



# Annual Trustee Conference

February 4–5, 2019



**Lake Havasu Unified School District #1  
2200 Havasupai Boulevard – Governing Board Room  
Lake Havasu City, AZ 86403**



**Lake Havasu Unified School District Employee Benefit Trust  
Annual Renewal Meeting Agenda**

**February 04, 2019  
2200 Havasupai Blvd. Lake Havasu City, AZ**

3:30 p.m. – 3:40 p.m.	Opening Remarks and Agenda Review <i>Erin Collins - ECA, Inc.</i>
3:40 p.m. – 4:10 p.m.	2018 Medical Claims Review <i>Joyce Perez – Gilsbar</i>
4:10 p.m. - 4:30 p.m.	2018 BCBSAZ Review <i>Michele Soules – Blue Cross Blue Shield of Arizona</i>
4:30 p.m. – 5:00 p.m.	2018 Rx Claims Review <i>Chris Schanz – National Cooperative Rx</i>
5:00 p.m. - 5:30 p.m.	2018 Dental Claims Review <i>Rich Hanna - Ameritas</i>
5:30 p.m. - 5:45 p.m.	2018 Vision Claims Review <i>James Totten, United Healthcare</i>
5:45 p.m. – 6:15 p.m.	Break with Snacks
6:15 p.m. – 6:45 p.m.	Financial Update <i>Mike Bonney – GDK CPA, LLC</i> <i>Storm Kinion - ECA</i>
6:45 p.m. – 7:15 p.m.	Actuarial Rate Methodology <i>Michael Schionning - Cheiron</i>
7:15 p.m. - 8:30 p.m.	Budget Building re 2019-20 Benefits/Rates <i>Erin Collins &amp; Jaime Schulenberg, ECA</i>

*\*Please note, all times are estimated.*

# **MEMORANDUM**

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Erin P. Collins, President

DATE: January 28, 2019

RE: Welcome and Meeting Summary

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Welcome to the 2019-20 LHSEBT Annual Meeting. Thank you for taking time out of your busy schedules to attend the two meetings that will make up this process. For those Trustees new to the Board and as a reminder, these meetings consist of two major elements:

1. A financial and operational look-back at the current plan/fiscal year and how the various elements to the plan are performing financially and otherwise; and
2. Planning for the coming year (07/01/19 – 06/30/2020), including benefit changes and rates.

The goal of all this is to leave the room on February 05 with rates and benefits finalized. This will allow us sufficient time to coordinate changes with any vendors whose operations are impacted (revised SPD's, etc.). Additionally, District staff will have rates upon which to build their budget for the coming year and we will have time to arrange Open Enrollment to meet the needs of District staff and employees.

The packet included here includes the various presentations to be made by vendors as well as any needed supporting documentation. We very much look forward to meeting with all of you to complete the renewal process and continue to chart a positive course for the Trust's future.

This year has required considerable deliberation and challenging decisions in an effort to keep the Trust financially stable and correct the range of operational, structural and financial issues identified in the End to End Review. We sincerely appreciate all of you for taking the time to read through meeting packets, engage in an interactive process of asking questions and understanding the issues, and for having the courage to make decisions in the best interest of the Trust. Although there is a lot more work to do, we hope you are proud of what has been accomplished to date and look forward to continuing to improve and repair the Trust as we move forward.

If you have any questions or need anything further from any of us, please do not hesitate to call or email me at 928.753.4700 x300 or [erinp@ecollinsandassociates.com](mailto:erinp@ecollinsandassociates.com).

# **MEMORANDUM**

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Storm Kinion, Group Benefits Specialist

DATE: January 28, 2019

RE: 2018 Medical Claims Review

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Please find attached a copy of Gilsbar's presentation which outlines the Trust's medical claims utilization for the period July 2014 – December 2018. Joyce Perez will be at the meeting to present and review this report with Trustees.

If you have any questions between now and the date of the meeting, I can be reached at (928) 753-4700 ext. 305 or via email at [stormk@ecollinsandassociates.com](mailto:stormk@ecollinsandassociates.com).

# Lake Havasu Employee Benefit Trust



Presented by: **Gilsbar**

Presented on: **February 4, 2019**



# Lake Havasu Employee Benefit Trust

## Medical Plan Review

### By Issued Plan Year

Paid Dollars				
1	2	3	4	5
Time Period	Medical Claims	Estimated Fixed Cost	Paid in Excess of Spec Ded	Net Plan Cost (2+3+4)
July 2014 - June 2015	\$2,353,456	\$637,507	(\$221,699)	\$2,769,264
July 2015 - June 2016	\$2,996,257	\$591,648	(\$41,261)	\$3,546,645
July 2016 - June 2017	\$2,692,732	\$570,634	(\$124,866)	\$3,138,500
July 2017 - June 2018	\$3,141,584	\$551,835	(\$729,247)	\$2,964,172
July 2018 - December 2018	\$1,679,826	\$375,996	\$0	\$2,055,822

Paid Dollars (PMPM)				
1	2	3	4	5
Time Period	Medical Claims	Estimated Fixed Cost	Paid in Excess of Spec Ded	Net Plan Cost (1+2+3+4)
July 2014 - June 2015	\$219	\$59	(\$21)	\$257
July 2015 - June 2016	\$295	\$58	(\$4)	\$350
July 2016 - June 2017	\$282	\$60	(\$13)	\$329
July 2017 - June 2018	\$322	\$57	(\$75)	\$304
July 2018 - December 2018	\$351	\$79	\$0	\$430

Analysis does not include prescription claims

# Lake Havasu Employee Benefit Trust

## Pareto Analysis

Issued July 2018 – Dec 2018

Bucket	Number of Members	Issued Dollars	Issued Dollars as % of Total	% Total Members	AZ BOB - Issued Dollars as % of Total	AZ BOB - % Total Members
>\$15,000	22	\$1,391,474	83 %	3 %	63 %	2 %
\$12,500-\$15,000	2	\$27,558	2 %	0 %	3 %	0 %
\$10,000-\$12,500	2	\$21,913	1 %	0 %	3 %	1 %
\$7,500-\$10,000	5	\$46,532	3 %	1 %	4 %	1 %
\$5,000-\$7,500	11	\$67,605	4 %	1 %	5 %	2 %
\$2,500-\$5,000	8	\$26,034	2 %	1 %	7 %	4 %
\$0-\$2,500	747	\$98,711	6 %	94 %	14 %	90 %
Total	797	1,679,826	100%	100%	100%	100%

Analysis does not include fees or prescription claims

# Lake Havasu Employee Benefit Trust

## Top Major Diagnostic Categories – Medical Claims Only

Issued July 2018 – December 2018

Major Diagnostic Category	Issued	PMPM	AZ Benchmark
Neoplasms	\$464,582	\$97	\$30
Influencing	\$251,644	\$53	\$51
Digestive	\$177,800	\$37	\$26
Injury or Poison	\$129,326	\$27	\$26
Circulatory	\$119,864	\$25	\$31
Musculoskeletal	\$110,009	\$23	\$47
Ill-Defined	\$100,020	\$21	\$25
Genitourinary	\$92,642	\$19	\$16
Pregnancy	\$44,329	\$9	\$12
Infectious	\$43,617	\$9	\$10
All Other MDC	\$145,993	\$31	\$58
Total	\$1,679,826	\$351	\$334

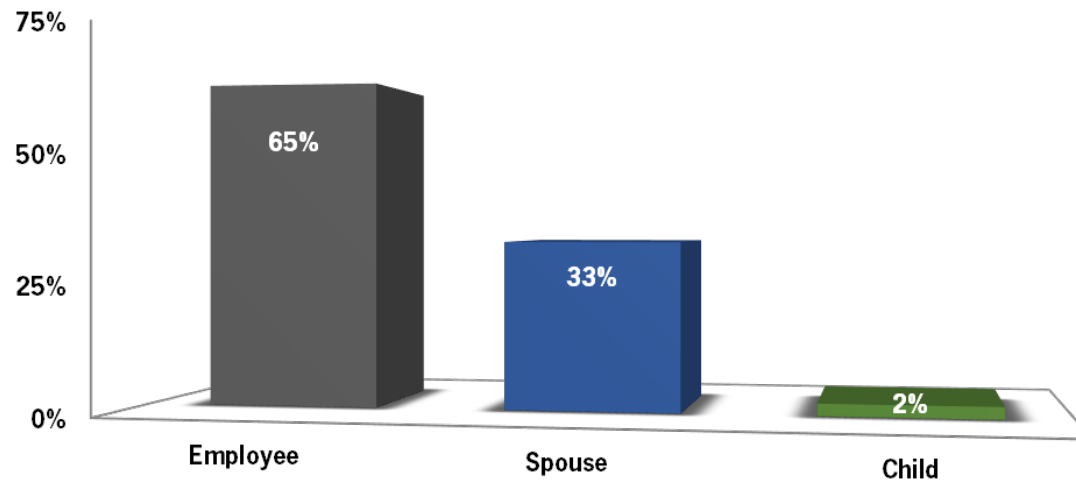
Analysis does not include fees or prescription claims



# Lake Havasu Employee Benefit Trust

## Employee vs Dependent Claims – Med Claims Only

Issued July 2018 – December 2018



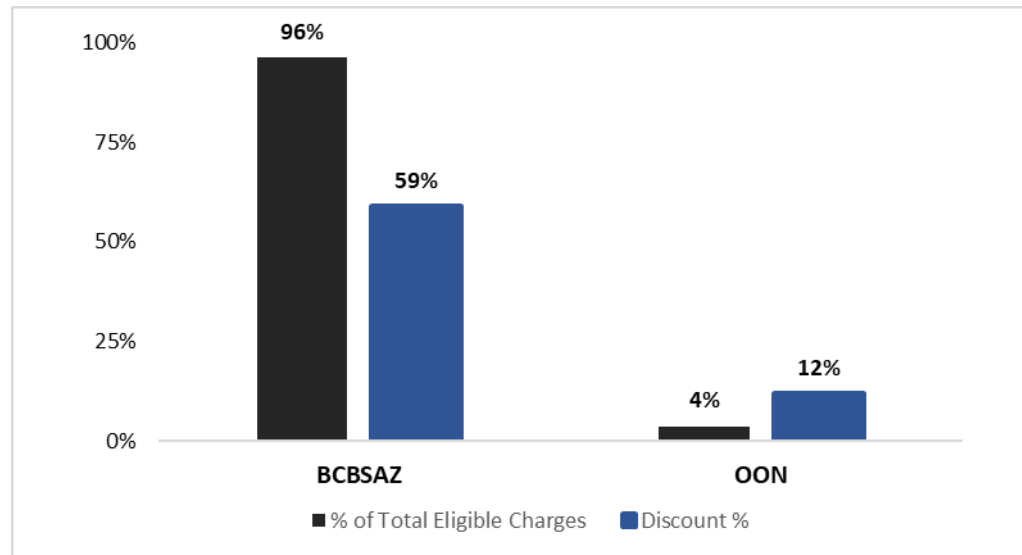
July 2018 - December 2018	Employee	Spouse	Child	Total
Total Med Issued	\$1,083,594	\$555,277	\$40,954	\$1,679,826
Percent of Total	65%	33%	2%	100%
Total Number of Members	486	112	199	797
PMPM	\$372	\$826	\$34	\$351
<b>Benchmark Percent of Total</b>	56%	29%	16%	100%
<b>Benchmark PMPM</b>	\$406	\$494	\$152	\$334

Analysis does not include fees or prescription claims

# Lake Havasu Employee Benefit Trust

## Discount Evaluation

Issued July 2017 – June 2018



Network	Eligible Charges	Discounts	Total Paid	% Disc
BCBSAZ	\$4,635,711	\$2,732,524	\$1,549,501	59%
OON	\$176,276	\$20,820	\$130,326	12%
Total	\$4,811,987	\$2,753,345	\$1,679,827	57%

Analysis does not include fees or prescription claims

# Lake Havasu Employee Benefit Trust

## EE/ER Cost Share

### By Issued Plan Year

Employee Share	July 2015 - June 2016	July 2016 - June 2017	July 2017 - June 2018	July 2018 - December 2018
Deductibles	\$168,435	\$277,037	\$308,066	\$209,096
Copays	\$111,768	\$91,885	\$96,531	\$54,549
Coinsurance	\$226,031	\$194,009	\$180,571	\$117,437
COB Savings	\$9,415	\$10,909	\$29,083	\$371
<b>Total Employee Cost</b>	<b>\$515,649</b>	<b>\$573,840</b>	<b>\$614,251</b>	<b>\$381,453</b>
<b>PMPM</b>	<b>\$51</b>	<b>\$60</b>	<b>\$63</b>	<b>\$80</b>
Employer Share	July 2015 - June 2016	July 2016 - June 2017	July 2017 - June 2018	July 2018 - December 2018
Fixed Cost	\$591,648	\$570,634	\$551,835	\$375,966
Plan Med Paid Claims	\$2,996,257	\$2,692,732	\$3,141,584	\$1,679,826
Reinsurance Reimbursements	(\$41,261)	(\$124,866)	(\$729,247)	\$0
<b>Total Employer Cost</b>	<b>\$3,546,645</b>	<b>\$3,138,500</b>	<b>\$2,964,172</b>	<b>\$2,055,792</b>
<b>PMPM</b>	<b>\$350</b>	<b>\$329</b>	<b>\$304</b>	<b>\$430</b>
<b>EE Share as % of Covered and Fixed</b>	<b>13%</b>	<b>15%</b>	<b>17%</b>	<b>16%</b>
<b>ER Share as % of Covered and Fixed</b>	<b>87%</b>	<b>85%</b>	<b>83%</b>	<b>84%</b>

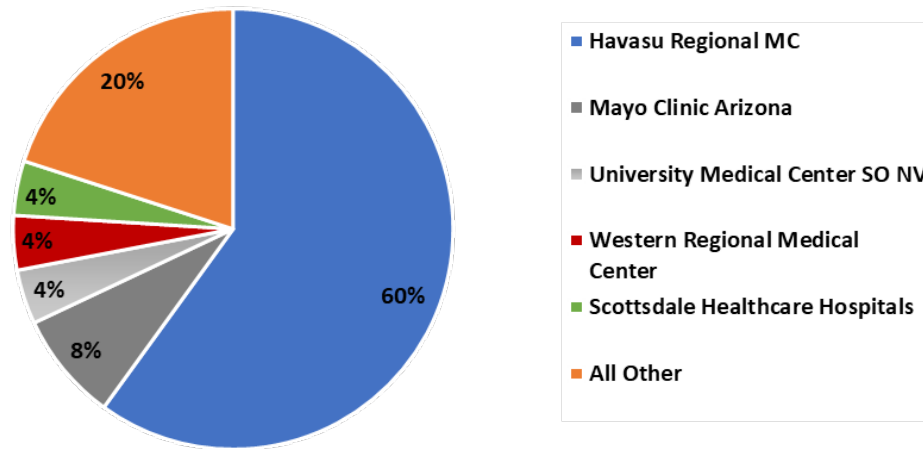
# of Employees	518	488	496	486
# of Members	845	796	812	797

Analysis does not include prescription claims

# Lake Havasu Employee Benefit Trust

## Inpatient Admits

Issued July 2018 – December 2018



Facility Name	Admits	Avg / Admit
Havasu Regional MC	15	\$9,758
Mayo Clinic Arizona	2	\$27,603
University Medical Center SO NV	1	\$34,315
Western Regional Medical Center	1	\$29,527
Scottsdale Healthcare Hospitals	1	\$22,486
All Other	5	\$6,234
Total	25	\$12,763

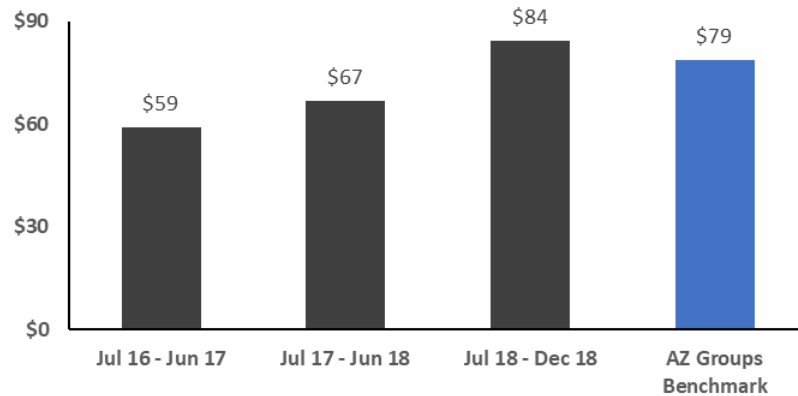
Analysis does not include fees or prescription claims

# Lake Havasu Employee Benefit Trust

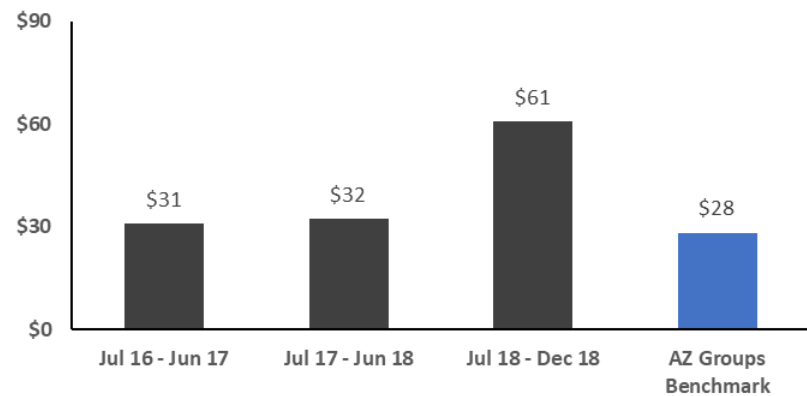
## Utilization Analysis – PMPM Bases

### By Issued Plan Year

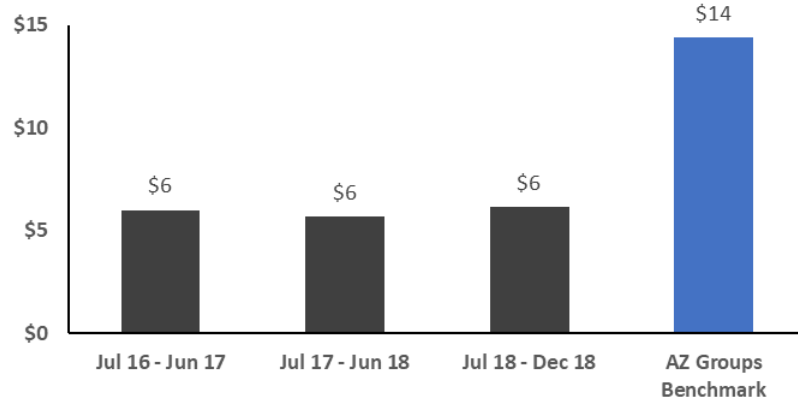
Inpatient Hospital



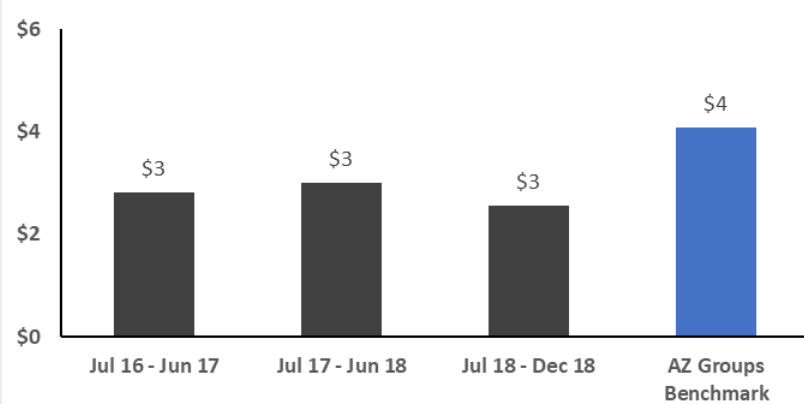
Emergency Hospital



Office Visits



Routine Wellness Office Visits



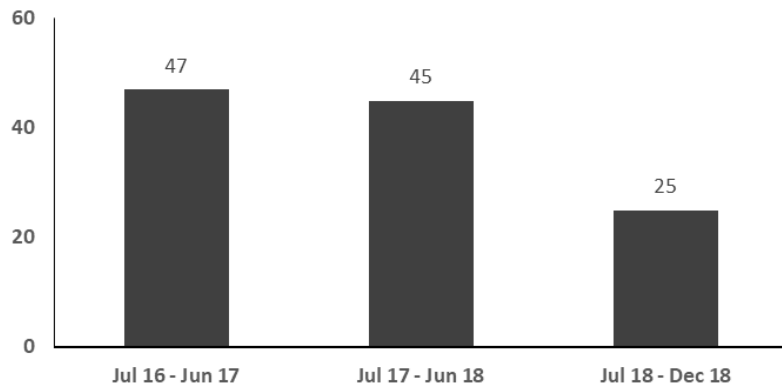


# Lake Havasu Employee Benefit Trust

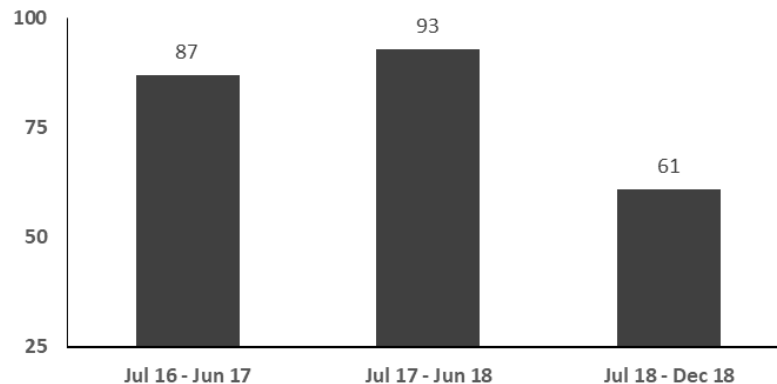
## Utilization Analysis – Admits / Cases

### By Issued Plan Year

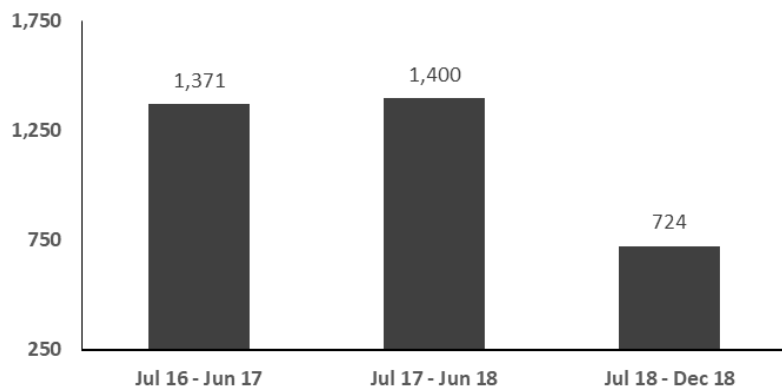
Inpatient Hospital



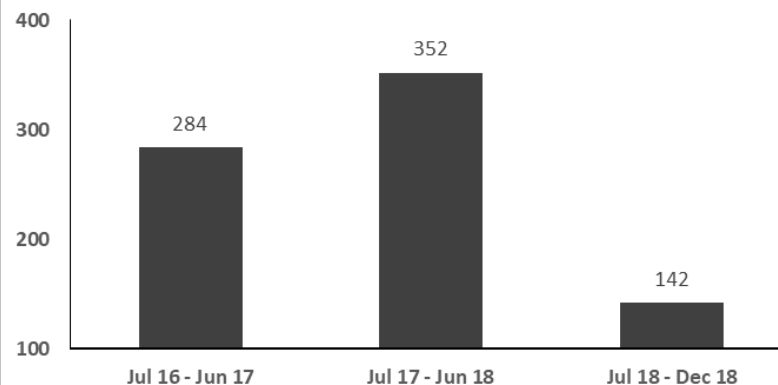
Emergency Hospital



Office Visits



Routine Wellness Office Visits

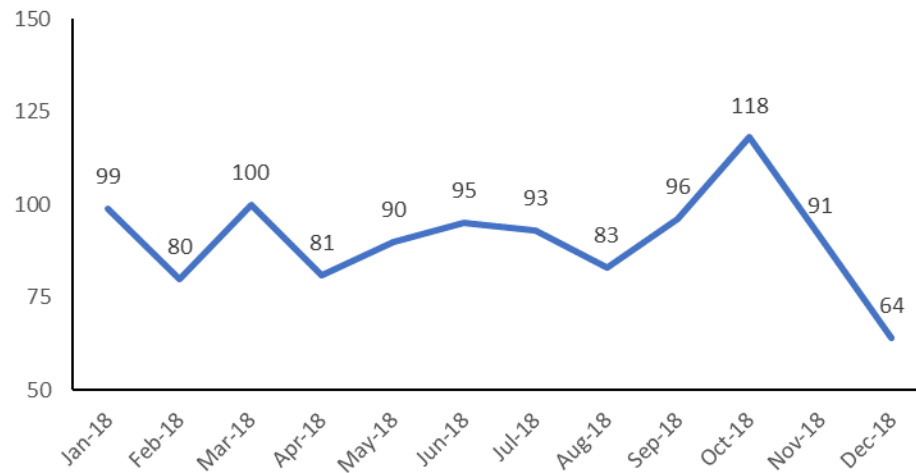


# Lake Havasu Employee Benefit Trust

## Customer Contact Calls and myGilsbar.com Logins

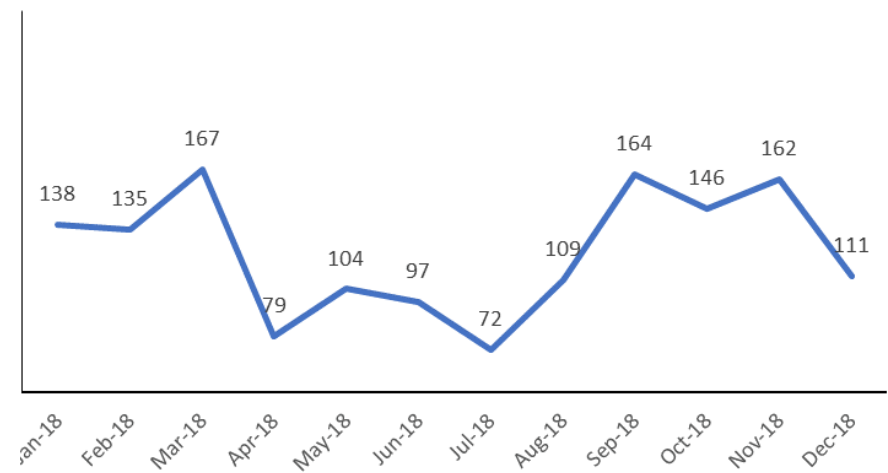
### By Issued Plan Year

Customer Contact Calls



Average % of Total Members Contacting the CCC = 11%

myGilsbar.com Logins



Average % of Total Members Logging into myGilsbar.com = 15%

# **MEMORANDUM**

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Storm Kinion, Group Benefits Specialist

DATE: January 28, 2019

RE: 2018 BlueCross BlueShield AZ (BCBSAZ) Review

---

Please find attached a copy of BCBSAZ's presentation and savings reports for 2018. Michele Soules will be at the meeting to present and review this report with Trustees.

If you have any questions between now and the date of the meeting, I can be reached at (928) 753-4700 ext. 305 or via email at [stormk@ecollinsandassociates.com](mailto:stormk@ecollinsandassociates.com).



# Lake Havasu Unified School District #1

Annual Trustee Meeting  
February 4, 2019



An Independent Licensee of the Blue Cross and Blue Shield Association

# Introductions and Team

## Michele Soules

*Strategic Relationship Executive*

602-864-4010

[Michele.Soules@azblue.com](mailto:Michele.Soules@azblue.com)

## Stefanie Hill

*Client Service Manager*

602-864-5711

[Stefanie.Hill@azblue.com](mailto:Stefanie.Hill@azblue.com)

## Jen Edmonson

*Operations Manager*

602-864-2038

[Jen.Edmonson@azblue.com](mailto:Jen.Edmonson@azblue.com)



# Discussion Topics

- Positive Changes at BCBSAZ
- Review of Discount Reports
- Service & Network Performance
- Network Updates
  - Blue Card available January 1, 2020
  - Mayo
- Rate Guarantees
  - Three Years

# Mission, Vision, Values

## *Our Mission*

Provide the best value in health insurance and related health services to improve the quality of life for Arizonans

## *Our Vision*

Inspire health in Arizona as the trusted leader in delivering affordable, innovative health care solutions

## *Our Values*

Caring – putting the customer first

Dedicated – doing our part to make our state a healthier place for all

Curious – learn and innovate

Accountable – fulfill our commitments

Collaborative – create better solutions together

# Service and Network Updates



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## Network of Providers

- Largest carrier-based provider network in AZ
- Aggressive provider contracting efforts equals sustainable **claim discounts** and member satisfaction with minimal network disruption.
- Dedicated online provider directory tools for network partners

## Resources and Support

- Claim pricing and EDI experts that support the TPA partner on a daily basis
- Oversee TPAs compliance with the network lease agreement (timeliness and accuracy)
- Specialized services provided for special investigations & audits, pricing grievance resolution and network analysis & reporting.

# Discount & Utilization Reports



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# Network Savings and Utilization

- Savings
  - Overall discount for the group is 55.2%
    - Was 54.3% in 2017
  - Average for in-network Blue book of business for Mohave County is 50.9%
  - Every 1% in savings is worth \$15.88 per contract per month
    - If competitor has 1% lower discount than BCBSAZ, will cost the group \$93K
- Utilization with Contracted Providers
  - 100% of facility charges
  - 97% of professional billed charges
  - 99.2% total billed charges (facility and professional)

# Comparing 2017 Versus 2018

	2017	2018
Inpatient Savings	74.2%	71.0%
IP Savings Distribution	73% (35 of 48) of claims had discount of 70% or better	61% (33 of 54) had discount of 70% or better
Outpatient Savings	34.0%	36.5%
Professional Savings	52.6%	56.4%
Claims Savings	\$3,700,000	\$5,100,000
Savings PCPM	\$625	\$877

# Detailed Network Savings

## Lake Havasu Unified School District #1 Employee Benefit Trust Claims Savings Report For Claims Processed 1/1/2018 - 12/31/2018

*Reflects only the allowed amount as priced by BCBSAZ and does not account for denials, claims edits, etc. applied by the TPA*

<u>Claim Type</u>	<u>Claim Count</u>	<u>Billed</u>	<u>Allowed</u>	<u>\$ Savings</u>	<u>% Savings</u>
Inpatient	54	\$3,723,226	\$1,081,064	\$2,642,162	71.0%
Outpatient	333	3,274,817	2,080,336	1,194,480	36.5%
Facility Subtotal	387	\$6,998,043	\$3,161,400	\$3,836,643	54.8%
Professional	4,819	\$2,309,573	\$1,008,158	\$1,301,415	56.4%
<b>Medical Total</b>	<b>5,206</b>	<b>\$9,307,616</b>	<b>\$4,169,558</b>	<b>\$5,138,058</b>	<b>55.2%</b>

**Every 1% in Medical Savings is Worth: \$93,076 (= 1% of Billed)**

# Top 25 Inpatient Claims

<u>Claim #</u>	<u>Billed</u>	<u>Allowed</u>	<u>\$ Savings</u>	<u>% Savings</u>
1	\$342,500	\$66,327	\$276,173	80.6%
2	\$283,140	\$44,958	238,182	84.1%
3	\$283,140	\$44,958	238,182	84.1%
4	\$189,465	\$33,547	155,917	82.3%
5	\$176,507	\$123,555	52,952	30.0%
6	\$153,523	\$12,072	141,451	92.1%
7	\$125,843	\$105,278	20,565	16.3%
8	\$114,861	\$40,553	74,308	64.7%
9	\$100,765	\$31,018	69,747	69.2%
10	\$99,011	\$69,308	29,703	30.0%
11	\$96,546	\$18,974	77,572	80.4%
12	\$94,695	\$18,974	75,721	80.0%
13	\$94,397	\$18,974	75,423	79.9%
14	\$88,460	\$26,972	61,488	69.5%
15	\$87,609	\$18,343	69,265	79.1%
16	\$86,929	\$18,974	67,955	78.2%
17	\$86,062	\$33,028	53,034	61.6%
18	\$84,772	\$10,849	73,923	87.2%
19	\$83,820	\$58,674	25,146	30.0%
20	\$82,031	\$41,264	40,767	49.7%
21	\$80,391	\$31,301	49,089	61.1%
22	\$72,761	\$11,207	61,554	84.6%
23	\$65,585	\$14,355	51,230	78.1%
24	\$54,815	\$19,174	35,641	65.0%
25	\$53,990	\$4,461	49,529	91.7%
<b>Top 25 Total</b>	<b>\$3,081,617</b>	<b>\$917,098</b>	<b>\$2,164,519</b>	<b>70.2%</b>

<u>Inpatient Total</u>	<u>Claim Count</u>	<u>Billed</u>	<u>Allowed</u>	<u>\$ Savings</u>	<u>% Savings</u>
	54	\$3,723,226	\$1,081,064	\$2,642,162	71.0%

# Blue Card



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# Provider Networks and BlueCard

- Provider Networks
  - Largest national network delivering deepest overall discounts
  - Servicing every zip code in the United States and the U.S. Territories
- BlueCard
  - Availability starting with select groups in 2020
  - Optimal savings potential with national BlueCard Program
  - Superior network access for members including those in rural areas
  - Lower access fee exposure over competitor wrap networks

# Mayo Update



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# BCBSAZ and Mayo

- Added Mayo as Provider Partner May 2017
  - Included all BCBSAZ groups and members
  - Mayo continues to specialize rare condition, specialty treatment
    - Stringent intake process
- Utilization Updates Provided Twice Yearly
- Potential Cost Impact of Mayo
  - May 2017 through October 2018:
    - 6% to 7% total allowed in medical expenses paid to Mayo across all groups
    - Experience from all 72 network-only groups that use our PPO statewide network
    - Represents 172,000 members
  - Includes cost shifting from other facilities

# Renewal Rates



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# Renewal Rates and Guarantees

- Secured three year rate guarantees beginning July 1, 2019
  - July 1, 2019 through June 30, 2020 - \$15.75
  - July 1, 2020 through June 30, 2021 - \$16.50
  - July 1, 2021 through June 30, 2022 - \$17.50

We have an exclusive website for our Network partners. You can access this at [www.azblue.com/CHSnetwork](http://www.azblue.com/CHSnetwork).

