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

**October 26, 2015**
**5:30 p.m.**

## MINUTES

### Committee Members Present
- Dr. West
- Dr. Stegeman
- Dr. Rodriguez

### Committee Members Absent
- Anna Maiden
- Robert Harbour
- Wilette Diggs

### Others Present:
- Christina Cruz -- Senior Accounting Manager
- Janet Underwood -- Benefits Program Coordinator
- Tom Hedges -- Wells Fargo Investments
- Michelle Knudson -- United Healthcare

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

### QUORUM
- A quorum of 6 was present.

### INFORMATION / ACTION ITEM | MOTION
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**Introductions**
Wilette Diggs was introduced and provided the group her background; over 25 years in HR at Raytheon and is currently Director of Comp/Benefits, HRIS. The board welcomed her and appreciates the commercial side experience.

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

**Meeting Minutes**
The minutes were reviewed.

Bob Harbour made a motion to approve the minutes. Dr. Rodriguez seconded the motion; motion passed 6-0.
**Review Financials**
The financials were reviewed along with the IBNR update.

Christina Cruz reported:
The June 2015 IBNR was restated as the original IBNR as stated was high; Ms. Cruz spoke with Buck and the auditors and was able to average the Feb 2015 and June 2015 IBNR which is $3.3M opposed to $3.9M stated in original June 2015 statement.

July 2015 Financials: status is stable. There was a large medical $382K subrogation recovery payment to the Trust; separated out so as not to distort the financials.

August 2015 Financials: there is a new item on the balance sheet; the UHC income impressed account starting at $607K. This is where UHC claim checks are processed. UHC provides a report of total checks issued as well. This is found under “Current Assets.” Additionally, AmeriBen bumped up processing of outstanding claims before runout started. (Runout will be $13.50 per claim.) So both medical and Rx claims appear high. Dr. West showed the group a graph of the PEPM which is 3 STD above the standard mean as an outlier deviation. Actual costs are fairly stable. To refine our tracking, the Trust must request the weekly claims payments to see how it varies from the rolled up monthly. Ms. Cruz agreed to provide this to see if a 20 week snapshot is as predictable as 20 months. Both Rx and medical will be sent to Dr. West. Bob Harbour commented on the graphs provided by Ms. Cruz. Runout claims will taper off in the next months.

September 2015 Financials: On the balance sheet not much has changed. Liabilities will begin to see A/P claims which reflects the impressed account/checks that have cleared. Also, we had not received the Rx September billing which will be shown on the October 2015 statement. Runout and current claims shown we are down $88K at this time. The runout bill will first be seen in October, as will UHC’s first admin bill. Dr. West estimates these at $230K. The UHC bill will arrive around the 10th of the month; the exact unit prices have now been confirmed, which incorporates the Stop Loss award business. Ms. Cruz stated the unit price from UHC will appear as a single line item going forward which covers admin fees, Rx fees, etc. We do have a dip in enrollment, and the Trust Board would like to understand the reasons for this variation as well as the actual counts of employees and dependents, by Plan. Ms. Cruz can provide this information.

Bob Harbour asked about the investments on page 6. Ms. Cruz confirmed these are all with Wells Fargo. He said the totals do not tie back to the balance sheet by about $1m. For example the Cap One item is not on the schedule. Ms. Cruz explained this; she is using cost on balance sheet and the market value change; using market (not the lower value of market).

**Old Business**

**Claims data file sharing with UHC**
The Trust Board dialed in Robert Hull, Optum Rx, Strategic Account Executive. Optum will begin looking at TUSD data after 1st quarter and then monthly, and will benchmark against their book of business. Dr. West explained how the Board is interested in a possible independent audit.
Rx Adherence Targets & Approach with Optum and UHC:
Bob Hull reviewed the handout from Optum. He reported that specialty drugs are in the headlines; one of the good things is the meds are providing a cure; i.e., Hep C drug. Optum will look at specialty meds for correct patient, time, dose, channel. Optum will coordinate with doctors and negotiate with manufacturers; will provide recommendations as needed. One drug may now treat several types of cancers for example.

