Meeting called to order at 5:07 p.m.

CALL TO THE AUDIENCE

No one requested to speak

INFORMATION / ACTION ITEMS

1. The Board affirmed that a quorum was present

2. Minutes for the prior meeting were reviewed.

Minutes – corrected to 9/20/11 (electronic version showed a Sunday date). Janet Underwood asked the Trust Board members look at the Stop Loss discussion in the minutes, as well as the Trust Agreement going to the Board. Janet Underwood requested the Trust Board to sign off on the Trust Agreement and this was completed.

Minutes clarification of Stop Loss renewal. JoAnn Cipiti said that the minutes should be clarified to show accurate contract

- Janet Underwood will update the 9/20/11 minutes and bring to the next meeting.
requirements. This was briefly discussed but the Trust Board agreed: Stop Loss will reimburse over $517k; there are no savings to put into the Reserve; Mark Mansfield noted that it was viewed as savings so that we could show those savings in the Reserve. JoAnn Cipiti said those savings automatically build into the reserve; will show an IBNR Stop Loss and Stop Loss reserve. Jim Summers will address in his discussion. Dr. West requested a motion to approve the corrections. Bob Harbour made the motion which was seconded by Mark Mansfield the motion carried 5-0.

1. New Business
   a. Buck Consultants introduction and overview
   b. Claims Appeals

As the new TUSD Benefits Consultant, Buck Consultants was introduced to the Trust Board and AmeriBen.

Dr. West asked that we change the order of the agenda, and begin with AmeriBen to start the appeals review.

**Appeal #1:**
AmeriBen presented this 2nd level appeal which has to with failure to pre-certify. Details were discussed. The Trust Board voted on the appeal and Mark Mansfield made the motion to deny the appeal, which was seconded by Yousef Awwad; the motion carried 4-0 with the request from Dr. West to AmeriBen to be sure to send a contractual letter to the physician(s) (both attending and PCP if necessary) and member. AmeriBen showed that this was done on the initial appeal.

**Appeal #2:**
AmeriBen presented this 2nd level appeal which has to do with wellness services that were sought outside of Arizona, in the EPO Plan. Services were denied as the EPO plan shows the services must be in state of AZ. After research, AmeriBen found that CSR at AmeriBen gave out incorrect info on the initial call and said preventive services were covered. This has been addressed with the CSR who handled that call. MARK MANSFIELD asked if AmeriBen would be willing to pay the difference.

There was discussion about a) setting a precedent with regard to human error, b) the impact to this with TUSD’s Stop Loss carrier, c) standing by what verbal information versus standard language that quoted benefits are not a guarantee of payment, d) if a dollar amount cap could be set for errors, e) creating a policy that deals with errors, f) AmeriBen Performance Guarantees.

JoAnn Cipiti noted that the issue admin errors which do happen. Stop Loss would have to agree to adhere to admin errors (which are not always appeals), and be sure to separate that language as a policy.

Dr. West asked for the best step, and Mark Mansfield made a proposal to amend the plan to cover admin errors pending approval from the Stop Loss carrier and asked that Buck also provide a compliance review and to create a policy. JoAnn Cipiti inquired regarding AmeriBen’s Performance Guarantees. Buck will help us develop a possible amendment to our Plan and our responsibilities
regarding re-issuing Plan Document summaries to members, and check with Stop Loss. AmeriBen will still check on their liability. Questions regarding if this would apply to one plan year only.

The motion is that the consultant will review an amendment or a policy to the plan document with Compliance, and also review with Stop Loss; Buck will bring the info back to us. Passed 5-0.

Therefore the appeal has been pended while we are reviewing the administrative process for administrative errors. Bob Harbour made a motion to pend this appeal and Mark Mansfield seconded the motion; carried 5-0.

Dr. West also asked that we make it a policy to move expeditiously on appeals and would have wanted the Sept appeal to have been heard expeditiously. It was discussed that the Plan language shows they will be heard at the “next regularly schedule Trust Board meeting.” Deadlines were reviewed and the appeal was still timely.

Buck Consultants
Louis Montoya introduced Buck; they are part of Xerox. The Service model is 1) on point and 2) on time, and they have the experience to help TUSD with the moving parts of the self-insured plan.

