

**LAKE HAVASU UNIFIED SCHOOL DISTRICT #1  
EMPLOYEE BENEFIT TRUST  
BOARD OF TRUSTEES MEETING – JUNE 21, 2017**

**TRUST MEMBERS PARTICIPATING**

Kari Thompson, Hal Christiansen, Pat Rooney, Marcia Cox & Mark Nexsen

**OTHERS PARTICIPATING**

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

David Stewart – Insurance Professionals of Arizona

Mike Bonney - GDK CPA

Rich Hanna - Ameritas

Joyce Perez - Gilsbar

Chrissy Carmack & Laura Shackelford - Cerner

**OTHERS ATTENDING BUT NOT PARTICIPATING (PER SIGN IN SHEET):**

Stephanie Lueras, Kathy Cox, John Masden, LiAna Fuentes, Diana Asseier

Meeting called to order at 3:03 p.m.. Roll call was taken. Pledge to the flag followed.

Mrs. Thompson asked for "Calls to the Public." There was one. LiAna Fuentes addressed the EBT Board of Trustees and voiced two concerns on behalf of District retirees. The first was the lack of retiree representation on the Board and the second was the premium increases the retirees have experienced over the last few years. Ms. Fuentes said she and other retirees were loyal to the District and feels the loyalty to retirees has become less and less.

**APPROVAL OF VENDOR REPORTS:**

**2.1) Ratification of approved minutes of the 5-17-17 employee benefit trust meeting** – A motion to approve the minutes as presented was made by Mr. Christiansen and seconded by Mr. Nexsen. Vote was approved unanimously.

Rooney – Yes; Christiansen – Yes; Cox – Yes; Nexsen – Yes; Thompson – Yes

**2.2) Approval of EBT Audit Report** - Mr. Stewart said that all of the information requested by the audit firm, Heinfeld & Meech, had been forwarded to them, however he hasn't heard back from Melanie Askew, the lead auditor. He tried to e-mail her but received an "out of office" message this week.

**2.3) Morgan Stanley Report** – Mr. Murray told the group the balance in the Morgan Stanley accounts, as of May 31, 2017, was \$2,118,000 cash and \$975,000 in investments.

**2.4) 2017-18 Vendor Rates** – Mr. Stewart explained that the vision and dental premium amounts for 2017-18 decreased, however medical rates were raised, across the board, approximately 5%. Mrs. Cox asked about the gold and silver plans that are offered to retirees. Mr. Stewart reviewed the difference in those rates. The information will be e-mailed to the trustees.

Reports from Ameritas and Gilsbar were provided to the trustees prior to this meeting. Mr. Hanna of Ameritas gave a quick report on the dental coverage offered to LHUSD#1 EBT members. He said this year's spend was down approximately 2-1/2%. Both claim and PPO savings are up. There has been a slight increase in restorative services and dental surgeries are above the national benchmark. Members have filed 99.9% claims in network. The typical average is 81%.

Ms. Perez of Gilsbar said she would address an item listed later in the agenda and would take questions on the report provided at that time.

**2.5) Issuance of Request for Proposals - EBT Consulting Services** – Mr. Murray stated that the final version of the RFP had been e-mailed to the trustees. Dates were highlighted in that version. He asked if all the trustees were in agreement that the process begin in July, 2017 and the goal would be to award the contract for consulting services effective January 1, 2018. He also said that some or all of the trustees should be involved in the proposal review process,

which will probably take place in late August or early September, due to procurement guidelines involving the issuance of the RFP.

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

**3.1) EBT Consultant Compensation** - Since the 2017-18 vendor agreements no longer cover payments to Mr. Stewart, the method of paying for his services will need to be changed through December 31, 2017. Mr. Stewart said the existing contract states his rate of payment will be 1.5% of the District's annual premium contribution. He said he would bill on a monthly basis and the amount will be included in Mr. Bonney's financial reports each month. Mr. Stewart then stated that his current contract requires a 30 day written notice before it is terminated. Mrs. Thompson said that 30 day notice would be necessary whether the new contract was awarded to Mr. Stewart or to another candidate.

**3.2) Telemedicine for Obesity Management** - Mrs. Cox said she has seen several studies indicating that telemedicine is a very effective method of treating obesity and the chronic conditions that go along with that condition. She asked Mr. Stewart to assist her in putting together a presentation to the trustees at a future meeting.

Mrs. Carmack said that via the Cerner wellness portal there currently is availability for members to communicate with trainers and/or nutritionists by e-mail or by telephone. Mr. Stewart said he remembers reading a few months ago that Cerner had signed an agreement with a telemedicine provider and Mrs. Carmack said she knows that a plan to roll out that availability is planned in the future.