The landing page includes the following:

- *A link to the Online BCBSAZ Provider Directory*
- *ChooseHealthy®*, discounts on acupuncture, fitness clubs, massage therapy and more!
- *Preventive Health & Wellness*, a list of routine exams and at what age you should consider them.
- Urgent Care locations snap shot for PIMA and MARICOPA counties



## Find a Doctor | Corporate Health Services (CHS)

### Search for a Provider

Quickly find a doctor, hospital or other healthcare providers.

Choose a Plan



Find a Doctor

### Corporate Health Services (CHS)

Through CHS from Blue Cross Blue Shield of Arizona








# FIND A DOCTOR



 Your Location Cochise County, AZ 

 Your Plan Arizona PPO 

Select a category

All Categories ^	Search for doctors, hospitals and clinics by name or specialty.	
All Categories	Search for doctors, hospitals and clinics by name or specialty.	
Doctors by Name	Search for a doctor by their first and last name to see locations, insurance information and more.	
Doctors by Specialty	Find doctors in your network. Search by doctor specialty, i.e., "primary care physician" or "OB/GYN."	
Places by Name	Enter the name of a hospital or clinic to view address, phone number and insurance information.	
Places by Type	Search for hospitals and clinics near you.	

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Nondiscrimination Notice

Last updated: 01/06/2019  
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# Thank You



An Independent Licensee of the Blue Cross and Blue Shield Association

# **MEMORANDUM**

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Storm Kinion, Group Benefits Specialist

DATE: January 28, 2019

RE: 2018 Prescription Claims Review

---

Please find attached a copy of National Cooperative Rx's presentation which outlines the Trust's prescription claims utilization for the period January – December 2018. Chris Schanz will be at the meeting to present and review this report with Trustees as well as the handouts attached.

If you have any questions between now and the date of the meeting, I can be reached at (928) 753-4700 ext. 305 or via email at [stormk@ecollinsandassociates.com](mailto:stormk@ecollinsandassociates.com).



**L.H. Unified  
School District #1**  
*Employee Benefit Trust*

February 4, 2019

Christopher Schanz  
Strategic Account Executive



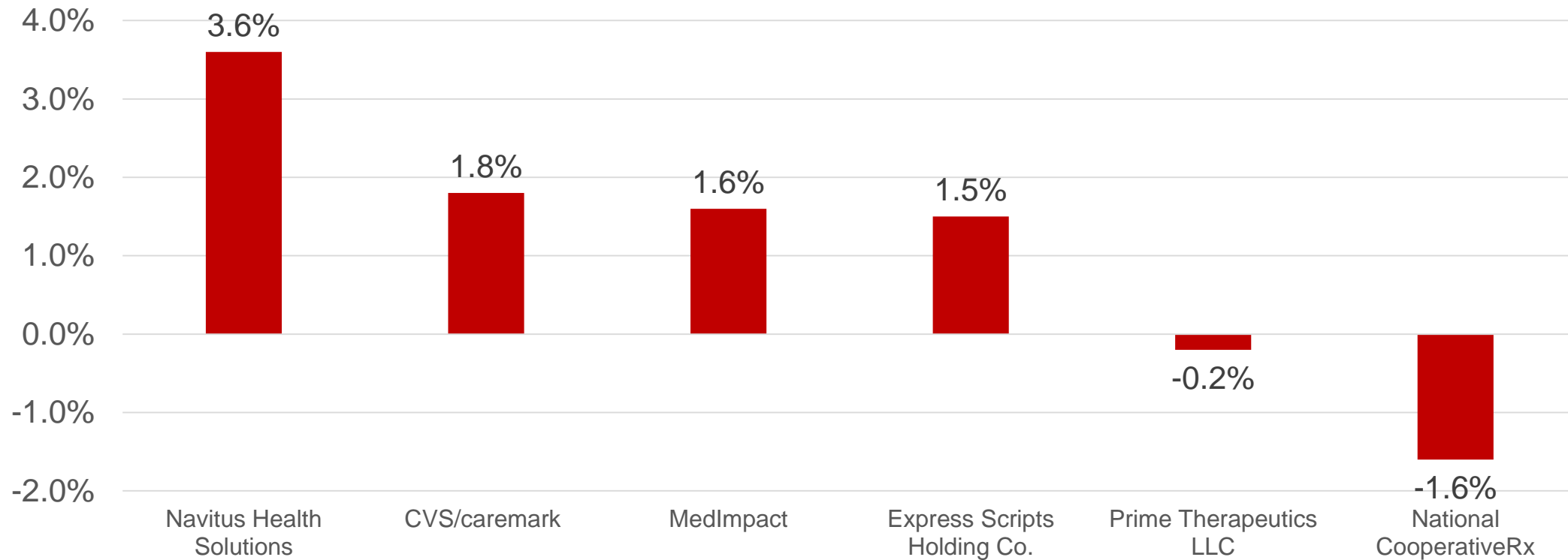
# National CooperativeRx Growth

Year	Member Lives
2016	210,000
2017	256,000
2018	283,000
2019	319,000



# Commercial Trend

With Rebates, 2016-2017





# A Savings Strategy That Works!

NCRx Recommendations and Plan Exclusions	NCRx PMPY	CVS/caremark Employer PMPY	Difference
Dental/Medical Benefit	\$0.00	\$1.06	\$1.06
High Cost Products with Lower Cost Alternatives	\$20.40	\$47.17	\$26.76
Medical Foods	\$0.46	\$1.40	\$0.94
Medical Devices	\$0.63	\$0.75	\$0.12
High Dollar Threshold / Pharmacy Service Providers	\$5.01	\$11.29	\$6.28
<b>TOTAL</b>	<b>\$26.51</b>	<b>\$61.67</b>	<b>\$35.17</b>



# High Dollar Claims Review

Effective: October 1, 2017

- Claims for non-specialty drugs with a \$1,500 net cost
- Automated report generates each morning for prior day's claims
- National CooperativeRx Pharmacist reviews rejected claims and profiles
  - I. Approve or deny and intervene
  - II. Majority of claims reviewed within 24 hours
- Reviewing:
  - I. Safe drug use
  - II. Appropriate billing (quantity, days' supply and associated cost)
  - III. Lower cost alternatives
  - IV. Reduced quantities
  - V. Usual & Customary



# Duexis

A Combination of Generic Ingredients Found in Motrin and Pepcid AC



90 pill bottle = \$2,600

Combined price  
less than \$50

# Authorized Generic



<b>NDC</b>	00008083622
<b>Generic Name</b>	Venlafaxine
<b>Labeler</b>	PFIZER U.S.
<b>Brand Name</b>	Effexor XR
<b>Shape</b>	oblong
<b>Color List</b>	dark orange
<b>Imprint Side 1</b>	W Effexor XR
<b>Imprint Side 2</b>	150
<b>Strength Field Collection</b>	150 mg
<b>Dosage Form</b>	Capsule Extended Release 24 Hour
<b>NDC</b>	59762018202
<b>Generic Name</b>	Venlafaxine
<b>Labeler</b>	GREENSTONE
<b>Shape</b>	oblong
<b>Color List</b>	dark orange
<b>Imprint Side 1</b>	W Effexor XR
<b>Imprint Side 2</b>	150
<b>Strength Field Collection</b>	150 mg
<b>Dosage Form</b>	Capsule Extended Release 24 Hour

**AWP**  
**\$15.58**

**AWP**  
**\$5.08**

- A brand name drug marketed as a generic without the brand name on the label
- Exactly the same as the brand name product
- Sold at a lower price



Source: [www.fda.gov/Drugs/DevelopmentApprovalProcess/HowDrugsareDevelopedandApproved/ApprovalApplications/AbbreviatedNewDrugApplicationANDAGenerics/ucm126389.htm](http://www.fda.gov/Drugs/DevelopmentApprovalProcess/HowDrugsareDevelopedandApproved/ApprovalApplications/AbbreviatedNewDrugApplicationANDAGenerics/ucm126389.htm)

# Clinical Savings Estimate

National CooperativeRx member average:

**\$35 PMPY**

LHSEBT savings based on 820 lives:

**\$28,700**



# LHSEBT Rebates

Rebates	Q1 Rebate	Q2 Rebate	Q3 Rebate	Q4 Rebate	Total
<b>2011</b>	---	---	---	\$7,684.44	<b>\$7,684.44</b>
<b>2012</b>	\$8,314.19	\$8,104.47	\$6,157.48	\$6,309.23	<b>\$28,885.37</b>
<b>2013</b>	\$6,813.46	\$6,172.51	\$5,398.74	\$12,608.04	<b>\$30,992.75</b>
<b>2014</b>	\$9,998.86	\$9,733.11	\$8,891.96	\$9,166.93	<b>\$37,790.86</b>
<b>2015</b>	\$9,759.20	\$9,557.40	\$9,757.16	\$10,376.84	<b>\$39,450.60</b>
<b>2016</b>	\$24,601.99	\$22,451.10	\$20,262.76	\$22,195.85	<b>\$89,511.70</b>
<b>2017</b>	\$27,362.38	\$33,514.54	\$27,641.54	\$30,789.10	<b>\$119,307.56</b>
<b>2018</b>	\$41,609.76	\$45,296.19			<b>\$86,905.95</b>



# LHSEBT Rebate True-Up

Year	True-Up	
<b>2011 &amp; 2012</b>	\$15,346.70	Paid in 2014
<b>2013</b>	\$15,308.86	Paid in 2015
<b>2014</b>	\$37,760.10	Paid in 2016
<b>2015</b>	\$71,861.17	Paid in 2017
<b>2016</b>	\$14,282.14	Paid in 2018





# LHSEBT Patronage

Year	Cash	Equity	Total
2011	\$276.74	\$645.71	\$922.45
2012	\$350.47	\$817.76	\$1,168.23
2013	\$969.91	\$0.00	\$969.91
2014	\$418.72	\$977.00	\$1,395.72
2015	\$784.23	\$1,829.88	\$2,614.11
2016	\$599.60	\$1,399.06	\$1,998.66
2017	\$434.53	\$1,013.89	\$1,448.42



# LHSEBT 2018 Plan Performance

- Gross Cost \$ 1,268,689
  - Net Cost (Plan Paid) \$ 1,187,201
  - Member Paid \$ 81,488
  - (6.4% of Total)
- 
- Number of Prescriptions: 6,112
  - Generic Dispensing Rate: 85.8%



# LHSEBT 2018 Plan Performance

## Specialty Medications

- Gross Cost \$ 751,377
  - Net Cost (Plan Paid) \$ 739,934
  - Member Paid \$ 11,443
  - (1.5% of Total)
- 
- Number of Prescriptions: 94
  - Percent of Overall Drug Spend: 59.2%

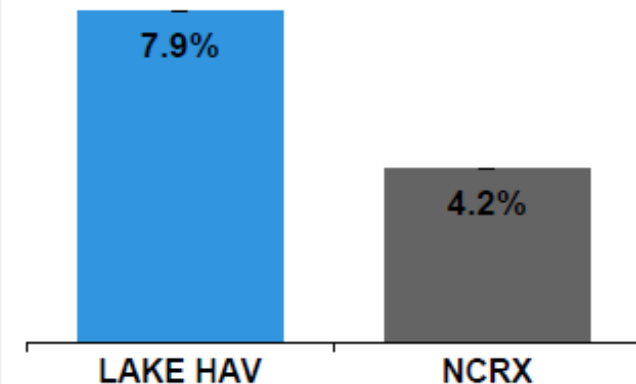


# Executive Summary

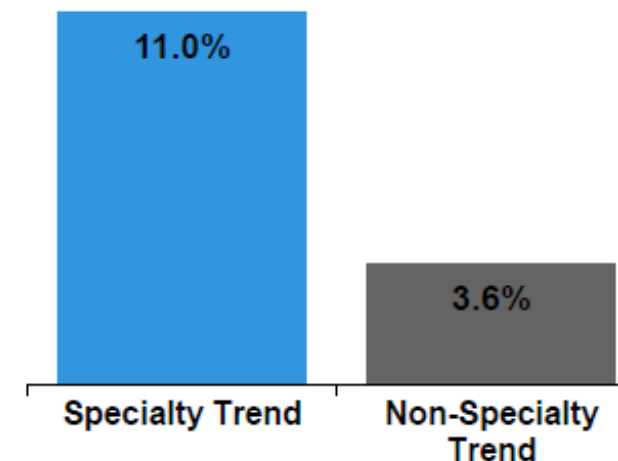
## SNAPSHOT

Eligibility	Jan-Dec 17	% Change	Jan-Dec 18	NCRX
Average Eligible Members per Month	821	-0.2%	819	
Avg. Monthly Utilizers as % of Members	24.7%	17.0%	28.9%	30.3%
Average Member Age	39.3	0.4%	39.4	34.0
<b>Cost</b>				
Total Gross Cost	\$1,178,948	7.6%	\$1,268,689	
Total Net Cost	\$1,119,229	6.1%	\$1,187,201	
Gross Cost PMPY	\$1,436	7.9%	\$1,549	\$1,144
Net Cost PMPY	\$1,363	6.3%	\$1,450	\$1,029
Member Cost Share	5.1%	26.8%	6.4%	10.1%
<b>Drug Mix</b>				
% Single Source Brands	15.2%	-16.3%	12.7%	12.4%
% Multi Source Brands	1.7%	-9.0%	1.5%	0.9%
Generic Dispensing Rate	83.2%	3.2%	85.8%	86.6%
Generic Substitution Rate	98.0%	0.2%	98.2%	98.9%
<b>Utilization</b>				
Total Prescriptions	4,968	23.0%	6,112	
% Retail Prescriptions	75.1%	-0.6%	74.7%	80.7%
% Mail Prescriptions	0.4%	-35.0%	0.3%	6.4%
% Retail 90 Prescriptions	24.5%	2.3%	25.0%	12.9%
Days' Supply PMPY	251	24.9%	314	318
<b>Specialty</b>				
Specialty Total Gross Cost	\$678,318	10.8%	\$751,377	
Specialty Utilizers as % of Members	1.7%	-21.2%	1.3%	1.2%
Specialty Gross Cost PMPY	\$826	11.0%	\$917	\$494
Specialty % of Total Gross Cost	57.5%	2.9%	59.2%	43.2%
Specialty % of Total Prescriptions	1.9%	-17.8%	1.5%	1.1%
% Specialty Member Cost Share	0.6%	166.6%	1.5%	3.4%
% Non-Specialty Member Cost Share	11.2%	21.4%	13.5%	15.2%

## YOUR GROSS TREND



## YOUR SPECIALTY VS. NON-SPECIALTY TREND



## TOP THERAPEUTIC CLASS

Therapeutic Class	Total Gross Cost	Gross Cost PMPY	Gross Trend	GDR (Client Specific)	Total Distinct Utilizers
Respiratory Agents - Misc.	\$337,436	\$412.01	14.2%	0.0%	1
Analgesics - Anti-Inflammatory	\$168,336	\$205.54	-0.1%	89.4%	94
Antidiabetics	\$158,293	\$193.28	4.6%	32.3%	39
Psychotherapeutic And Neurological Agents - Misc.	\$74,233	\$90.64	74.5%	28.6%	3
Antivirals	\$70,081	\$85.57	-13.7%	94.1%	60

## BY GROSS COST

Prior Rank	Current Rank	Drug Name	Dispense Type	Therapeutic Class	Percent AWP Change	Generic Launch Date	Gross Cost	Total Utilizers	Total Rxs	Gross Cost Per Day
NA	1	Symdeko	Specialty	Respiratory Agents - Misc.	NA	NA	\$223,111	1	10	\$796.82
2	2	Humira	Specialty	Analgesics - Anti-Inflammatory	10.0%	NA	\$122,044	2	17	\$174.35
5	3	Tecfidera	Specialty	Psychotherapeutic And Neurological Agents - Misc.	8.0%	NA	\$73,803	1	10	\$246.01
NA	4	Harvoni	Specialty	Antivirals	NA	NA	\$63,126	1	2	\$1,127.25
1	5	Orkambi	Specialty	Respiratory Agents - Misc.	2.4%	NA	\$62,509	1	3	\$744.15
4	6	Cayston	Specialty	Anti-Infective Agents - Misc.	3.3%	NA	\$59,571	1	7	\$303.93
6	7	Pulmozyme	Specialty	Respiratory Agents - Misc.	5.0%	NA	\$51,817	1	12	\$143.94
NA	8	Orencia	Specialty	Analgesics - Anti-Inflammatory	NA	NA	\$37,254	1	3	\$147.83
7	9	Bethkis	Specialty	Aminoglycosides	0.0%	NA	\$34,118	1	6	\$101.54
10	10	Novolog Flexpen	Brand	Antidiabetics	3.8%	NA	\$32,352	5	41	\$20.75



## YOUR SPECIALTY UTILIZATION METRICS

	Jan-Dec 17	% Change	Jan-Dec 18	NCRX
Specialty Prescriptions	93	1.1%	94	
% of Specialty Total Prescriptions	1.9%	-17.8%	1.5%	1.1%
% CVS Caremark Specialty Pharmacy Prescriptions	82.8%	-4.9%	78.7%	
Specialty Utilizers	14	-21.4%	11	
% of Specialty Utilizers	2.5%	-29.1%	1.8%	
Average Age per Specialty Utilizer	42.3	6.5%	45.1	

## YOUR SPECIALTY COST METRICS

	Jan-Dec 17	% Change	Jan-Dec 18	NCRX
Specialty Gross Cost	\$678,318	10.8%	\$751,377	
% Specialty Prescriptions By Gross Cost	57.5%	2.9%	59.2%	43.2%
Specialty Net Cost	\$674,443	9.7%	\$739,934	
% Specialty Prescriptions By Net Cost	60.3%	3.4%	62.3%	46.4%
Specialty Member Cost	\$3,875	195.3%	\$11,443	
% Specialty Member Cost Share	0.6%	166.6%	1.5%	3.4%
Gross Cost per Specialty Utilizer	\$48,451	41.0%	\$68,307	
Specialty Utilizers as % of Members	1.7%	-21.2%	1.3%	

**Member Cost Share: \$11,443**  
**Coupon Amount: \$7,198**  
**Actual Member Cost: \$4,245**



# Questions?





# Thank You

Chris Schanz

Strategic Account Executive

[cschanz@nationalcooperativerx.com](mailto:cschanz@nationalcooperativerx.com)



National Cooperative 

# RxInsights®

**WISRX Lake Havasu**

**Prescription Benefit Review**

**Jan 2018 - Dec 2018**



# Executive Summary

## SNAPSHOT

Eligibility	Jan-Dec 17	% Change	Jan-Dec 18	NCRX
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Average Member Age	39.3	0.4%	39.4	34.0

## Cost

Total Gross Cost	\$1,178,948	7.6%	\$1,268,689	
Total Net Cost	\$1,119,229	6.1%	\$1,187,201	
Gross Cost PMPY	\$1,436	7.9%	\$1,549	\$1,144
Net Cost PMPY	\$1,363	6.3%	\$1,450	\$1,029
Member Cost Share	5.1%	26.8%	6.4%	10.1%

## Drug Mix

% Single Source Brands	15.2%	-16.3%	12.7%	12.4%
% Multi Source Brands	1.7%	-9.0%	1.5%	0.9%
Generic Dispensing Rate	83.2%	3.2%	85.8%	86.6%
Generic Substitution Rate	98.0%	0.2%	98.2%	98.9%

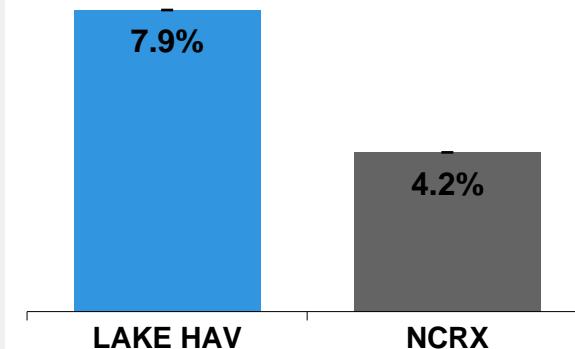
## Utilization

Total Prescriptions	4,968	23.0%	6,112	
% Retail Prescriptions	75.1%	-0.6%	74.7%	80.7%
% Mail Prescriptions	0.4%	-35.0%	0.3%	6.4%
% Retail 90 Prescriptions	24.5%	2.3%	25.0%	12.9%
Days' Supply PMPY	251	24.9%	314	318

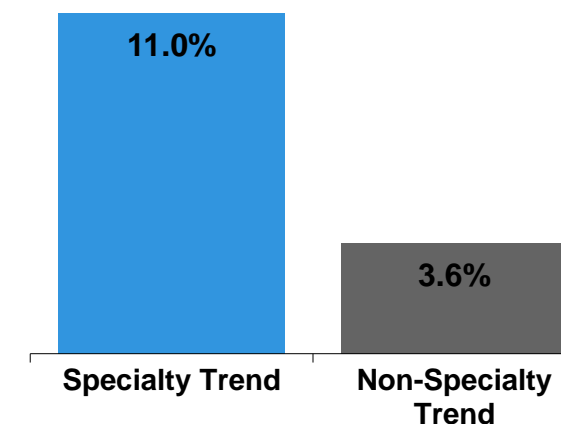
## Specialty

Specialty Total Gross Cost	\$678,318	10.8%	\$751,377	
Specialty Utilizers as % of Members	1.7%	-21.2%	1.3%	1.2%
Specialty Gross Cost PMPY	\$826	11.0%	\$917	\$494
Specialty % of Total Gross Cost	57.5%	2.9%	59.2%	43.2%
Specialty % of Total Prescriptions	1.9%	-17.8%	1.5%	1.1%
% Specialty Member Cost Share	0.6%	166.6%	1.5%	3.4%
% Non-Specialty Member Cost Share	11.2%	21.4%	13.5%	15.2%

## YOUR GROSS TREND

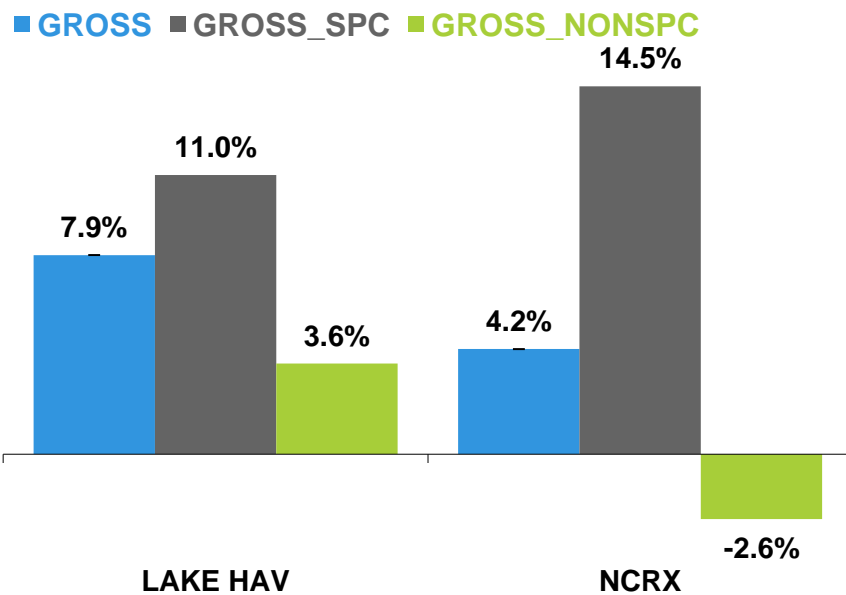


## YOUR SPECIALTY VS. NON-SPECIALTY TREND

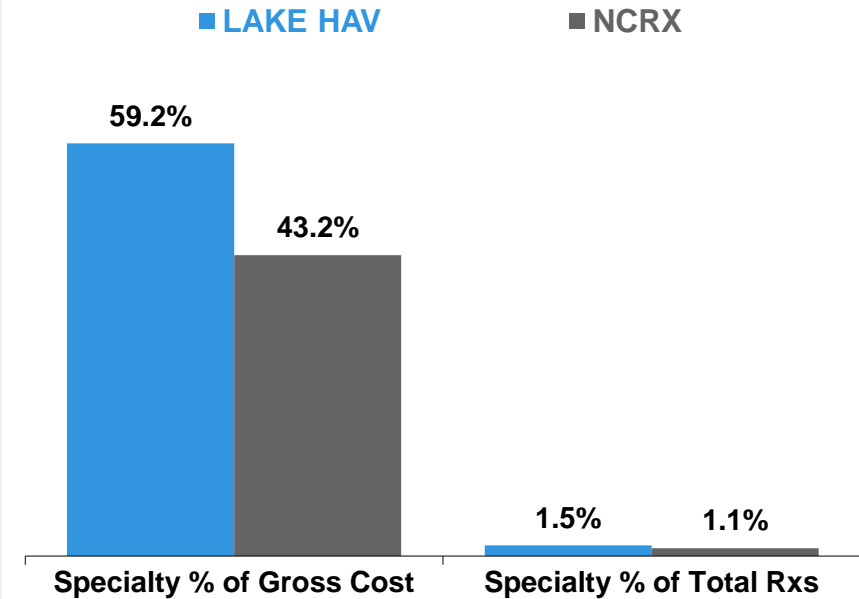


## Your Executive Summary

### YOUR GROSS TREND



### SPECIALTY PHARMACY COST & UTILIZATION



### Trend

Your Jan-Dec 18 Gross Trend was 7.9%. Utilization is the primary driver for your trend.

### Specialty Pharmacy

## Your Executive Summary

### TOP THERAPEUTIC CLASS

Therapeutic Class	Total Gross Cost	Gross Cost PMPY	Gross Trend	GDR (Client Specific)	Total Distinct Utilizers
Respiratory Agents - Misc.	\$337,436	\$412.01	14.2%	0.0%	1
Analgesics - Anti-Inflammatory	\$168,336	\$205.54	-0.1%	89.4%	94
Antidiabetics	\$158,293	\$193.28	4.6%	32.3%	39
Psychotherapeutic And Neurological Agents - Misc.	\$74,233	\$90.64	74.5%	28.6%	3
Antivirals	\$70,081	\$85.57	-13.7%	94.1%	60

### Top Therapeutic Categories

Your Top Five Therapeutic Categories represent 63.7% of your Total Gross Cost. The class representing the highest number of utilizing members was Antidepressants.

### PHARMACY CHOICE

	Jan-Dec 17	% Change	Jan-Dec 18	NCRX Jan-Dec 18
Total Prescriptions	4,968	23.0%	6,112	
% Retail Prescriptions	75.1%	-0.6%	74.7%	80.7%
% Mail Prescriptions	0.4%	-35.0%	0.3%	6.4%
% Retail 90 Prescription:	24.5%	2.3%	25.0%	12.9%

### Pharmacy Choice

Your retail utilization as a percent of days' supply was 45.9%, versus 46.2% for the previous time period. Your mail utilization as a percent of days' supply was 0.5%, versus 0.8% for the previous time period.

RETAIL90 Prescription utilization as a percent of days' supply was 53.5%, versus 53.0% for the previous time period.

# Your Executive Summary

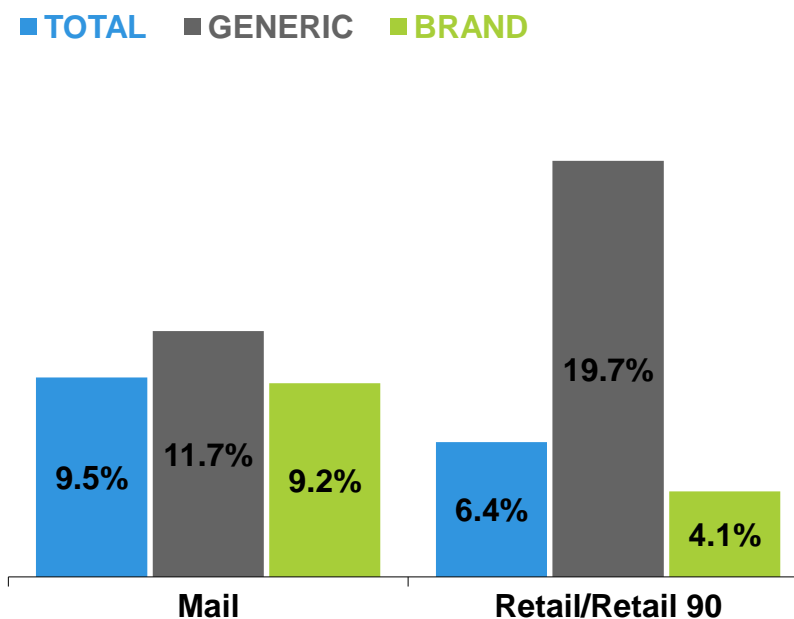
## PHARMACY UTILIZATION

Prescription Activity	Prescriptions	Percentage of Gross Cost	% of Total Days' Supply
Total Retail Network Claims	4,567	85.7%	45.9%
CVS Non Maintenance Choice® Retail Claims	1,614	14.3%	17.3%
CVS Caremark Mail Claims	16	0.9%	0.5%
% Retail 90 Claims	1,529	7.4%	53.5%

## Pharmacy Utilization

35.8% of your retail claims were processed at a CVS/pharmacy.

## MEMBER COST SHARE BY DELIVERY SYSTEM AND DRUG TYPE

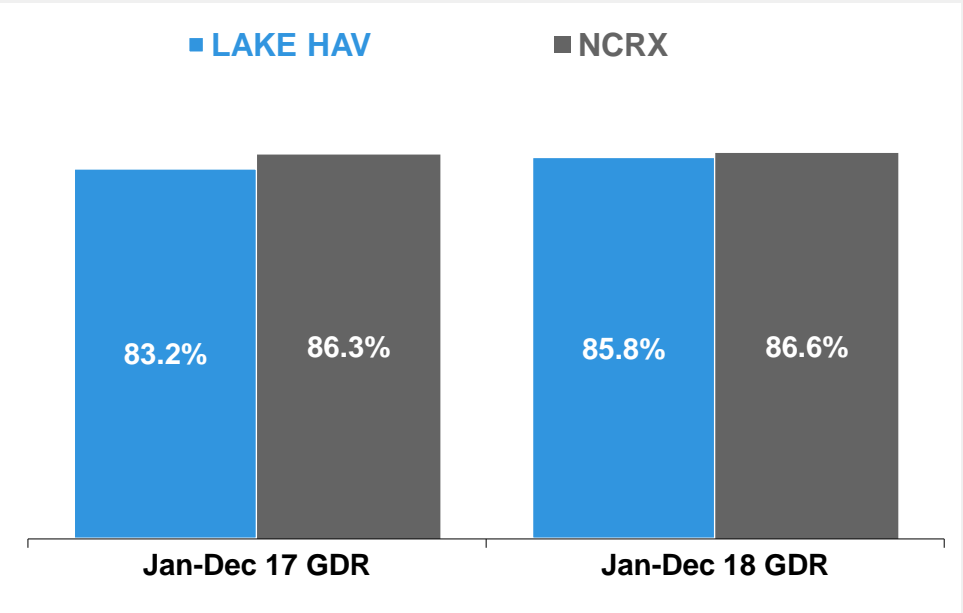


## Cost Share

Your Member Cost Share for Retail increased 33.4% from Jan 2018-Dec 2018. Your Member Cost Share for Mail decreased 69.3% for the same period.

