

**LAKE HAVASU UNIFIED SCHOOL DISTRICT #1
EMPLOYEE BENEFIT TRUST
BOARD OF TRUSTEES MEETING – DECEMBER 13, 2016**

TRUST MEMBERS PARTICIPATING

Cinda Ross, Kari Thompson, Hal Christiansen, Jo Navaretta & Colleen Pankow

OTHERS PARTICIPATING

Missy Wood, Bonnie Breazeal, Cheri Tropple & Mary Heronema – LHUSD #1

David Stewart – Insurance Professionals of Arizona

Chrissy Carmack, Stephanie Lewis, Brian Baker & Don Stubbs - Cerner Corporation

Reid Nelson - Vision Care Direct

Jen Hern & Joyce Perez - Gilsbar

Ken Downie - Alliance Work Partners

OTHERS ATTENDING BUT NOT PARTICIPATING:

Nissa Harris, Lori Felish, Claude Sanders, Sharon Neece, Michael Murray, Carolyn Alexander, Kristy Morelli, Amy Barney, Kristen Friesz, John Masden, L.A. Ward, Marcia Cox, Nichole Cohen, Andrea Helart, Diana Asseier, Steve Ahrens

Meeting called to order at 10:45 a.m. Roll call was taken. Mr. Rooney was not present. Pledge to the flag followed.

MEDICAN PLAN ANALYSIS - GILSBAR: Joyce Perez of Gilsbar reviewed the report for the current period of July 1, 2016 through November 30, 2016 versus the prior period of July 1, 2015 through November 30, 2015. The highest amount of claims year-to-date are musculoskeletal system, with four claims totaling \$112,000. Neoplasm claims are higher than the same period last year, as are digestive system claims. Total year-to-date medical claims are lower than the prior period and come to just over \$1 million.

The top inpatient facility claim during the current period is St. Joseph's Hospital and the top outpatient facility is Havasu Regional Medical Center. The top ten high cost claimants amount issued totals \$593,083 for the current period. The per member per month total for current period is \$262.65 versus \$270.98 in the prior period.

Mr. Stewart pointed out that both emergency room visits and office visits, outside the center, are down. Mrs. Carmack said most members start at the center when there is an issue.

There has been a significant increase in claims filed by covered spouses as opposed to employees during the current period.

Mr. Stewart told the group in attendance that reports discussed today would be published on the district website, along with the approved minutes.

Mrs. Cox asked if Gilsbar was able to query diagnostic codes and was told by Mrs. Hern that yes, that option is available.

RX REPORT - A conference call was placed to representatives from Wisconsin Rx Cooperative, however the telephone was not working properly and the trustees were unable to hear the conversation. The telephone call will be postponed until the January EBT board of trustee's meeting. The subject of this call is to discuss the potential of a standard formulary and the potential savings to the EBT. Mr. Stewart asked that a list of prescriptions in question, and the projected savings, be available ahead of time. If a change is made to the current plan, it will go into effect July 1, 2017.

Mr. Stewart presented a report showing prescriptions filled outside the center. The LHS EBT uses an outside vendor, Wisconsin Rx Cooperative. EBT members have done a very good job of using generics, when available, which not only saves the trust money, but the covered members as well. Mrs. Wood asked how much prescription drugs have gone up year to year. Mr. Stewart said that, according to a recent survey, the cost of drugs went up 9% in calendar year 2015. He also mentioned that a Hepatitis C vaccine is very expensive to purchase, however the upshot is that it is thought to cure the disease.

Mrs. Cox asked if a report could be done to compare the cost of generic drugs through Wisconsin Rx Cooperative to the generic drugs purchased and supplied by Cerner Corporation at the center. Mr. Stewart said he could do that if the trustees ordered it, however it was decided that both Cerner and Wisconsin Rx Cooperative have strong buying power since they are large organizations and it would not be convenient for members to go and get a generic prescription filled at the pharmacy if they are at the center anyway and can get their prescription filled at the time of their appointment. If members had to go to the pharmacy to get their prescriptions filled there would also be a co-pay. Mrs. Cox said her question was whether it would be beneficial to the EBT if members shared in the cost of filling prescriptions, even generics.

