.
- Top 5 conditions are: Diabetes, High Cholesterol, High Blood Pressure, Cancer, and Obesity. Based on number of instances will show the savings for the year. Four of these five conditions drive their costs.
- Patient satisfaction is high.

Dr. West added that some on-site exercise units would be good. The clinic helps remove barriers to getting care, and will offer incentives to change (HRA). The following year you have to demonstrate you are making progress (behavior based) and can get the discount. Trend was affected and they are down at about 5%. TEP has spoken to Pima County also, and the Tucson International Airport.

TUSD is subject to strict procurement rules and will have to consider this. We also have positive acceptance by our employees of the walk in clinics of Walgreens and CVS.

TEP location is on Irvington; they would like a location downtown and also either NW or NE. Yousef added we have locations all over the city and not sure if this makes a difference of this concept being attractive or not. They have 2 FT physicians and one PT physician. They did not hire their own doctors as they did not want the liability. Dr. West felt it bears some study and can be reviewed at a future agenda. We’d have to talk to Procurement and Legal, since this is a partnership with TEP.

Bob added that we could add in the Critical Illness plan and supplement it in HDP; can get enrollers to come in and do one on one with employees. Could provide a core plan and a buy-up plan.

On-site clinics are coming along and sit “in front” of the actual network, based on PMPM fee; if you look at managed care, the Dr has to take on more patients and phys have had enough. So a movement has also been made toward concierge care. We can investigate the idea to see if its viable for the next plan year.

Bob Burnell added that for oncology they are exploring an infusion network for a major client. There is an effort to direct this care but need a real mass of employees; as a low cost network becomes available it may be possible. Debbie Hainke asked if on-site clinics could manage infusion but Dr. West though it was not likely. Bob B will ask Bob Ferraro if we can force the oncology docs to purchase from the PBM. Buck and AmeriBen will discuss drill down.

_Private network or bidding process_
There are some options we could discuss i.e. 75-70% off the network cost. For example, a total hip price bundle of surgery, anesthesia, etc. was usually $40k and bid price was $32k. Company that negotiates this price gets a percent. A WebEx on this topic can be done at a
future meeting; Janet added that it’s similar to Medical Tourism. The Trust could pay the provider in a much shorter timeframe. Dr. West has contacts that could provide a WebEx session; they’d be able to take a set of our claims and run through. He is looking more at reducing the network for certain procedures; Mark Mansfield added that this was what BCBS used to call Centers of Excellence. Bob Burnell felt its an interesting idea if you could drive all hips and knees to same place. Yousef speculated that BCBS may restructure pricing in a case like this. We can put the WebEx on a future agenda.

**Private and Public exchanges**
Walgreen’s moved its employees to a private exchange. Buck’s parent company also has a private exchange; this is an area we can look at in early 2014 and learn more. Mark Mansfield added he’d like to see how the private exchanges turn out in a year or two before making a move.

Dr. West pointed out the increase in choices the employees will have; Bob Burnell explained that in the private exchange how you give the employee a fixed dollar amount and they can go out and choose a plan. We could sponsor a plan i.e. with an exchange; have negotiated with the best vendor (best in each market). Most of this comes with online enrollment with access to voluntary benefits. Wellness can be done in same portal, branded as TUSD. We will add to the February agenda.

**Disease Management**
- The census shows 3093 have been identified.
- 57% need support in managing their chronic disease.
- Number of employees engaged is 550. They contact them every 3 months and work with Physicians as well.
- Education Track is where employees have agreed to have info sent by mail. Follows up with them about every 6 months and have been watching claims to see if increased contact is needed.
- Mark Mansfield is concerned about the chronic disease % of 57% compared to AmeriBen’s Book of Business of 26%.
- Reasons for non enrollment show a variety of reasons. 985 unable to contact. 569 have no correct phone number. This has been a chronic problem at TUSD.
- A percentage of referral services via MEDAI; can show that data a future meeting; pulling data out of claims to identify folks for DM outreach.
- Total Disease State page shows 5 major conditions being targeted. However no one is turned away if outside of these 5.
- AmeriBen uses the same contact (nurse) who develops a relationship with that person.
- Summary of contact volume (call, letters, mailings, etc.)
- There was discussion of how to manage this widespread problem at TUSD. Engagement in DM can be increased by incentives in premiums.

**Next meeting**
Nov 18th. Also do WEBEX and 5 year projection from Buck
2014 Schedule (3rd Monday every other month)
Adjourn
A motion was made by Bob Harbour to adjourn the meeting at 8:05pm; seconded by Yousef Awwad; passed 4-0

Approved this 18th day of November, 2013.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By [Signature]

Dr. Neil R. West, EBT Board Chair