

**LAKE HAVASU UNIFIED SCHOOL DISTRICT #1  
EMPLOYEE BENEFIT TRUST  
BOARD OF TRUSTEES MEETING – AUGUST 2, 2017**

**TRUST MEMBERS PARTICIPATING**

Kari Thompson, Hal Christiansen, Pat Rooney, Marcia Cox & Sam Scarmardo

**OTHERS PARTICIPATING**

Mike Murray, Kelly Morrison, Cheri Tropple, Bonnie Breazeal & Mary Heronema – LHUSD #1

David Stewart – Insurance Professionals of Arizona

Mike Bonney - GDK CPA

Chrissy Carmack & Laura Shackelford - Cerner

**OTHERS ATTENDING (PER SIGN IN SHEET):**

Diana Asseier, Amber Smith, Chris Proulx, Jeff Young, Carol Nowakowski, Nichole Cohen, John Masden, Katherine Cox

Meeting called to order at 3:01 p.m.. Roll call was taken. Pledge to the flag followed.

Mrs. Thompson asked for "Calls to the Public." There was one. Amber Smith from Calvary Baptist Church spoke to the group and told them about an upcoming "Serve our Schools" project in October. All members of the community are invited to participate. There is an on-line sign up at [www.calvarylhc.com/event/serveourschools](http://www.calvarylhc.com/event/serveourschools). Ms. Smith gave a project list to Mrs. Cohen and Mrs. Asseier and said that other churches have volunteered for the project and meetings will be held with individual businesses, car clubs, local civic groups, etc. Mrs. Smith's e-mail address is [serve@calvarylhc.com](mailto:serve@calvarylhc.com) if people would like to contact her directly.

**APPROVAL OF VENDOR REPORTS:**

**2.1) Ratification of approved minutes of the 6-21-17 employee benefit trust meeting** – Mr. Scarmardo abstained from voting due to the fact he was not a trustee on June 21, 2017, and the vote was carried with four yeas.

Thompson - Yes; Christiansen - Yes; Rooney - Yes; Cox - Yes

**2.2) Medical Paid Claims Report** - Mrs. Marcia Cox asked for verification that office visits listed in the report did not include visits to the health & wellness center. Mr. Stewart confirmed this. Mrs. Marcia Cox also asked for confirmation that no treatment for workers compensation issues was included and was told no, those are not included.

Mrs. Marcia Cox mentioned that labs were up 77% since last year. Mrs. Thompson said there may have been specialized labs due to treatment for a serious illness and Mrs. Carmack said some members have had BRCA testing, which may be included in this category. Mrs. Marcia Cox asked Mr. Stewart if he could request a report to explain the difference.

Medical equipment was also up by 112% over the prior year, however Mrs. Thompson said this is probably because diabetes equipment, i.e. insulin pumps, were covered by the plan for the final six months of the fiscal year. Mrs. Marcia Cox asked about the claims refund figures for the year and Mr. Stewart said this was probably due to coordination of benefits or claims that were paid twice, for which refunds were collected.

Mr. Stewart said medical claims during 2016-17 were significantly less than the prior year. The majority during 2016-17 relate to just a few large claims.

**2.3) Dental Paid Claims Report** – Mr. Stewart reviewed the report, which had been provided to trustees prior to this meeting. There were no questions.

**2.4) Financial Statements** – Mr. Murray told the group the balance in the Morgan Stanley accounts as of June 30, 2017, was \$2,877,129.44. There was \$1,901,641.78 in the cash account and \$975,487.66 in the certificates of deposit (CD) account. Mrs. Marcia Cox had asked Mr. Murray about some ACH payments that showed on the statement and was told that Wisconsin Rx, the EBT prescription benefits manager, is paid via ACH.

Mrs. Marcia Cox questioned why there were four payments to Cerner, totaling over \$90,000, and asked for a breakdown of the \$53,000 management fee. Mr. Stewart explained that two payments are made to Cerner, one for management costs and one for prescription drugs that are dispensed to members.

Mrs. Katherine Cox asked if the group was getting interest on the CD's. Mr. Murray said there are currently four CD's which are "laddered." The next CD is due to mature on November 22, 2017 at 1.157%; the second in May, 2018 at 1.15%; the third in November, 2018, at 1.84% and the fourth in October, 2019 at 2.12%. Each CD is valued at approximately \$240,000.00.

Mr. Bonney told the group that the financial statement he prepared was mailed to the trustees prior to today's meeting, for their review. He asked that, in the future, any questions on the statements be mailed to Mr. Murray and Mr. Murray will then communicate with Mr. Bonney. There was discussion about categories under the heading "management fees." On these types of statements, vendors are not normally listed, just the category. Mr. Bonney said that, in the future, there will be a better understanding of what specific vendors fall under each category.

