

**EBT Meeting Minutes History**  
presented at LHUSD Governing Board Meeting 09/18/18

<u>EBT</u>	<u>EE Prem</u>	<u>SP Prem</u>	<u>CH Only Prem</u>	<u>Child(ren) Prem</u>	<u>FAM Prem</u>	<u>Plan Change</u>	<u>Issues or Concerns</u>
1986						I think this is the year LHUSD established the EBT Trust Board and the self-funded plan. Dave Stewart (from Healthcare Resources) made presentation.	
1987							
1988						Ded is \$100/\$300 and co-ins is 80/20. Plans to change ded and co-ins for 1989. Wayne Crimson (Healthcare Resources) made presentations. \$550 cap on chiro benefits discussed and approved. Crimson also highly recommended the Board consider the retiree insurance coverage now made available through the AZ State Retirement System for any employees who have retired but are under age 65.	
1989	\$1,494.00				\$168.00	Ded chg'd to \$150/\$300 and co-ins chg'd to 75/25% Also allows ee's working 17.5 hrs to be covered.	
1990	\$1,800.00				\$220.00	Changed co-ins from 75/25% to 80/20% Began looking at wellness plans. Also recommended a 5% increase in premium to be used as a contingency fund. If not used 5% would be use to reduce future premium increases. Considered increasing specific stop loss to \$35,000 but trustees decided to keep s/l at \$25,000.	
1991	\$1,955.28				\$220.00	RFP was approved Amendments 2 and 3 to Plan Document were approved by Trustees. (Where are these amendments?) E/O coverage was considered at an annual premium of \$4,000. It was tabled for a future meeting. (Second time this item was tabled) Trustees approved a wellness plan to be eff. Jan. 1992	
1992	\$2,160.00				\$220.00	RX plan added to plan with \$5 co-pay for generic and \$10 co-pay for brand name drugs. Added \$200 wellness benefit.	
1993						Request from ee's for an insurance newsletter.	
1994	\$2,412.00				\$242.00	Trust funds were moved from BofA to Dean Witter Reynolds. First time there is a mention of a July 1st eff date. Prev note was renewal date was Jan 1st.	
1995	\$2,653.20				\$266.20	Mr. Crimson (I think he was the agent) mentioned this year was a bad claims experience year and recommended a 10% across the board rate increase.	There was only one meeting this year.
1996	\$2,653.20	\$137.00	\$137.00	\$211.00	\$211.00	PPO plan accepted with tiered rates for dependents.	Audit mentioned an increase in reinsurance costs experienced from the prior year. 5 bids were reviewed from wellness plans.
1997	\$2,653.20	\$137.00	\$137.00	\$211.00	\$211.00	New TPA (Administrative Enterprises) was chosen. They were the lowest bid at \$50,004.00. Added vision to the self-funded part of the plan and removed \$50 ded for dental.	Insurance coverage for EBT Board was discussed. Only 1 EBT Trust meeting in 1997.
1998	\$3,074.40	\$137.00	\$137.00	\$211.00	\$211.00	\$20 co-pay for docs added, change in RX co-pays: \$10 for generic up from \$5 and \$15 for brand name up from \$10. Dental ded added back in at \$50 for diagnostic.	Mr. Crimson recommended a change to the BCBS network because there would be a saving based on 9 months of claims experience (\$146,000) but said their cost per claim processed is higher at 17% of actual savings or \$8 per month per employee compared to the current \$2.50 per employee per month from Maricopa PPO. The increase would be \$36,000for BCBS but felt there would be a net saving over the next three months that would offset the extra costs. ??????
1999	\$3,300.00	?	?	?	?	No rates given for dep prem increase but increased is assumed. Generic drug co-pay stays at \$10 but brand drug co-pay increased to \$20 from \$15. Deductible increased by \$50 to \$200 from \$150 for emp. Leave doctor co-pay at \$20. "Recommendation was made for \$306.20 but EBT decided on \$275.00 due to change in hospital discount at 20% from 50%"	This is the year that the financial audit would now be included in the CAFR report instead of an independent report. Cost of excess loss coverage increased by \$1.05 per month per employee. Not sure when S/L went from \$35,000 (in 1992) to \$45,000. Mr. Crimson said claims have been higher than expected but a stop-loss reimbursement from a large claim will be returned to the trust.
2000	No premium discussed in meeting						