- They have an area dedicated to Pharmacy Mgmt, as well as actuarial expertise.
- Customer Satisfaction happens one moment of truth at a time.
- Compliance sits in the middle of everything they do, and there is a dedicated benefits attorney for the TUSD plan (Laura Paskiweiz).
- Core benefits consulting services are provided – from trust board meetings to vendor management to contract review to plan design, to communications. They do have a communications area that has opportunities for TUSD outside the core service.
- They provide population risk management and analysis. They back it all up with data. They provide claims management to review the cost drivers by area.
- Provides cost and projection data on a monthly basis, so we are never behind.
- There are risk mgmt and reporting services along with audit services including Dep Elig audits which are important. services that are provided
- Customized benefits communications materials are additional services. Vendor audits (ensure the PG are being upheld and PBM contract prices are relevant) are included but dependent eligibility and claim review audit are outside the core services. Provided the overview of the Buck team – JoAnn/plan management; Louis/funnel questions through him.
- JoAnn Cipiti added that they have Absence Management and straight forward compliance questions are included.

Typical Buck attendance will be JoAnn Cipiti, Louis Montoya, and Jim Summers. At times, Buck’s compliance person may attend. Dr. West said that the next meeting is not until January and there is a concern on getting the info. The TUSD auditors will include the following:

- JoAnn Cipiti will provide proposed policy language, review with TUSD’s Stop Loss Carrier, and check with Compliance regarding rules for distributing Plan Documents if an amendment is done.
- Debbie Hainke will check with AmeriBen regarding taking responsibility for the error. A final determination will be made at the next Trust Board meeting.
Trust per Dr. West and JoAnn Cipiti added that Jim Summers will provide the attestation to the financials. Dr. West expressed concern regarding the Pharmacy plan and getting a real understanding of the costs (doctors writing the most prescriptions and generic substitute rates; high cost patients and what can the Plan do to manage them; how often does Buck look at those profiles; concerned that there is a pretty small pool and are there others we can collaborate with?

JoAnn Cipiti indicated that Buck will provide a comprehensive plan review (see action notes). JoAnn discussed with the group the benefits design and rate equity—perhaps there was a determination made to follow the rate setting methodology that Aetna had in place, if that is what happened. When she looks at the benefits, i.e. the EPO, the most they pay is $2k in OOP. PPO is $1500 max OOP. HDP is $5500 max OOP. When they look at the rates, the EPO rates are cheaper then in PPO even though the benefit level does not dictate that. Is showing that self-insured plans will go through stages of evolution

We noted that we need to ensure we review and include the bargaining unit members as outlined in the Employee Agreements.

JoAnn Cipiti noted that the Benefits strategy will include a PBM review to ensure the benchmarking is competitive and address and review the unit costs of the drugs. JoAnn also noted that AmeriBen has the Medai predictive modeling and scrubs 12 months of claims—looking for things like diabetes compliance and disease management. Between January and June 1st, we will have a short- and long-term strategy for TUSD. Dr. West asked for this by March and Buck can certainly provide as requested in chunks (ensure compliance, Performance Guarantees in place, plan design).

Dr. West would like to understand who are the sickest patients and if the data can show us the groups / docs that take care of the most patients and therefore which doctors are the most efficient; Buck indicated that Physician profiling is not included in the Buck core services or the AmeriBen predictive modeling.

It was asked what the Plan would do with that data. Buck says that they are looking at networks and that BCBS has a pilot program in place with physicians' offices so there are changing tools becoming available and will bring us a status of what is happening, and so the Plan may not want to duplicate those efforts.

Dr. West would want to see who is most efficient and who is not getting the job done—maybe narrow the network and if they are really efficient see if BCBS has an incentive program to pay them to do things differently to be efficient. There was caution expressed by Mark Mansfield as members can become concerned.

Buck cautions that when we look at outcome data—i.e. UMC takes a lot of hits and if went to Mayo, they review to see if they will even take you. Must look at the balance—members look at things such as "is my doctor in the plan" and "what is my copay" and Buck can bring us strategy to help us so we don’t have to duplicate federal or state initiatives that are already underway. This will bring a hierarchy of effectiveness as we move through the evolution of the plan.

Buck Consultants will

- Provide a baseline to start with; how the plan will end and how the current year is running.
- Review the Reserve Policy.
- Compliance Department will review the Plan Documents.
- Review the plan design & rates.
- Will provide options for next year’s plan.