Following a question from Mrs. Marcia Cox, Mr. Bonney said he gets a copy of deposit slips from the district but does not see the actual checks. Mrs. Tropple who works in the District's payroll department said she keeps a spreadsheet, which she currently sends to Mr. Murray and Mr. Stewart. Mr. Bonney asked the Mrs. Tropple copy him as well.

Mr. Murray asked the trustees if, when one trustee asks a question, he should reply to just that trustee or to the entire board. Mrs. Thompson said she would prefer the questions and answers be presented to the entire board when financial statements are reviewed at each meeting.

#### **ITEMS FOR DISCUSSION AND POSSIBLE ACTION:**

**3.1) Trust Audit Report** - Mr. Bonney said he had requested a copy of the revised 2015-16 audit report to complete his financial statements. It is his impression the auditors are just waiting for the management letter on EBT letterhead, signed by Mrs. Thompson and Mr. Murray, in order to finalize the report. Mrs. Thompson said she would sign the letter if the audit report was approved at today's meeting.

Mrs. Thompson said she had previously requested a report on fixed assets. Mr. Bonney said he believes the amount listed in the revised audit report is correct because Mr. Stewart compiled the information that was requested and depreciation was then calculated.

Mr. Christiansen said that although there is a recommendation to improve internal controls in the audit report, he feels a lot has changed in the last year and procedures are now in place to address those concerns. Mr. Murray said that Mr. Nexsen originally contacted the audit firm and asked for additional detail to the original audit report.

Mrs. Cohen said she had two concerns with the revised audit report. She pointed out that the "cost of services" total had changed from the original audit report. She also questioned why the auditor's finding was classified as a "material weakness" one year and as a "significant deficiency" the next.

In response to Mrs. Cohen's comment that she didn't realize Cerner billed the EBT for drugs dispensed at the center, Mrs. Marcia Cox said that she had asked at the last EBT meeting whether Wisconsin Rx could provide better prices than Cerner and, if so, if they could provide the medications that are dispensed at the center. Mrs. Carmack said that Cerner sent a cost report to Mr. Stewart and Mr. Stewart stated that pricing was comparable. Mrs. Thompson mentioned that Cerner does not charge a dispensing fee. Mr. Stewart said that Wisconsin Rx cannot sell Cerner the drugs that are dispensed at the center. Mrs. Carmack said there is some fluctuation from month to month in the number of prescriptions dispensed, i.e. an increase in the winter due to respiratory ailments.

Mrs. Marcia Cox asked Mr. Murray if he feels the deficiencies outlined in the 2015-16 audit report have been corrected. Mr. Murray said, yes, by hiring Mr. Bonney to prepare financial statements, and do reconciliations on behalf of the EBT, he feels the recommendations made by the auditors have been addressed.

Mr. Christiansen made a motion to approve the 2015-16 report, prepared by Heinfeld Meech, as presented at today's meeting. The motion was seconded by Mr. Rooney. Approved unanimously.

**3.2) Telemedicine for Obesity Management** - Mrs. Marcia Cox said she and Mr. Stewart would be meeting immediately after today's meeting to discuss telemedicine, and obesity management in particular. Mrs. Thompson asked if Gilsbar, the EBT third party administrator, can manage telemedicine claims. Mr. Stewart said yes, if a claim is filed with a CPT code, it can be processed just like an office visit.

Mrs. Carmack mentioned that Cerner will be presenting information on telemedicine during their presentation at the September meeting. Mrs. Thompson said she would like to see how the plan document would be changed. This item was postponed until September.

**3.3) Revised EBT Trust Document** - Mrs. Thompson said that, to the best of her knowledge, the two attorneys, one representing the District and one representing the EBT, have not spoken to each other about the latest draft version of the document. Mrs. Asseier said the District's attorney had provided one recommended revision. This item was postponed until the next EBT meeting in September, 2017.

**3.4) Set-Up Fee to Gilsbar for Eligibility Feed to United Vision** - Mr. Stewart asked Gilsbar if they could set up a "bridge" to feed the eligibility list they get from the District's payroll department to the new vision provider, United. This would also apply to the dental provider, Ameritas. Currently personnel in the District's payroll department must input information in four different spots, i.e. medical, dental, vision and life. Having the bridge would mean information would only need to be entered once.

Gilsbar said they could hire a computer programmer to do the work, however the estimated cost would be \$1,500.00 per vendor "bridge." They said they would not know the exact cost until they got into it and have a better idea of the hours needed to complete the project. Mrs. Thompson said a motion could be made with a "not to exceed" limit specified. Mr. Stewart said this should be a onetime expense unless the vendors completely changed their systems in the future.