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2001	No premium discussed in meeting minutes					<p>At May 2001 EBT meeting Crimson proposed a Comp. Maj. Med. Plan with a \$200 or \$250 indiv ded and a 3-tiered co-pay for RX. Crimson said that April 2001 was the largest month of expenses ever and the need for changes to plan design. Pre-payment funding is not available and 301 money totals are not available at this time. Joe Hazlett made a motion to give written notice to notify the School Board that by July 1, 2001 the Trust will be underfunded by an estimated \$377,959.38. There was a recommendation that the Trust be dissolved and have plan go to a fully insured plan. The motion also mention "or continue as is" and then says the motion was carried unanimously but doesn't say which type of plan was chosen. Crimson was directed to start looking for a fully inured plan. At June 2001 EBT meeting Crimson said there was only one company, ASBAIT that offered a proposal but it was a self-funded plan. Decision was made by Mr. Hamilton to stay with the plan they had but change the deds to \$500 for in-network and \$1,000 for OON.</p> <p>The EBT was to notify the School Board that plan projections by end of plan year 2001/2002 there will be a short fall and that the Trust recommends a 20% reserve on paid expenses (I assume they mean claims) be the goal of the District. This would be \$408,250 or a cost of \$710 per employee. Expenses to be monitored monthly.</p>	Sept 2001 EBT meeting Dave Stewart began to regularly attend the meetings representing Healthcare Resources instead of Mr. Crimson. This is also when Missy began reporting the financials. This is the first time there is a mention of a Morgan Stanley account instead of Dean Ritter. Dec 2001 EBT meeting included a discussion about retiree insurance. "Figures show the retirees are not a burden". I assume this means there will be no change of plans to the AZ Retirement System plan but there is no mention of why there would be a mention of the retirees being a burden.
2002	\$4,296.00	\$290.00	\$110.00	\$190.00	\$390.00	Major plan changes recommended by Crimson including raising specific/aggregate stop loss, set a cap for RX benefits, and max. drug limits, raise employee and dependent premium by trend of 16.66%. Hamilton made motion to set employee premium at \$350. At April 2002 EBT meting, rates were approved for new plan year.	Requested RFP for quotes
2003	\$4,296.00					Excess Heart Transplant coverage approved with max first year benefit of \$50,000 then goes to \$1 million. After one year transplant coverage will be dropped from excess coverage and only covered by Transplant Plan. \$250 approved for Wellness Plan and will be available by Ed Wignall.	Stewart discussed (CDHP) Consumer Driven Health Plans and (HRA's) Health Reimbursement Accounts for the 2004-2005 plan year.
2004	\$4,296.00					Pankow recommended that wellness exam be covered up to \$300 "Recommended accepting 6.25% increase from Safeco and said employees should not pay a higher premium for dependent coverage"	<b>Pankow recommended that LHUSD purchase 700 copies of Health at Home for \$10 each and give to employees. Claims cost is low at \$69.69 per employee. Dave Stewart presented his commission report (which had been requested at the last EBT meeting. He said he was at about 2% and typical commissions for a group this size is 3%. Patrick Dittman from AEI said he typically sees 5%. Trustees said they had no problem with increase as long as it was correctly reported. Cost of full audit was discussed. \$10,000. Hazlett said the audit should be tabled.</b>
2005	\$4,296.00						Discussions on HSA's began this year. Dave also made a suggestion that the meeting minutes for Dec 2004 should be changed. I reviewed the Dec 2004 notes and the read exactly as suggested in the 2005 minutes. Dave told the EBT that according to A.R.S. 15183 (I think it's actually 15-382) that a self-insured group board must include a member form outside the district to balance the number of employees on the board. <b>Question: How many EBT board members were employees in 2005.</b> The recommendation to perform a complete audit was tabled again (for the second time). Mr. Stewart said there were 27 employees that were charge for only one child when they have more than one child.

