

**LAKE HAVASU UNIFIED SCHOOL DISTRICT #1
EMPLOYEE BENEFIT TRUST
BOARD OF TRUSTEES MEETING – SEPTEMBER 21, 2016**

TRUST MEMBERS PARTICIPATING

Cinda Ross (by telephone), Kari Thompson, Hal Christiansen, Pat Rooney & Jo Navaretta

OTHERS PARTICIPATING

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

David Stewart – Insurance Professionals of Arizona

Rich Hanna - Ameritas

Chrissy Carmack, Stephanie Lewis (by telephone), Christa Roberts (by telephone), Dalton Jones (by telephone) - Cerner Corporation

Reid Nelson - Vision Care Direct

Joyce Perez - Gilsbar

OTHERS ATTENDING BUT NOT PARTICIPATING:

Nichole Cohen, Roger Schmitt, Lawrence Alan Ward, Sharon Neece

Meeting called to order at 11:34 a.m. Roll call was taken.

2015-16 WORK ON WELLNESS (WOW) RESULTS: Cerner personnel presented an annual wellness report for 7/7/2015 through 6/30/2016. When covering the personal health assessment (PHA) results, Ms. Lewis mentioned that it appears members may have "under-reported" flu shots and health exams, since Cerner's records show higher numbers than the PHA's. Overall, LHUSD#1 employee benefit trust (EBT) members have a much higher participation rate than Cerner's other clients.

One potential area of improvement for EBT members is getting more sleep at night. There is a high percentage of people who don't get the recommended hours. Cerner suggests working with the employee assistance program provider, Alliance Work Partners, on an educational session that would cover tips and techniques to help EBT members get more sleep.

A high percentage of EBT members are at moderate to high risk due to smoking. There is assistance available through the center, i.e. referrals to the "ASH" line, patches and medication.

When reviewing WOW labs/biometrics, two causes of concern are waist circumference and high cholesterol, both of which are out of range. The center staff will continue to offer healthy cooking classes and other educational opportunities. Additional recommendations would be to measure out walking paths at the schools and encourage members to take extra steps when they can during the work day, have events like "Fresh Fruit Fridays," encourage staff members to offer fitness classes to their fellow employees, etc.

The cohort group, i.e. members who have participated in WOW for at least three years, are staying healthy.

Mr. Jones reviewed the section on "Claims Insights." Claims analysis excluded members who are pregnant, those with over \$50,000 annual medical spend and members 65 years and older. Excess cost due from risk shows a baseline cost of \$2,367 for a participant with zero high risks and \$3,978 average excess cost per high risk as you increase between three and five high risks.

Chrissy Carmack reviewed the patient experience at the center. The overall satisfaction rate of members who filled out surveys was 98%, which is significantly higher than the national average. Mrs. Carmack said Cerner will continue to offer classes and information that align with the monthly themes highlighted on the WOW portal and in the monthly newsletter prepared and distributed by Mrs. Pankow.

Mr. Stewart asked if the other clients Mrs. Lewis works with are white or blue collar. Mrs. Lewis said it is a mixture and most of them have participation rates ranging from 68-75%, although one client's participation is lower and that happens to be a warehousing business. Mrs. Roberts said the LHUSD#1 EBT has created an impressive culture of wellness.

Mrs. Thompson said she would like to see the smoking cessation opportunities highlighted since it appears that is an issue for EBT members. Mr. Stewart stated that the employee assistance program provider can offer classes. Many employers throughout the country are increasing insurance premiums to employees who continue to smoke, although the LHUSD#1 EBT hasn't considered that in the past. Mrs. Thompson said she would like to give people time to quit smoking before something like that is considered. Mrs. Ross asked Mr. Stewart to put this subject on the December 13 meeting agenda.