Mrs. Asseier asked what Gilsbar's responsibilities were. Mr. Stewart said they are the EBT third party administrator and pay all of the EBT bills/claims, except Rx. Mrs. Marcia Cox said they were paid to process claims, not verify eligibility for insurance. Mr. Scarmardo said he thought that if there was no further charge, the \$1,500-\$3,000 estimate was actually a bargain. Mrs. Marcia Cox said she feared the LHUSD#1 EBT would pay the expense to create this "bridge" and then Gilsbar would let other clients use it for no extra charge.

Mr. Stewart was asked if Gilsbar could charge the EBT an additional per member fee to send the eligibility information to the other vendors. He said the contract for 2017-18 is in place and cannot be changed without authorization and signature of the EBT. Mr. Scarmardo suggested this be part of the RFP issued in the future.

Mr. Stewart said there are several companies selling "on-boarding" software which allows companies to provide the information to vendors.

Mrs. Marcia Cox said that since payroll is already in the middle of enrollment she doesn't think there is a big hurry to make a decision. She would prefer to get detail from Gilsbar about exactly how much it would cost to build the "bridge." The item was postponed until September, 2017.

**3.5) Election of Committee Members to Evaluate EBT Consultant Proposals** - Mrs. Thompson asked for recommendations on who should serve on the team to evaluate EBT consultant proposals. The RFP was issued on July 31, 2017 and proposals are due to the District by Friday, August 25. Per the RFP, evaluations will take place the week of August 28, 2017.

Mrs. Thompson said her recommendation is for all of the EBT board of trustees to participate in the review if they are available. She said she would also like input from staff at the district office and asked Mrs. Cohen if a member of the District's Governing Board should also participate. Mrs. Cohen said no, she thought that should be up to the EBT board. She did recommend the Superintendent be part of the evaluation team, along with Mr. Murray, the Director of Business Services and Mrs. Heronema if Mr. Murray recommends that.

Mr. Murray said an evaluation tool will be sent to the evaluation team, along with copies of proposals received by the due date/time. The scores from each evaluator will be tallied and then the vendors will be ranked. Mrs. Heronema asked the group if they would prefer sitting together to do the evaluation or would like to do them independently. It was decided that proposals and the scoring criteria will be sent to the evaluation team by e-mail for independent evaluation. After the scores are tallied, a meeting will be held to go over the results. A recommendation will then be taken to the September EBT meeting for a vote and will be presented to the Governing Board, for information only, in October, after which the successful candidate will be notified. This vendor's duties will start in January, 2018.

**3.6) Utilization Analysis per 1000 Members** - Mr. Stewart provided information requested at a previous EBT meeting. The data presented to the trustees does show that office visits have decreased every year since the center opened in 2012. Mr. Masden said this was good information and sets a benchmark. Mrs. Thompson asked for updates of this report in the future. Mr. Masden said he would like to see a cost analysis with regards to the center. Mrs. Thompson said Cerner will making a presentation at the September 2017 EBT meeting, and will also include information requested by Mrs. Marcia Cox, regarding specific disease codes.

Mrs. Shackelford asked the group for clarification on the term "cohort data." Does this refer to only members who have been utilizing the center since it opened five years ago? Mrs. Thompson said yes, that is her understanding. Mrs. Cohen said the cohort data presented in the past has been confusing in that it appears that group has basically always been healthy. She would like clarification.

**3.7) Update on Life Rates** - When the original quotation was received from Guardian, the District paid life rates were significantly lower than the current vendor, however there was some concern with the voluntary rates paid by members. Guardian has agreed to match the rates of the current vendor. Mrs. Tropple said one age group was categorized a little differently than the current life insurance vendor but, other than that, the rates did appear to be consistent. Since a motion was made at a previous meeting, approving this vendor if rates were kept the same, a new motion was not required.

**CALL FOR EXECUTIVE SESSION:**

4.1) An executive session was not required.

**VOTE ON APPEALS:**

5.) There were no appeals filed since the previous EBT meeting, therefore no vote was required.

**SET DATE AND TIME FOR FUTURE TRUST MEETINGS:**

6.1) September 28, 2017 - 3:00 p.m. (date changed from September 27, 2017 per a request from Mrs. Thompson)

6.2) November 15, 2017 - 3:00 p.m.

6.3) February 21, 2018 - 3:00 p.m.

6.4) April 25, 2018 - 3:00 p.m.

**FUTURE AGENDA ITEMS FROM TRUSTEES:**

7.) Mr. Scarmardo asked that the items postponed from today's meeting to September be added to the agenda. Mrs. Cohen requested a breakdown of the billing from Cerner. Mrs. Thompson said she would send an e-mail to Cerner to request this information.

**FUTURE AGENDA ITEMS FROM BENEFIT CONSULTANT:**

8.) No comments from Mr. Stewart.

**ADJOURN:**

9.) Mr. Rooney made a motion to adjourn the meeting at 5:00 p.m. The motion was seconded by Mr. Christiansen. Approved unanimously.

Respectfully submitted,

Kari Thompson, Chairman, LHUSD #1 Employee Benefit Trust