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2006	\$4,296.00	\$290.00	\$110.00	\$190.00	\$390.00	Mr. Barnes asked if there would be an increase in premium this year. Ms. Wood said the district is not looking to increase premiums this year. Mr. Stewart reiterated there would not be a premium increase for employees or dependents. There was a plan change that including adding a co-pay back to the plan. The Feb 2006 minutes state the plan has a \$500 deductible. There is also mention of increasing the out of pocket maximum to \$1,000, up from \$600. Ms. Thompson said she thought the additional \$400 would be a burden.	EBT purchases eDocAmerica for \$10,350/yr. Program supposed to provide access to an online doc 24/7. There continues to be talk about a full audit and the cost of \$10,000 to \$15,000 but no approval by the Board. EBT Decides to stay with AEI as their TPA at a cost of \$11.50 pppm. Because of the low expense increase a motion was made to reduce the generic rx co-pay to \$0. Pankow recommended the co-pay for a local urgent care facility be reduced to \$25 from \$50. Wellness programs like HealthyRoads to be considered. Rate for wellness plan from HealthyRoads was \$3.10 per per month (PPPM). Because claims were down and Woods suggested premiums should stay the same. EBT also reduced urgent care co-pay to \$25. EBT continues to vet future potential trustees and make singular recommendations to LHUSD School Board. This was never the intention of nominating and vetting potential EBT trustees. Ms. Wood said there still needs to be an audit and mentioned the cost would be between \$15,000 to \$20,000.
2007						3-yr rate guaranteed approved but not sure if it was for AEI of BCBS plan. Changes were made to the RX tiers and plan. An increase in the annual max. for dental benefits was approved to \$1,500 from \$1,000. There was a suggestion to decrease the office co-pay but based on the 39% increase in office visits Mr. Stewart recommended against it. Mr. Stewart notified the EBT that claims would now be identified as "per member per month" and that the trustees would need to watch claims more closely.	<p>Nexsen starts to question IBNR claims information and asked for the report to be reviewed. Stewart to investigate accuracy of report. Kronos wellness plan was reviewed and included 12-weeks of face-to-face visits, online and phone visits and on-site health coaches. Cost was \$150 per person. A recommendation was made regarding dental benefits to increase the max annual benefit to \$1,500 from \$1,000. Logic used to justify increase in benefits was only 9.4% of the claims exceeded \$1,000. 63.3% of employees used dental benefits. Meeting minutes comment that support staff are eligible with 32 1/2 hours but there is an exception for employees working in transportation that they are eligible for coverage at 25 hours. It was recommended that the Excess Health Transplant coverage be terminated because the plan doesn't work well with BCBS's diagnostic related groups pricing method (DRG). Transplants would now be covered by the EBT's excess loss coverage. Stewart reminded the EBT that they should be promoting the use of eDoc America. The utilization has been very low. With the dental benefit only being changed in July 2007, August showed a significant increase in utilization. Stewart said it was most likely because of the increase in benefits.</p> <p>An error was discovered on the RX claims. The claims report showed RX claims were 43.2% of the total medical claims when the RX claims were actually 30.1%. The GASB 45 was discussed in detail specific to the fact that there were 69 retirees that must be covered by insurance and the district had still not started funding the plan. There was some discussion as to which measures should be used to determine the find amount but Ms. Wood said an actuary would need to be hired to determine the fund amount. Stewart said the cost would be between \$15,000 and \$25,000. Hobday recommended the report be done at a cost not to exceed \$30,000. In the Dec 2007 meeting Stewart said that none of the employees were using the eDoc America plan.</p>
2008	\$4,650.00	\$298.78	\$110.00	\$198.00	\$390.00	Gilsbar agreed to 3 1-yr contract with the first 2 years @ \$15.75 an the 3rd year no more than a 5% increase. In the April 2008 meeting Stewart said there were now 15 large claims with one totaling \$70,000 and another \$84,000. THERE ARE MISSING PAGES FROM THE MINUTES OF THE LAST MEETING IN 2008. The last page mentions recommendations from Gail Malay, former superintendent for dramatic changes to the benefit plan. Discussion included changing to a 75/25 co-insurance (form 80/20), and increasing the indiv ded to \$1,000 from \$500. There was also a comment from Breazeal that the district would no longer be getting any money from the AZ State Retirement System to fund retiree premiums.	In Feb 2008 meeting Mr. Carpenter said there had been 10 claims exceeded \$25,000 each. \$621,946 was the amount recommended to fund the GASB 45 and it was suggested the plan be reviewed every 2 to 3 years. Woods said the EBT could not fund the GASB more than the next 2 years. March 2008 meeting stated there have been 12 claims over \$25,000 (\$439,000). In the Oct 2008 meeting Stewart said the per per month medical claims had risen form \$165 per month to \$195. Woods said the premium would have to go due to the higher claims. Page 14 looks like there are missing pages from the minutes.