DENTAL PLAN ANALYSIS: Mr. Stewart explained that several years ago the EBT board asked Ameritas to build a network of dental providers in Lake Havasu City and the group voted to make the switch. Since then the network has grown and both the EBT board and the members seem very happy with the result. Ameritas is paid only an administrative fee. Both PPO savings and claims savings have been significant.

UNUM VOLUNTARY PLANS: Dana Newman from UNUM told the group that life insurance claims over the last few years have been higher than typical. The group will need to increase participant premiums but plan to meet the EBT "in the middle." Short term disability rates should have been raised last year but UNUM agreed to postpone the increase. Dana will plan to attend either the January or March EBT meeting to present some premium options. Other districts have instituted an "opt out" instead of an "opt in" method for people to sign up for the coverage.

VISION PLAN ANALYSIS: Mr. Nelson made a presentation that showed information obtained from Gilsbar, the EBT third party administrator, that currently processes vision claims. After reviewing the report Mr. Nelson said it appears that some providers may not be coding office visits correctly. Using software available through Vision Care Plus this can be detected and a potential savings to the EBT should be realized. Mrs. Cox asked if the change to processing vision claims by Vision Care Direct rather than Gilsbar would require the current agreement with Gilsbar to be amended. Mr. Stewart said yes.

Mrs. Pankow verified that medical claims involving eye care would still be processed through Gilsbar.

Mrs. Thompson made a motion to use the Vision Care Direct PLUS plan, as presented, to process vision care claims effective July 1, 2017. Mrs. Navaretta seconded the motion. Approved unanimously.

CFAR YEAR-TO-DATE 2016-17: Mr. Stewart asked that this item be tabled in deference to another item listed on the agenda. Mrs. Thompson said she would like the latest balances (as of November 30, 2016) in the Morgan Stanley EBT accounts. Mrs. Wood told the group the balance in the general account was \$2,058,000, the balance in the retiree account (required by GASB) was \$1,223,000, with a total balance of \$3,281,000. Mrs. Thompson asked that monthly totals from July 1, 2016 through October 31, 2016, also be forwarded to the trustees. Mrs. Heronema will send this information. Mrs. Ross requested that the totals be forwarded to the trustees on a monthly basis in the future.

When questioned about reconciling the bank accounts with expenditures, Mrs. Wood explained that, although the school district business office has been receiving the Morgan Stanley statements, they only recently started receiving check registers. In order to produce meaningful reports, all expenditures must be balanced against the account information. Because several different vendors are involved, it has been difficult to get a thorough and comprehensive report assembled. Mrs. Wood and Mrs. Opie from the LHUSD#1 accounting department are working diligently, now that they have the information they have been requesting, to produce the reports the auditors have requested.

Mrs. Wood said the paperwork to have a separate outside audit of the EBT has been signed and submitted to the audit firm, Heinfeld Meech. Once the district's audit has been completed, the firm will complete that audit as well.

TRUST AGREEMENT: Mrs. Cohen said that all changes to the original trust agreement had not been redlined. Mr. Stewart suggested the trust agreement be tabled and reviewed again at the next EBT meeting. Per Mrs. Ross, all changes should be highlighted, sent to the trustees and posted on the district website, allowing employees and citizens to view the document.

PLAN DOCUMENT: Mr. Stewart said the ERISA attorney was currently reviewing the plan document and had hoped to have it ready by the date of this meeting, however it was not finalized. Mrs. Thompson asked why the plan document was being edited now since changes went into effect July 1, 2016. Mr. Stewart explained that the plan document is very long and outlines the benefits without mentioning actual dollar amounts, which can change year to year. This item was tabled until the next EBT meeting.