# Your Executive Summary

## GENERIC DISPENSING RATE



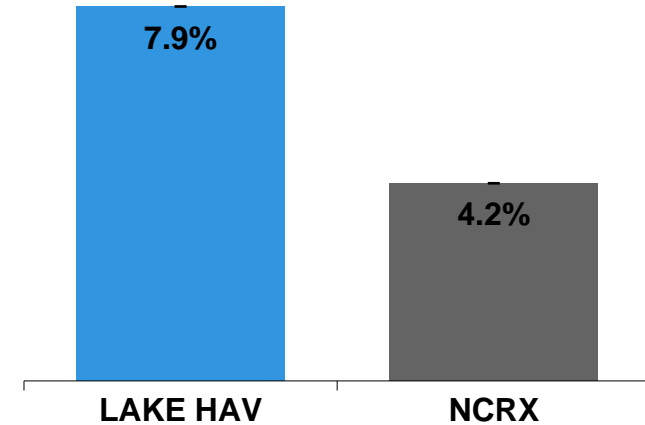
### Generics

Your Generic Dispensing Rate increased from 83.2% to 85.8%.

## Your Trend

TREND			
	Jan-Dec 17	Jan-Dec 18	NCRX
Total Gross Trend	33.3%	7.9%	4.2%
Gross Age-Adjusted Trend (PMPM)	-1.4%	6.7%	
Non Specialty Gross Trend (PMPM)	17.7%	3.6%	-2.6%
Specialty Gross Trend (PMPM)	47.8%	11.0%	14.5%
TOTAL GROSS TREND COMPONENTS			
Price Inflation	3.1%	1.8%	3.7%
Utilization (PMPM)	9.0%	24.9%	-0.5%
Drug Mix	18.6%	-15.2%	0.9%

## GROSS TREND



## Impacting Pharmacy Trend

### Plan Design

- Reduce non-essential utilization and help drive desired behaviors such as generic and preferred drug choice, as well as use of 90-day mail pricing
- To control overall costs: focus on high-value drug therapies and high-risk plan members; optimize essential care

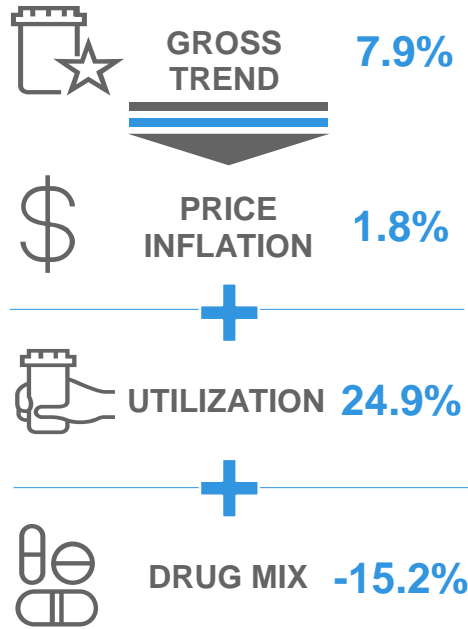
### Clinical Solutions

- Safety initiatives, utilization management savings, and health management strategies

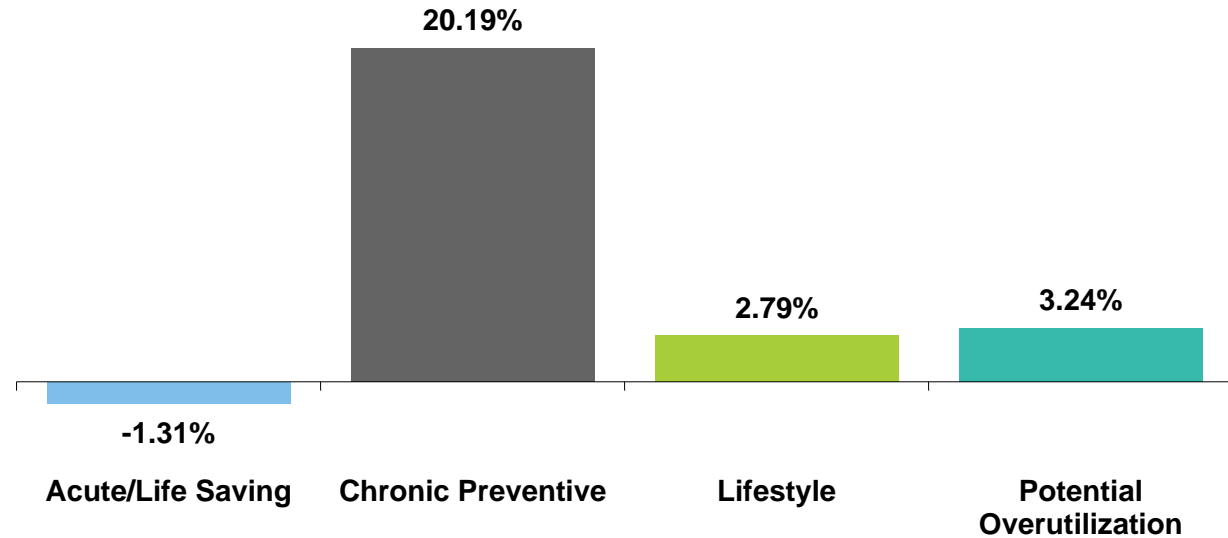
### Member Experience



## Your Gross Trend Component Drivers



## CATEGORIES DRIVING YOUR UTILIZATION TREND



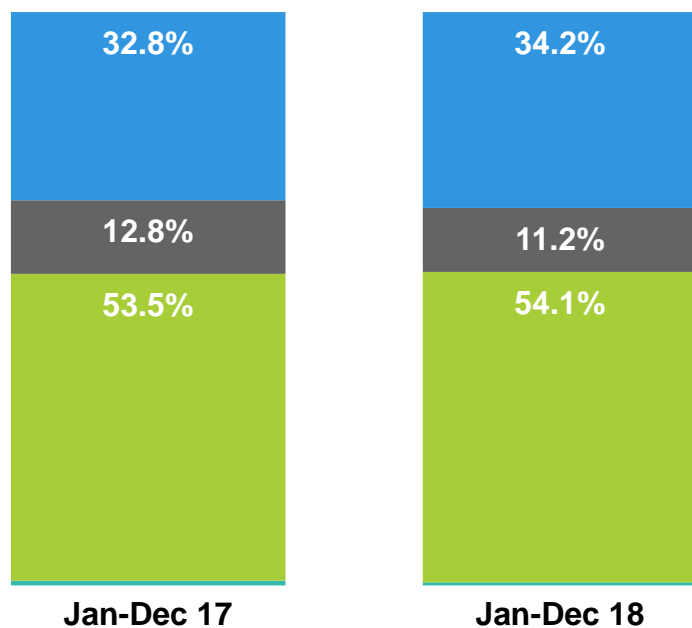
## DRIVERS

Price Inflation	Jan-Dec 17	% Change	Jan-Dec 18	NCRX
Overall AWP Inflation	3.8%		2.9%	3.2%
Brand AWP Inflation	5.9%		5.7%	7.3%
Generic AWP Inflation	-0.1%		-0.9%	-0.2%
Specialty AWP Inflation	4.9%		4.8%	7.2%
Utilization				
Average Member Age	39.3	0.4%	39.4	34.0
Average Monthly Member Utilization as % of Eligible Members	24.73%	17.0%	28.94%	30.27%
Average 30-Day Prescriptions per Eligible Member Per Year (PMPY)	8.38	24.9%	10.47	10.61
Drug Mix				
Generic Dispensing Rate	83.2%	3.2%	85.8%	86.6%
Single Source Brand Dispensing Rate	15.2%	-16.3%	12.7%	12.4%
Multi Source Brand Dispensing Rate	1.7%	-9.0%	1.5%	0.9%
Specialty Percentage of Total Gross Cost	57.5%	2.9%	59.2%	43.2%

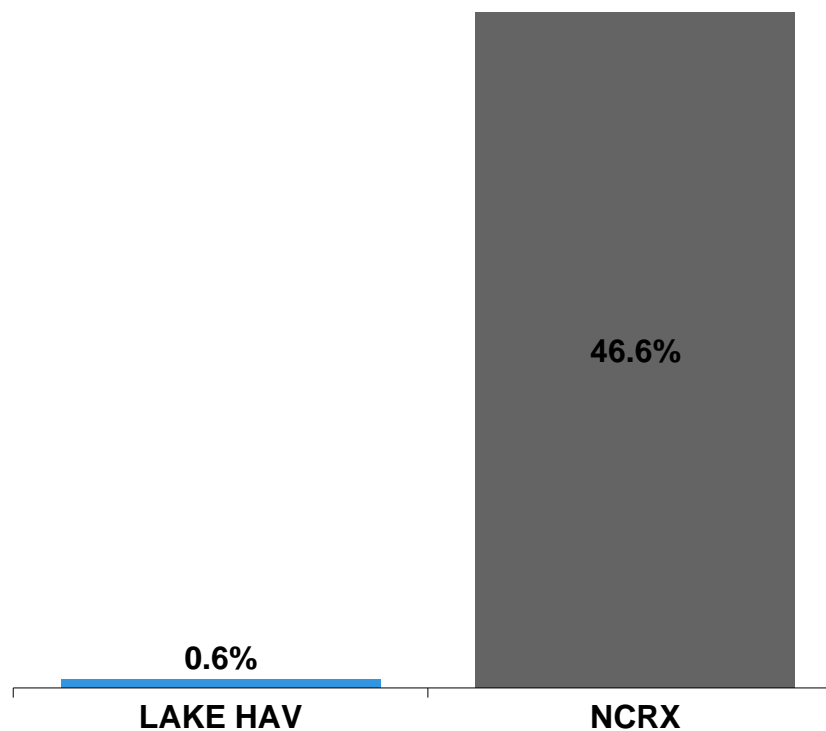
## Your Pharmacy Utilization: An Overview

### YOUR NON SPECIALTY DAYS' SUPPLY

- RETAIL MAINTENANCE %
- RETAIL ACUTE %
- MC %
- MAIL %



### YOUR % DAYS' SUPPLY AT 90-DAY MAIL PRICING\*

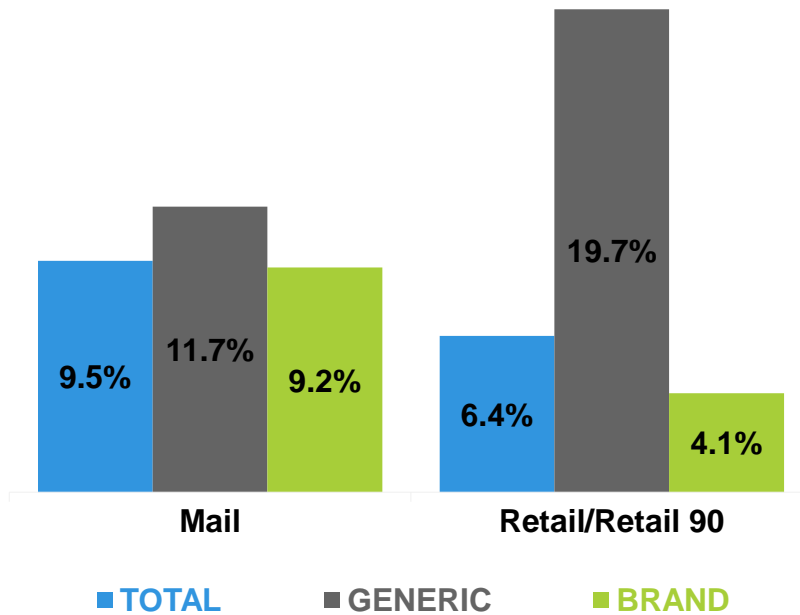


\* Excluding Specialty Claims

## Your Utilization by Delivery Channel

### Delivery Channel Comparison by Gross Cost

#### MEMBER COST-SHARE BY DELIVERY SYSTEM AND DRUG TYPE



#### DELIVERY CHANNEL

	Jan-Dec 17	% Change	Jan-Dec 18	Jan-Dec 18 NCRX
<b>Total Prescriptions</b>	4,968	23.0%	6,112	
% Retail Prescriptions	75.1%	-0.6%	74.7%	80.7%
% Mail Prescriptions	0.4%	-35.0%	0.3%	6.4%
% Retail 90 Prescriptions	24.5%	2.3%	25.0%	
<b>MAIL UTILIZATION</b>				
% Days' Supply	0.8%	-33.8%	0.5%	14.7%
% Total Gross Cost	0.5%	91.3%	0.9%	8.7%
<b>% RETAIL 90 UTILIZATION</b>				
% Days Supply	53.0%	1.1%	53.5%	31.5%
% Total Net Cost	6.9%	7.4%	7.4%	11.8%

## Your Top 10 Therapeutic Class Review

### Trend Analysis by Gross Cost

Trend Analysis by Gross Cost						PERCENTAGE CHANGE PERIOD-OVER-PERIOD						
Prior Rank	Current Rank	Therapeutic Class					Gross Cost PMPM	Cost PMPM	Cost Components		Utilization Components	
			GDR	Total Rx	Total Gross Cost	Utilizing Members			Utilization	Drug Mix/Inflation	Density of Use	
1	1	Respiratory Agents - Misc.	0.0%	25	\$337,436	1	\$34.33	14.2%	4.3%	9.6%	0.2%	4.0%
2	2	Analgesics - Anti-Inflammatory	89.4%	198	\$168,336	94	\$17.13	-0.1%	60.5%	-37.7%	20.8%	32.8%
3	3	Antidiabetics	32.3%	297	\$158,293	39	\$16.11	4.6%	3.3%	1.3%	2.9%	0.4%
8	4	Psychotherapeutic And Neurological Agents - Misc.	28.6%	14	\$74,233	3	\$7.55	74.5%	80.4%	-3.3%	0.2%	80.0%
4	5	Antivirals	94.1%	101	\$70,081	60	\$7.13	-13.7%	-10.2%	-3.9%	22.7%	-26.9%
5	6	Anti-Infective Agents - Misc.	80.4%	51	\$66,049	28	\$6.72	13.4%	-18.5%	39.3%	-17.4%	-1.3%
7	7	Antiasthmatic And Bronchodilator Agents	39.9%	321	\$65,815	75	\$6.70	35.4%	49.7%	-9.6%	36.7%	9.5%
9	8	Aminoglycosides	0.0%	6	\$34,118	1	\$3.47	-0.1%	0.2%	-0.3%	0.2%	0.0%
10	9	Antidepressants	97.9%	527	\$28,815	136	\$2.93	-3.1%	29.9%	-25.4%	33.7%	-2.8%
6	10	Dermatologicals	91.8%	158	\$23,477	82	\$2.39	-54.3%	14.7%	-60.2%	14.2%	0.5%
Subtotal of Top 10			70.8%	1,698	\$1,026,654	352	\$104.46	6.8%	24.1%	3.9%	16.1%	6.9%
All Other Categories			91.5%	4,414	\$242,035	546	\$24.63	13.5%	25.3%	-9.5%	9.7%	14.3%
Total			85.8%	6,112	\$1,268,689	611	\$129.09	8.0%	25.0%	-13.5%	10.9%	12.4%
Top 10 Therapeutic Classes as a Percent of Gross Cost												80.9%

## Your Top Therapeutic Class Review

### BY GROSS COST

Class	Cost							Utilization		
Therapeutic Class	Total Gross Cost	% Total Gross Cost	Total Gross Cost	Gross Trend	Total Net Cost	Total Net Cost PMPM	Net Trend	Utilizing Members	% Utilizing Members	Utilization Trend
Respiratory Agents - Misc.	\$337,436	26.6%	\$34.33	14.2%	\$334,791	\$34.07	13.8%	1	0.1%	4.3%
Analgesics - Anti-Inflammatory	\$168,336	13.3%	\$17.13	-0.1%	\$163,683	\$16.65	-1.8%	94	11.5%	60.5%
Antidiabetics	\$158,293	12.5%	\$16.11	4.6%	\$147,191	\$14.98	4.9%	39	4.8%	3.3%
Psychotropic And Neurological Agents - Misc.	\$74,233	5.9%	\$7.55	74.5%	\$72,793	\$7.41	72.4%	3	0.4%	80.4%
Antivirals	\$70,081	5.5%	\$7.13	-13.7%	\$68,529	\$6.97	-14.8%	60	7.3%	-10.2%
Anti-Infective Agents - Misc.	\$66,049	5.2%	\$6.72	13.4%	\$65,443	\$6.66	13.6%	28	3.4%	-18.5%
Antiasthmatic And Bronchodilator Agents	\$65,815	5.2%	\$6.70	35.4%	\$56,713	\$5.77	34.6%	75	9.2%	49.7%
Aminoglycosides	\$34,118	2.7%	\$3.47	-0.1%	\$33,148	\$3.37	-2.1%	1	0.1%	0.2%
Antidepressants	\$28,815	2.3%	\$2.93	-3.1%	\$21,967	\$2.24	-12.1%	136	16.6%	29.9%
Dermatologicals	\$23,477	1.9%	\$2.39	-54.3%	\$21,954	\$2.23	-56.3%	82	10.0%	14.7%
All Others	\$242,035	19.1%	\$24.63	13.5%	\$200,989	\$20.45	10.4%	546	66.7%	25.3%
<b>Total</b>	<b>\$1,268,689</b>		<b>\$129.09</b>		<b>\$1,187,201</b>	<b>\$120.80</b>				

## Your Top 25 Drugs

### BY GROSS COST

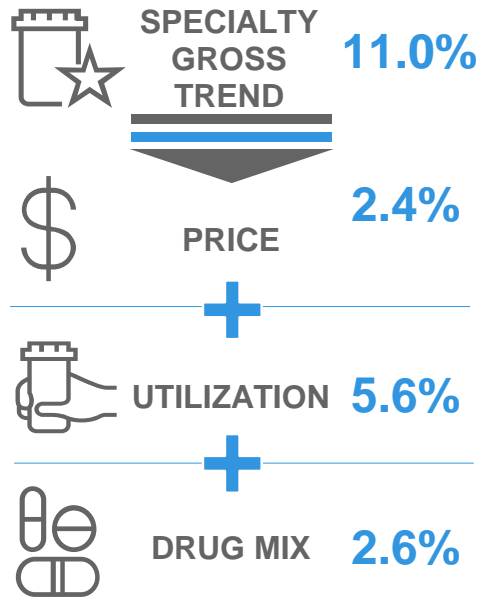
Prior Rank	Current Rank	Drug Name	Dispense Type	Therapeutic Class	Percent AWP Change	Generic Launch Date	Gross Cost	Total Utilizers	Total Rxs	Gross Cost Per Day
NA	1	Symdeko	Specialty	Respiratory Agents - Misc.	NA	NA	\$223,111	1	10	\$796.82
2	2	Humira	Specialty	Analgesics - Anti-Inflammatory	10.0%	NA	\$122,044	2	17	\$174.35
5	3	Tecfidera	Specialty	Psychotherapeutic And Neurological Agents - Misc.	8.0%	NA	\$73,803	1	10	\$246.01
NA	4	Harvoni	Specialty	Antivirals	NA	NA	\$63,126	1	2	\$1,127.25
1	5	Orkambi	Specialty	Respiratory Agents - Misc.	2.4%	NA	\$62,509	1	3	\$744.15
4	6	Cayston	Specialty	Anti-Infective Agents - Misc.	3.3%	NA	\$59,571	1	7	\$303.93
6	7	Pulmozyme	Specialty	Respiratory Agents - Misc.	5.0%	NA	\$51,817	1	12	\$143.94
NA	8	Orencia	Specialty	Analgesics - Anti-Inflammatory	NA	NA	\$37,254	1	3	\$147.83
7	9	Bethkis	Specialty	Aminoglycosides	0.0%	NA	\$34,118	1	6	\$101.54
10	10	Novolog Flexpen	Brand	Antidiabetics	3.8%	NA	\$32,352	5	41	\$20.75
12	11	Advair Diskus	Brand	Antiasthmatic And Bronchodilator Agents	9.0%	NA	\$27,837	21	56	\$12.05
8	12	Januvia	Brand	Antidiabetics	10.7%	NA	\$20,407	6	27	\$13.88
9	13	Trulicity	Brand	Antidiabetics	7.6%	NA	\$20,205	3	17	\$24.52
NA	14	Makena	Specialty	Progestins	NA	NA	\$16,897	1	5	\$114.94
11	15	Novolog	Brand	Antidiabetics	2.2%	NA	\$16,355	3	20	\$22.72
14	16	Levemir Flextouch	Brand	Antidiabetics	6.5%	NA	\$15,858	4	26	\$19.55
NA	17	Invokana	Brand	Antidiabetics	NA	NA	\$14,308	3	22	\$19.08
22	18	Breo Ellipta	Brand	Antiasthmatic And Bronchodilator Agents	6.0%	NA	\$14,139	5	34	\$11.22
26	19	Tresiba Flextouch	Brand	Antidiabetics	6.4%	NA	\$12,072	2	11	\$15.60
52	20	Omnipod 5 Pack	Brand	Medical Devices	6.0%	NA	\$10,235	1	4	\$28.43
17	21	Pramipexole Dihydrochlor	Generic	Antiparkinson Agents	0.0%	NA	\$9,109	1	5	\$23.36
16	22	Lyrca	Brand	Anticonvulsants	12.0%	Q3-2019	\$8,695	1	13	\$22.30
30	23	Basaglar Kwipen	Brand	Antidiabetics	3.0%	NA	\$8,383	3	12	\$8.96
21	24	Duloxetine Hcl	Generic	Antidepressants	-5.0%	NA	\$7,523	19	84	\$1.43
24	25	Onetouch Ultra Blue	Brand	Diagnostic Products	NA	NA	\$7,085	9	27	\$4.52
Subtotal of Top 25 Drugs							\$968,812	70	474	\$1.03
All Other Drugs							\$299,877	608	5,638	\$1.22
Total							\$1,268,689	611	6,112	\$1.07

## Your Top 25 Drugs

### BY DAYS' SUPPLY

Prior Rank	Current Rank	Drug Name	Dispense Type	Therapeutic Class	Gross Cost	% of Total Days' Supply	Total Utilizers	Total Rxs	Gross Cost Per Day
3	1	Lisinopril	Generic	Antihypertensives	\$545	3.5%	49	137	\$0.06
2	2	Levothyroxine Sodium	Generic	Thyroid Agents	\$2,505	2.7%	37	127	\$0.35
4	3	Amos Levothyroxine Sodium	Generic	Thyroid Agents	\$2,427	2.3%	29	104	\$0.41
1	4	Duloxetine Hcl	Generic	Antidepressants	\$7,523	2.0%	19	84	\$1.43
5	5	Metformin Hcl	Generic	Antidiabetics	\$251	1.8%	21	68	\$0.06
12	6	Simvastatin	Generic	Antihyperlipidemics	\$328	1.7%	20	64	\$0.07
17	7	Montelukast Sodium	Generic	Antiasthmatic And Bronchodilator Agents	\$957	1.7%	25	87	\$0.22
23	8	Escitalopram Oxalate	Generic	Antidepressants	\$576	1.5%	25	64	\$0.15
20	9	Omeprazole	Generic	Ulcer Drugs	\$299	1.5%	27	64	\$0.08
7	10	Fluoxetine Hcl	Generic	Antidepressants	\$5,758	1.5%	15	67	\$1.52
10	11	Estradiol	Generic	Estrogens	\$3,520	1.5%	16	83	\$0.93
10	12	Amlodipine Besylate	Generic	Calcium Channel Blockers	\$166	1.5%	20	64	\$0.04
40	13	Hydrochlorothiazide	Generic	Diuretics	\$272	1.2%	21	42	\$0.09
30	14	Venlafaxine Hcl Er	Generic	Antidepressants	\$1,502	1.2%	14	46	\$0.49
14	15	Ranitidine Hcl	Generic	Ulcer Drugs	\$1,264	1.1%	17	67	\$0.43
81	16	Losartan Potassium	Generic	Antihypertensives	\$530	1.1%	19	44	\$0.18
6	17	Gabapentin	Generic	Anticonvulsants	\$739	1.1%	21	60	\$0.26
23	18	Atorvastatin Calcium	Generic	Antihyperlipidemics	\$886	1.1%	19	44	\$0.32
67	19	Sertraline Hcl	Generic	Antidepressants	\$302	1.1%	21	39	\$0.11
75	20	Pantoprazole Sodium	Generic	Ulcer Drugs	\$404	1.0%	20	37	\$0.16
13	21	Paroxetine Hcl	Generic	Antidepressants	\$403	0.9%	8	29	\$0.17
8	22	Amphetamine/Dextroamphet	Generic	Adhd/Anti-Narcolepsy/Anti-Obesity/Anorexiant	\$6,276	0.9%	12	62	\$2.66
45	23	Metoprolol Succinate Er	Generic	Beta Blockers	\$585	0.9%	10	48	\$0.25
25	24	Advair Diskus	Brand	Antiasthmatic And Bronchodilator Agents	\$27,837	0.9%	21	56	\$12.05
110	25	Fluticasone Propionate	Generic	Nasal Agents - Systemic And Topical	\$1,116	0.9%	36	54	\$0.49
Subtotal for Top 25 Drugs					\$66,970	36.7%	301	1,641	\$0.71
All Others					\$1,201,719	63.3%	570	4,471	\$7.38
Total					\$1,268,689		611	6,112	\$4.93

## Specialty Pharmacy Trend, Cost and Utilization Metrics



### Use Multiple Strategies to Manage Specialty Spend in the Pharmacy Benefit:

- Help control **PRICE** with Exclusive Pharmacy Network
- Help manage **UTILIZATION** with Specialty Guideline Management
- Help control **DRUG MIX** with

### YOUR SPECIALTY UTILIZATION METRICS

	Jan-Dec 17	% Change	Jan-Dec 18	NCRX
Specialty Prescriptions	93	1.1%	94	
% of Specialty Total Prescriptions	1.9%	-17.8%	1.5%	1.1%
% CVS Caremark Specialty Pharmacy Prescriptions	82.8%	-4.9%	78.7%	
Specialty Utilizers	14	-21.4%	11	
% of Specialty Utilizers	2.5%	-29.1%	1.8%	
Average Age per Specialty Utilizer	42.3	6.5%	45.1	

### YOUR SPECIALTY COST METRICS

	Jan-Dec 17	% Change	Jan-Dec 18	NCRX
Specialty Gross Cost	\$678,318	10.8%	\$751,377	
% Specialty Prescriptions By Gross Cost	57.5%	2.9%	59.2%	43.2%
Specialty Net Cost	\$674,443	9.7%	\$739,934	
% Specialty Prescriptions By Net Cost	60.3%	3.4%	62.3%	46.4%
Specialty Member Cost	\$3,875	195.3%	\$11,443	
% Specialty Member Cost Share	0.6%	166.6%	1.5%	3.4%
Gross Cost per Specialty Utilizer	\$48,451	41.0%	\$68,307	
Specialty Utilizers as % of Members	1.7%	-21.2%	1.3%	



# Your Top 25 Specialty Therapeutic Class Review

**BY GROSS COST**

[illegible]

Percentage of Top 25 Specialty Therapeutic Classes Gross Spend/Total Specialty Gross Spend	100.0%
Percentage Total Specialty Gross Spend/Total Gross	59.2%

\* The Total Gross Cost represents pharmacy claims only

## Your Top 25 Specialty Drugs

## BY GROSS COST

Prior Rank	Current Rank	Drug Name	Specialty Class	Total Gross Cost	% of Total Specialty Gross Cost	Utilizing Members	Total Prescriptions	Gross Cost Per Days' Supply
NA	1	Symdeko	Cystic Fibrosis	\$223,111	29.69%	1	10	\$796.82
2	2	Humira	Rheumatoid Arthritis	\$122,044	16.24%	2	17	\$174.35
5	3	Tecfidera	Multiple Sclerosis	\$73,803	9.82%	1	10	\$246.01
NA	4	Harvoni	Hepatitis C	\$63,126	8.40%	1	2	\$1,127.25
1	5	Orkambi	Cystic Fibrosis	\$62,509	8.32%	1	3	\$744.15
4	6	Cayston	Cystic Fibrosis	\$59,571	7.93%	1	7	\$303.93
6	7	Pulmozyme	Cystic Fibrosis	\$51,817	6.90%	1	12	\$143.94
NA	8	Orencia	Rheumatoid Arthritis	\$37,254	4.96%	1	3	\$147.83
7	9	Bethkis	Cystic Fibrosis	\$34,118	4.54%	1	6	\$101.54
NA	10	Makena	Pre-Term Birth	\$16,897	2.25%	1	5	\$114.94
NA	11	Tacrolimus	Transplant	\$3,110	0.41%	1	7	\$14.81
9	12	Capecitabine	Oncology	\$1,634	0.22%	1	1	\$58.36
10	13	Prolia	Osteoporosis	\$1,193	0.16%	1	1	\$6.63
11	14	Mycophenolate Mofetil	Transplant	\$1,190	0.16%	2	10	\$2.48

<b>Total Top Gross Specialty Drugs</b>	<b>\$751,377</b>
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Percentage Top Gross Specialty Drugs/Overall Biotech Specialty Drugs	100.0%
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## Lake Havasu Schools Employee Benefits Trust Summary of Rebates and Patronage

Carrier: 4929

Effective: 10/1/2011

Rebates	Q1 Rebate	Q2 Rebate	Q3 Rebate	Q4 Rebate	Total
2011	---	---	---	\$7,684.44	\$7,684.44
2012	\$8,314.19	\$8,104.47	\$6,157.48	\$6,309.23	\$28,885.37
2013	\$6,813.46	\$6,172.51	\$5,398.74	\$12,608.04	\$30,992.75
2014	\$9,998.86	\$9,733.11	\$8,891.96	\$9,166.93	\$37,790.86
2015	\$9,759.20	\$9,557.40	\$9,757.16	\$10,376.84	\$39,450.60
2016	\$24,601.99	\$22,451.10	\$20,262.76	\$22,195.85	\$89,511.70
2017	\$27,362.38	\$33,514.54	\$27,641.54	\$30,789.10	\$119,307.56
2018	\$41,609.76	\$45,296.19			\$86,905.95

True-Up		
2011 & 2012	\$15,346.70	Paid in 2014
2013	\$15,308.86	Paid in 2015
2014	\$37,760.10	Paid in 2016
2015	\$71,861.17	Paid in 2017
2016	\$14,282.14	Paid in 2018

Patronage	Cash	Equity	Total
2011	\$276.74	\$645.71	\$922.45
2012	\$350.47	\$817.76	\$1,168.23
2013	\$969.91	\$0.00	\$969.91
2014	\$418.72	\$977.00	\$1,395.72
2015	\$784.23	\$1,829.88	\$2,614.11
2016	\$599.60	\$1,399.06	\$1,998.66
2017	\$434.53	\$1,013.89	\$1,448.42