Meeting attendee Stephanie Lueras said she has worked with a telemedicine provider and had great success with it during her weight loss journey. Mrs. Cox said the benefit is often available other than normal business hours, i.e. after 7:00 p.m. or on the weekends, which is very helpful to people needing the service.

Mrs. Thompson asked about the billing for this type of service. Mr. Stewart said it is normally paid through a per member per month set fee or can also be set up where members would pay a co-pay as they do for an office visit. He currently works with a client in Parker, Arizona that introduced telemedicine and they use the per member per month plan. The program has been very successful.

**3.3) Trust Accounting Services 2017-18** - The current contract with Mr. Bonney of GDK CPA, LLC is due to expire June 30, 2017. Mr. Bonney has provided a proposal to continue to provide accounting services to the LHUSD#1 employee benefit trust during 2017-18 with a modest increase from \$250.00/month to \$300.00/month. Mr. Murray recommended this renewal be accepted and pointed out that a lot of progress has been made and financial statements were provided to the trustees prior to today's meeting.

Mr. Christiansen asked if reports would be provided on a monthly basis during 2017-18 although the trustees would plan to meet quarterly. Mr. Bonney said he would recommend monthly reports.

Mr. Nexsen made a motion to accept the engagement letter from GDK CPA, LLC effective July 1, 2017 through June 30, 2018 at a cost of \$300.00/month. Mr. Christiansen seconded the motion. Approved unanimously.

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

Mr. Bonney said the statements distributed prior to this meeting, for time period July 1, 2016 through May 31, 2017, will change once he receives the final audit report. He pointed out that he prepared the statements on a modified cash basis and the auditors prepare their reports based on GAAP (generally accepted accounting principles). He said that the balances the trustees see on the Morgan Stanley reports will be different than on the reports he provides due to outstanding checks.

Regarding a question from a trustee as to whether line items can show exactly how much is paid to each vendor, Mr. Bonney said vendor names are normally not identified on these types of statements. He said he can break professional fees down by category if so instructed by the trustees. Mr. Christiansen asked that professional fees be broken down by the following categories: legal, accounting, consulting, management, and miscellaneous for things that don't fit in the other categories.

**3.4) Final Approval Employee Paid Voluntary Life** - At the last EBT meeting the rates proposed by Guardian for voluntary life insurance were a little higher than the current vendor, UNUM. Mr. Stewart was asked to find out whether Guardian would match those lower rates. Initially he was told that yes, they would match them. He e-mailed for confirmation and asked for specific rates, in writing, but as of today's meeting had not received a response.

Mr. Stewart said that it had been decided to postpone the effective date for the rollout of a new vendor and rates until September 1, 2017, because there was not time to get the new forms into place prior to open enrollment for the district during May, 2017. Mrs. Thompson asked if there would be time to get everything into place if the next EBT trustee's meeting takes place on August 2, 2017. Mr. Stewart said yes, he thought this would work. Mr. Murray concurred although he said the sooner they get the plan documents the better.

Mrs. Cox asked for a review of the motion made at the previous EBT meeting to make sure it didn't include an effective date of July 1, 2017. It was confirmed that no date was mentioned.

**3.5) Report on Subcommittee Review of Trust Document** - Mrs. Thompson said she, Mrs. Cox and Mr. Christiansen worked with two district governing board members and two members of district administration to review the original trust document and many revisions were made, including the creation of two exhibits which will be updated annually.

The next step is to send the document to the attorney representing the school district and the attorney with Cavanagh Law Firm, contracted by the LHUSD#1 employee benefit trust for their review and collaboration.

Mr. Christiansen made a motion to send the document to Cavanagh Law Firm for review on behalf of the LHUSD#1 employee benefit trust. The motion was seconded by Mrs. Cox.

Mr. Nexsen - Yes; Mr. Christiansen - Yes; Mr. Rooney - Yes; Mrs. Cox - Yes; Mrs. Thompson - Yes

**3.6) Review/Approve Stop Loss Rates for 2017-18** - Mr. Stewart provided the list of proposed rates for stop loss coverage during 2017-18. Based on claims through May, 2017, the current vendor, American Fidelity, agreed to keep the current aggregate attachment point. Rates would decrease by approximately 1.6% in 2017-18, keeping the specific deductible of \$130,000.

Mr. Nexsen made a motion to accept Option 1 on the list provided to the trustees and retain American Fidelity as the stop loss provider during 2017-18. Motion was seconded by Mrs. Cox. Approved unanimously.