The Employee Benefit Trust Board and Mr. Hull further discussed compound drugs. Optum has put controls in place including Prior Authorizations. Any claim that exceeds $200 will be stopped. There are about 40 bulk chemicals that are being excluded if no rationale is provided. There are no true compounding pharmacies in the network but there are a few, and he will identify them. The member must pay cash and submit for reimbursement. Dr. Rodriguez asked about meds for children that need a compound pharmacy (i.e., being required in a liquid form). Optum ensures us that there are legitimate needs for compound pharmacy, and Mr. Hull will confirm.

New Business

United Health Care
Michelle Knudson, UHC Account Executive, reported that UHC will get the aggregate claim report from AmeriBen and determine which doctors are most efficient. UHC has tier one providers who practice in a more efficient manner. If patients use one of those providers, whose rates are a lower cost to the members, then UHC can continue with practice-based data analysis.

One of UHC’s recommendations is to add the Diabetes Health Plan to ensure compliance with rewards. If in the program for a year (AIC, foot exam, eye exam, etc.), patients can get meds at a lower cost. Diabetics are auto enrolled, along with pre-diabetics, the first year. If they are non-compliant, then they will have a cost for the medications versus the non-cost medication plan.

Predictive Modeling
Dr. West stated that once UHC has enough claims data, he will expect identification of the high risk members that are in the population.

2016-2017 Plan Year Suggestions
Among the suggestions were: consideration of employee premiums, pharmacy up-front costs, ACA mandated benefits, UHC algorithms available to price out plan changes, more education, HDHP and shift to consumer driven, more dependent friendly premiums.

Wells Fargo Investments/Tom Hedges
Tom Hedges provided a handout to the Board. It shows an actual portfolio (pg. 3) of $14,357,000.00. Mr. Hedges stated that the maturity weighted average is 2.018 years; 75% is in fixed rate rolling down the curve; 25% is callable agency securities. We are a target market for portfolio CD’s. Nothing has been sold in our portfolio; if something was called, it was done. There was a worker comp issue in which this fund sold 7 funds to the Benefits trust. This was s shift of $1M. Average yield is 1.03. The Trust is a “hold to maturity” customer.
If the Trust wants to move away from hold-to-maturity, it could do so. On page 10, the report shows a list of all held securities. Mr. Hedges explained various situation-based opportunities or avenues for investment. YTD rate of return is back to 12/31/14 of 1.23.

Dr. West stated that one of the issues is that the Trust is restricted by Title 35 rules as to what it can invest in, per state laws.

Mr. Hedges recommended that the Trust get as much money working for it as possible and noted that as things get called they can be replaced at TUSD’s direction (CFO). He suggested buying as many CD’s top rates, with short durations.

**County Treasurer Investments/Bob Harbour**

Bob Harbour has tried to get comparative information from the County Treasurer. The rate from county funds is very similar to Wells Fargo. Wells Fargo is doing satisfactorily in that they provide full information and explanations, and the Trust cannot get that type of detail from the county.

Dr. West explained to Michelle Knudson that the Trust would like to get scenarios built by January. He asked that they provide this by late December in advance of the January meeting.

Dr. Stegeman noted that the plan is great for single coverage – very competitive, but that our low level of subsidizing the family rate is viewed as poor.

Michelle Knudson said that our family OOP will be non-compliant in September 2016 (our plan year renewal) due to non-embedded limits. The plan can move to embedded but that would have to increase Ind Ded to $2500. She can address.

The next meeting will be January 25, 2016 at 5:30 p.m. in the Grey Room at 1010 E. 10th Street.

There being no further business, the meeting was adjourned at 8:15 p.m.

Approved this 25th day of January.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By Dr. Neil West

Dr. Neil R. West, Chairperson