# LHSEBT Specialty Fills 2018

Carrier Name	Claim Fill Date	Product/Drug Label Name	Brand/Generic/Specialty Breakout	Member Rx Cost	Total Net Cost	Total Gross Cost	Copay Offset Total Received Amount	What the Member Actually Paid
WISRX-LAKE HAVASU SCHOOLS	1/5/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$35.00	\$4,846.78	\$4,881.78		(\$35.00)
WISRX-LAKE HAVASU SCHOOLS	1/8/2018	PULMOZYME SOL 1MG/ML	Specialty	\$65.00	\$3,389.48	\$3,454.48	\$35.00	(\$30.00)
WISRX-LAKE HAVASU SCHOOLS	1/8/2018	MYCOPHENOLAT CAP 250MG	Specialty	\$5.00	\$109.36	\$114.36		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	1/8/2018	TACROLIMUS CAP 1MG	Specialty	\$5.00	\$449.90	\$454.90		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	1/10/2018	ORKAMBI TAB 200-125	Specialty	\$65.00	\$20,771.21	\$20,836.21		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	1/11/2018	CAPECITABINE TAB 500MG	Specialty	\$0.00	\$1,634.19	\$1,634.19		\$0.00
WISRX-LAKE HAVASU SCHOOLS	1/11/2018	CAYSTON INH 75MG	Specialty	\$65.00	\$8,445.13	\$8,510.13		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	1/31/2018	BETHKIS NEB 300/4ML	Specialty	\$70.00	\$5,616.35	\$5,686.35		(\$70.00)
WISRX-LAKE HAVASU SCHOOLS	1/31/2018	PULMOZYME SOL 1MG/ML	Specialty	\$65.00	\$3,389.48	\$3,454.48	\$35.00	(\$30.00)
WISRX-LAKE HAVASU SCHOOLS	2/6/2018	TECFIDERA CAP 240MG	Specialty	\$35.00	\$7,345.28	\$7,380.28		(\$35.00)
WISRX-LAKE HAVASU SCHOOLS	2/7/2018	MYCOPHENOLAT TAB 500MG	Specialty	\$15.00	\$116.47	\$131.47		(\$15.00)
WISRX-LAKE HAVASU SCHOOLS	2/9/2018	MYCOPHENOLAT CAP 250MG	Specialty	\$5.00	\$104.10	\$109.10		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	2/9/2018	TACROLIMUS CAP 1MG	Specialty	\$5.00	\$429.00	\$434.00		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	2/14/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$105.00	\$14,540.33	\$14,645.33	\$100.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	2/14/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$35.00	\$4,846.78	\$4,881.78		(\$35.00)
WISRX-LAKE HAVASU SCHOOLS	2/28/2018	ORKAMBI TAB 200-125	Specialty	\$65.00	\$20,771.21	\$20,836.21		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	3/5/2018	TECFIDERA CAP 240MG	Specialty	\$35.00	\$7,345.28	\$7,380.28		(\$35.00)
WISRX-LAKE HAVASU SCHOOLS	3/6/2018	CAYSTON INH 75MG	Specialty	\$65.00	\$8,445.13	\$8,510.13		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	3/7/2018	MYCOPHENOLAT CAP 250MG	Specialty	\$5.00	\$104.10	\$109.10		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	3/7/2018	TACROLIMUS CAP 1MG	Specialty	\$5.00	\$429.00	\$434.00		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	3/14/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$35.00	\$4,846.78	\$4,881.78		(\$35.00)
WISRX-LAKE HAVASU SCHOOLS	3/20/2018	PULMOZYME SOL 1MG/ML	Specialty	\$65.00	\$3,389.48	\$3,454.48	\$35.00	(\$30.00)
WISRX-LAKE HAVASU SCHOOLS	3/23/2018	ORKAMBI TAB 200-125	Specialty	\$65.00	\$20,771.21	\$20,836.21		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	4/5/2018	TECFIDERA CAP 240MG	Specialty	\$35.00	\$7,345.28	\$7,380.28		(\$35.00)
WISRX-LAKE HAVASU SCHOOLS	4/12/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$35.00	\$4,846.78	\$4,881.78		(\$35.00)
WISRX-LAKE HAVASU SCHOOLS	4/12/2018	MYCOPHENOLAT CAP 250MG	Specialty	\$5.00	\$104.10	\$109.10		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	4/12/2018	TACROLIMUS CAP 1MG	Specialty	\$5.00	\$429.00	\$434.00		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	4/13/2018	BETHKIS NEB 300/4ML	Specialty	\$0.00	\$5,686.35	\$5,686.35		\$0.00
WISRX-LAKE HAVASU SCHOOLS	4/17/2018	PULMOZYME SOL 1MG/ML	Specialty	\$0.00	\$3,454.48	\$3,454.48		\$0.00
WISRX-LAKE HAVASU SCHOOLS	4/20/2018	SYMDEKO TAB 100-150	Specialty	\$0.00	\$22,311.05	\$22,311.05		\$0.00
WISRX-LAKE HAVASU SCHOOLS	4/28/2018	ORENCIA CLCK SYN 125MG/ML	Specialty	\$105.00	\$12,312.89	\$12,417.89		(\$105.00)
WISRX-LAKE HAVASU SCHOOLS	5/2/2018	MYCOPHENOLAT TAB 500MG	Specialty	\$15.00	\$116.47	\$131.47		(\$15.00)
WISRX-LAKE HAVASU SCHOOLS	5/3/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$35.00	\$4,846.78	\$4,881.78		(\$35.00)
WISRX-LAKE HAVASU SCHOOLS	5/7/2018	CAYSTON INH 75MG	Specialty	\$0.00	\$8,510.13	\$8,510.13		\$0.00
WISRX-LAKE HAVASU SCHOOLS	5/7/2018	MYCOPHENOLAT CAP 250MG	Specialty	\$5.00	\$104.10	\$109.10		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	5/7/2018	TACROLIMUS CAP 1MG	Specialty	\$5.00	\$429.00	\$434.00		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	5/8/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$105.00	\$14,540.33	\$14,645.33	\$100.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	5/8/2018	TECFIDERA CAP 240MG	Specialty	\$35.00	\$7,345.28	\$7,380.28		(\$35.00)
WISRX-LAKE HAVASU SCHOOLS	5/18/2018	PULMOZYME SOL 1MG/ML	Specialty	\$0.00	\$3,454.48	\$3,454.48		\$0.00
WISRX-LAKE HAVASU SCHOOLS	5/23/2018	SYMDEKO TAB 100-150	Specialty	\$0.00	\$22,311.05	\$22,311.05		\$0.00
WISRX-LAKE HAVASU SCHOOLS	5/24/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$35.00	\$4,846.78	\$4,881.78	\$30.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	5/30/2018	MYCOPHENOLAT CAP 250MG	Specialty	\$5.00	\$104.10	\$109.10		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	5/30/2018	TACROLIMUS CAP 1MG	Specialty	\$5.00	\$429.00	\$434.00		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	6/8/2018	TECFIDERA CAP 240MG	Specialty	\$35.00	\$7,345.28	\$7,380.28		(\$35.00)
WISRX-LAKE HAVASU SCHOOLS	6/11/2018	BETHKIS NEB 300/4ML	Specialty	\$0.00	\$5,686.35	\$5,686.35		\$0.00
WISRX-LAKE HAVASU SCHOOLS	6/13/2018	PULMOZYME SOL 1MG/ML	Specialty	\$0.00	\$3,454.48	\$3,454.48		\$0.00
WISRX-LAKE HAVASU SCHOOLS	6/14/2018	SYMDEKO TAB 100-150	Specialty	\$0.00	\$22,311.05	\$22,311.05		\$0.00

WISRX-LAKE HAVASU SCHOOLS	6/26/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$35.00	\$4,846.78	\$4,881.78	\$30.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	6/28/2018	MYCOPHENOLAT CAP 250MG	Specialty	\$5.00	\$117.02	\$122.02		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	6/28/2018	TACROLIMUS CAP 1MG	Specialty	\$5.00	\$480.35	\$485.35		(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	7/5/2018	CAYSTON INH 75MG	Specialty	\$65.00	\$8,445.13	\$8,510.13		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	7/5/2018	SYMDEKO TAB 100-150	Specialty	\$65.00	\$22,246.05	\$22,311.05		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	7/13/2018	TECFIDERA CAP 240MG	Specialty	\$35.00	\$7,345.28	\$7,380.28		(\$35.00)
WISRX-LAKE HAVASU SCHOOLS	7/20/2018	PULMOZYME SOL 1MG/ML	Specialty	\$300.00	\$3,154.48	\$3,454.48	\$270.00	(\$30.00)
WISRX-LAKE HAVASU SCHOOLS	7/24/2018	ORENCIA CLCK SYN 125MG/ML	Specialty	\$300.00	\$12,117.89	\$12,417.89	\$295.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	7/25/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$300.00	\$4,581.78	\$4,881.78	\$295.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	7/25/2018	MYCOPHENOLAT TAB 500MG	Specialty	\$29.08	\$116.32	\$145.40		(\$29.08)
WISRX-LAKE HAVASU SCHOOLS	7/30/2018	BETHKIS NEB 300/4ML	Specialty	\$300.00	\$5,386.35	\$5,686.35	\$300.00	\$0.00
WISRX-LAKE HAVASU SCHOOLS	7/31/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$300.00	\$14,345.33	\$14,645.33	\$295.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	8/9/2018	SYMDEKO TAB 100-150	Specialty	\$65.00	\$22,246.05	\$22,311.05		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	8/17/2018	PULMOZYME SOL 1MG/ML	Specialty	\$300.00	\$3,154.48	\$3,454.48		(\$300.00)
WISRX-LAKE HAVASU SCHOOLS	8/20/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$300.00	\$4,581.78	\$4,881.78	\$295.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	8/21/2018	TECFIDERA CAP 240MG	Specialty	\$300.00	\$7,080.28	\$7,380.28		(\$300.00)
WISRX-LAKE HAVASU SCHOOLS	8/27/2018	PROLIA SYN 60MG/ML	Specialty	\$238.60	\$954.42	\$1,193.02	\$213.60	(\$25.00)
WISRX-LAKE HAVASU SCHOOLS	8/28/2018	CAYSTON INH 75MG	Specialty	\$65.00	\$8,445.13	\$8,510.13		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	9/4/2018	SYMDEKO TAB 100-150	Specialty	\$65.00	\$22,246.05	\$22,311.05		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	9/11/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$300.00	\$4,581.78	\$4,881.78	\$295.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	9/13/2018	PULMOZYME SOL 1MG/ML	Specialty	\$300.00	\$3,154.48	\$3,454.48		(\$300.00)
WISRX-LAKE HAVASU SCHOOLS	9/14/2018	MAKENA VIA 250MG/ML	Specialty	\$300.00	\$3,723.03	\$4,023.03	\$275.00	(\$25.00)
WISRX-LAKE HAVASU SCHOOLS	9/20/2018	BETHKIS NEB 300/4ML	Specialty	\$300.00	\$5,386.35	\$5,686.35	\$300.00	\$0.00
WISRX-LAKE HAVASU SCHOOLS	10/1/2018	SYMDEKO TAB 100-150	Specialty	\$65.00	\$22,246.05	\$22,311.05		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	10/2/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$300.00	\$4,581.78	\$4,881.78	\$295.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	10/9/2018	TECFIDERA CAP 240MG	Specialty	\$300.00	\$7,080.28	\$7,380.28		(\$300.00)
WISRX-LAKE HAVASU SCHOOLS	10/15/2018	PULMOZYME SOL 1MG/ML	Specialty	\$300.00	\$6,608.96	\$6,908.96	\$270.00	(\$30.00)
WISRX-LAKE HAVASU SCHOOLS	10/15/2018	MAKENA INJ 275MG	Specialty	\$300.00	\$2,918.42	\$3,218.42	\$275.00	(\$25.00)
WISRX-LAKE HAVASU SCHOOLS	10/23/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$300.00	\$14,345.33	\$14,645.33	\$590.00	\$290.00
WISRX-LAKE HAVASU SCHOOLS	10/29/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$300.00	\$4,581.78	\$4,881.78	\$295.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	10/29/2018	CAYSTON INH 75MG	Specialty	\$65.00	\$8,445.13	\$8,510.13		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	11/7/2018	ORENCIA CLCK SYN 125MG/ML	Specialty	\$300.00	\$12,117.89	\$12,417.89	\$295.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	11/7/2018	MAKENA INJ 275MG	Specialty	\$300.00	\$2,918.42	\$3,218.42	\$275.00	(\$25.00)
WISRX-LAKE HAVASU SCHOOLS	11/12/2018	TECFIDERA CAP 240MG	Specialty	\$300.00	\$7,080.28	\$7,380.28		(\$300.00)
WISRX-LAKE HAVASU SCHOOLS	11/13/2018	SYMDEKO TAB 100-150	Specialty	\$65.00	\$22,246.05	\$22,311.05		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	11/15/2018	PULMOZYME SOL 1MG/ML	Specialty	\$300.00	\$6,608.96	\$6,908.96	\$270.00	(\$30.00)
WISRX-LAKE HAVASU SCHOOLS	11/20/2018	HARVONI TAB 90-400MG	Specialty	\$300.00	\$31,263.00	\$31,563.00	\$295.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	11/26/2018	HUMIRA PEN INJ 40MG/0.8	Specialty	\$300.00	\$4,581.78	\$4,881.78	\$295.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	11/27/2018	BETHKIS NEB 300/4ML	Specialty	\$300.00	\$5,386.35	\$5,686.35		(\$300.00)
WISRX-LAKE HAVASU SCHOOLS	11/29/2018	MAKENA INJ 275MG	Specialty	\$300.00	\$2,918.42	\$3,218.42	\$275.00	(\$25.00)
WISRX-LAKE HAVASU SCHOOLS	12/7/2018	SYMDEKO TAB 100-150	Specialty	\$65.00	\$22,246.05	\$22,311.05		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	12/12/2018	PULMOZYME SOL 1MG/ML	Specialty	\$300.00	\$6,608.96	\$6,908.96		(\$300.00)
WISRX-LAKE HAVASU SCHOOLS	12/12/2018	TECFIDERA CAP 240MG	Specialty	\$300.00	\$7,080.28	\$7,380.28		(\$300.00)
WISRX-LAKE HAVASU SCHOOLS	12/16/2018	HARVONI TAB 90-400MG	Specialty	\$300.00	\$31,263.00	\$31,563.00	\$295.00	(\$5.00)
WISRX-LAKE HAVASU SCHOOLS	12/18/2018	CAYSTON INH 75MG	Specialty	\$65.00	\$8,445.13	\$8,510.13		(\$65.00)
WISRX-LAKE HAVASU SCHOOLS	12/20/2018	MAKENA INJ 275MG	Specialty	\$300.00	\$2,918.42	\$3,218.42	\$275.00	(\$25.00)
WISRX-LAKE HAVASU SCHOOLS	12/30/2018	SYMDEKO TAB 100-150	Specialty	\$65.00	\$22,246.05	\$22,311.05	\$0.00	(\$65.00)
				\$11,442.68		\$7,198.60		
						\$4,244.08		

# LHSEBT Pharmacy Report

Report Filter:

{Claim Status Code} (ID) = "P" And {Claim Source Code} (ID) = "X" And {Claim Source Code} (ID) = "X" And {Claim Fill Date} (ID) Between 1/1/2018 and 12/31/2018 And Carrier=4929:WISRX-LAKE HAVASU SCHOOLS

Pharmacy Name	Retail/Mail/Specialty Pharmacy		% of Total Rx	Total Rx	Total Utilizers	Member Rx Cost	Total Net Cost	Total Gross Cost
CVS PHARMACY	Retail Pharmacy	A	36.38%	2,180	237	\$26,935.57	\$189,544.91	\$216,480.48
WALGREENS	Retail Pharmacy	A	23.98%	1,437	186	\$15,143.70	\$96,235.26	\$111,379.45
SMITH'S PHARMACY	Retail Pharmacy	A	18.14%	1,087	120	\$11,627.79	\$77,275.28	\$88,903.07
SAFEWAY PHARMACY	Retail Pharmacy	A	6.11%	366	34	\$4,089.69	\$29,912.82	\$34,002.51
BASHAS' UNITED DRUGS #116	Retail Pharmacy	A	3.49%	209	44	\$2,814.66	\$12,613.68	\$15,428.34
WALMART PHARMACY	Retail Pharmacy	A	3.35%	201	26	\$1,567.17	\$3,257.75	\$4,824.92
KMART PHARMACY	Retail Pharmacy	A	2.15%	129	11	\$2,230.87	\$11,599.65	\$13,830.52
ALBERTSONS PHARMACY	Retail Pharmacy	A	2.14%	128	20	\$1,126.39	\$3,493.32	\$4,619.71
FOOD CITY	Retail Pharmacy	A	1.30%	78	14	\$890.19	\$1,998.14	\$2,888.33
CAREMARK SPECIALTY PHARMACY	Specialty Pharmacy	C	66.35%	69	10	\$9,923.60	\$339,581.20	\$349,504.80
LISKAS APOTHECARY SHOP	Retail Pharmacy	A	0.67%	40	8	\$1,055.54	\$1,394.08	\$2,449.62
FRY'S FOOD & DRUG	Retail Pharmacy	A	0.48%	29	3	\$358.17	\$705.91	\$1,064.08
LAS VEGAS VAMC PHARMACY	Retail Pharmacy	A	0.33%	20	1	\$93.03	\$16.73	\$109.76
CAREMARK PRESCRIPTION SVC-CHI	Mail Order Pharmacy	B	100.00%	16	4	\$1,126.07	\$10,775.33	\$11,901.40
WALGREENS SPECIALTY PHARMACY	Specialty Pharmacy	C	15.38%	16	1	\$780.00	\$259,590.36	\$260,370.36
SUNWEST LTC PHARMACY	Retail Pharmacy	A	0.22%	13	1	\$43.13	\$14.88	\$58.01
MAYO HOSPITAL OUTPATIENT PHCY	Retail Pharmacy	A	0.18%	11	2	\$19.23	\$355.99	\$375.22
THE PILL CLUB	Retail Pharmacy	A	0.15%	9	3	\$0.00	\$694.97	\$694.97
CVS SPECIALTY	Specialty Pharmacy	C	6.73%	7	2	\$869.08	\$58,120.58	\$58,989.66
MAYO CLINIC BUILDING PHOENIX	Retail Pharmacy	A	0.12%	7	1	\$0.00	\$145.40	\$145.40
WINNER HEALTH MART PHCY, INC	Retail Pharmacy	A	0.12%	7	1	\$83.76	\$88.32	\$172.08
ST JOSEPHS MCAULEY PHARMACY	Specialty Pharmacy	C	5.77%	6	2	\$15.00	\$114.45	\$129.45
WESTERN REGIONAL MED CNT RTL P	Retail Pharmacy	A	0.10%	6	1	\$0.00	\$34.60	\$34.60
YAKIMA VLY FARM WORKERS CLINIC	Retail Pharmacy	A	0.10%	6	1	\$86.26	\$232.95	\$319.21
COSTCO PHARMACY	Retail Pharmacy	A	0.08%	5	2	\$64.40	\$336.83	\$401.23
NORTHERN AZ UNIV/FRONSKE PHCY	Retail Pharmacy	A	0.08%	5	1	\$0.00	\$96.10	\$96.10
CYSTIC FIBROSIS SERVICES INC	Specialty Pharmacy	C	3.85%	4	1	\$260.00	\$84,559.68	\$84,819.68
DILLON PHARMACY	Retail Pharmacy	A	0.07%	4	2	\$46.88	\$24.98	\$71.86
IMPERIAL POINT PHCY CENTER INC	Retail Pharmacy	A	0.05%	3	1	\$75.00	\$3,747.68	\$3,822.68
AVE MARIA PHARMACY PLLC	Retail Pharmacy	A	0.03%	2	1	\$52.33	\$24.98	\$77.31
BASHAS' UNITED DRUGS	Retail Pharmacy	A	0.03%	2	1	\$20.00	\$34.56	\$54.56
WALGREENS	Specialty Pharmacy	C	1.92%	2	2	\$4.40	\$9.17	\$13.57
ATOZ PHARMACY	Retail Pharmacy	A	0.02%	1	1	\$65.00	\$547.99	\$612.99
CENTRX PHARMACY DESERT SPRINGS	Retail Pharmacy	A	0.02%	1	1	\$5.00	\$4.69	\$9.69
GRANT PHARMACY	Retail Pharmacy	A	0.02%	1	1	\$3.97	\$0.00	\$3.97
MAYO PHARMACY	Retail Pharmacy	A	0.02%	1	1	\$0.00	\$1.13	\$1.13
MEIJER PHARMACY	Retail Pharmacy	A	0.02%	1	1	\$0.00	\$6.76	\$6.76
PATIENT FIRST	Retail Pharmacy	A	0.02%	1	1	\$5.00	\$10.31	\$15.31
PRESCOTT VAMC PHARMACY	Retail Pharmacy	A	0.02%	1	1	\$3.80	\$0.00	\$3.80
WHITES PHARMACY	Retail Pharmacy	A	0.02%	1	1	\$2.31	\$0.00	\$2.31

# LHSEBT Executive Business Summary

Report Filter:

Carrier=4929:WISRX-LAKE HAVASU SCHOOLS And {Claim Status Code} (ID) = "P" And {Claim Source Code} (ID) = "X" And {Claim Source Code} (ID) = "X" And {Claim Fill Date} (ID) Between 1/1/2018 and 12/31/2018

Claim Fill Month	Total Rx	Avg. Eligible Members / Month	Avg. Eligible Employee / Month	Total Days Supply	Total Net Cost	Total Gross Cost	Total Generic Gross Cost	Total Brand Gross Cost	Total Copay Amount	Total Ingredient Cost Paid	Total Generic Rx	Generic Dispensing Rate	Generic Substitution Rate
DECEMBER 2018	595	835	500	25,062	\$133,460.19	\$141,549.17	\$15,048.09	\$126,501.08	\$8,088.98	\$141,282.67	521	87.6%	98.7%
NOVEMBER 2018	569	832	498	26,125	\$139,282.71	\$149,130.70	\$18,298.43	\$130,832.27	\$9,847.99	\$148,894.75	489	85.9%	98.4%
OCTOBER 2018	638	844	502	28,529	\$114,435.12	\$124,402.41	\$21,220.98	\$103,181.43	\$9,967.29	\$124,136.03	562	88.1%	99.1%
SEPTEMBER 2018	551	840	498	23,207	\$65,344.31	\$73,135.66	\$14,120.48	\$59,015.18	\$7,791.35	\$72,887.36	496	90.0%	98.6%
AUGUST 2018	450	781	462	18,994	\$83,999.59	\$91,536.48	\$15,000.28	\$76,536.20	\$7,536.89	\$91,331.31	386	85.8%	98.0%
JULY 2018	491	788	468	21,353	\$113,672.61	\$121,163.80	\$15,398.97	\$105,764.83	\$7,491.19	\$120,951.05	416	84.7%	98.1%
JUNE 2018	467	783	474	18,552	\$81,050.46	\$85,629.00	\$12,404.56	\$73,224.44	\$4,578.54	\$85,406.70	396	84.8%	98.3%
MAY 2018	527	821	503	22,165	\$110,512.74	\$116,094.81	\$18,576.16	\$97,518.65	\$5,582.07	\$115,857.12	438	83.1%	98.0%
APRIL 2018	448	821	502	18,153	\$89,698.08	\$94,310.84	\$13,354.74	\$80,956.10	\$4,612.76	\$94,099.89	384	85.7%	98.0%
MARCH 2018	465	827	500	19,269	\$80,182.34	\$84,997.94	\$14,626.86	\$70,371.08	\$4,815.60	\$84,787.93	399	85.8%	97.8%
FEBRUARY 2018	453	829	501	18,200	\$84,077.49	\$89,493.24	\$14,960.14	\$74,533.10	\$5,415.75	\$89,285.86	382	84.3%	99.0%
JANUARY 2018	458	837	499	17,632	\$91,485.78	\$97,244.85	\$15,772.82	\$81,472.03	\$5,759.07	\$97,022.96	374	81.7%	96.4%
	6,112	820	492	257,241	\$1,187,201.42	\$1,268,688.90	\$188,782.51	\$1,079,906.39	\$81,487.48	\$1,265,943.63	\$5,243.00	85.6%	98.2%

# **MEMORANDUM**

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Storm Kinion, Group Benefits Specialist

DATE: January 28, 2019

RE: 2018 Dental Claims Review

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Please find attached a copy of Ameritas' presentation which outlines the Trust's dental claims utilization for the period January – December 2018. Rich Hanna will be at the meeting to present and review this report with Trustees.

If you have any questions between now and the date of the meeting, I can be reached at (928) 753-4700 ext. 305 or via email at [stormk@ecollinsandassociates.com](mailto:stormk@ecollinsandassociates.com).



# Lake Havasu City Schools USD #301248

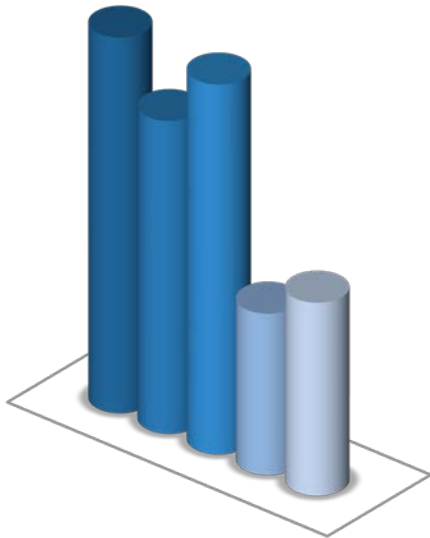
**February 2019**

**Reporting calendar year 2018**

# LHSUSD – Paid Claims

## Claims Paid

■ 2014 ■ 2015 ■ 2016  
■ 2017 ■ 2018



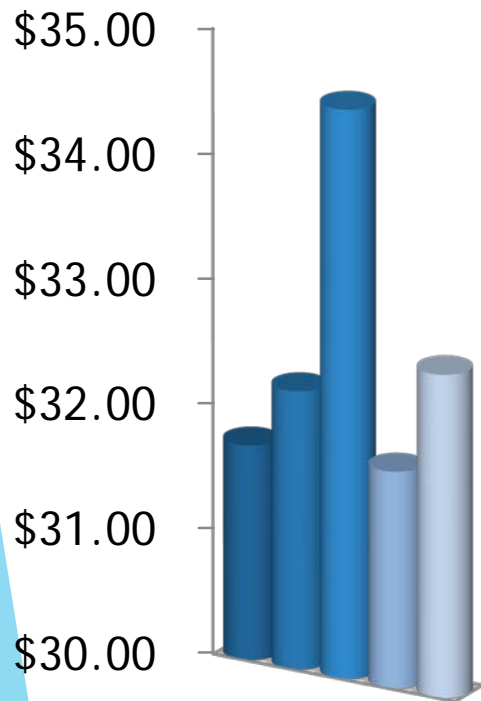
<u>Annual Claims Paid</u>					<u>Annual Trend</u>	<u>% Change Year vs Year</u>
2014	2015	2016	2017	2018		
\$220,036	\$211,670	\$219,287	\$191,578	\$195,799	-2.7%	+2.2%

<u>PEPY</u>					<u>Annual Trend</u>	<u>% Change Year vs Year</u>
2014	2015	2016	2017	2018		
\$394.86	\$385.44	\$431.38	\$381.50	\$391.14	-0.2%	+2.5%

# LHSUSD - Paid Claims

## Monthly Report

Claims PEPM

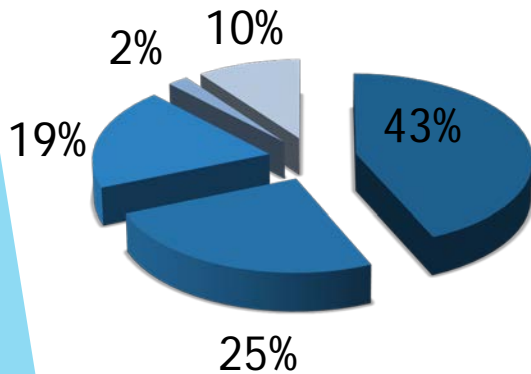


<u>Month</u>	<u>Fees</u>	<u>Paid Claims</u>	<u>Enrolled Employees</u>	<u>PEPM</u>
January	\$1,684	\$21,683	514	\$42.18
February	\$1,625	\$11,084	506	\$21.91
March	\$1,641	\$20,085	505	\$39.77
April	\$1,622	\$18,948	503	\$37.67
May	\$1,674	\$14,472	509	\$28.43
June	\$1,638	\$10,192	505	\$20.18
July	\$1,489	\$28,088	472	\$59.51
August	\$1,505	\$17,755	470	\$37.78
September	\$1,615	\$9,364	502	\$18.65
October	\$1,654	\$15,039	507	\$29.66
November	\$1,645	\$14,733	505	\$29.17
December	\$1,651	\$14,086	509	\$27.67
Total	\$19,442	\$195,799	6,007	\$32.59
Average	\$1,626	\$15,999	503	\$31.82
2014	\$18,651	\$220,036	6,653	\$31.72
2015	\$19,056	\$211,670	6,770	\$32.23
2016	\$18,502	\$219,287	6,365	\$34.55
2017	\$19,571	\$191,578	6,035	\$31.74

# LHSUSD - Paid Claims Detail

## Benefits Paid

- Benefits Paid
- PPO Savings
- Claims Savings
- Total Deductible
- Total Coinsurance



<u>Total Submitted Claims</u>	<u>Benefits Paid</u>	<u>PPO Savings</u>	<u>Claims Savings</u>	<u>Total Deductible</u>	<u>Total Coinsurance</u>
				Paid by member	Paid by member
\$454,704	\$195,799	\$115,193	\$88,278	\$10,250	\$45,185
2014	47%	22%	16%	3%	12%
2015	46%	21%	19%	2%	12%
2016	49%	22%	15%	3%	12%
2017	47%	25%	17%	2%	10%
2018	43%	25%	19%	2%	10%

# LHSUSD - Return on Investment

ROI

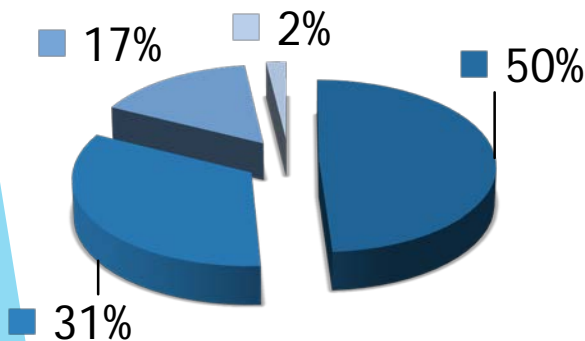


	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Totals</u>	<u>ROI Per \$1 spent</u>
PPO Savings	\$97,653	\$98,061	\$96,975	\$100,716	\$115,193	\$503,598	\$29.62
Claims Savings	\$71,460	\$89,998	\$65,279	\$67,753	\$88,278	\$382,768	\$5.68
<u>Total Savings</u>	<u>\$169,113</u>	<u>\$188,059</u>	<u>\$162,254</u>	<u>\$168,469</u>	<u>\$203,471</u>	<u>\$891,366</u>	-
Total Fixed Costs	\$18,651	\$19,056	\$18,502	\$19,571	\$19,442	\$95,222	\$10.47

# LHSUSD – Paid Claims by Procedure

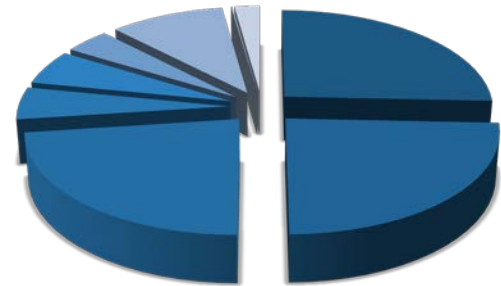
## Paid Claims by Type

- Type 1
- Type 2
- Type 3
- Ortho



<u>Dental Procedure Type</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Average</u>	<u>Benchmark</u>	<u>2018 Paid</u>
Type 1	46.5%	47.1%	48.9%	48.5%	50.0%	48.2%	52.1%	\$97,885
Type 2	34.0%	33.3%	31.8%	33.6%	30.9%	32.7%	27.3%	\$60,525
Type 3	18.0%	17.5%	17.9%	15.7%	16.9%	17.2%	20.3%	\$33,171
<u>Ortho</u>	2.1%	2.4%	1.7%	<u>2.3%</u>	<u>2.2%</u>	<u>2.1%</u>	0.8%	<u>\$4,280</u>
Total	100%	100%	100%	100%	100%	100%	100%	\$195,799

# LHSUSD - Paid Claims by Procedure



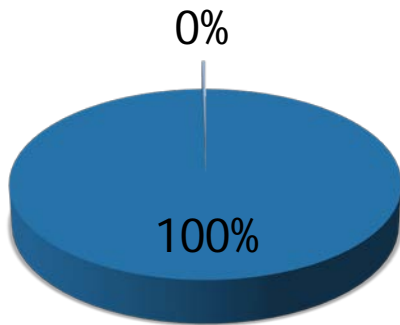
- Exams/X-rays
- Cleanings / Sealants / Appl
- Restorative
- Endodontics
- Periodontics
- Prostodontics
- Oral Surgery /Anesthesia
- General Services
- Orthodontics

