

LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST

2200 Havasupai Blvd., Lake Havasu City, AZ 86403

Trust Board Minutes

October 22, 2020

REGULAR MEETING:

1. Routine Opening of Meeting – Call to Order

The Regular Meeting of the Board of Trustees of the Lake Havasu Schools Employee Benefit Trust was called to order by Trust Chairperson, Marcia Cox, at 5:00 p.m. on October 22, 2020.

1.1 Roll Call

BOARD MEMBERS PRESENT: Marcia Cox, Chairperson
Amy Barney, Trustee
Stephanie Lueras, Trustee
Julie Sasseen, Trustee

BOARD MEMBERS ABSENT: N/A

GOVERNING BOARD MEMBERS PRESENT: N/A

ADMINISTRATION PRESENT: Mike Murray, Director of Business Services
Naomi Morgan, Administrative Assistant

OTHERS: Mike Hensley, Jones Skelton & Hochuli – Legal Counsel (Via Phone)
Storm Kinion, ECA, A Gallagher Company – Broker/Consultant (Via Phone)
Jaime Schulenberg, ECA, A Gallagher Company – Broker/Consultant
–Public - 1

1.2 Call for an Executive Session

Ms. Schulenberg confirmed there was one item requiring an Executive Session to discuss the 2nd medical appeal. She explained the 1st medical appeal would not require an Executive Session as the member had given permission for the discussion to be held in open session.

2. Call to the Public – None

3. Old Business

3.1 Approval of February 5, 2020 Work Session Minutes and February 6, 2020 Regular Session Minutes

Trustee Barney moved to accept the minutes as presented, seconded by Chairperson Cox, and unanimously approved.

4. New Business

4.1 Medical Claims Appeal #1

Ms. Schulenberg reviewed a medical claim for a member whose mammogram was denied due to use of a location other than Mobile On-Site Mammography (MOM). She explained that after the closure of the clinic the member selected a new primary care physician who referred her to have a routine mammogram at Havasu Regional Medical Center. The LHSEBT medical plans provide for routine mammograms to be covered only when provided on-site by MOM; the restriction of this coverage did not change with the closure of the clinic. Gilsbar denied the claim in accordance with the Summary Plan Document.

Ms. Schulenberg went on to explain the member indicated she did not receive notice that the requirement to use MOM was still in effect after the clinic closed and is asking the Board to reconsider the denial and pay the mammogram claim. Ms. Schulenberg reminded the Board there were several communications to employees about changes to the benefits as a result of the clinic closure. Chairperson Cox inquired if the claims were submitted, denied, and appealed in a timely manner; Ms. Schulenberg confirmed they were all timely. She also explained there is language in the SPD that allows for coverage at the hospital if there is a letter from the Doctor.

Ms. Sasseen recused herself as an employee of HRMC. Chairperson Cox moved to postpone taking action pending the member trying to obtain a letter to submit to Gilsbar, seconded by Trustee Barney, and unanimously approved.

4.2 Medical Claims Appeal #2

Chairperson Cox moved to adjourn to Executive Session to discuss Medical Appeal #2, seconded by Trustee Barney, and unanimously approved.

Trustee Barney moved to adjourn to Sub-Executive Session for legal advice, seconded by Trustee Lueras, and unanimously approved.

Trustee Barney moved to adjourn to Open Session, seconded by Trustee Lueras, and unanimously approved.

Executive Session Begins: 5:17 p.m.
Sub-Executive Session Begins: 5:34 p.m.
Executive Session Ends: 5:47 p.m.
Public Session Resumes: 5:49 p.m.

Trustee Lueras moved to postpone discussion on the appeal and directed staff to work with the TPA in an attempt to negotiate the reimbursement on this claim before making a decision, seconded by Trustee Barney and unanimously approved.

4.3 Approval of the March – September Financials

Ms. Schulenberg reviewed the September Financials. She explained there were \$82K paid in medical and no Rx claims in September. YTD there have been \$300,000 paid in medical, \$55,000 in Rx and \$26,000 in dental. She indicated the Rx claims should be complete at this time. She also reported the Trust has 13 large claims with \$41,000 outstanding for stop loss reimbursements.

Ms. Schulenberg also advised that the CPA financial reports for March through June were included in the packets, but that she could not speak to or answer questions on those since she had not prepared them. Mr. Bonney, the CPA, was not able to attend the meeting but asked Trustees to direct any questions to him.

Trustee Barney moved to approve the March – September Financials, seconded by Trustee Sasseen and unanimously approved.

4.4 Approval of Incurred But Not Paid Report for 06/30/2020

Trustee Lueras moved to approve the Incurred But Not Paid Report for 06/30/2020, seconded by Trustee Sasseen and unanimously approved.

4.5 Update re LHSEBT Wind Down

Ms. Schulenberg reminded the Board the Trust Document mandates that the Trust remain in existence “for so long a period as may be necessary to wind up it’s affairs”. She explained this period is usually 12-18 months during which time claims incurred but not paid prior to 06/30/2020 are processed. The Trust remains in place to oversee the fiduciary aspects of the wind down, which is primarily monitoring claims payments, the Fund balance and hearing appeals. In addition to claims payments, the Trust is responsible for

payment of administrative costs necessary to wind up its operations. To date, Gilsbar has been paid 3 months of fees for 6 months of claims processing totaling \$27,172; after 12/31/2020 the Trust will pay Gilsbar \$22.00 per claim. Cheiron was paid \$20,010 for all years of service as they had an error in their billing system and had never invoiced LHSEBT. ECA agreed to waive their fee of \$19,000 and National Cooperative/CVS did not charge a run-out fee. There is \$5,000 estimated for legal fees for J,S&H with \$653 spent YTD. As of June 30, 2020, there was \$4,636,905 in cash; looking at the actuarial analysis estimate of \$595,000 in outstanding claims and fees, it would appear there are sufficient funds to take care of remaining liabilities.

Chairperson Cox reported that she reached out to Mr. Hensley regarding the surplus funds that would go back to the District and asked if it could remain in the LHSEBT Trust for purposes of paying the District's premiums after the wind down is complete. Mr. Hensley explained he was not involved with the writing of the Trust document but that based off the language in the document, the dollars could be used to pay the premiums if that was the intent and purpose of the District. There was further discussion regarding the language and whether it needed to be changed. Mr. Hensley advised if the language is going to be changed it would have to go to the Governing Board. Chairperson Cox and board member Lueras asked if the EBT could make a recommendation to the Governing board as to the amended language of the Trust. Mr. Hensley suggested that he and Chairperson Cox meet with Mr. Murray to discuss the EBT's recommendation. Chairperson Cox wants to be sure the money stays with the District for their premiums and that it doesn't go into the new Trust, NAEBT.

4.6 Updates and Announcements

Ms. Schulenberg reported that ECA has been acquired by Gallagher Benefit Services. ECA is very happy with the partnership and the enhanced services that are available as a result of the merger. There will be no changes to day-to-day operations or staff. ECA will operate as ECA, a Gallagher Company, through June 30, 2021 and as of July 1, 2021, as Gallagher.

Trustee Barney moved to adjourn at 6:21pm, seconded by Trustee Sasseen and unanimously approved.

Next Meeting:

TBD

Video of the entire meeting may be seen on the District website (www.havasu.k12.az.us) under EBT Documents.

Minutes of the Trust Board Meeting of October 22, 2020 are approved as submitted.



Marcia Cox, Chairperson

10/22/20