MEDICAL PLAN ANALYSIS: Ms. Perez from Gilsbar presented this report to the trustees. When covering the major diagnostic categories, Mrs. Wood asked if any of these conditions might have been avoided by proactive health care. Mrs. Carmack said some of them possibly could have been, but some are also genetic or conditions that patients have had since birth.

Currently spouses are driving the increased cost of claims. Employees appear to have less major conditions than last year.

Mr. Stewart pointed out that outside office visits are down, due to increased utilization of the center. Mrs. Thompson said that emergency room visits are also down.

There was discussion of the current situation with the "exchange" in Arizona. Effective January 1, 2017, there will be only one carrier in every county other than Maricopa. This is Blue Cross Blue Shield. In Maricopa County, there will be two carriers, CIGNA and Centene. Although premiums have not been formally announced, all indications are they will go up significantly, both on and off the exchange, for individual plans. Rates are to be published by November 1. Carriers who will no longer offer plans on the exchange are AETNA, United Health Care, Health Net and Humana. Again, this does not affect groups or Medicare, just individuals.

Mrs. Wood stated that the model currently offered by the EBT has helped the group control costs. Unfortunately high turnover does have a negative effect since new employees, and their dependents, usually come from a "reactive" model rather than the "proactive" model offered to EBT members. Mrs. Wood also mentioned that several school districts in Arizona are now going to the same model as LHUSD#1, and are opening their own centers. AZBAIT manages health care for many school districts in Arizona and, when approached for a quotation, said they could not compete with the premiums currently in place for LHUSD#1 employees and their dependents.

Both Mr. Stewart and Mrs. Wood thanked the trustees for doing such a good job of managing the EBT over the past few years. Even with the education funding issues in Arizona the EBT has continued to take care of its members.

DENTAL PLAN ANALYSIS: Mr. Hanna presented a report on the district's dental plan. Only one provider in Lake Havasu City is not contracted with Ameritas and virtually all claims are going through the network. Mr. Stewart pointed out the significant PPO savings and claims savings since the EBT started using the Ameritas network. Type 3 dental procedures are trending down and are above the national benchmark.

Mrs. Cohen asked that presentations from today's meeting be posted on the district website, along with the minutes.

VISION PLAN ANALYSIS: Mr. Nelson had planned to present information today but the data he needs to do his analysis has not yet been provided. Mr. Nelson and Mr. Stewart believe there may be issues in the way vision claims are being submitted and processed and Mr. Nelson feels that if Vision Care Direct administers the plan there could be significant savings to the EBT. This mainly has to do with claims in the "other" category. Mrs. Navaretta asked when the analysis would be available. Mr. Nelson asked Ms. Perez if he could get the data from Gilsbar because what he needs are the CPT codes. Information will be presented at the December meeting and then the trustees, if they decide to change administration to Vision Care Direct, would need to decide if the change would go into effect on January 1 or July 1, 2017, since new insurance cards will need to be printed and distributed.

Mr. Nelson brought a piece of equipment and tested a few people prior to today's meeting. This new technology allows the detection of early onset diabetes, sometimes 7-10 years ahead of actual diagnosis of the disease. It has a much higher rate of detection than the A1C test. The national average cost of treating diabetes is \$7,900/year, once you pass a certain point. Of the 10 or 11 people tested today, 1 was already over that line and 2 tested as "pre-diabetic," Mr. Stewart asked Mr. Nelson to speak to center staff about this test and Mr. Nelson said he would visit the center right after his presentation concluded. Mrs. Thompson asked if it would be possible to set up a day for testing, similar to the dermatology days that have been held at the center. Mr. Stewart said he and Mr. Nelson would work on that. Approximately ten minutes would be allowed per patient.

Mr. Christiansen asked about the frame allowance question that an employee brought up previously. Mr. Nelson said the entire plan would need to be changed because it is an "either/or" situation.