<u>Procedure Group</u>	<u>Proc Count</u>	<u>Total Current Claims Paid</u>	<u>Average Cost Per Procedure</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Benchmark</u>
Exams/X-rays	1,683	\$50,291	\$29.88	23.2%	24.0%	25.1%	25.0%	25.7%	<u>28.4%</u>
Cleanings / Sealants / Appl	964	\$47,595	\$49.37	23.3%	23.1%	23.8%	23.5%	24.3%	<u>22.1%</u>
Restorative	375	\$44,935	\$119.83	25.8%	28.2%	28.8%	22.9%	23.0%	<u>26.5%</u>
Endodontics	34	\$10,244	\$301.29	8.1%	8.9%	6.1%	6.7%	5.2%	<u>6.5%</u>
Periodontics	113	\$11,012	\$97.45	7.2%	8.0%	6.3%	4.6%	5.6%	<u>4.1%</u>
Prostodontics	48	\$7,738	\$161.21	4.2%	2.8%	3.1%	3.9%	4.0%	<u>2.5%</u>
Oral Surgery /Anesthesia	170	\$19,573	\$115.14	6.5%	2.8%	5.1%	11.1%	10.0%	<u>6.8%</u>
General Services/TMD	44	\$131	\$2.98	-0.3%	-0.2%	0.2%	0%	0.1%	<u>0.3%</u>
<u>Ortho</u>	<u>27</u>	<u>\$4,280</u>	<u>\$158.52</u>	<u>2.1%</u>	<u>2.4%</u>	<u>1.7%</u>	2.3%	2.2%	<u>2.7%</u>
Total	3,458	\$195,799	\$56.62	100%	100%	100%	100%	100%	<u>100%</u>

# LHSUSD- In Network vs Out of Network Claims

## 2018 PPO Claims

- In-Network
- Out of Network

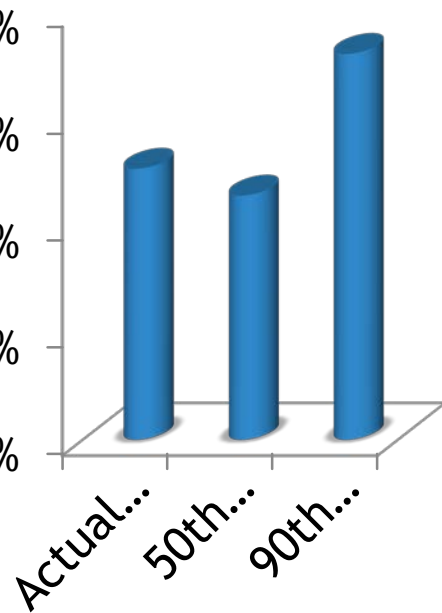


<u>PPO</u>	<u>Proc Count</u>	<u>Total Current Claims Paid</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Average</u>	<u>Benchmark</u>
Yes	3,344	\$194,610	99.4%	99.0%	99.6%	99.7%	99.4%	98.9%	82%
No	114	\$1,189	0.6%	1.0%	0.4%	0.3%	0.6%	1.1%	18%
Total	3,458	\$195,799	100%	100%	100%	100%	100%	100%	100%



# LHSUSD - PPO Savings

## % Savings

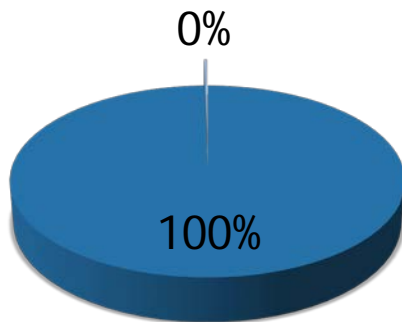


	<u>Submitted Claims</u>	<u>PPO Savings</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Average</u>	<u>Benchmark</u>
Actual Submitted Claims	\$454,704	\$115,193	21.8%	20.5%	21.7%	24.5%	25.3%	22.8%	-
50 <sup>th</sup> Percentile U&C	\$439,724	\$100,213	21.2%	18.0%	22.4%	23.0%	22.8%	21.5%	-
90 <sup>th</sup> Percentile U&C	\$530,551	\$191,040	31.2%	29.0%	34.0%	36.0%	36.0%	33.2%	31.6%

# LHSUSD - Top Provider Utilization

## Current PPO Claims

- In-Network
- Out of Network



Provider Name	Provider City	PPO Claim	Total Dollars Paid
CARVER,JEFFERY ALAN	LK HAVASU CTY	Y	28,675.64
SORKIN,EDOUARD	LK HAVASU CTY	Y	20,383.00
CURRIVAN,ROBERT	LK HAVASU CTY	Y	16,984.80
LUNDIN,LARRY C	LK HAVASU CTY	Y	12,015.10
NELSON,DARRIN JOHN	LK HAVASU CTY	Y	10,239.20
YOLE,JASON J	LK HAVASU CTY	Y	9,429.85
KINZER,DEBORAH A	LK HAVASU CTY	Y	9,219.20
KAUSHESH,ASHUTOSH	LK HAVASU CTY	Y	8,192.40
AHN,EDWARD B	LK HAVASU CTY	Y	8,047.58
LAVENE,RYAN MATTHEW	LK HAVASU CTY	Y	7,504.40
TOMAS,IKE-ARTHUR WENCESLAO	LK HAVASU CTY	Y	7,502.52
MEAD,C REESE	LK HAVASU CTY	Y	6,014.40
LYSDALE,JEFFREY S	LK HAVASU CTY	Y	5,077.83
BARBER,ILLIAN NATHAN	LK HAVASU CTY	Y	4,372.00
COBURN,RICHARD RYAN	LK HAVASU CTY	Y	3,771.50
URQUHART,N NATHANIEL	LK HAVASU CTY	Y	3,230.57
THOMAS,MICHAEL E	BULLHEAD CITY	Y	2,660.50
SHAMOS,ILAN HIRAM	LK HAVASU CTY	Y	2,624.60
YETTER,NATHAN R	LK HAVASU CTY	Y	2,576.57
GONZALEZ,RUTH CHRISTINE	LK HAVASU CTY	Y	2,368.60
CHAPMAN,BRETT	LK HAVASU CTY	Y	2,313.20
PAK,MINYONG (JONATHAN)	LK HAVASU CTY	Y	2,297.00
RUIZ,CARLOS R	LK HAVASU CTY	Y	2,158.10
SCOTT,JAY D	LK HAVASU CTY	Y	1,881.90
BULLEN,RYAN N	LK HAVASU CTY	Y	1,877.50
REMAINING	VARIOUS	-	\$14,390.04
TOTALS			\$195,799.00

# Questions?

Lake Havasu City Schools  
February 2019  
Reporting calendar year 2018

# **MEMORANDUM**

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Storm Kinion, Group Benefits Specialist

DATE: January 28, 2019

RE: 2018 Vision Claims Review

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Please find attached a copy of United Healthcare's presentation which outlines the Trust's vision utilization for the periods July 2017 – June 2018 and July 2018 – December 2018. James Totten will be at the meeting to present and review these reports with Trustees.

If you have any questions between now and the date of the meeting, I can be reached at (928) 753-4700 ext. 305 or via email at [stormk@ecollinsandassociates.com](mailto:stormk@ecollinsandassociates.com).

# Executive Summary for Lake Havasu Schools Employee Benefit Trust

## February 2019



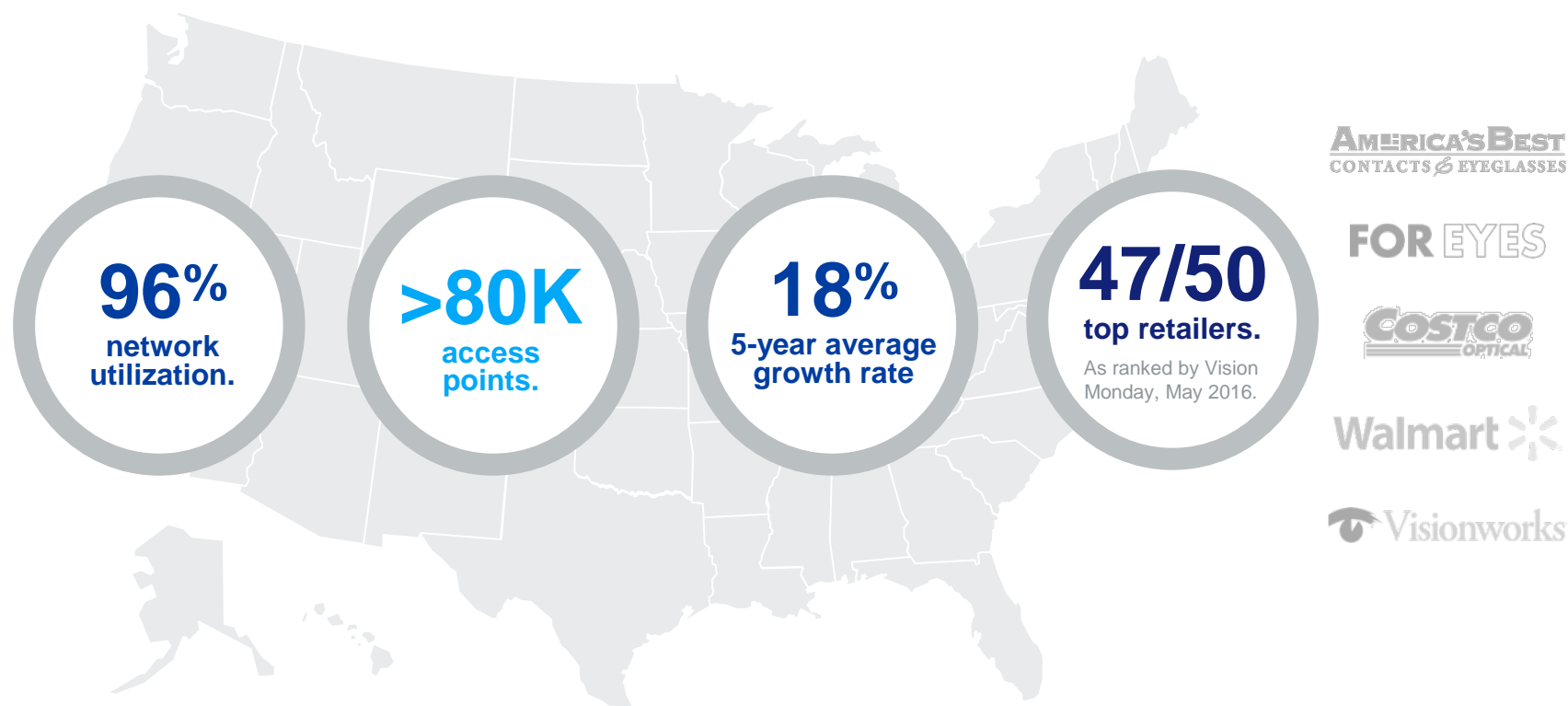
# UnitedHealthcare Vision


Employers want to offer quality vision benefits that easily integrate with their health plan and help control costs.

**UnitedHealthcare  
Vision delivers  
savings, simplicity  
and strategies to  
improve eye and  
overall health.**



## Total coverage with our national vision network.



**99%** of members in major markets have access to a network provider within two miles of their home. 

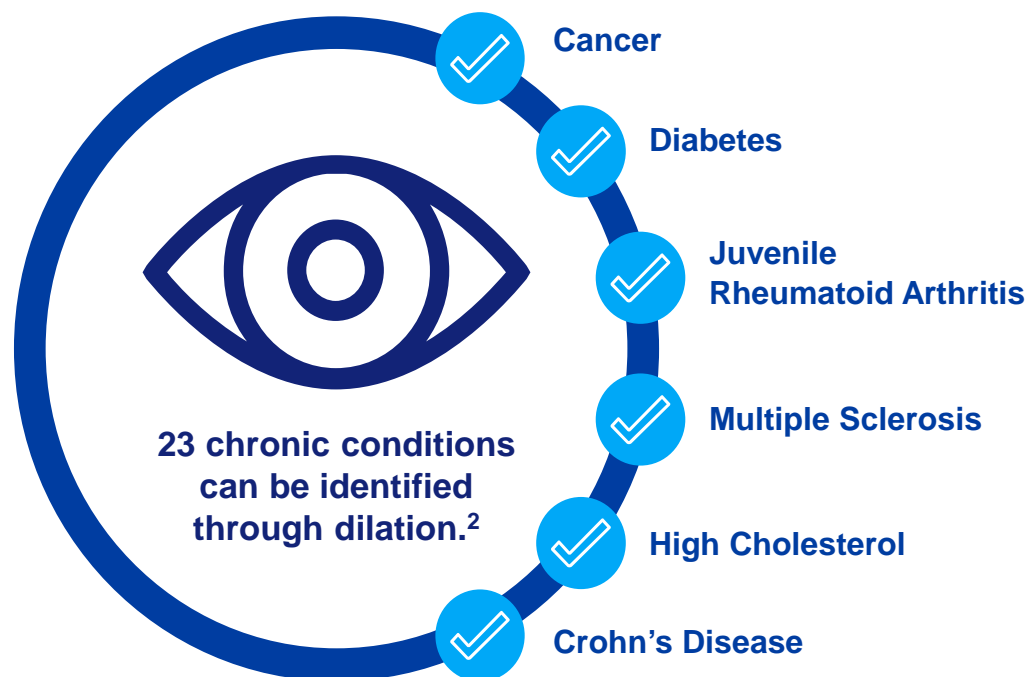
Source: Spectera Eyecare Networks as of August 2017

# Understand the eyes-body connection.

Vision benefits are used more than other coverages, making eye care providers a front-line resource to monitor overall health.<sup>1</sup>

## Why this matters.

Eye care providers can be a front-line resource to monitor overall health.



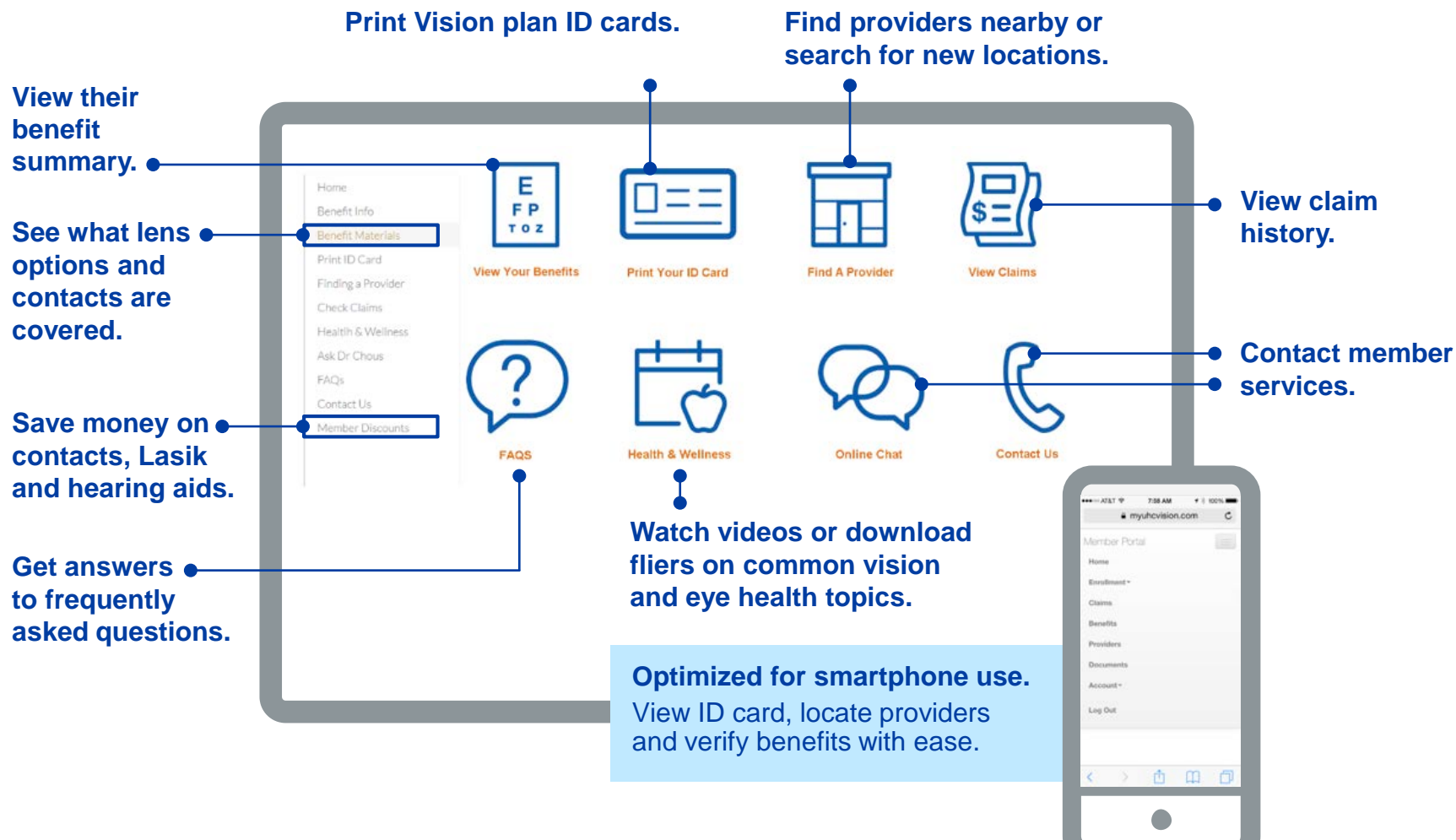
1. UnitedHealthcare. "Impact of Eye Exams in Identifying Chronic Conditions," 2014.

2. Internal UnitedHealthcare Study 2015, Eye Exam Impacts on Re-engagement for Chronic Diseases.



# myuhcvision.com.

Help make it convenient for your employees to learn about and maximize their benefits. Here are just a sampling of what they can do:



## UnitedHealthcare Vision.

We are dedicated to creating greater awareness of eye health as a part of overall health for the millions of members we serve.



**>42K**  
Vision customers.<sup>1</sup>



**>19M**  
members served.<sup>2</sup>



**>50**  
years' experience.



### Access to vast resources and innovation.

As part of UnitedHealth Group, a **Fortune 6 company**, we're able to tap into people, technology and knowledge. UnitedHealth Group has been honored by Fortune magazine as an innovation leader for 8 consecutive years.<sup>3</sup>

1. UnitedHealthcare customer report, May 2017.

2. UnitedHealthcare membership report, September 2017.

3. Fortune. February 16, 2017.

## How we help deliver a superior employee experience.



**170+ languages.**



**Service for the deaf and hearing impaired.**



**24/7 IVR with provider locator, benefit details and eligibility information.**



**Extended service hours.**

### Service metrics.<sup>1</sup>

- First call resolution: **98%**
- Average speed to answer: **13.6 sec**
- Service level: **87% of calls answered < 30 sec**
- Claims processed within 10 business days: **98.5%**
- Auto adjudication: **74%**
- Financial accuracy: **99.9%**



### Expanding technology.<sup>2</sup>

- Secure email.
- Texting (SMS).<sup>3</sup>
- Co-browsing.
- Click to Chat (2018).



1. Service metric report, September 2017

2. May not be available to some customers.

3. Data rates may apply

## We value our network.

Relationships are key.



Field representatives that make on-site visits and assist with provider training and ongoing service needs.



We get their feedback on formulary design and new ideas around product development.



We have a Professional Advisory Committee.



We work with our providers on new and innovative solutions to improve the member experience.

## Price caps on lens options.

No cost surprises at the point of purchase.

	With a UnitedHealthcare Vision Plan		Retail Estimate
Coatings	Standard Scratch Coating	No charge	\$30
	Standard Anti-Reflective Coating	\$40	\$60
	Premium Anti-Reflective Coating	\$80	\$90
	Platinum Anti-Reflective Coating	\$90 <span>Includes blue light protection</span>	\$125
Materials	Polycarbonate (Children)	No charge	\$85
	Polycarbonate (Adults)	\$33	\$85
	UV/Tint	\$14–\$16	\$30
Lenses	Standard Progressives	\$70	\$150–\$250
	Deluxe Progressives	\$110	\$250–\$325
	Premium Progressives	\$150	\$325–\$425
	Platinum Progressives	\$250	\$425–\$460



**Price caps on non-covered lens options — 20–60% off retail.  
Exclusions and limitations may apply.**

# The impact of network.

Supporting data.

Provider Utilization	Avg Frame Cost**	Avg Frame OOP**	Sample Provider Choice Distribution			Frame Overage Spend		
			UHC	Competitor A	Competitor B	UHC*	Competitor A	Competitor B
Visionworks	\$145	\$15.95	10%	0%	0%	\$1,595	\$0	\$0
Walmart Vision Center	\$90	\$2.47	25%	0%	0%	\$618	\$0	\$0
LensCrafters	\$180	\$49.77	1%	0%	40%	\$498	\$0	\$19,910
Private Doctor's Office	\$175	\$41.78	35%	75%	20%	\$14,622	\$31,333	\$8,356
Pearle Vision	\$205	\$56.69	1%	0%	15%	\$567	\$0	\$8,504
Other Retail	\$140	\$20.80	28%	25%	25%	\$5,823	\$5,199	\$5,199
						<b>\$23,723</b>	<b>\$36,532</b>	<b>\$41,969</b>

Note: Savings will apply to members who use their benefit. Exclusions and Limitations may apply.

\*Based on 1,000 members utilizing materials with a \$25 copay, UnitedHealthcare premium being \$6.30 PMPM.

\*\*Based on internal UnitedHealthcare data (Jan 2016–Jun 2016).

	Frequency	Benefits
<b>Comprehensive Eye Exam</b>	Every <b>12</b> months	<b>\$10</b> copay
<b>A complete pair of eyeglass lenses* Covered-in-full contact lenses (lens fitting included)*</b> <i>*after copay</i>	Every <b>12</b> months	<b>\$10</b> copay
• Frame	Every <b>12</b> months	<b>\$100</b> allowance
• Single vision, lined bi-focal, lined tri-focal or lined lenticular lenses (Other lens options available at a discounted rate)	Every <b>12</b> months	Covered in full
• Standard scratch coating	Covered in full	Covered in full
<b>Lens Options</b>	See benefit summary for details	
<b>Elective Contact Lenses</b>		
• Contact lenses that fall outside the covered-in-full selection. (Copay does not apply)	Every <b>12</b> months	<b>\$105</b> allowance
<b>Additional Materials</b>	<b>20% off</b>	

## Vision Plan

Examination up to **\$40.00**

### Lenses:

Single Vision up to **\$40.00**

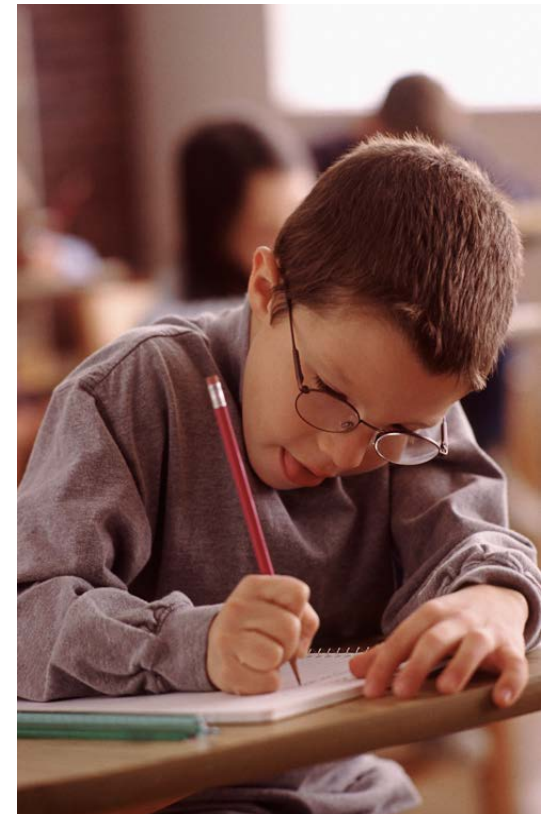
Bifocals up to **\$60.00**

Trifocal up to **\$80.00**

Lenticular up to **\$80.00**

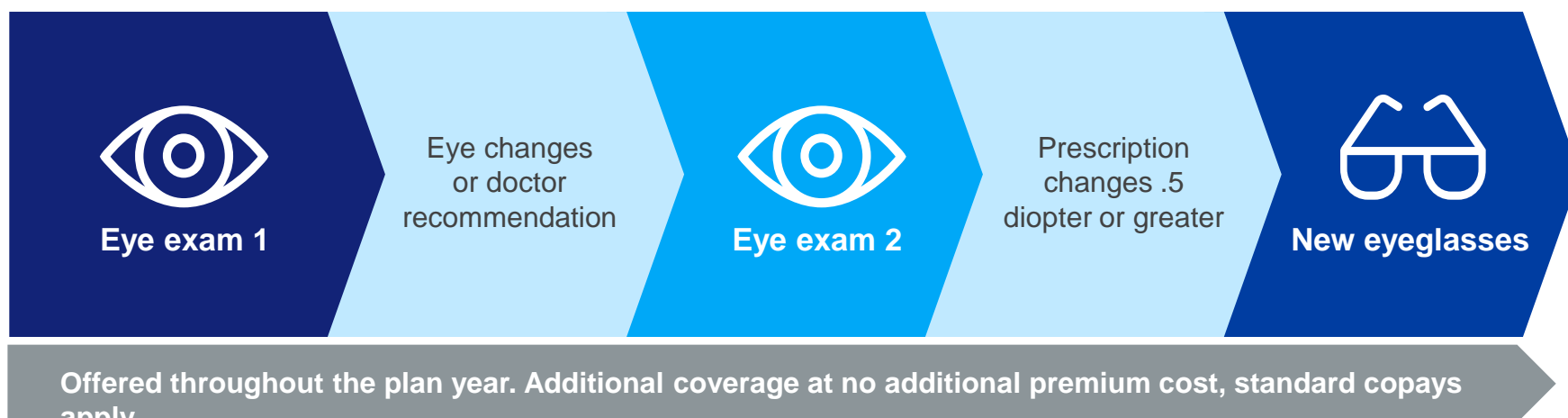
Frames up to **\$45.00**

**\$105.00** allowance for contact lenses  
(in lieu of glasses)





## New for 2019 Pediatric Vision Benefit



### Good to know.

UnitedHealthcare's Children's Eye Care Program leads the industry in pediatric vision care coverage with no additional premium charges. This benefit is for children up to age 13.

# Client Experience and Utilization

## 7/1/2017 To 6/30/2018



Current Effective Date: 07/01/2017  
 Current Renew Date: 07/01/2017  
 Client Policy ID: 0911496

Current Term Date: 12/31/2999

### Selection Parameters

ClientID: 423780  
 Incurred Date Range: 7/1/2017 To 6/30/2018  
 Business Category: Stand Alone

### Values on Report

07/2017 To 06/2018  
 Stand Alone

## Lake Havasu Schools Employee

Incurred Month	Number of Subscribers	Number of Members	Collected Revenue	Incurred Claim*	BCR	Claim Count	Average Cost Per Incurred Claim*
07/2017	461	703	\$3,335.97	\$3,366.49	100.9%	49	\$68.70
08/2017	462	706	\$3,349.61	\$6,016.10	179.6%	34	\$176.94
09/2017	508	767	\$3,643.85	\$2,002.46	55.0%	30	\$66.75
10/2017	509	771	\$3,658.43	\$3,937.72	107.6%	59	\$66.74
11/2017	509	773	\$3,663.60	\$3,200.75	87.4%	25	\$128.03
12/2017	507	769	\$3,644.78	\$1,543.14	42.3%	23	\$67.09
01/2018	501	759	\$3,593.02	\$3,514.49	97.8%	41	\$85.72
02/2018	501	758	\$3,593.02	\$1,925.50	53.6%	27	\$71.31
03/2018	503	760	\$3,609.97	\$2,738.40	75.9%	43	\$63.68
04/2018	505	761	\$3,620.33	\$2,389.24	66.0%	35	\$68.26
05/2018	506	761	\$3,625.51	\$2,051.56	56.6%	28	\$73.27
06/2018	472	720	\$3,406.12	\$3,270.33	96.0%	51	\$64.12
Totals:			\$42,744.21	\$35,956.18	84.1%	445	\$80.80

\* Incurred claims include a reserve/IBNR (incurred but not reported)

# Client Experience and Utilization

## 7/1/2018 To 12/31/2018



Current Effective Date: 07/01/2017  
 Current Renew Date: 07/01/2017  
 Client Policy ID: 0911496

Current Term Date: 12/31/2999

### Selection Parameters

ClientID: 423780  
 Incurred Date Range: 7/1/2018 To 12/31/2018  
 Business Category: Stand Alone

### Values on Report

07/2018 To 12/2018  
 Stand Alone

## Lake Havasu Schools Employee

Incurred Month	Number of Subscribers	Number of Members	Collected Revenue	Incurred Claim*	BCR	Claim Count	Average Cost Per Incurred Claim*
07/2018	465	722	\$3,392.45	\$4,990.05	147.1%	75	\$66.53
08/2018	463	715	\$3,376.45	\$2,211.60	65.5%	34	\$65.05
09/2018	501	770	\$3,625.49	\$2,176.50	60.0%	34	\$64.01
10/2018	504	770	\$3,623.16	\$2,147.78	59.3%	32	\$67.12
11/2018	501	759	\$3,584.10	\$5,282.33	147.4%	31	\$170.40
12/2018	505	764	\$3,604.82	\$1,957.64	54.3%	16	\$122.35
Totals:			\$21,206.47	\$18,765.90	88.5%	222	\$84.53

\* Incurred claims include a reserve/IBNR (incurred but not reported)

# Lake Havasu Schools Employee Dashboard

## 7/1/2017 To 6/30/2018



Client Effective Date: 07/01/2017

Client Renew Date: 07/01/2017

Client Policy ID: 0911496

### Selection Parameters

Client ID: 423780

Date of Service Range: 7/1/2017 To 6/30/2018

### Values on Report

423780

7/5/2017 To 6/29/2018

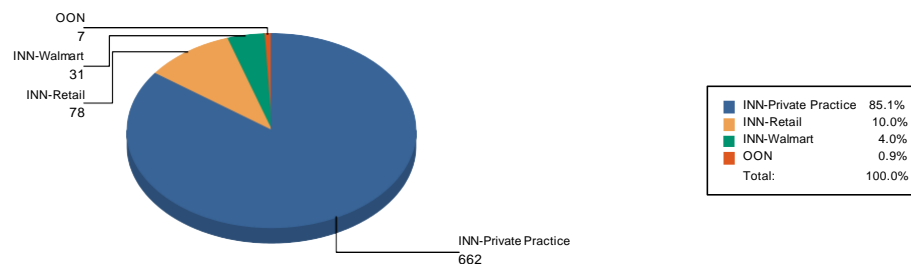
### Client Accessing and Eligible Members

Accessing Rate	Accessing Members	Average Eligible Members	Accessing Members/Avg. Eligible Members
Member Count	269	750.67	35.83%

### Client Paid Procedures Summary Counts

Office Type	Examination		Frames	Contact		Lens						Copoly Amount	Service Count	% of Services
	Exam	Related Service		Lens	Fit	Single	Bifocal	Trifocal	Progressive	Multifocal	Options			
INN-Private Practice	222	0	89	103	10	62	9	0	25	0	142	\$3,260	662	85.09%
INN-Retail	27	0	17	10	4	9	0	0	8	0	3	\$460	78	10.03%
INN-Walmart	1	0	14	2	0	6	1	0	7	0	0	\$150	31	3.98%
In Network Services	250	0	120	115	14	77	10	0	40	0	145	\$3,870	771	99.10%
OON	1	0	2	1	0	1	0	0	1	0	1	\$0	7	0.90%
Out of Network Services	1	0	2	1	0	1	0	0	1	0	1	\$0	7	0.90%
<b>Total Services</b>	<b>251</b>	<b>0</b>	<b>122</b>	<b>116</b>	<b>14</b>	<b>78</b>	<b>10</b>	<b>0</b>	<b>41</b>	<b>0</b>	<b>146</b>	<b>\$3,870</b>	<b>778</b>	<b>100.00%</b>
<b>% of Total Services</b>	<b>32.26%</b>	<b>0.00%</b>	<b>15.68%</b>	<b>14.91%</b>	<b>1.80%</b>	<b>10.03%</b>	<b>1.29%</b>	<b>0.00%</b>	<b>5.27%</b>	<b>0.00%</b>	<b>18.77%</b>			

Total Procedure Count by OfficeType



# Lake Havasu Schools Employee Dashboard

## 7/1/2017 To 6/30/2018



### Selection Parameters

Client ID: 423780

Date of Service Range: 7/1/2017 To 6/30/2018

### Values on Report

423780

7/5/2017 To 6/29/2018

### Top Five Utilized Providers

Provider Name and Address	Service Count
<b>STUART B ADAMS - 16464</b>	
383 S LAKE HAVASU AVE LAKE HAVASU CITY, AZ	363
<b>STEPHANIE WOO - 51846</b>	
383 S LAKE HAVASU AVE LAKE HAVASU CITY, AZ	293
<b>NATIONWIDE VISION INSIDE JCPENNEY #33506 GENERAL OPTICIAN - 51820</b>	
5651 HIGHWAY 95 N LAKE HAVASU CITY, AZ	43
<b>WALMART VISION CENTER #1364 - 25796</b>	
5695 HWY 95 Lake Havasu City, AZ	28
<b>JAMES RUCH - 14632</b>	
5651 HIGHWAY 95 N LAKE HAVASU CITY, AZ	21

### Benchmark of Discounts Utilized

- ▶ Contact Lenses: number of boxes  
(purchased through the website) . . . . . 24,028
- ▶ Lasik: Number of Calls to 1-888-563-4497 . . . . . 8,214
- ▶ Lasik: Visits to <http://www.uhclasik.com>. . . . . 49,498

### Price Protection Utilization\*

Category	Saving Through Price Protection			Service
Price Protection Description	Retail	Average Surcharge	Savings From Retail	Count
Coatings				
Scratch Warranty	\$20	\$10	\$30	3
Tint	\$25	\$14	\$33	3
UV Coating	\$30	\$16	\$70	5
Photochromic	\$115	\$67	\$864	18
Standard Anti-Reflective Coating	\$75	\$40	\$1,750	50
Premium Anti-Reflective Coating	\$125	\$80	\$225	5
Platinum Anti-Reflective Coating	\$150	\$90	\$60	1
Lenses				
Standard Progressive	\$230	\$70	\$800	5
Deluxe Progressive	\$275	\$110	\$825	5
Premium Progressive	\$400	\$150	\$7,500	30
Materials				
High Index (<= 1.66)	\$185	\$50	\$135	1
High Index (1.67-1.73)	\$220	\$63	\$471	3
Polycarbonate				
Polycarbonate Lenses for Children	\$124	\$0	\$2,232	18
Polycarbonate Lenses for Adults	\$125	\$33	\$92	1
Price Protection Savings To Members			\$15,087	148

\*Most other lens options are offered with at least a 20% discount off of retail. Check with your provider. May not apply at some locations.