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2008-09	\$4,800.00	\$335.00	\$125.00	\$225.00	\$450.00	Recommendation made to increase deductible to \$1,000 from \$500. Nexsen said he would rather see a small premium increase every year vs. no premium increase for several years and then larger increases.	Stewart recommended that an actuary be hired to determine the EBT premium increase for 2010. The cost would be around \$11,000-\$12,000. In Jan 2009 Stewart said the EBT is about \$100,000 from reaching the aggregate stop loss and that \$247,000 was expected in specific reimbursement. 3 people were sent to another conference to look at onsite wellness plans with the trust paying for the cost. Stewart recommended LaPenna complete a study for an onsite clinic at a cost of \$5,000 to \$6,000. Thompson asked that the deductible begin Jan 1st instead of July 1st. It has several years since the recommendations of an actuarial audit and it was finally done this year. The audit indicated that the premiums for the EBT were too low.
2010	\$4,800.00					Deductible changed to \$1,100 from \$1,000, dr co-pay changed to \$30 from \$25, urgent co-pay changed to \$30 from \$25, all RX co-pays on all tiers be increased, and other changes made to the co-pays and deductibles because of high claims	Cost of RX are 20% of medical claims which is higher than the average 12-13%. Stewart said the EBT should continue to look at an onsite clinic program even though the City decided not to participate in the feasibility study.
2010-11	\$4,800.00					Ded changed to \$1,150 from \$1,100, dr visit changed to \$35 from \$30, urgent care to \$55, from \$50, and all RX co-pay increased. EFF JULY 2011, DEP COVERAGE COULD BE PURCHASED FOR MEDICAL ONLY AND NOT VISION OR DENTAL. REVIEW PREMIUMS COLLECTED FOR DEPENDENTS TO SEE IF ANYONE DECLINED VISION AND DENTAL.	Nexsen reminded trustees that eff July 2011, employees would be allowed to choose medical only dependents and not take dental and vision. Ms. Woods made the presentation for an on-site clinic. Ms. Woods said the LaPenna group put together a projection of cost but meeting minutes do not mention sharing the LaPenna report with the EBT. However there is no mention in the meeting minutes about the May, 2011 memorandum presented by Erin Collins, Broker for LHC EBT that highlighted serious concerns about the validity of the LaPenna report Ms. Woods recommended looking further into an onsite clinic with the clinic being housed on one of the pods in Daytona school. LaPenna group told the EBT that the projected savings over 5 years was between \$760,000 to \$1.2 million. There was some continued discussion on leasing a medical office in town vs. having the onsite clinic at Daytona.
2012	\$4,800.00					There was a recommendation to increase the individual ded. By \$50 and family ded. By \$100. Also recommended was to increase the spouse only premium by 10%. But the trustees agreed to a \$25 increase in the ded. For an individual and \$75 increase in the family ded. The trustees also approved a 5% increase in spouse premium instead of 10%	Ms. Pankow said the top health issues were discovered to be obesity, high cholesterol, hypertension and stress/depression. The June 24, 2012 minutes state that Mr. Stewart said that the initial rfp from Cerner did not include certain things that need to be added that include: a doctor on staff, increased hours or operations, and the current wellness program. Cerner asked for an increase of \$9,000 per month to cover the additional cost but all of these requests were already added on April 5, 2012, 4 days after the original effective date of April 1, 2012. Even in the original agreement there was a part time supervising physician as part of the original staff. THE EBT PAID \$6,000 FOR THREE PEOPLE TO GO TO A CONFERENCE IN FLORIDA EVEN THOUGHT THE CENTER WAS UP AND RUNNING. THERE WAS SOME CONCERN THAT THE MEMBERS WOULD BE UNHAPPY ABOUT THESE EXPENSES BUT THE EXPENSE WAS APPROVED FOR UP TO 5 PEOPLE AND \$6,000.
2012-13	\$4,800.00					Changes were made to the co-pay (from \$35 to \$45) and to consider charging smokers a higher premium.	IN THE FEB 2013 MINUTES MR. STEWART TOLD THE TRUSTEES THAT HE AND MS. WOOD WERE INVITED TO BE PART OF A CERNER ADVISORY COMMITTEE. MR. WISEMAN (FROM CERNER) SAID OF THEIR 35 CLIENTS THERE WAS NO FINER EXAMPLE THAN THE LHUSD CENTER. MR. STEWART AND MS. WOOD WOULD TRAVEL TO CERNER HEADQUARTERS THE FOLLOWING WEEK AND OFFER SUGGESTIONS/IDEAS, REIT, CLINIC SERVICES, ETC. It was noted that the amount paid by the EBT compared to the employee had shifted to 75% for the EBT and 25% for the employee. There was a discussion about Heinfeld and Meech completing an audit with the EBT being part of the audit done for the district. From the October 16, 2013 minutes ask about the B-12 injections. Lab costs and injections were high. What was the dose of the injection? What was the dx (reason) for the injection?