- Buck to provide short and long-term Benefits strategy by March (in chunks).
Dr. West said he would like to see procurement become more educated and how to incorporate the TUSD Insurance Advisory Committee. Buck will generally do this when an RFP is done and can take an actuarial review of 12 months of claims. When a claim is re-priced, may see one network do better on physician pricing versus hospitalized pricing and by county. Pima is lower than Maricopa for example. Advised that we may pay a certain amount to another network but another network may be taking another 30% whereas BCBS does not, so whole scope has to be reviewed and Buck is prepared to address this. Mark Mansfield notes that this is also part of how we set the plan rates. There was a first year discount and the rest were the fixed fees for all clients. Dr. West said inflation is not 20% and they have built in 20%. JoAnn Cipiti said they’d look at those contracts – looking at all f them – and will bring that reporting back to us.

Dr. West states again that the Trust Board does not want to be forced with certain contracts and have to make the best of it from a fiduciary standpoint. Janet Underwood pointed out that the TB may have felt distanced due to how the first year came about but that it was her understanding that they have fiduciary overview and not plan design, not that we don’t want their input. JoAnn Cipiti added that statute requires that the bid process is fair and the technical decision is to award fairly through a committee. Louis points out that the yearly renewal is always an opportunity to intervene with data evaluation and may make an effort to say there is no data to support the "not to exceed."

Financial Review
Jim Summers provided the financial overview. Look at Projected Expenses and the $441.89 pepm – is $40+ to the good going into reserves. The loss ratio is 90.2% - the plan year will end well and so far the rates are set appropriately. Page 11 is the next year projection – wants to see more of the PBM data and project it forward to the next year. The loss ratio comes up a bit in the 11-12 year but there is some buffer. Moving forward will have to see if rate increases are of value against plan design.

JoAnn Cipiti has experience with understanding the hospitalization issue that Segal warned us about and how those are subsidizing AHCCS by about 28% of costs are underfunded (this means that the controlled payments of Medicare or AHCCCS) is subsidized by private and un-insured.

Dr. West brought up the wellness program and how to get the data on commercial people and how it pays for people to go to fitness clubs/give a discount. Louis Montoya says they can bring us some case studies to show how case management vs. wellness activity shows up. Those going to the gym already are not the high cost drivers. A well-run wellness program per JoAnn can reduce costs by about 2% and Buck will monitor from a data driven standpoint. Dr. Stegeman would be interested in what we are allowed to do based on rebates and JoAnn said we can review the legislature in the strategy sessions and that both wellness and disease management are reviewed.

Will provide a high level of what they can do for us in January and the Trust Board can help them understand what they would like to see going forward.

• Buck to review all TUSD benefits provider contracts and report to the Trust Board at next meeting.

• Buck to provide high level overview at January meeting.
Page 12 – they look at rolling 12 months periods and at each one of the points is a 12-mo ending point. Used claims back to 2009 using Aetna claims and did not see this trending upward. Dotted line is one mo of claims divided by enrollment so will see peaks and valleys there. Jim says the plan is pretty well controlled.

Sees we have reserve policy in place and they will review it for TUSD but reviewed their highlights on page 13 of the overview. Mark Mansfield points out there will need a discussion of the pre-funding and how that was moved to a reserve. JoAnn Cipiti points out that if there is excess reserves what the plan will be.

Page 14 and 15 develops the IBNR method. He shows $2.6m should be the IBNR and that all the right things are in our reserve policy but sees $2.6 as a more real number based on data.

JoAnn Cipiti stated that at some point the Trust Board will determine what Excess Reserve is.

A pooling arrangement was briefly touched on and could have those discussions; cautions that it really needs to be reviewed and analyzed.

**TUSD Financials**

Janet Underwood reported on the status of the TUSD Financials delay.

Mr. Harbour requested the status of the EBT Audit.

- **Buck to review the Reserve Policy.**

- **Janet will request Finance to report on the Financials and audit status at the next meeting.**

Next meeting will be on 1/31/2012

> Tentatively looking at 2/21/12 or 3/20/12 for the AmeriBen/PBM presentations.

Next regular meeting will be 4/17/12

A motion was made to adjourn the meeting at 7:15pm and Bob Harbour seconded the motion; carried 4-0.

Approved this __31st__ day of __January__ 2012__.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By

Dr. Neil R. West, EBT Board Chair

JLU

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1/5/12