Run Date Time :  
12/19/2018 5:03:08PM

OVMCR-15A

# Lake Havasu Schools Employee Dashboard

## 7/1/2018 To 12/31/2018



Client Effective Date: 07/01/2017

Client Renew Date: 07/01/2017

Client Policy ID: 0911496

### Selection Parameters

Client ID: 423780

Date of Service Range: 7/1/2018 To 12/31/2018

### Values on Report

423780

7/2/2018 To 12/20/2018

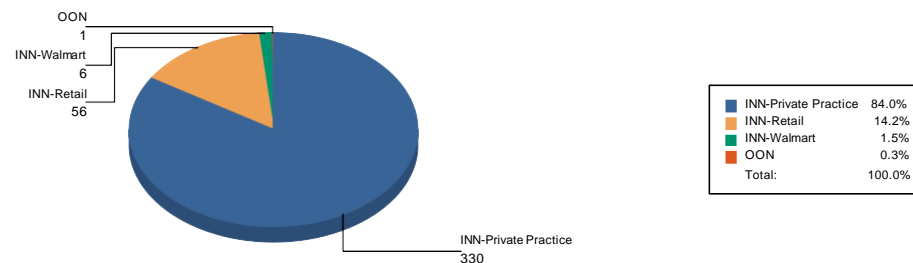
### Client Accessing and Eligible Members

Accessing Rate	Accessing Members	Average Eligible Members	Accessing Members/Avg. Eligible Members
Member Count	140	750.00	18.67%

### Client Paid Procedures Summary Counts

Office Type	Examination		Frames	Contact		Lens						Copoly Amount	Service Count	% of Services
	Exam	Related Service		Lens	Fit	Single	Bifocal	Trifocal	Progressive	Multifocal	Options			
INN-Private Practice	108	0	43	44	2	29	7	0	14	0	83	\$1,610	330	83.97%
INN-Retail	21	0	12	4	4	9	0	0	3	0	3	\$350	56	14.25%
INN-Walmart	0	0	3	0	0	1	1	0	1	0	0	\$30	6	1.53%
In Network Services	129	0	58	48	6	39	8	0	18	0	86	\$1,990	392	99.75%
OON	0	0	0	1	0	0	0	0	0	0	0	\$0	1	0.25%
Out of Network Services	0	0	0	1	0	0	0	0	0	0	0	\$0	1	0.25%
<b>Total Services</b>	<b>129</b>	<b>0</b>	<b>58</b>	<b>49</b>	<b>6</b>	<b>39</b>	<b>8</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>86</b>	<b>\$1,990</b>	<b>393</b>	<b>100.00%</b>
<b>% of Total Services</b>	<b>32.82%</b>	<b>0.00%</b>	<b>14.76%</b>	<b>12.47%</b>	<b>1.53%</b>	<b>9.92%</b>	<b>2.04%</b>	<b>0.00%</b>	<b>4.58%</b>	<b>0.00%</b>	<b>21.88%</b>			

Total Procedure Count by OfficeType



# Lake Havasu Schools Employee Dashboard

## 7/1/2018 To 12/31/2018



### Selection Parameters

Client ID: 423780

Date of Service Range: 7/1/2018 To 12/31/2018

### Values on Report

423780

7/2/2018 To 12/20/2018

### Top Five Utilized Providers

Provider Name and Address	Service Count
<b>STUART B ADAMS - 16464</b>	
383 S LAKE HAVASU AVE LAKE HAVASU CITY, AZ	182
<b>STEPHANIE WOO - 51846</b>	
383 S LAKE HAVASU AVE LAKE HAVASU CITY, AZ	146
<b>NATIONWIDE VISION INSIDE JCPENNEY #33506 GENERAL OPTICIAN - 51820</b>	
5651 HIGHWAY 95 N LAKE HAVASU CITY, AZ	23
<b>JAMES RUCH - 14632</b>	
85 LAKE HAVASU AVE N STE 108 LAKE HAVASU CITY, AZ	16
<b>NATIONWIDE VISION #33086 GENERAL OPTICIAN - 85473</b>	
85 LAKE HAVASU AVE N STE 108 LAKE HAVASU CITY, AZ	6

### Benchmark of Discounts Utilized

- Contact Lenses: number of boxes  
(purchased through the website) . . . . . 24,028
- Lasik: Number of Calls to 1-888-563-4497 . . . . . 8,214
- Lasik: Visits to <http://www.uhclasik.com>. . . . . 49,498

### Price Protection Utilization\*

Category	Saving Through Price Protection			Service
Price Protection Description	Retail	Average Surcharge	Savings From Retail	Count
Coatings				
Tint	\$25	\$14	\$11	1
Photochromic	\$115	\$67	\$672	14
Standard Anti-Reflective Coating	\$75	\$40	\$980	28
Premium Anti-Reflective Coating	\$125	\$80	\$180	4
Platinum Anti-Reflective Coating	\$150	\$90	\$60	1
Lenses				
Standard Progressive	\$230	\$70	\$320	2
Deluxe Progressive	\$275	\$110	\$165	1
Premium Progressive	\$400	\$150	\$3,750	15
Materials				
High Index (<= 1.66)	\$185	\$53	\$660	5
Polycarbonate				
Polycarbonate Lenses for Children	\$124	\$0	\$1,488	12
Price Protection Savings To Members			\$8,286	83

\*Most other lens options are offered with at least a 20% discount off of retail. Check with your provider. May not apply at some locations.

Run Date Time :  
1/14/2019 2:07:04PM

OVMCR-15A

# Paid Claim By Client and Member Summary of Paid Amount, Accessing and Eligible Members



Client Effective Date: 07/01/2017  
Client Renew Date: 07/01/2017  
Client Policy ID: 0911496

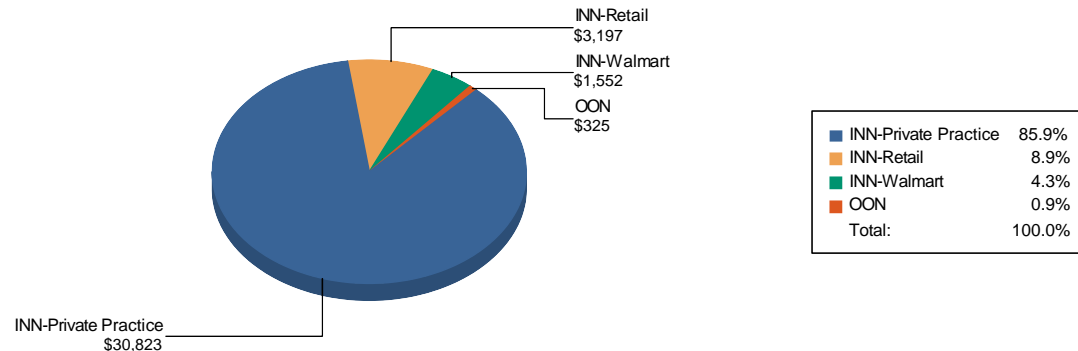
**Selection Parameters**  
Client ID: 423780  
Date of Service Range: 7/1/2017 To 6/30/2018

**Values on Report**  
423780  
7/5/2017 To 6/29/2018

## Lake Havasu Schools Employee

	Exam	Related Service		Lens	Fit	Single	Bifocal	Trifocal	Progressive	Multifocal	Options	Co-Pay	Provider Network	Provider Network
INN-Private Practice	\$13,315	\$0	\$4,202	\$8,999	\$2,183	\$930	\$240	\$0	\$625	\$0	\$330	\$3,260	\$30,823	85.87%
INN-Retail	\$936	\$0	\$92	\$605	\$159	\$180	\$0	\$0	\$312	\$0	\$81	\$460	\$3,197	8.91%
INN-Walmart	\$40	\$0	\$92	\$184	\$0	\$83	\$40	\$0	\$280	\$0	\$0	\$150	\$1,552	4.32%
In Network Services	\$14,291	\$0	\$6,050	\$9,787	\$2,342	\$1,193	\$280	\$0	\$1,217	\$0	\$411	\$3,870	\$35,571	99.09%
OON	\$40	\$0	\$128	\$105	\$0	\$40	\$0	\$0	\$10	\$0	\$2	\$0	\$325	0.91%
Out of Network Services	\$40	\$0	\$128	\$105	\$0	\$40	\$0	\$0	\$10	\$0	\$2	\$0	\$325	0.91%
<b>Client Total Services</b>	<b>\$14,331</b>	<b>\$0</b>	<b>\$6,178</b>	<b>\$9,892</b>	<b>\$2,342</b>	<b>\$1,233</b>	<b>\$280</b>	<b>\$0</b>	<b>\$1,227</b>	<b>\$0</b>	<b>\$413</b>	<b>\$3,870</b>	<b>\$35,896</b>	<b>100.00%</b>
<b>Accessing Rate</b>	<b>39.92%</b>	<b>0.00%</b>	<b>17.21%</b>	<b>27.56%</b>	<b>6.52%</b>	<b>3.43%</b>	<b>0.78%</b>	<b>0.00%</b>	<b>3.42%</b>	<b>0.00%</b>	<b>1.15%</b>	<b>\$3,870</b>	<b>\$35,896</b>	<b>100.00%</b>
<b>Client % of Services</b>														
Member Count			270				751					35.97%		

Claim Amount by Office Type





# Paid Claim By Client and Member Summary of Paid Amount, Accessing and Eligible Members



Client Effective Date: 07/01/2017  
Client Renew Date: 07/01/2017  
Client Policy ID: 0911496

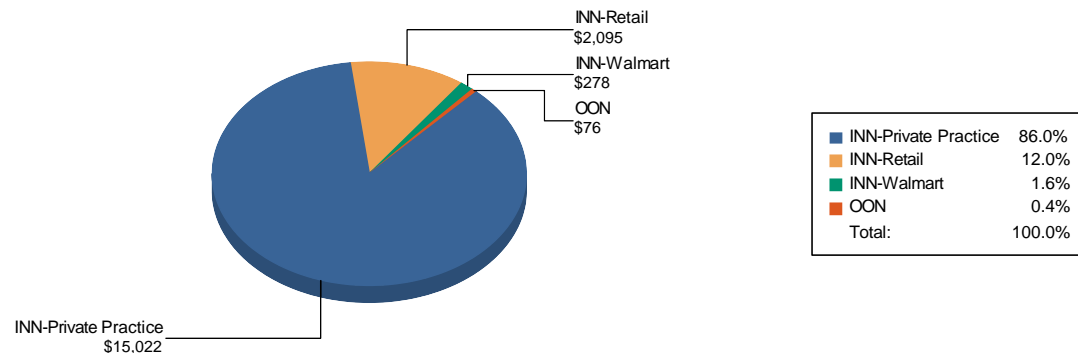
**Selection Parameters**  
Client ID: 423780  
Date of Service Range: 7/1/2018 To 12/31/2018

**Values on Report**  
423780  
7/2/2018 To 12/20/2018

## Lake Havasu Schools Employee

	Exam	Related Service		Lens	Fit	Single	Bifocal	Trifocal	Progressive	Multifocal	Options	Co-Pay	Provider Network	Provider Network
INN-Private Practice	\$6,480	\$0	\$2,075	\$4,310	\$1,000	\$435	\$175	\$0	\$350	\$0	\$198	\$1,610	\$15,022	85.98%
INN-Retail	\$735	\$0	\$67	\$166	\$144	\$180	\$0	\$0	\$117	\$0	\$81	\$350	\$2,095	11.99%
INN-Walmart	\$0	\$0	\$18	\$0	\$0	\$15	\$40	\$0	\$40	\$0	\$0	\$30	\$278	1.59%
In Network Services	\$7,215	\$0	\$2,929	\$4,476	\$1,144	\$630	\$215	\$0	\$507	\$0	\$279	\$1,990	\$17,396	99.57%
OON	\$0	\$0	\$0	\$76	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$76	0.43%
Out of Network Services	\$0	\$0	\$0	\$76	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$76	0.43%
<b>Client Total Services</b>	\$7,215	\$0	\$2,929	\$4,552	\$1,144	\$630	\$215	\$0	\$507	\$0	\$279	\$1,990	\$17,471	100.00%
<b>Client % of Services</b>	41.30%	0.00%	16.77%	26.05%	6.55%	3.61%	1.23%	0.00%	2.90%	0.00%	1.60%	\$1,990	\$17,471	100.00%
<b>Accessing Rate</b>			Accessing Members			Average Eligible Members					Accessing Members			
Member Count			141			750					18.80%			

Claim Amount by Office Type



# Thank you

# **MEMORANDUM**

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Storm Kinion, Group Benefits Specialist

DATE: January 28, 2019

RE: Financial Status

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Please find attached a copy of the December Compilation Report from GDK CPA, LLC. Mike Bonney will be at the meeting to present and review this report with Trustees.

Please also find attached a copy of a financial presentation which summarizes the Trust's financial position as of December 31, 2018 as it relates to budget. ECA will review this presentation with Trustees.

If you have any questions between now and the date of the meeting, I can be reached at (928) 753-4700 ext. 305 or via email at [stormk@ecollinsandassociates.com](mailto:stormk@ecollinsandassociates.com).

Compilation Report

Financial Statements

Lake Havasu Unified School District #1  
Employee Benefit Trust

For the one month and six months  
ended December 31, 2018

Prepared By:

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**GDK CPA, LLC**  
90 S. Acoma Blvd, Suite 100  
Lake Havasu City, AZ 86403



# **GDK CPA, LLC**

90 Acoma Blvd S, Suite 100 • Lake Havasu City, AZ 86403  
Office: (928) 680-1994 • Fax: (928) 680-2933  
Email: [mike@gdkcpa.com](mailto:mike@gdkcpa.com) • Website: [www.gdkcpa.com](http://www.gdkcpa.com)

## **INDEPENDENT ACCOUNTANT'S REPORT**

Lake Havasu Unified School District #1  
Employee Benefit Trust  
Lake Havasu City, Arizona 86403

Management is responsible for the accompanying financial statements of Lake Havasu Unified School District #1 Employee Benefit Trust which comprise the statement of net assets, as of December 31, 2018, and the related statement of activities for the one month and six months then ended, and for determining that the modified cash basis of accounting is an acceptable financial framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles accepted in the United States of America.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Lake Havasu Unified School District #1 Employee Benefit Trust.

**GDK CPA, LLC**

**GDK CPA, LLC**  
January 29, 2019

**LAKE HAVASU UNIFIED SCHOOL DISTRICT #1  
EMPLOYEE BENEFIT TRUST**

**Balance Sheet Previous Year Comparison  
As of December 31, 2018**

	<u>Dec 31, 18</u>	<u>Dec 31, 17</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
Wells Fargo 8200	\$ 2,593,520	\$ 1,618,458
Wells Fargo Checking 6509	836,493	1,133,529
Morgan Stanley 39055	-	929,102
Morgan Stanley 41055	-	89
<b>Total Checking/Savings</b>	<u>3,430,013</u>	<u>3,681,178</u>
<b>Total Current Assets</b>	<u>3,430,013</u>	<u>3,681,178</u>
<b>Fixed Assets</b>		
Leasehold Improvements	278,772	278,772
Accumulated Depreciation	<u>(278,772)</u>	<u>(274,732)</u>
<b>Total Fixed Assets</b>	<u>-</u>	<u>4,040</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,430,013</u></u>	<u><u>\$ 3,685,219</u></u>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Other Current Liabilities</b>		
Claims Payable	\$ -	\$ 316,011
<b>Total Other Current Liabilities</b>	<u>-</u>	<u>316,011</u>
<b>Total Current Liabilities</b>	<u>-</u>	<u>316,011</u>
<b>Total Liabilities</b>	<u>-</u>	<u>316,011</u>
<b>Equity</b>		
Unrestricted Net Assets	3,575,582	2,515,596
Net Income	<u>(145,569)</u>	<u>853,612</u>
<b>Total Equity</b>	<u>3,430,013</u>	<u>3,369,208</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>\$ 3,430,013</u></u>	<u><u>\$ 3,685,219</u></u>

**LAKE HAVASU UNIFIED SCHOOL DISTRICT #1**  
**EMPLOYEE BENEFIT TRUST**

**Statement of Activity Previous Year Comparison**  
**For the one month and six months ended December 2018**

	<u>Jul - Dec '18</u>	<u>Jul - Dec '17</u>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Dividend Income	\$ 114	\$ -
Additional District Contributions	-	653,338
Claim Refund Income	15,784	13,750
Cobra Income	12,344	24,506
Dependent Contributions	587,777	343,683
District Contributions	2,051,933	2,143,940
Reinsurance Income	-	6,119
Retiree Contributions	105,196	109,046
RX Rebates	101,623	133,338
Stoploss Reimbursement	135,077	1,461
WOW Income	-	1,787
<b>Total Income</b>	<u>3,009,848</u>	<u>3,430,968</u>
<b>Gross Profit</b>	3,009,848	3,430,968
<b>Expense</b>		
Computers and Software	243	-
Licenses and Fees	1,571	-
Claim Payments		
WISRX	-	188,330
Medical	2,268,357	1,450,880
RX Fees	-	1,198
Vision	13,261	2,696
Total Claim Payments	2,281,618	1,643,104
Cleaning	7,020	2,850
Commission Expense	-	44,156
Depreciation Expense	-	24,241
Insurance		
Dental	104,993	140,756
Life	50,255	10,448
Insurance - Other	24,651	7,046
Total Insurance	<u>179,900</u>	<u>158,250</u>

**LAKE HAVASU UNIFIED SCHOOL DISTRICT #1**  
**EMPLOYEE BENEFIT TRUST**

**Statement of Activity Previous Year Comparison**  
**For the one month and six months ended December 2018**

	<u>Jul - Dec '18</u>	<u>Jul - Dec '17</u>
Landscaping	1,000	1,200
Mammography Fees	170	4,272
Medical Fee Expense	-	244
Pest Control	300	415
Professional Fees		
Consulting Fee	375,193	257,717
Benefit Management	293,389	401,066
Accounting	2,100	8,150
Legal	15,288	(186)
Total Professional Fees	685,970	666,747
Property Taxes	4,590	4,553
Rent Expense	19,650	19,650
Repairs and Maintenance	981	1,797
Security	367	300
Supplies	44	-
Telephone	4,070	4,526
Utilities	3,712	4,055
Total Expense	3,191,205	2,580,361
Net Ordinary Income	(181,357)	850,607
Other Income/Expense		
Other Income		
Interest Income	25,465	1,092
Unrealized gain(loss) on invest	10,323	1,912
Total Other Income	35,788	3,004
Net Other Income	35,788	3,004
Net Income	<u>\$ (145,569)</u>	<u>\$ 853,612</u>

See accompanying accountant's report which is an integral part of these financial statements.





# Financial Overview through December 2018

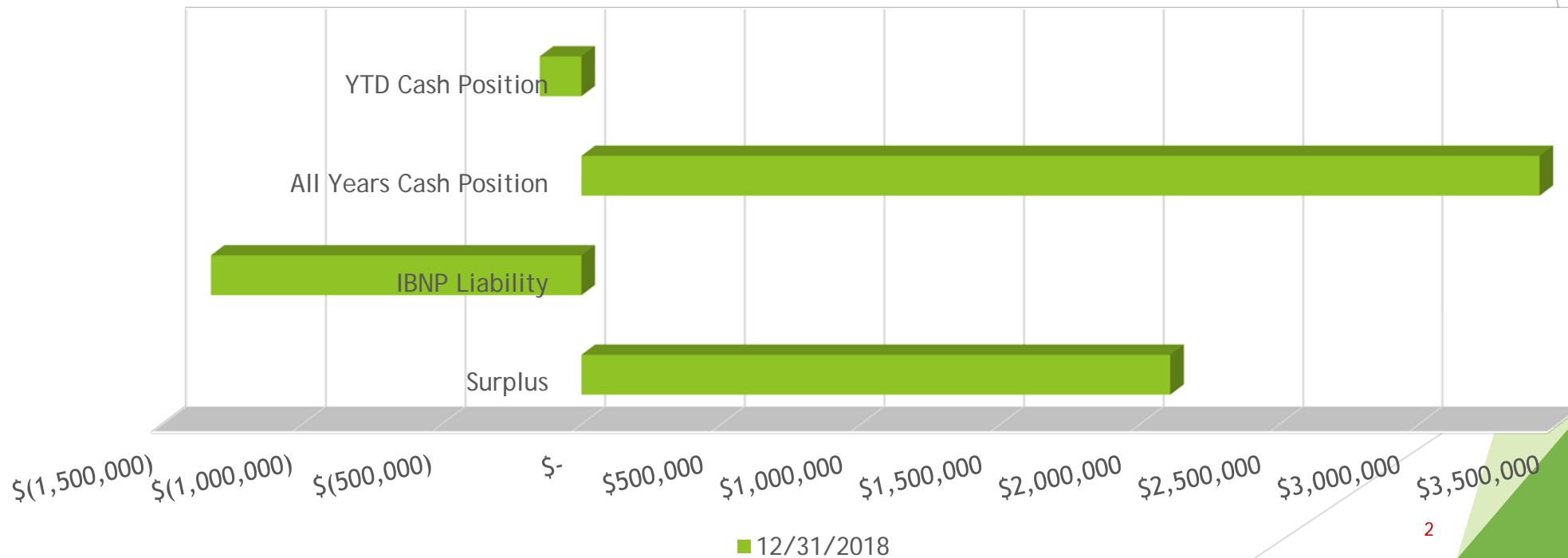
Presented by: ECA, Inc.

Storm Kinion, Group Benefits Specialist

February 04, 2019

# LHSEBT Financial Summary - December 2018

- ▶ Fiscal YTD Cash Position is (\$149,304)
- ▶ All-Years Cash Position is \$3,435,327
- ▶ Estimated IBNP is (\$1,326,883)
- ▶ Estimated Surplus is \$2,108,443



# LHSEBT Finance Summary - December 2018

## Medical Claims

- ▶ Overall, claims are running under the YTD budget at 90% (Includes Stop Loss Reimbursements)

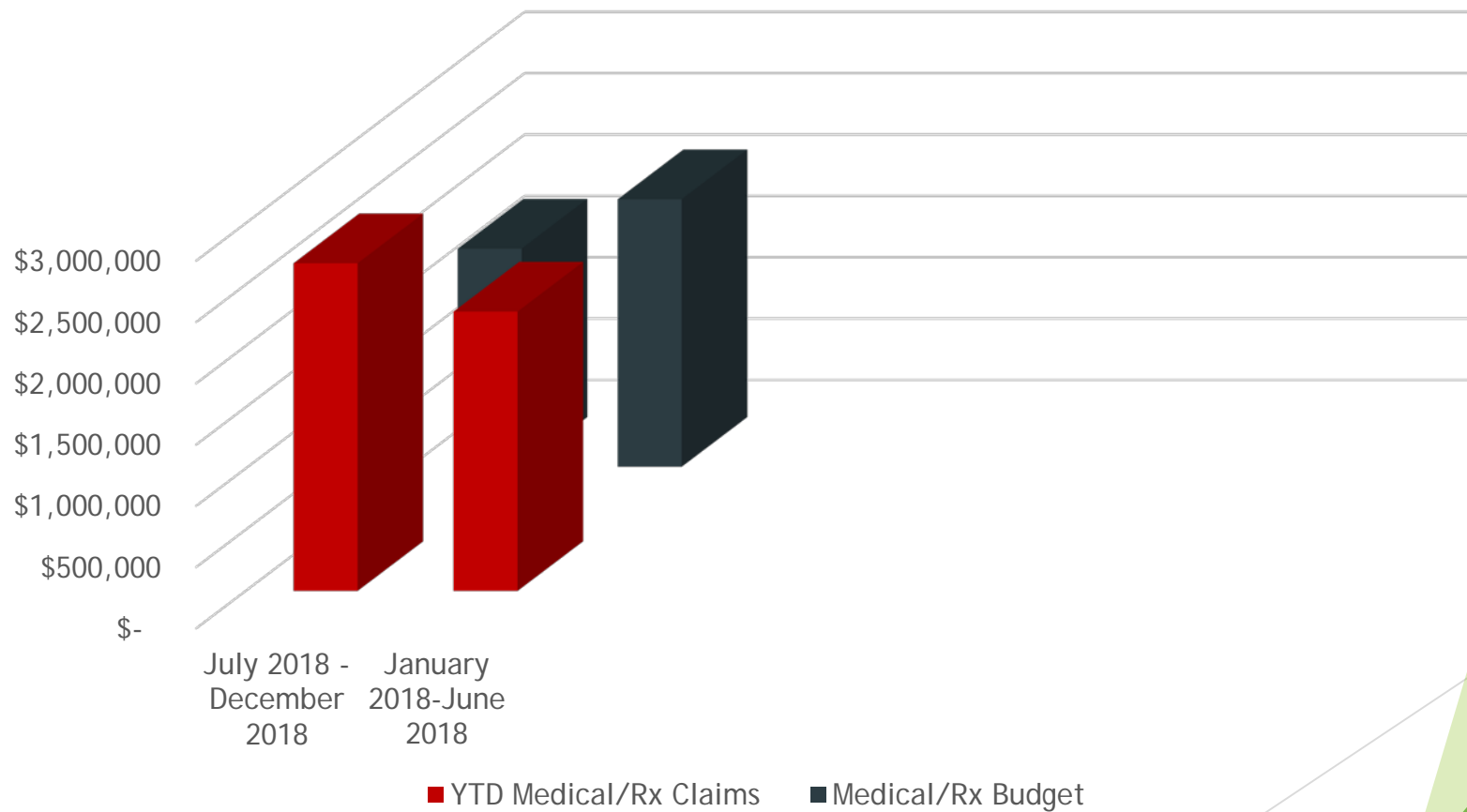
## Pharmacy Claims

- ▶ Running under the YTD budget at 108% (Includes Rx Rebates)

## Dental Claims

- ▶ Running under the YTD budget at 91%

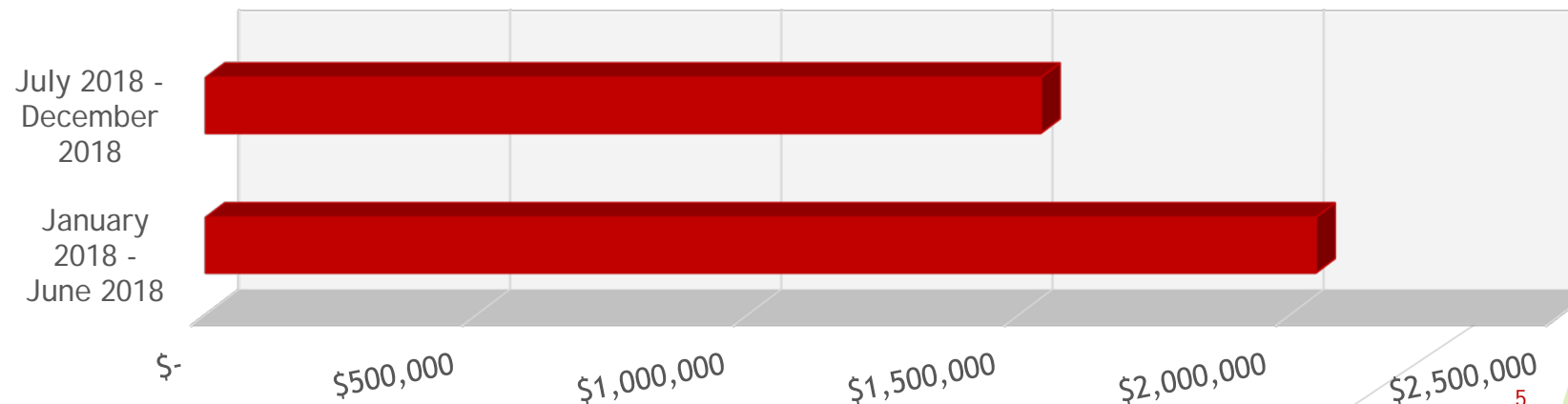
# LHSEBT Medical/Rx History



# LHSEBT Large Claims Update

Three claims over \$130,000 (Specific Deductible) as of December 31, 2018 totaling \$749,510

- ▶ The Trust has been reimbursed \$134,677 from 07/01/18 - 12/31/18
  - ▶ Reimbursement due for current plan year is \$129,000. One of the claims is subject to a laser and therefore not yet eligible for reimbursement.
  - ▶ \*Note - Reimbursements run between plan years. The reimbursement of \$134,677 is from the prior plan year
- ▶ From 01/01/18 - 06/30/18 there were 6 claims over \$130,000 totaling \$2,047,111
- ▶ YTD there are 9 Large Claims over 50% of the Specific Deductible (or 65,000) = \$1,539,872 or 92% of Total Medical/Rx Claim





**L.H. Unified  
School District #1**  
*Employee Benefit Trust*

Questions?

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Thank you!

# **MEMORANDUM**

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Storm Kinion, Group Benefits Specialist

DATE: January 28, 2019

RE: 2019-20 Rate Development

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Please find attached a copy of Cheiron's presentation and actuarial analysis on the development of rates for the 2019-20 plan year. Mike Schionning will be at the meeting to present and review this report with Trustees.

If you have any questions between now and the date of the meeting, I can be reached at (928) 753-4700 ext. 305 or via email at [stormk@ecollinsandassociates.com](mailto:stormk@ecollinsandassociates.com).