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2012-13 cont'd							There was a request for hard numbers. Mayor Nexsen asked for the total number of visits at the Center and compare to what it would cost to go to an outside provider. It was agreed that cost avoidance numbers are hard to measure. Mr. Wiseman said the trustees need to get "comfortable" with the fact that some information may be "squishy". There was a questions about preventive services being done outside of the center and Ms. Wood wanted a comparison of the outside providers compared to the clinics "fixed costs". Ms. Thompson asked if absenteeism had dropped (as they expected from the wellness center) and Ms. Flemming said she didn't notice any decrease.
2014		\$350.00	\$105.00	\$200.00	\$410.00	Co-pay increased to \$55	
2015	\$5,300.00					Eff July, 2015 All dep prem inc by 10%. Eff Jan 2016, individual ded incur to \$2,000 from \$1,175 and fam ded will be \$4,000. Out of pocket also changed for indiv from \$4,000 to \$5,000 and family is now \$10,000. Also both employees and dependents will be charged a 10% penalty if the do not participate in the WOW Plan.	
2015-16	\$7,092.00	\$5,424.00	\$1,956.00	\$3,552.00	\$7,092.00		
2016-17	\$7,518.00	\$6,267.00	\$4,681.20	\$8,515.56	\$13,161.96		<p>Feb 2016 - Mr. Stewart presented three plan options (Bronze Silver and Gold). Mr. Nexsen said a new plan would need to generate \$1.8 million in additional funding to "stop the bleeding". Mrs. Thompson questioned how much the district was going to put in for the annual premium. Mr. Stewart said that he and Mrs. Wood had talked previously and Mrs. Wood had stated that the members were now going to need to pay some of the premium due to financial difficulties the district had been experiencing and, most likely, will continue to experience. Mr. Nexsen said the truth is that in one year there will be no money left in the EBT account. Mr. Stewart recommended the Bronze plan. Ms. Thompson said her recommendation was the Gold plan and that the district fund the entire premium for members. She also recommended a reduction in staff to achieve this. Mr. Nexsen reiterated that if nothing was done the EBT funds will be a "Zero" within 12 months.</p> <p>Mrs. Woods said they would definitely have to use the money in the retirement account and she also recommended changing the retiree coverage. Mrs. Woods told Ms. Thompson the district could only fund \$5,300 per employee and no more. Further discussion included that, in order to keep the trust alive there would have to be between \$7,000 to \$7,200 per member per year, not \$5,300. April 6, 2016 - Ms. Pankow said she didn't think the EBT members should have to pick up costs for all services done outside the center since there are some things the center cannot handle and certain drugs the center cannot carry. Ms. Thompson said the employees will not be happy if they have to pay any portion of the premium and then basically have no coverage. Ms. Thompson said she would prefer the Gold plan but if the Solver plan was at least 10% lower that the Gold plan then she recommended the EBT approve the Silver plan. The Silver plan was approved unanimously. April 15, 2016 Ms. Thompson asked if the EBT is prepared to fund the employee premium for the Gold plan that was presented at the April 6, 2016 meeting.</p>