Mrs. Cox asked if the plan document would address the fact the district is paying the difference between the 2015-16 and 2016-17 dependent premium. She said this is a material change to the plan. Mrs. Thompson said the rates were set prior to finalization of the 2016-17 budget and Mr. Stewart said it was the district's governing board who made the decision for the district to cover the premium increase. Jen Hern from Gilsbar said the plan document does not list the premiums since the amount is subject to change year to year. Mrs. Navaretta said the plan document is currently being reviewed by the attorney hired by the EBT. Mrs. Cox recommended the specific question be asked of the attorney.

EMPLOYEE ASSISTANCE PROGRAM: Mr. Downie of Alliance Work Partners gave the trustees and audience members information to review. Mrs. Carmack from the LHS EBT health and wellness center asked if she could schedule a conference call with Mr. Downie to discuss the lack of mental health services available in Lake Havasu City and some possible solutions. Mr. Downie said yes, he would be available for a telephone call. He also said that if people are not able to receive the services they need they should call AWP back and let them know.

Mrs. Pankow asked about situations where a caller may be suicidal and how it is handled. Mr. Downie said if that seems to be the case the call would be transferred to a case manager with more experience.

Mr. Downie reiterated that the information presented was only statistical information and that all records are completely confidential. The program is doing well and has received positive reviews with EBT members who utilize the service. During 2015-16 the participation was as follows: 69% employees, 8% spouses, 15% undisclosed and 8% retirees. The typical percentage of members who utilize the service is 2-3% however the LHUSD#1 EBT percentage of users is higher.

APPROVAL TO ISSUE REQUEST FOR PROPOSALS FOR ACCOUNTING SERVICES: Mr. Stewart said he had been asked by the trustees to look for an accountant to handle the reconciliation of the EBT bank accounts against all expenditures. He found someone in town willing to do this at a rate of \$50.00/hour. He asked for permission to issue an RFP to a number of accountants.

Mrs. Navaretta said she did not like using an hourly rate. Mrs. Thompson asked what self funded trusts in other districts do. Mr. Stewart said that most are handled at the school district, however Mrs. Wood reiterated that someone should be getting all the information needed to accomplish this. Mrs. Navaretta said the problem is that several different vendors are handling processing of claims, which has made it impossible to get all of this data sent to one point.

Mr. Masden said he would recommend contracting with an accountant for a certain period of time and then try to bring it back to the district office for processing. Mrs. Navaretta said a period of one year should give the person time to get a system in place.

Mr. Christiansen asked if there was a person at the district office designated to do this. Mrs. Wood said there has been a lot of turnover in the business department and that she and Mrs. Opie are both retiring in early January.

Mrs. Navaretta made a motion to issue a request for proposals for services from a local certified public accounting firm, with a deadline of January 15 to receive proposals. The contract will be for one year. Mrs. Pankow seconded the motion. Approved unanimously.

Mr. Christiansen asked Mr. Stewart to put a discussion about smoking cessation on the agenda for the next EBT meeting.

The meeting was adjourned at 2:10 and the board of trustees went into executive session.

The meeting was called back to order at 3:25 p.m.

Mrs. Pankow made a motion to deny Appeal #1. The motion was seconded by Mrs. Thompson and was approved unanimously.

Mrs. Pankow made a motion to deny Appeal #2. The motion was seconded by Mrs. Thompson and was approved unanimously.

Mrs. Thompson made a motion that the LHUSD#1 employee benefit trust cover the cost of diabetic pumps and supplies through Wisconsin Rx Cooperative, using NDC approved codes. The motion was seconded by Mrs. Pankow and was approved unanimously. Approval of this item will address Appeals 3 & 4.

Mrs. Thompson asked if the extended timeline for deductibles could be posted on the district website because members are not aware it was extended until June 30, 2017.

Mrs. Thompson brought a concern from an employee about an emergency room physician being out of network when a member went to that facility but was not admitted. Mrs. Pankow said the person would need to file an appeal.

Future trustee meeting dates/times:

January 24 - 12:30 p.m.

March 15, 2017 - 11:30 a.m.

June 21, 2017 - 11:30 a.m.

Meeting adjourned at 3:28 p.m.

Respectfully submitted,

Cinda Ross, President, Employee Benefit Trust