# Actuarial Rate Development for the Plan Year Beginning July 1, 2019

February 4, 2019

Michael Schionning, FSA, MAAA







- Proposed Claim Funding Rates
- Proposed Benefit Design Changes
- Required Disclosures

# Proposed Claim Funding Rates

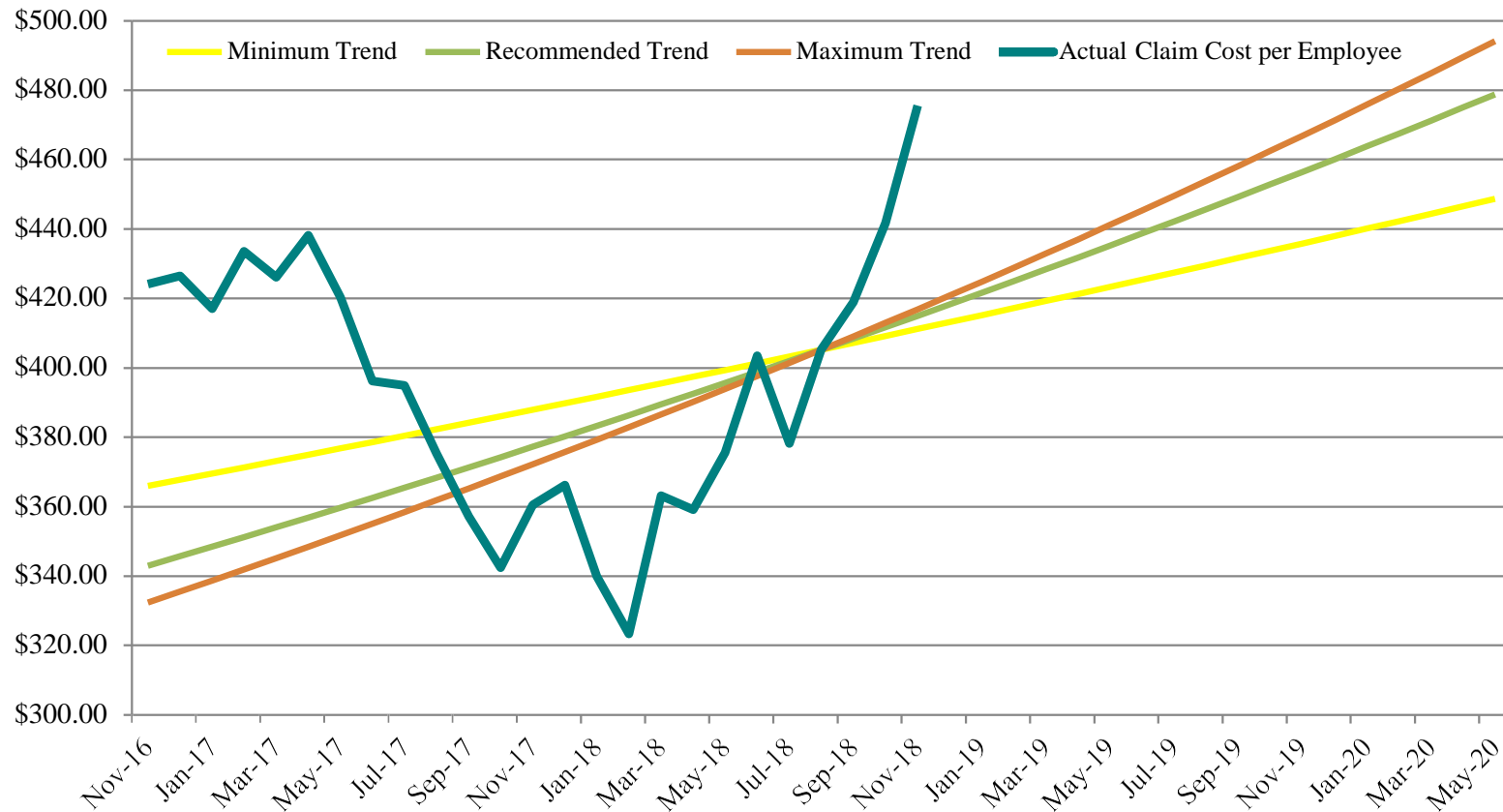


- Projection Methodology
- Plan Experience Graphs
- Recommended Claim Funding Rates
- Minimum Claim Funding Rates

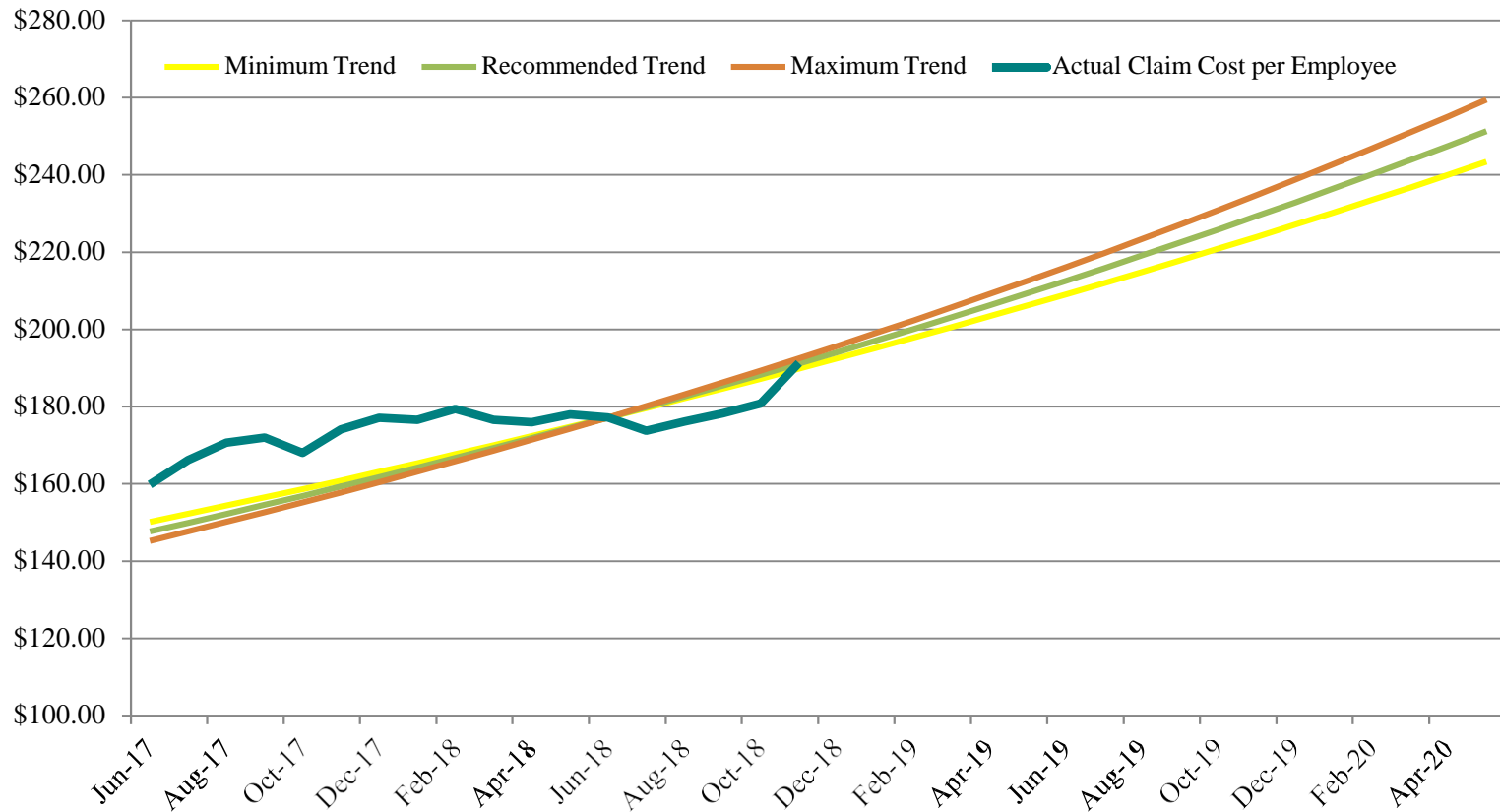


- Trend rates developed using rolling 12-month periods
  - Most recent 12 periods (24 months of data)
  - Most recent 24 periods (36 months of data)
  - Recommended trend rates based on a review of the data
- Separate analyses for:
  - Medical
  - Prescription Drug
  - Dental
- Developed on a per employee per month (PEPM) basis

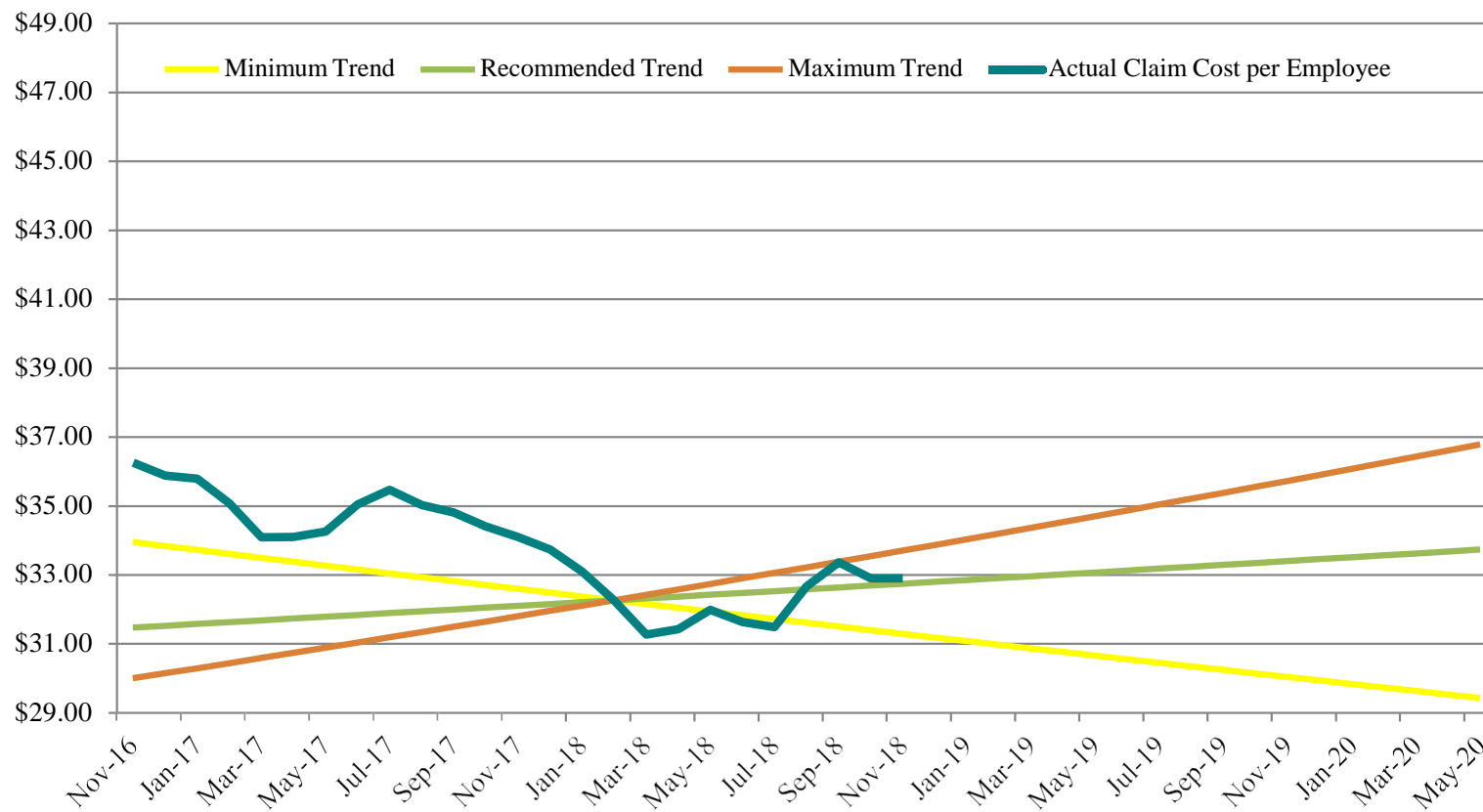
# Medical Plan



# Prescription Drug Plan



# Dental Plan





- The charts on the following pages show the development of the recommended and minimum claim funding factors
- In total, the recommended factors are:
  - 4.8% higher than the current factors for medical/rx
  - 3.5% higher than the current factors for dental
- In total, the minimum factors are:
  - 0.7% higher than the current factors for medical/rx
  - 1.4% higher than the current factors for dental

# Development of Funding Factors



## Recommended Factors - Medical and Rx

	12 Months Ending Nov-17			12 Months Ending Nov-18		
	<u>Medical</u>	<u>Prescriptions</u>	<u>Total</u>	<u>Medical</u>	<u>Prescriptions</u>	<u>Total</u>
Employee Exposure Months (2 Month Lag Medical) (1 Month Lag Rx, 0 Month Lag Clinic)	6,504	6,513		6,039	5,979	
Total Paid Claims (Net of Stop Loss Recoveries)	\$2,344,833	\$1,134,206	\$3,479,039	\$2,871,740	\$1,144,117	\$4,015,857
Estimated Incurred Claims PEPM	\$360.52	\$174.14	\$534.67	\$475.53	\$191.36	\$666.89
Trend Projections						
Annual Factor	10.0%	8.0%		10.0%	8.0%	
Number of Months of Trend	33	32		21	20	
Trend Factor	1.2997	1.2278		1.1815	1.1369	
Benefit Changes	1.0074	1.0074		1.0074	1.0074	
Projected Incurred Claims PEPM	\$472.02	\$215.40	\$687.42	\$566.00	\$219.15	\$785.15
Weighing Factors			50.0%			50
Weighted Projected Incurred Claims PEPM				\$519.01	\$217.28	\$736.29
Historical Funding						\$702
Needed Rate Change						4

February 4, 2019



# Development of Funding Factors



## Minimum Factors - Medical and Rx

	12 Months Ending Nov-17			12 Months Ending Nov-18		
	<u>Medical</u>	<u>Prescriptions</u>	<u>Total</u>	<u>Medical</u>	<u>Prescriptions</u>	<u>Total</u>
Employee Exposure Months (2 Month Lag Medical) (1 Month Lag Rx, 0 Month Lag Clinic)	6,504	6,513		6,039	5,979	
Total Paid Claims (Net of Stop Loss Recoveries)	\$2,344,833	\$1,134,206	\$3,479,039	\$2,871,740	\$1,144,117	\$4,015,857
Estimated Incurred Claims PEPM	\$360.52	\$174.14	\$534.67	\$475.53	\$191.36	\$666.89
Trend Projections						
Annual Factor	8.0%	6.0%		8.0%	6.0%	
Number of Months of Trend	33	32		21	20	
Trend Factor	1.2357	1.1681		1.1442	1.1020	
Benefit Changes	1.0074	1.0074		1.0074	1.0074	
Projected Incurred Claims PEPM	\$448.80	\$204.93	\$653.72	\$548.12	\$212.43	\$760.55
Weighing Factors			50.0%			50
Weighted Projected Incurred Claims PEPM				\$498.46	\$208.68	\$707.14
Historical Funding						\$702
Needed Rate Change						0

February 4, 2019

# Development of Funding Factors



	<b>Recommended</b>		<b>Minimum</b>	
	12 Months	12 Months	12 Months	12 Months
	Ending	Ending	Ending	Ending
	<u>Nov-17</u>	<u>Nov-18</u>	<u>Nov-17</u>	<u>Nov-18</u>
Employee Exposure Months (1 Month Lag)	5,966	6,014	5,966	6,014
Total Paid Claims	\$172,240	\$197,670	\$172,240	\$197,670
Estimated Incurred Claims PEPM	\$28.87	\$32.87	\$28.87	\$32.87
Adjustment to Current Benefits	1.0000	1.0000	1.0000	1.0000
Trend Projections				
Annual Factor	5.0%	5.0%	4.0%	4.0%
Number of Months of Trend	32	20	32	20
Trend Factor	1.1390	1.0847	1.1103	1.0676
Projected Incurred Claims PEPM	\$32.88	\$35.65	\$32.05	\$35.09
Weighing Factors	50.0%	50.0%	50.0%	50.0%
Weighted Projected Incurred Claims PEPM		\$34.27		\$33.57
Current Funding Factor		\$33.11		\$33.11
Needed Rate Change		3.5%		1.4%

# Development of Funding Factors



## Fiscal Year 19-20 Funding Rates

	Current Claim <u>Funding</u>	Minimum <u>Funding</u>	Recommended <u>Funding</u>
Medical/Prescription Drug Plan			
<b><i>Gold Plan</i></b>			
Employee Only	\$508.50	\$511.89	\$532.99
Employee/Spouse	\$925.30	\$931.46	\$969.86
Employee/Child	\$822.49	\$827.97	\$862.10
Employee/Child(ren)	\$1,079.54	\$1,086.73	\$1,131.53
Employee/Family	\$1,387.97	\$1,397.21	\$1,454.82
<b><i>Silver Plan</i></b>			
Employee Only	\$427.89	\$430.74	\$448.50
Employee/Spouse	\$858.10	\$863.81	\$899.43
Employee/Child	\$750.38	\$755.38	\$786.52
Employee/Child(ren)	\$1,024.08	\$1,030.90	\$1,073.40
Employee/Family	\$1,342.92	\$1,351.86	\$1,407.60
Dental			
Employee Only	\$22.61	\$22.92	\$23.40
Employee/Spouse	\$46.88	\$47.53	\$48.51
Employee/Child	\$39.34	\$39.88	\$40.71
Employee/Child(ren)	\$61.11	\$61.96	\$63.24
Employee/Family	\$85.38	\$86.56	\$88.36

# Proposed Benefit Changes



- Based on list of changes supplied by the trustees
- Benefit changes for the medical and prescription drug plans
- Developed both the percentage impact and rate impact of the proposed changes using the recommended and minimum rates
- Specific rate impact will be discussed using exhibits developed by ECA



## For Medical/Rx Gold Plan

- Reduce Deductible from \$2,500/\$5,000 to:
  - \$500/\$1,000
  - \$750/\$1,500
  - \$1,000/\$2,000
  - \$1,250/\$2,500
  - \$1,500/\$3,000
- Reduce Max Out-of-Pocket from \$6,500/\$13,000 to:
  - \$3,000/\$6,000 Medical – \$4,900/\$9,800 Rx
  - \$4,000/\$8,000 Medical – \$3,900/\$7,800 Rx
  - \$5,000/\$10,000 Medical – \$2,900/\$5,800 Rx
- Eliminate Pre-Certification for All but Inpatient Confinement and Transplant Services



## For Medical/Rx Silver Plan

- Eliminate Silver Plan
- Reduce Office Visit Co-Pay from \$100 to:
  - \$75/\$150 (PCP/Specialist)
  - \$50/\$100 (PCP/Specialist)
- Reduce Deductible from \$3,500/\$7,000 to:
  - \$3,000/\$6,000
  - \$2,500/\$5,000
- Reduce Max Out-of-Pocket from \$7,150/\$14,300 to:
  - \$6,000/\$12,000 Medical – \$1,900/\$3,800 Rx
  - \$5,000/\$10,000 Medical – \$2,900/\$5,800 Rx
- Change Free-Standing Lab & X-Ray from Deductible + Coinsurance to \$100 copay
- Eliminate Pre-Certification for All but Inpatient Confinement and Transplant Services

# Proposed Benefit Changes



- Add new HDHP plan with no out-of-network coverage
  - \$2,600/\$5,200 deductible then 100%
  - \$3,000/\$6,000 deductible then 100%
  - \$4,000/\$8,000 deductible then 100%





# Required Disclosures



- The purpose of the presentation is to provide the Trustees of the Lake Havasu Schools Employee Benefit Trust with suggested claim funding rates for the 2019-2020 plan year. This presentation is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.
- In preparing the information in this presentation, we relied on information (some written and some oral) provided by Erin P. Collins and Associates. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.
- The results of this report rely on future plan experience conforming to the underlying assumptions and methods outlined in this report. To the extent that the actual plan experience deviates from the underlying assumptions and methods, or there are any changes in plan provisions or applicable laws, the results would vary accordingly.
- To the best of my knowledge, this presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as a credentialed actuary I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation.
- This presentation does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Michael Schionning, FSA, MAAA  
Principal Consulting Actuary



Classic Values, Innovative Advice.

February 4, 2019



## **Lake Havasu Schools Employee Benefit Trust**

**Actuarial Rate Development  
for the Plan Year Beginning  
July 1, 2019**

**Produced by Cheiron**

**January 2019**

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***Via Electronic Mail***

January 25, 2019

Board of Trustees  
Lake Havasu Schools Employee Benefit Trust  
c/o Erin P. Collins & Associates, Inc.  
1115 Stockton Hill Road #101  
Kingman, Arizona 86401

***Re: Actuarial Rate Development for the Plan Year Beginning July 1, 2019***

Dear Trustees:

The purpose of this report is to present the results of our development of the recommended claim funding rates for the July 2019 to June 2020 plan year for the Lake Havasu Schools Employee Benefit Trust (LHSEBT).

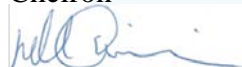
In preparing our report, we relied on information (some oral and some written) supplied by Erin P. Collins & Associates, Inc., the Trust administrator. This information includes, but is not limited to plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

This report was prepared exclusively for LHSEBT for the purpose described herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

The results of this report relies on future plan experience conforming to the underlying assumptions and methods outlined in this report. To the extent that the actual plan experience deviates from the underlying assumptions and methods, or there are any changes in plan provisions or applicable laws, the results would vary accordingly.

I hereby certify that, to the best of my knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. I am not an attorney and our firm does not provide any legal services or advice.

Sincerely,  
Cheiron

A handwritten signature in blue ink, appearing to read "Michael W. Schionning".

Michael W. Schionning, FSA, MAAA  
Principal Consulting Actuary

**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST**  
**ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

**SECTION I – SUMMARY OF RESULTS**

The Lake Havasu Schools Employee Benefit Trust (LHSEBT) has engaged Cheiron to develop recommended claim funding rates for the plan year beginning July 1, 2019. The primary purpose of this report is to:

- Develop the recommended claim funding rates for the plan year beginning July 1, 2019
- Provide the estimated impact of potential plan changes on the developed claim funding rates

The claim funding rates are based on the historical claim experience of the Trust and the underlying health care trend experience.

The first step in the analysis is the development of the projected claim funding rates for the plan year beginning July 1, 2019. These rates are based on an analysis of the financial experience of the Trust over the 24-month period ending November 30, 2018. The claim experience for the medical, prescription drug, and dental plans is studied and the underlying claim trends are developed for each plan. We develop trend rates using the most recent 12 months of rolling claim years and the most recent 24 months of rolling claim years as well as our expectations of future trends. We then combine the historical trends and our expectations to develop the recommended, minimum, and maximum trend rates. Funding rates are developed using the recommended and minimum trend rates.

For all benefits, total paid claims (net of reinsurance recoveries for the medical and prescription drug benefits), including an estimate of the cost for the health clinic, for the 24 months ended November 30, 2018 are used to develop the estimates of the needed claim funding rates. In addition, the claims are adjusted for changes in benefits that have occurred over time.

Overall, all benefit plans indicate that the funding factors for the medical and prescription drug benefits need to be increased by 4.8% on a recommended basis and 0.7% on a minimum basis. The funding rates for dental need to be increased by 3.5% on a recommended basis and 1.4% on a minimum basis.

The remainder of this report provides additional supporting detail of our analysis.

**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST**  
**ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

**SECTION II – RATE DEVELOPMENT**

This section of the report presents the development of the recommended claim funding rates for the plan year beginning July 1, 2019.

We begin by reviewing the historical financial experience of the Trust of the 24-month period ending November 30, 2018. The claim and covered enrollment experience is developed on a monthly basis, and the underlying claim trend rates are developed by reviewing the claims per employee basis on a rolling 12-month basis.

**Exhibit I** summarizes the results of this analysis. The exhibit first shows the claim funding rates in effect for the plan year ending June 30, 2019. It then shows the claim funding rates for the 2019-20 plan year based on our analysis, using both the recommended and minimum trend rates.

The recommended trend rate is 10.0% for medical, 8.0% for prescription drugs, and 5.0% for dental, based on our review of the historical experience and our expectations for future trends.

**Exhibit II** provides a summary of the development of the proposed claim funding rates for the medical and prescription drug plans. The exhibit shows the calculated claim cost per employee for each of the last two 12-month periods for which claims data is available. These claims are then trended forward to the rating year at the recommended and minimum trend rates. The two trend years are weighted together and the results are used to develop the needed claim funding rates.

**Exhibit III** provides a summary of the development of the proposed claim funding rates for the dental plans. The exhibit shows the calculated claim cost per employee for each of the last two 12-month periods for which claims data is available. These claims are then trended forward to the rating year at the recommended and minimum trend rates. The two trend years are weighted together and the results are used to develop the needed claim funding rates.

**Exhibit IV** shows the development of the rolling year claim costs that were used to develop the projected trend rates. For each rolling year, the exhibit shows the average number of employees, the net paid claims (adjusted for stop loss recoveries), and the resulting claims cost per employee per month. Rolling paid claims are based on a two-month lag for medical and a one-month lag for all other benefits.

The graphs in **Appendix A** show the historical rolling year claim costs developed in Exhibit III, along with the trend lines indicating conservative (or maximum), aggressive (or minimum), and recommended trend rates based on the underlying claims data. The trend lines show the projected results through the 12-month period ending June 2020, or the end of the plan year for which we develop claim funding rates.

**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST**  
**ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

**SECTION III – BENEFIT CHANGES**

As requested, we have calculated the estimated impact of the following benefit changes. **Exhibit V** summarizes the estimated cost impact on the recommended and minimum funding rates for the plan year beginning July 1, 2019.

**Gold Plan**

1. Reduce Deductible from \$2,500/\$5,000 to:
  - a. \$500/\$1,000
  - b. \$750/\$1,500
  - c. \$1,000/\$2,000
  - d. \$1,250/\$2,500
  - e. \$1,500/\$3,000
2. Reduce Max Out-of-Pocket from \$6,500/\$13,000 to:
  - a. \$3,000/\$6,000 Medical – \$4,900/\$9,800 Rx
  - b. \$4,000/\$8,000 Medical – \$3,900/\$7,800 Rx
  - c. \$5,000/\$10,000 Medical – \$2,900/\$5,800 Rx
3. Eliminate Pre-Certification for All but Inpatient Confinement and Transplant Services

**Silver Plan**

1. Eliminate Silver Plan
2. Reduce Office Visit Co-Pay from \$100 to:
  - a. \$75/\$150 (PCP/Specialist)
  - b. \$50/\$100 (PCP/Specialist)
3. Reduce Deductible from \$3,500/\$7,000 to:
  - a. \$3,000/\$6,000
  - b. \$2,500/\$5,000
4. Reduce Max Out-of-Pocket from \$7,150/\$14,300 to:
  - a. \$6,000/\$12,000 Medical – \$1,900/\$3,800 Rx
  - b. \$5,000/\$10,000 Medical – \$2,900/\$5,800 Rx
5. Change Free-Standing Lab & X-Ray from Deductible + Coinsurance to \$100 copay
6. Eliminate Pre-Certification for All but Inpatient Confinement and Transplant Services

**New HDHP Plan (No Out of Network Coverage)**

1. \$2,600/\$5,200 deductible then 100%
2. \$3,000/\$6,000 deductible then 100%
3. \$4,000/\$8,000 deductible then 100%

**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST  
ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

**EXHIBIT I – PROPOSED CLAIM FUNDING RATES**

<b>Fiscal Year 19-20 Funding Rates</b>			
	<b>Current</b>		
	<b>Claim</b>	<b>Minimum</b>	<b>Recommended</b>
	<b><u>Funding</u></b>	<b><u>Funding</u></b>	<b><u>Funding</u></b>
<b>Medical/Prescription Drug Plan</b>			
<b><i>Gold Plan</i></b>			
Employee Only	\$508.50	\$511.89	\$532.99
Employee/Spouse	\$925.30	\$931.46	\$969.86
Employee/Child	\$822.49	\$827.97	\$862.10
Employee/Child(ren)	\$1,079.54	\$1,086.73	\$1,131.53
Employee/Family	\$1,387.97	\$1,397.21	\$1,454.82
<b><i>Silver Plan</i></b>			
Employee Only	\$427.89	\$430.74	\$448.50
Employee/Spouse	\$858.10	\$863.81	\$899.43
Employee/Child	\$750.38	\$755.38	\$786.52
Employee/Child(ren)	\$1,024.08	\$1,030.90	\$1,073.40
Employee/Family	\$1,342.92	\$1,351.86	\$1,407.60
<b>Dental</b>			
Employee Only	\$22.61	\$22.92	\$23.40
Employee/Spouse	\$46.88	\$47.53	\$48.51
Employee/Child	\$39.34	\$39.88	\$40.71
Employee/Child(ren)	\$61.11	\$61.96	\$63.24
Employee/Family	\$85.38	\$86.56	\$88.36



**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST**  
**ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

**EXHIBIT II – DEVELOPMENT OF PROPOSED MEDICAL/RX CLAIM FUNDING RATES**

Recommended Factors - Medical and Rx

	12 Months Ending Nov-17			12 Months Ending Nov-18		
	<u>Medical</u>	<u>Prescriptions</u>	<u>Total</u>	<u>Medical</u>	<u>Prescriptions</u>	<u>Total</u>
Employee Exposure Months (2 Month Lag Medical) (1 Month Lag Rx, 0 Month Lag Clinic)	6,504	6,513		6,039	5,979	
Total Paid Claims (Net of Stop Loss Recoveries)	\$2,344,833	\$1,134,206	\$3,479,039	\$2,871,740	\$1,144,117	\$4,015,857
Estimated Incurred Claims PEPM	\$360.52	\$174.14	\$534.67	\$475.53	\$191.36	\$666.89
Trend Projections						
Annual Factor	10.0%	8.0%		10.0%	8.0%	
Number of Months of Trend	33	32		21	20	
Trend Factor	1.2997	1.2278		1.1815	1.1369	
Benefit Changes	1.0074	1.0074		1.0074	1.0074	
Projected Incurred Claims PEPM	\$472.02	\$215.40	\$687.42	\$566.00	\$219.15	\$785.16
Weighing Factors			50.0%			50.0%
Weighted Projected Incurred Claims PEPM				\$519.01	\$217.28	\$736.29
Historical Funding						\$702.46
Needed Rate Change						4.8%

**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST**  
**ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

**EXHIBIT II – DEVELOPMENT OF PROPOSED MEDICAL/RX CLAIM FUNDING RATES**

Minimum Factors - Medical and Rx

	12 Months Ending Nov-17			12 Months Ending Nov-18		
	<u>Medical</u>	<u>Prescriptions</u>	<u>Total</u>	<u>Medical</u>	<u>Prescriptions</u>	<u>Total</u>
Employee Exposure Months (2 Month Lag Medical) (1 Month Lag Rx, 0 Month Lag Clinic)	6,504	6,513		6,039	5,979	
Total Paid Claims (Net of Stop Loss Recoveries)	\$2,344,833	\$1,134,206	\$3,479,039	\$2,871,740	\$1,144,117	\$4,015,857
Estimated Incurred Claims PEPM	\$360.52	\$174.14	\$534.67	\$475.53	\$191.36	\$666.89
Trend Projections						
Annual Factor	8.0%	6.0%		8.0%	6.0%	
Number of Months of Trend	33	32		21	20	
Trend Factor	1.2357	1.1681		1.1442	1.1020	
Benefit Changes	1.0074	1.0074		1.0074	1.0074	
Projected Incurred Claims PEPM	\$448.80	\$204.93	\$653.72	\$548.12	\$212.43	\$760.55
Weighing Factors			50.0%			50.0%
Weighted Projected Incurred Claims PEPM				\$498.46	\$208.68	\$707.14
Historical Funding						\$702.46
Needed Rate Change						0.7%

**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST**  
**ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

**EXHIBIT III – DEVELOPMENT OF PROPOSED DENTAL CLAIM FUNDING RATES**

	<b>Recommended</b>		<b>Minimum</b>	
	12 Months Ending <u>Nov-17</u>	12 Months Ending <u>Nov-18</u>	12 Months Ending <u>Nov-17</u>	12 Months Ending <u>Nov-18</u>
Employee Exposure Months (1 Month Lag)	5,966	6,014	5,966	6,014
Total Paid Claims	\$172,240	\$197,670	\$172,240	\$197,670
Estimated Incurred Claims PEPM	\$28.87	\$32.87	\$28.87	\$32.87
Adjustment to Current Benefits	1.0000	1.0000	1.0000	1.0000
Trend Projections				
Annual Factor	5.0%	5.0%	4.0%	4.0%
Number of Months of Trend	32	20	32	20
Trend Factor	1.1390	1.0847	1.1103	1.0676
Projected Incurred Claims PEPM	\$32.88	\$35.65	\$32.05	\$35.09
Weighing Factors	50.0%	50.0%	50.0%	50.0%
Weighted Projected Incurred Claims PEPM		\$34.27		\$33.57
Current Funding Factor		\$33.11		\$33.11
Needed Rate Change		3.5%		1.4%