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2016-17			<u>Prem</u>	<u>Prem</u>	<u>FAM Prem</u>	<u>Plan Change</u>
cont'd						

**Issues or Concerns**

Mrs. Navaretta said the board had committed to the employees that the district would pick up the silver plan premium for employees even if it means severe cuts to the budget. Dependent coverage will not be covered by the district and it is up to the employees to decide if they can afford to pay those premiums. Mrs. Woods said she preferred the premium and plan change message come from the EBT trustees since people are very frustrated and blaming district administration. Mrs. Wood said some employees have expressed a wish to have the center closed because they blame the premium increases on opening the facility. The vote on the plan design was amended to add the Gold plan as an option so employees that wanted to pay the difference could choose the Gold plan. IT IS IMPORTANT TO NOTE THAT IS WAS AT THE APRIL 28, 2016 GOVERNING BOARD MEETING THAT THE BOARD STATED THEY RECOMMENDED THE DISTRICT PAY 100% OF THE GOLD PLAN AND 100% OF THE DIFFERENCE FOR THIS YEAR'S DEPENDENT PREMIUM COMPARED TO LAST YEAR.

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<b>2017-18</b>	\$8,499.98	\$6,866.24	\$5,124.64	\$9,477.64	\$14,783.21	
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**HERE'S WHAT WE KNOW** It was not until we hired a new consultant (that worked from October to January for no fee) that, in addition to the commissions we knew about, Mr. Stewart was being paid and additional \$1.50 per employee per month for our American Health Group policy (AHG) and .25 for every prescription written for every person covered by the district. We also found a \$4.00 per employee per month commission for our Benefit Service agreement and an additional 15% commission for both of our excess loss policies. ECA had the hidden fees payable to Stewart cancelled effective 12/31/2017 and was able to have AHG refund the fee they planned to pay Mr. Stewart at the end of 2017.

Even though the EBT was told we had an actuary calculating our premiums we didn't. (2008 Stewart recommended hiring an actuary for \$10,000 to provide accurate rates).

Although the LaPenna group did a comprehensive study on the feasibility of the Cerner clinic it was never shared with the trustees (at least there is no record). And the concerns that LHC had on the cost and potential annual losses on the clinic were never discussed. All we know is that LHC said they were not interested in using the clinic.