Rooney – Yes; Cox - Yes; Christiansen - Yes; Nexsen - Yes; Thompson - Yes

**3.7) Health Savings Account through the EBT** - At a previous EBT meeting a member asked if a health savings account was an option for members who are currently utilizing the flexible spending account offered by the LHUSD#1 employee benefit trust. Mr. Stewart reached out to rule making organizations to verify that if a member would utilize a health savings account they would not be able to utilize services at the center at no cost and would be required to provide a co-pay. Ms. Perez from Gilsbar added that a member would actually need to meet a deductible amount and then be subject to co-pays.

Mr. Nexsen said it does not seem there would be a lot of benefit for members. Mrs. Cox asked Mr. Stewart to put something together, in writing, to explain HSA's (health savings accounts) versus FSA's (flexible spending accounts). Mrs. Carmack asked about another option, a health reimbursement account (HRA). Mr. Stewart said this is a "promise to pay" by employers up to a certain amount.

**3.8) Definition of Ministerial** - At the last EBT meeting Mr. Stewart was asked to define the word ministerial, which is included in the current consultant agreement. The applicable definition is "acting as an agent."

**3.9) Rx Plan Revision Effective Date** - Mr. Stewart said he had received an e-mail from Chris Schanz, National Cooperative Rx, to let him know the approved change to the Rx plan could not become effective July 1, 2017, but would instead have an effective date of October 1, 2017. All employees who will be affected will be notified by letter. Mrs. Thompson was asked to sign the documentation after the meeting. Mrs. Cox asked Mr. Stewart if this year's plan would be pro-rated so the renewal date would still be July 1 of each year. Mr. Stewart said yes, this year's renewal would be pro-rated (October 1, 2017 through June 30, 2018).

**3.10) Hospital and Home Health Care Referrals by Nurse Practitioners** - Based on a comment from a member at a previous meeting, Mrs. Carmack said she and Mrs. Shackelford had done some research on this. The Arizona Board of Nursing states that nurse practitioners can provide referrals for home health care and hospice services, however Medicare does not allow this. Since employees over the age of 65 would have district insurance, and it would be primary, there should be no problem with the nurse practitioners signing this paperwork.

With regards to the local hospital, that facility does accept referrals from the nurse practitioners at the center, with the exception of infusions, which is a corporate policy. These infusions generally involve treatment of osteoporosis. The hospital in Kingman does accept referrals from the center and a couple of members go to that facility for infusion services.

Mrs. Cox asked Mrs. Carmack to check on home health care through the hospital to see if their referrals would be accepted. Mrs. Thompson reminded members to check with Gilsbar on what and what isn't covered under the LHUSD#1 EBT plan.

**3.11) Gilsbar Report on Office Visits and ER Visits Year over Year** - Ms. Perez provided a one page analysis to the trustees. Mrs. Carmack asked if the report broke out primary care office visits, however Ms. Perez said it was just overall office visit and primary care can't be separated.

Mrs. Thompson asked, with regards to wellness visits, if pediatric visits could be broken out. Mrs. Cox said there should be CPT codes specific to age range. Ms. Perez said she would check on this.

Mr. Nexsen said the data did not appear to be correct if the reports were going by calendar year rather than the fiscal year used by the EBT, July 1 through June 30. The trending just didn't match up with other data the trustees were given. Ms. Perez said she would check back with her team. Mrs. Thompson asked if she could report back in August. Mr. Stewart asked that the report be run using the fiscal year time frame rather than calendar year, to alleviate confusion.

**3.12) Report on Trust Attorney Billing** - Mrs. Cox said that after the last EBT meeting she had requested all billing information from Cavanagh Law Firm. After receiving a CD from the firm she has now reviewed it and requested that the discussion be held in an executive session on the date of this meeting, 6-21-17, due to attorney client privilege.

**3.13) Cerner Update** - Mrs. Carmack and Mrs. Shackelford presented information on the final WOW visits of 2016-17 and other things that have happened at the center during the last quarter. Participation in WOW continues to be well above the national average. The 2016-17 WOW program will wrap up on June 30, 2017, and the 2017-18 WOW appointments will run from July 10, 2017 through December 23, 2017, with only one WOW appointment to be scheduled during the year rather than two. Data from the 2016-17 WOW program will be presented during Cerner's annual report in September. Mr. Stewart asked if a report from Cerner could be available on August 2. Mrs. Carmack said she would check but didn't think it would be available by then.