CLAIM FUND ACCOUNT REPORT (CFAR): Mr. Stewart supplied the report that is currently being prepared by Gilsbar, which shows a fund balance of \$467,000, however he mentioned that he is concerned that it is not totally accurate. He stated that he needs to investigate the report further and report back to the Trustees

A motion was made by Mr. Christiansen to accept three reports that were presented today; the report from Cerner, the report from Gilsbar and the report from Ameritas. Mrs. Thompson seconded the motion and it was approved unanimously.

SHORT TERM DISABILITY RENEWAL: Dana Newman from UNUM was scheduled to attend today's meeting but did not, therefore this item will be tabled until December.

TRUST AUDIT: Mr. Stewart presented a proposal from Heinfeld Meech to conduct an independent audit of the LHUSD#1 employee benefit trust for July 1, 2015 through June 30, 2016, at a cost of \$6,000.00. Mr. Christiansen had previously asked why a separate audit was needed if the EBT is audited as part of the overall school district audit that is conducted annually. Mrs. Wood said she would advocate for a separate audit because the district's Comprehensive Annual Financial Report is very long and cumbersome and difficult for people to read and understand. Mr. Christiansen made a motion to accept the proposal from Heinfeld Meech to conduct an audit for year ended June 30, 2016, at a cost of \$6,000.00. The motion was seconded by Mrs. Thompson and was approved unanimously.

TRUST AGREEMENT: Mr. Stewart said that at the previous trustee meeting, in June, a request had been made to submit the original trust agreement to legal counsel for review. The attorney did review the document and some revisions have been made, although they are mostly wording/verbiage issues, nothing that changes the actual intent of the original agreement, except one item. The attorney said that, due to personal health information issues, the recording secretary should be a trustee. Mr. Stewart and Mrs. Ross, the EBT chairman, discussed this and the recommendation is to appoint Mary Heronema, the current recording secretary, as a non-voting trustee. This will need to be taken to the district's governing board for approval.

Mrs. Thompson asked how long the term would be for this position and it was agreed that it would be the same as other trustees, three years. The governing board will also need to approve the revised trust agreement. Mrs. Ross will present the item to the governing board and it was decided this would happen at the meeting on November 15, 2016, with an effective date of December 1, 2016. Mrs. Navaretta made a motion to accept the revisions to the trust agreement, as presented, pending approval by the Lake Havasu Unified School District #1 governing board, and to appoint Mary Heronema as a non-voting trustee, with a term of three years. The motion was seconded by Mrs. Ross and was approved unanimously.

A motion to go into executive session was made at 2:10 p.m. by Mr. Rooney. The motion was seconded by Mr. Christiansen and was approved unanimously.

The meeting readjourned at 2:40 p.m.

Mr. Christiansen made a motion to deny Appeal #1. The motion was seconded by Mr. Rooney and was approved unanimously.

Mr. Christiansen made a motion to deny Appeal #2. The motion was seconded by Mr. Rooney and was approved unanimously.

Mr. Christiansen made a motion to deny Appeal #3. The motion was seconded by Mr. Rooney and was approved unanimously.

Future trustee meeting dates/times:

December 13, 2016 - 10:30 a.m.

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

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

Mrs. Thompson said that she received a request to change the times of the LHUSD#1 employee benefit trust board of trustees meetings in the future. Because the meetings generally run for several hours and vendors travel from out-of-town to attend, the group decided to keep the start times in place.

Mrs. Thompson made a request to discuss insulin and insulin pumps at the December 13 EBT trustee's meeting. Mr. Stewart said he would have information available at that time.

Mrs. Heronema was asked to prepare an e-mail to let people know who to contact for appeals, questions, and concerns regarding the employee benefit trust and to include a link to the website where agendas and minutes will be posted in the future. Mrs. Heronema will e-mail "everyone" at the district and will carbon copy the EBT trustees.

At 3:00 p.m. Mr. Rooney made a motion to adjourn the meeting. The motion was seconded by Mrs. Thompson and was approved unanimously.

Respectfully submitted,

Cinda Ross, President, Employee Benefit Trust