Mrs. Cox asked for a copy of the Power Point shown today. Mrs. Carmack was asked to e-mail it to Mrs. Heronema for distribution to the EBT trustees. Mrs. Carmack said the full plate diet pilot, with ten EBT members participating, was very successful, with an average weight loss, during eight weeks, of 2.8 pounds. The group met on Saturdays at the member's request and, since the response was very positive, another program will be held during 2017-18.

Mrs. Shackelford reviewed the center's annual initiative, which this year was diabetes control. There was significant reduction in A1C levels among members utilizing services at the center. Last year the initiative was hypertension and there was similar success in reducing levels.

Mrs. Cox asked the average time of a visit to the center. Mrs. Shackelford said a typical visit is booked for 30 minutes and a physical is booked for an hour. Urgent care visits are scheduled for 25 minutes. Mrs. Carmack said the actual appointment times go by what the patients need. Sometimes multiple issues are covered during a visit.

Mrs. Cox asked if the full plate diet had been limited to ten. Mrs. Shackelford said that, initially, ten people indicated an interest. Mrs. Cox then asked how many of these people attended all eight sessions. Mrs. Carmack and Mrs. Shackelford said that nobody attended all eight but seven people attended at least four meetings. Mrs. Cox then asked if the center was open on Saturdays when the meetings were held. Mrs. Carmack said yes, the center was open at that time. She also told the group that a grant the center staff obtained was used to purchase the books and supplies for this program and other wellness programs throughout the year.

Mrs. Cox asked when the trustees could expect to get diagnosis information on the five chronic conditions she inquired about previously. Mrs. Carmack said a meeting had been held this week to discuss this. Mr. Stewart said CPT codes from Cerner will be forwarded to Gilsbar for diagnosis coding and then the information will be forwarded to Dave Stewart, who will then send the information back to Cerner. Mrs. Carmack mentioned that Gilsbar does not manage conditions like Cerner does. As third party administrator their job is to pay claims. Cerner can actually track progress on disease management. Mrs. Cox said the 5% increase in fees charged by Cerner is based on condition improvement, which is why she is requesting information on outcomes compared to CPT codes. Mr. Stewart said he looked at the minutes from April and only saw a request for information on four conditions: diabetes, BMI, hypertension and hyperlipidemia. Mrs. Cox said the videotape refers to five conditions.

Mrs. Cox asked about the 38 patients followed for improvement in diabetes levels. Mrs. Carmack said that A1C levels under 7 are considered to be control. The group of patients with levels between 7 and 9 was reduced and 2 patients with levels above 9 dropped. One patient went from a level of 14 to a level of 11 and is on their way to reducing even further.

Mrs. Kathy Cox asked how new staff would find out about the benefits offered at the center. Mrs. Breazeal said a "Know Your Benefits" session is held for new employees every year and lasts around three hours. Mrs. Carmack said a representative from the center has attended these sessions in the past. Mrs. Kathy Cox said she thought the insurance representatives from each site would be a valuable tool to educate new employees. Mrs. Shackelford said one of the things she and Mrs. Carmack intend to do is to join employees for lunch at the high school and the middle school, and also the elementary schools if time permits.

Mrs. Carmack said a new provider in town has offered to conduct some free derm screenings at the center. A program entitled "Passport to Better Health" will also be unveiled during 2017-18. Members will be given "stamps" in their passports for completing certain wellness tasks, such as mammograms, colonoscopies, attending educational sessions, cooking classes, etc.

Mr. Rooney made a motion to go into executive session at 5:30 p.m. The motion was seconded by Mrs. Cox. Approved unanimously.

Rooney – Yes; Christiansen – Yes; Cox – Yes; Nexsen – Yes; Thompson – Yes

Everyone except the EBT trustees were asked to leave the room.

The meeting reconvened at 5:45 p.m.

**4.2.6) Set Date and Time for Future Trust Meetings** - Two meetings were scheduled, the first on August 2, 2017 at 3:00 p.m. and the second on September 27, 2017, 3:00 p.m., both in the board room at the District Office.

**4.2.7) Future Agenda Items from Trustees** -

Mr. Christiansen asked for an item to review and approve the revised Trust Document.

Mrs. Cox asked for an agenda item to present information on telemedicine.

**4.2.8) Future Agenda Items from Benefit Consultant** - No comments from Mr. Stewart.

**4.2.9) Adjourn** - Mr. Christiansen made a motion to adjourn the meeting. The motion was seconded by Mrs. Thompson. Approved unanimously.

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

Meeting adjourned at 5:52 p.m.

Respectfully submitted,  
Kari Thompson, Chairman, LHUSD #1 Employee Benefit Trust