**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST**  
**ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

**EXHIBIT IV – ANALYSIS OF HISTORICAL CLAIMS EXPERIENCE**

**Medical and Prescription Drugs**

Rolling 12 Months Ending	Average Number of Employees	Average Number of Ees w Deps	Total Paid Claims	Stop Loss Recovery	Net Paid Claims	Monthly Claim Cost Per Employee
Sep 2016	562	175	\$3,753,591	\$0	\$3,753,591	\$556.75
Oct 2016	555	173	3,753,591	0	3,753,591	563.43
Nov 2016	551	171	3,694,741	0	3,694,741	558.46
Dec 2016	548	170	3,774,778	0	3,774,778	574.02
Jan 2017	545	169	3,753,237	30,874	3,722,363	569.34
Feb 2017	542	169	3,857,916	49,907	3,808,010	585.22
Mar 2017	540	168	3,806,966	98,277	3,708,689	572.33
Apr 2017	538	168	3,700,958	117,591	3,583,367	555.47
May 2017	536	168	3,732,345	123,404	3,608,940	561.44
Jun 2017	537	169	3,643,921	124,204	3,519,717	546.54
Jul 2017	538	170	3,546,090	124,204	3,421,885	529.70
Aug 2017	540	171	3,434,969	124,204	3,310,765	511.16
Sep 2017	542	171	3,603,244	124,204	3,479,039	534.91
Oct 2017	543	172	3,664,286	124,204	3,540,081	543.54
Nov 2017	543	172	3,627,710	267,241	3,360,468	515.49
Dec 2017	540	172	3,644,454	394,713	3,249,741	501.66
Jan 2018	537	171	3,835,958	370,043	3,465,914	538.35
Feb 2018	532	170	3,837,518	427,887	3,409,632	533.84
Mar 2018	528	169	3,983,108	484,161	3,498,947	552.15
Apr 2018	524	168	4,242,716	601,184	3,641,532	579.31
May 2018	520	167	4,161,652	723,343	3,438,309	551.28
Jun 2018	518	166	4,330,467	729,247	3,601,220	579.91
Jul 2018	513	164	4,397,206	729,247	3,667,959	595.74
Aug 2018	509	163	4,518,693	729,247	3,789,446	620.51
Sep 2018	503	161	4,745,104	729,247	4,015,857	664.99

**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST**  
**ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

**EXHIBIT IV – ANALYSIS OF HISTORICAL CLAIMS EXPERIENCE**

**Dental**

Rolling 12 Months Ending	Average Number of Employees	Average Number of Ees w Deps	Total Paid Claims	Stop Loss Recovery	Net Paid Claims	Monthly Claim Cost Per Employee
Sep 2016	510	148	\$229,599	n/a	\$229,599	\$37.49
Oct 2016	507	147	219,287	n/a	219,287	36.05
Nov 2016	504	146	214,573	n/a	214,573	35.50
Dec 2016	501	145	211,260	n/a	211,260	35.15
Jan 2017	498	144	206,411	n/a	206,411	34.53
Feb 2017	496	143	206,164	n/a	206,164	34.64
Mar 2017	494	143	207,411	n/a	207,411	34.97
Apr 2017	492	142	201,820	n/a	201,820	34.15
May 2017	491	141	197,307	n/a	197,307	33.50
Jun 2017	492	141	194,590	n/a	194,590	32.99
Jul 2017	493	142	188,736	n/a	188,736	31.91
Aug 2017	494	143	190,199	n/a	190,199	32.07
Sep 2017	496	144	184,381	n/a	184,381	30.95
Oct 2017	497	145	184,565	n/a	184,565	30.94
Nov 2017	498	146	185,404	n/a	185,404	31.05
Dec 2017	498	146	194,901	n/a	194,901	32.61
Jan 2018	499	147	191,896	n/a	191,896	32.05
Feb 2018	499	147	196,932	n/a	196,932	32.89
Mar 2018	499	147	198,830	n/a	198,830	33.22
Apr 2018	499	147	193,635	n/a	193,635	32.37
May 2018	499	147	180,370	n/a	180,370	30.14
Jun 2018	501	147	192,594	n/a	192,594	32.01
Jul 2018	502	147	199,298	n/a	199,298	33.08
Aug 2018	502	147	194,463	n/a	194,463	32.27
Sep 2018	502	147	197,670	n/a	197,670	32.85
Oct 2018	501	146	197,670	n/a	197,670	32.87

**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST**  
**ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

**EXHIBIT V – BENEFIT CHANGES**

	Percent Impact	Funding Impact - Recommended Change				
		<u>EO</u>	<u>ES</u>	<u>EC</u>	<u>EC+</u>	<u>EF</u>
<b>Medical/Prescription Drug Plan</b>						
Gold Plan						
Change deductible to \$500/\$1,500	4.52%	\$24.07	\$43.81	\$38.94	\$51.11	\$65.71
Change deductible to \$750/\$2,250	3.65%	\$19.45	\$35.39	\$31.46	\$41.29	\$53.08
Change deductible to \$1,000/\$3,000	2.84%	\$15.15	\$27.57	\$24.51	\$32.17	\$41.36
Change deductible to \$1,250/\$3,750	2.17%	\$11.58	\$21.07	\$18.73	\$24.58	\$31.61
Change deductible to \$1,500/\$4,500	1.56%	\$8.30	\$15.11	\$13.43	\$17.63	\$22.66
Change out-of-pocket to \$3,000/\$6,000 Med - \$4,900/\$9,800 Rx	4.40%	\$23.43	\$42.63	\$37.89	\$49.74	\$63.95
Change out-of-pocket to \$4,000/\$8,000 Med - \$3,900/\$7,800 Rx	1.93%	\$10.31	\$18.76	\$16.68	\$21.89	\$28.14
Change out-of-pocket to \$5,000/\$10,000 Med - \$2,900/\$5,800 Rx	0.30%	\$1.62	\$2.95	\$2.62	\$3.44	\$4.43
Eliminate Precertification except for Inpatient and Transplants	1.30%	\$6.94	\$12.63	\$11.23	\$14.74	\$18.95
Silver Plan						
Eliminate Silver Plan	0.45%	\$2.38	\$4.33	\$3.85	\$5.05	\$6.50
Change office copays from \$100 to \$50 PCP/\$100 Specialist	0.38%	\$1.71	\$3.42	\$2.99	\$4.08	\$5.35
Change office copays from \$100 to \$75 PCP/\$150 Specialist	-0.15%	(\$0.68)	(\$1.37)	(\$1.19)	(\$1.63)	(\$2.14)
Change deductible to \$3,000/\$6,000	0.73%	\$3.29	\$6.59	\$5.76	\$7.86	\$10.31
Change deductible to \$2,500/\$5,000	1.54%	\$6.92	\$13.88	\$12.14	\$16.56	\$21.72
Change out-of-pocket to \$5,000/\$10,000 Med - \$2,900/\$5,800 Rx	-0.27%	(\$1.22)	(\$2.45)	(\$2.14)	(\$2.92)	(\$3.83)
Change out-of-pocket to \$6,000/\$12,000 Med - \$1,900/\$3,800 Rx	-1.04%	(\$4.66)	(\$9.35)	(\$8.17)	(\$11.15)	(\$14.63)
Change free standing lab/imaging to \$100 copay	-0.41%	(\$1.82)	(\$3.65)	(\$3.19)	(\$4.35)	(\$5.71)
Eliminate Precertification except for Inpatient and Transplants	1.40%	\$6.27	\$12.57	\$10.99	\$15.00	\$19.66
Add new HDHP Plan						
\$2,600/\$5,200 then 100%	7.49%	\$39.91	\$72.62	\$64.55	\$84.73	\$108.94
\$3,000/\$6,000 then 100%	5.09%	\$27.14	\$49.39	\$43.90	\$57.63	\$74.09
\$4,000/\$8,000 then 100%	1.01%	\$ 5.41	\$ 9.84	\$ 8.75	\$11.48	\$ 14.76

**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST**  
**ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

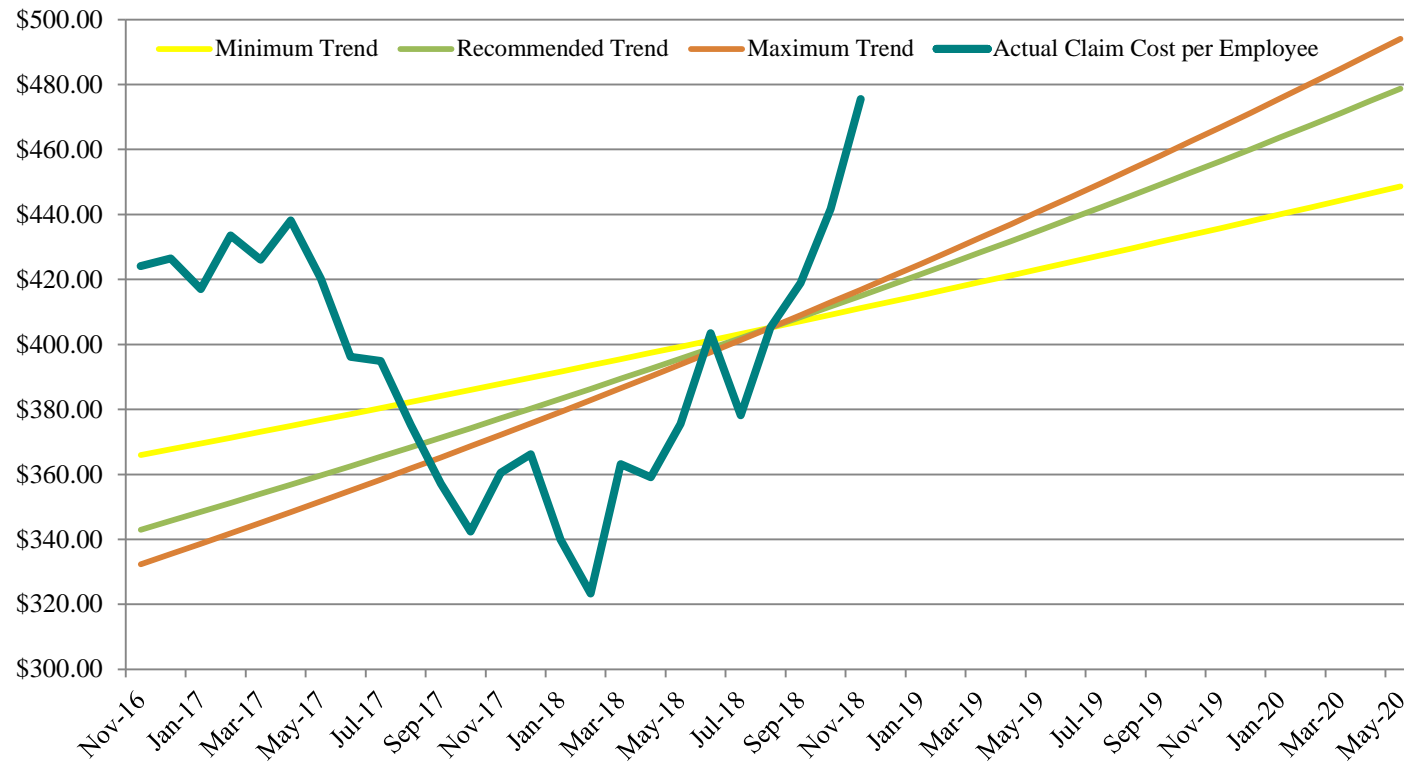
**EXHIBIT V – BENEFIT CHANGES**

	Percent Impact	Funding Impact - Minimum Change				
		<u>EO</u>	<u>ES</u>	<u>EC</u>	<u>EC+</u>	<u>EF</u>
<b>Medical/Prescription Drug Plan</b>						
Gold Plan						
Change deductible to \$500/\$1,500	4.52%	\$23.12	\$42.07	\$37.40	\$49.09	\$63.11
Change deductible to \$750/\$2,250	3.65%	\$18.68	\$33.99	\$30.21	\$39.65	\$50.98
Change deductible to \$1,000/\$3,000	2.84%	\$14.55	\$26.48	\$23.54	\$30.89	\$39.72
Change deductible to \$1,250/\$3,750	2.17%	\$11.12	\$20.24	\$17.99	\$23.61	\$30.35
Change deductible to \$1,500/\$4,500	1.56%	\$7.97	\$14.51	\$12.90	\$16.93	\$21.77
Change out-of-pocket to \$3,000/\$6,000 Med - \$4,900/\$9,800 Rx	4.40%	\$22.50	\$40.94	\$36.39	\$47.77	\$61.42
Change out-of-pocket to \$4,000/\$8,000 Med - \$3,900/\$7,800 Rx	1.93%	\$9.90	\$18.02	\$16.02	\$21.02	\$27.03
Change out-of-pocket to \$5,000/\$10,000 Med - \$2,900/\$5,800 Rx	0.30%	\$1.56	\$2.84	\$2.52	\$3.31	\$4.25
Eliminate Precertification except for Inpatient and Transplants	1.30%	\$6.67	\$12.13	\$10.78	\$14.16	\$18.20
Silver Plan						
Eliminate Silver Plan	0.45%	\$2.29	\$4.16	\$3.70	\$4.85	\$6.24
Change office copays from \$100 to \$50 PCP/\$100 Specialist	0.38%	\$1.64	\$3.29	\$2.87	\$3.92	\$5.14
Change office copays from \$100 to \$75 PCP/\$150 Specialist	-0.15%	(\$0.65)	(\$1.31)	(\$1.15)	(\$1.57)	(\$2.05)
Change deductible to \$3,000/\$6,000	0.73%	\$3.16	\$6.33	\$5.53	\$7.55	\$9.91
Change deductible to \$2,500/\$5,000	1.54%	\$6.65	\$13.33	\$11.66	\$15.91	\$20.86
Change out-of-pocket to \$5,000/\$10,000 Med - \$2,900/\$5,800 Rx	-0.27%	(\$1.17)	(\$2.35)	(\$2.06)	(\$2.81)	(\$3.68)
Change out-of-pocket to \$6,000/\$12,000 Med - \$1,900/\$3,800 Rx	-1.04%	(\$4.48)	(\$8.98)	(\$7.85)	(\$10.71)	(\$14.05)
Change free standing lab/imaging to \$100 copay	-0.41%	(\$1.75)	(\$3.50)	(\$3.06)	(\$4.18)	(\$5.48)
Eliminate Precertification except for Inpatient and Transplants	1.40%	\$6.02	\$12.07	\$10.55	\$14.40	\$18.89
Add new HDHP Plan						
\$2,600/\$5,200 then 100%	7.49%	\$38.33	\$69.75	\$62.00	\$81.37	\$104.62
\$3,000/\$6,000 then 100%	5.09%	\$26.07	\$47.44	\$42.17	\$55.34	\$71.16
\$4,000/\$8,000 then 100%	1.01%	\$ 5.20	\$ 9.45	\$ 8.40	\$11.03	\$ 14.18

**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST  
ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

**APPENDIX A – TREND GRAPHS**

**MEDICAL PLAN**

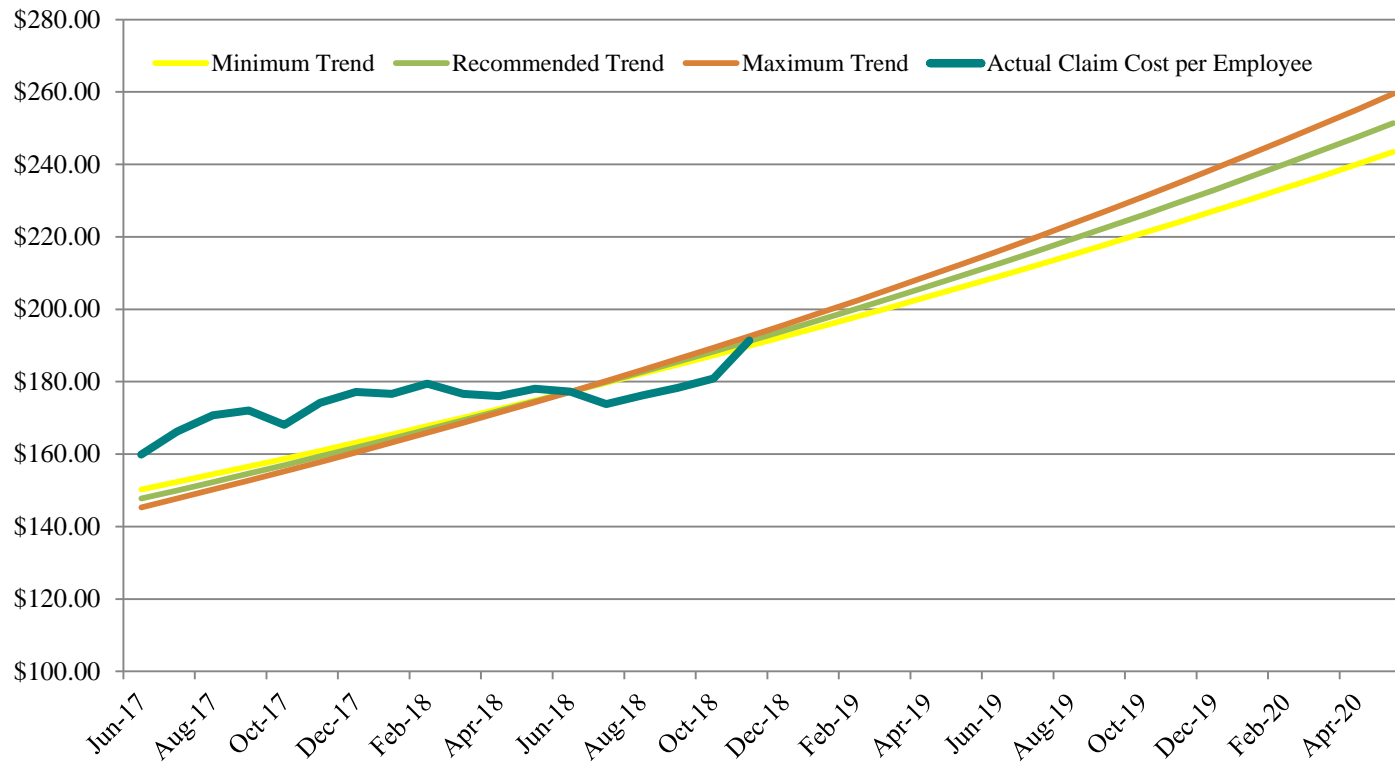




**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST  
ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

**APPENDIX A – TREND GRAPHS**

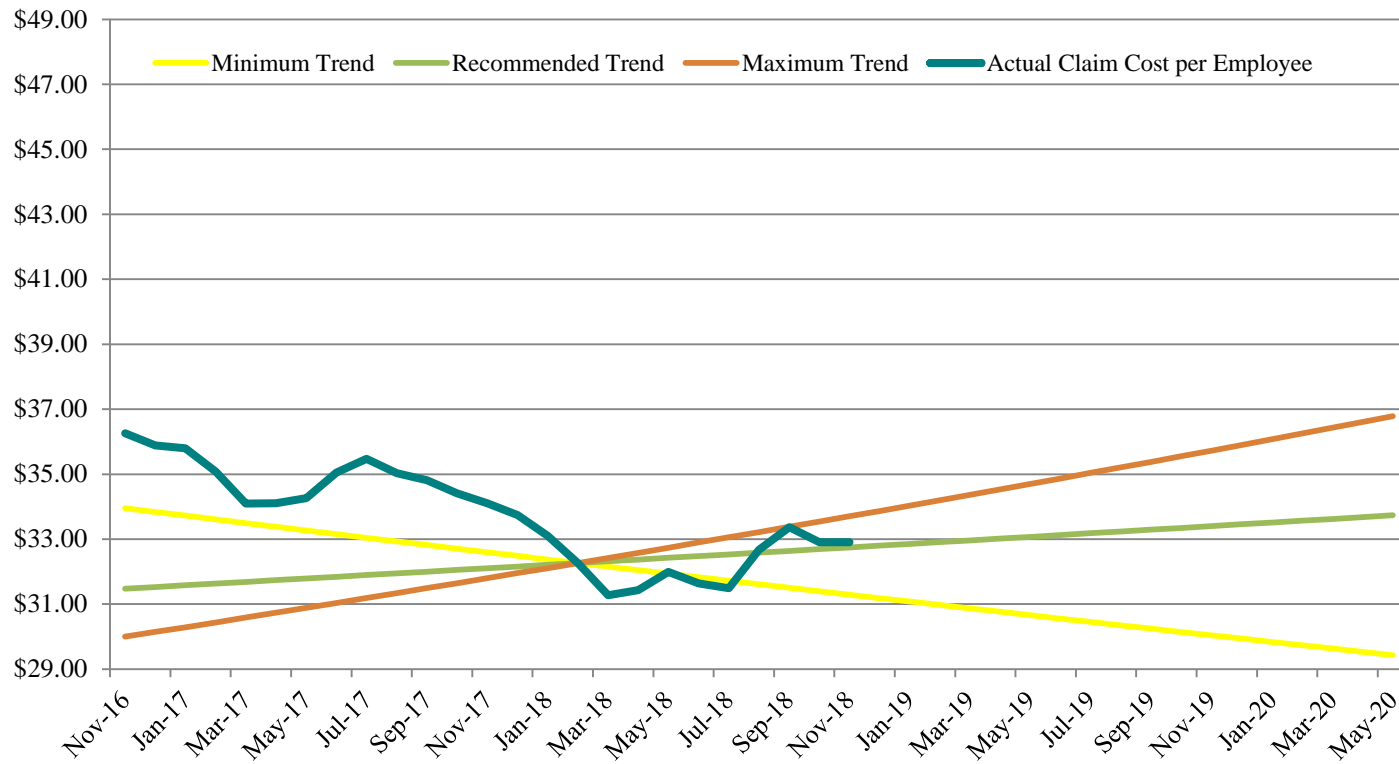
**PRESCRIPTION DRUG PLAN**



**LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST  
ACTUARIAL RATE DEVELOPMENT FOR THE PLAN YEAR BEGINNING JULY 1, 2019**

**APPENDIX A – TREND GRAPHS**

**DENTAL PLAN**





*Classic Values, Innovative Advice*

# **MEMORANDUM**

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Jaime Schulenberg, Senior Account Manager

DATE: January 28, 2019

RE: 2019-20 Budget Building

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During this part of the discussion, we will review all the components that go into the annual benefit budget and discuss proposed benefits and rates for the 2019-20 plan year.

I have included a copy of the DRAFT 2019-20 LHSEBT budget along with a copy of our September 11, 2018 memo discussing alternative plan designs and early cost projections. The DRAFT 2019-20 LHSEBT budget includes the actuary's recommended claim funding factors plus projected insurance and administrative fees as outlined below. The budget reflects an average Medical/Rx premium decrease of 8.6% for the Gold (Active) and 4.8% for the Silver plan as compared to the 2018-19 actuarially calculated rates. You will remember that we came into the plan year with a shortfall between the actuarially established rates and those funded by the district totaling a projected \$477,000. The premium decreases included here will be used in an effort to:

1. Offset the funding shortage;
2. Improve the current Gold Plan benefit design; and
3. Implement a High Deductible Health Plan (HDHP) with Health Savings Account (HSA) as an option for District employees.

A key starting point to these discussions will be eliminating the funding gap between the adopted actuarially established rates and the funding set by the district if we are to work toward stabilizing the financial condition of the Trust and the benefits provided through it.

## **Recommended Claim Funding Rates**

The Medical/Rx claim funding projections included in the draft budget is based on the Actuary's recommended funding factors as shown in Exhibit I on page 4 of the renewal report. Cheiron provided funding options which range from a recommended increase of 4.8% over current (which is what is reflected in the DRAFT) to a minimum increase of .7% for the Trust's consideration. Again, these are based on Mike's recommended rates and not those ultimately funded by the district.

For Dental, the premiums also utilize the actuary's recommended funding factors which reflect an increase of 3.5%; as with Medical/Rx, Cheiron provided a minimum option as well which is an increase of 1.4%. Because the District's adopted rates are actually higher than the actuarially established rates, we have held them flat for purposes of the draft budget.

### **Insurance/Reinsurance**

The Trust's insurance/reinsurance fees included in the draft budget, together with our assumptions, include:

1. Specific and Aggregate Stop Loss – We are estimating a 20% increase to the reinsurance rates based on the number of large claims in 2018-19. Final numbers will not be known until sometime between late May to mid-June, depending on how the large cases develop.
2. Vision – The Trust is currently fully insured through United Health Care and is in the middle of a rate guarantee which expires 06/30/20; as such, there is no change to the Vision premium for 2019-20.
3. Life Insurance –Life/Accidental Death & Dismemberment (AD&D) is fully insured through Guardian. Guardian has advised that due to poor and immature experience, an increase of 35% is required on the Basic Life (from \$.06/\$1000 to \$.08/\$1000). There is no change to the AD&D rate of \$.02/\$1000 rate. To calculate the budget lines for these items, we estimated the total expenditure for 2018-19 and added the requisite increases. It should be noted that these figures are not included in the calculation of the premiums as they are either paid by the District or the employee.
4. Short-Term Disability (STD) – STD is a voluntary benefit provided through Guardian that employees can purchase to protect their paycheck during qualified disabilities. An increase of 15% is required on the STD coverage as a result of claims experience. We estimated this line item by projecting the total cost for 2018-19 and adding 15%. Please note that these premiums are paid in full by employees.

### **Claim Administration and General Operating Fees**

1. Gilsbar (TPA) – Gilsbar has requested a PEPM (per employee per month) rate increase for FSA Administration, as well as a request to add a new PBM Integration Fee as follows:

	2018-19	2019-20	Increase
Medical Admin	\$17.90	\$17.90	N/A (Guaranteed thru 06/30/21)
COBRA Admin	\$1.60	\$1.60	N/A (Guaranteed thru 06/30/21)
PBM Integration Fee	N/A	\$.85	\$.85
FSA Admin	\$4.00	\$4.50	\$.50 (Fee has not increased since 01/01/09)

Per Gilsbar, the new PBM Integration Fee is being requested due to the complexity of PBM files which require additional time and resources to administer.

Please note that we added a line for HSA Administration in the amount of \$4 per *participant* per month which would be implemented in the event the Trust decides to offer a High Deductible Health Plan. Gilsbar will administer this program through a partner bank and the fee includes a debit/credit card as well as full administrative support (refer to the Gilsbar HSA Proposal in this section of the packet). The District can determine whether they want to pay the fee or pass it along to participants.

2. WisconsinRx (PBM) – The PBM fee is based on the actual charges incurred by the Trust through December 2018.
3. Ameritas (Dental Admin) – Ameritas has offered a rate pass for 2019-20; as a result, their fee will remain at \$3.25/PEPM.
4. BlueCross BlueShield of Arizona (BCBSAZ) (Network) – BCBSAZ has requested an increase to the network lease fee as follows:

	2018-19	2019-20	Increase
Network Lease	\$15.00	\$15.75	\$.75

Last year, BCBSAZ agreed to a rate pass and this year have offered a 3-year renewal that increases each year from \$15.75 to \$16.50 to \$17.50, or 15% over the 3-year period.

5. American Health Group (AHG) (Utilization Review) – AHG is in the middle of a rate guarantee through 06/30/20 and as such, the rate will remain at \$2.00/PEPM.
6. Erin P. Collins & Associates (ECA) (Broker/Consultant) – Per contract, ECA's fee is scheduled to increase from \$72,000/yr. to \$78,000 as of 01/01/20; the budget reflects 6 months at each rate.
7. Clinic Operating Expenses – We left this line item in the budget in the unlikely event the building is not rented before the Trust's lease expires in March 2020. It is based on the actual expenses the Trust will expect to incur over the remaining 9 months, including rent, utilities (gas/electric, water and phone), landscaping and alarm services.
8. Wellness – Two new lines have been added to the Trust budget for 2019-20 related to Wellness; this is in response to the loss of such services through the Clinic. Such expenses are contemplated as follows:

*Wellness Consulting/Administration* – This is a fee that the Trust would pay to a firm to consult on and/or administer a wellness program on behalf of the Plan. It would include scheduling on-site preventive screenings such as the Health Risk Assessment, Flu/Pneumonia shots, Mammograms, etc., as well as any specialized programming that might be of interest such as nutrition or weight loss programs. We based the fee in this line on ECA's Wellness practice structure, however, that was simply to put a placeholder in the budget that is reflective of what services might be sought for this program.

*Wellness Programs* – We included \$50,000 which would be used to pay for site fees associated with on-site screenings, any programming not paid as a claim (i.e., nutrition or weight loss programs), incentives, etc.

9. Cheiron (Actuary) – Cheiron’s contract provides actuarial services on a “Not to Exceed” basis through June 30, 2020 in the amount of \$13,000.
10. GDK CPA (Accountant) – The Trust is currently utilizing the services of GDK to provide monthly financial reporting and Mr. Bonney has requested an increase from \$300/mo. to \$325/mo.
11. Heinfeld Meech (Auditor) – We estimated this line item based on the Letter of Intent which indicates a charge of \$6,000.
12. Jones Skelton & Hochuli (Legal) – This line item is based on actual legal services provided through December 2018.
13. PCORI Fees – The Trust is required to pay a fee to the IRS for the Patient Centered Outcome Research Institute as mandated by healthcare reform. We estimated this line based on last year’s filing using this year’s rate of \$2.39.
14. Telemedicine (Teladoc) – We have added the \$4.25/PEPM per Trust contract with Teladoc to provide telemedicine services to members.
15. General Admin Expenses – This line item is intended to capture the miscellaneous expenses associated with operation of the Trust which don’t fall into these other specific categories. This includes such things as Trustee E&O Insurance, Training/Travel, Meeting Expenses, etc.

### **Benefit Change Options**

Based on ECA’s review of the Trust’s current benefits, we requested that the actuary price several benefit changes for your consideration. A list of those options is attached for your reference.

We will be prepared to model various options the Trust may wish to consider in terms of both funding and benefit changes.

I look forward to discussing the budget and rate options with you during our renewal meeting. In the meantime, if you have any questions I can be reached at your convenience at (928) 753-4700 ext. 302 or via email at [jaimes@ecollinsandassociates.com](mailto:jaimes@ecollinsandassociates.com).

# **MEMORANDUM**

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Erin P. Collins, President

DATE: September 11, 2018

RE: Discussion and Possible Action re Alternative Benefit Plan Design for January-June 2019

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At the meeting of September 12<sup>th</sup>, Trustees will be asked to approve a modified benefit schedule within the current EPO benefit for the period January 01, 2019 – June 30, 2019. The purpose of the modification is twofold:

1. Change the co-pay structure to reflect movement of basic and primary care from the H&W Clinic to Blue Cross Blue Shield of Arizona (BCBSAZ) providers; and
2. Set the stage for the further modification of the benefit offerings effective with the new plan year starting on July 01, 2019, potentially including:
  - a. Lowering deductibles and out-of-pocket maximums on the existing plan; and
  - b. Introducing a qualified High Deductible Health Plan (HDHP) in concert with a Health Savings Account (HSA).

To accomplish this, ECA worked with Mike Schionning, the Trust's actuary, to price a range of benefit options for both the January-June 2019 period and for the new plan year starting on July 01, 2019. The full range of options reviewed, and the funding factors associated with each, are included here as Attachment "A." In completing this process, ECA was cognizant of the existing projected funding deficit of \$477,160 (adjusted slightly upward from the \$472,000 figure originally projected) and the need to close this funding gap using offsetting dollars associated with savings anticipated to be realized from the clinic closing, while simultaneously lowering out-of-pocket costs for district staff accustomed to receiving primary care through the clinic at no cost to them. ECA ran various combinations of benefit changes to come to the recommendations included here based on our judgement as to what would best accomplish this balance. The items we ultimately selected are highlighted in yellow throughout Exhibit "A." Please Note: The items included in our recommendations are simply ECA's suggested approach;



we will have the ability in the meeting to run other combinations until the Trustees find their preferred options.

Exhibit “B,” titled “LHSEBT Entity Summary,” includes our recommendations for both the January 01-June 30 period and a VERY PRELIMINARY outline approximating where we would expect that to take the Trust for the July 01, 2019-June 30, 2020 plan year. I emphasize “VERY PRELIMINARY” because the cost projections underlying these recommendations and associated costs are based on claims data that is very far removed from our normal parameters. As the year progresses and more current data becomes available, we expect these figures to change and note that they may change materially.

At the end of the day, our objectives included:

1. Closing the funding gap between the adopted rates and what the district is actually funding. Given that the District has infused the Trust with approximately \$2.7 million since 2016, in addition to regular monthly District and employee cost shares, the unsustainability of the current method has been demonstrated.
2. Developing a plan design that:
  - a. Is generally competitive in the local school district market in terms of benefits and employer/employee cost shares;
  - b. Recognizes the District’s intent to wind-down its dependent subsidy obligations;
  - c. Provides employees with plan choices (EPO vs. HDHP) that will allow them to select an option more closely aligned with their needs, desires and ability to shoulder costs related to healthcare; and
  - d. Is more likely to be sustainable than the current benefit design over time.

Given the above, the benefit changes we are proposing are as follows:

January 01– June 30, 2019

1. Lowering the Office Visit Co-Pay from a flat \$55/Visit (PCP or Specialist) to:
  - a. \$25 for PCP and \$50 for Specialists
2. Break out Lab and X-Ray from 80% after Deductible to:
  - a. Free-Standing: \$50 Co-Pay, then 100%; and
  - b. Hospital-Based: Deductible and Co-Insurance
3. Add Teladoc at \$0 Cost to Members
4. Change Sterilization Benefit:
  - a. From:
    - i. Vasectomy - 80% after Deductible
    - ii. Tubal Ligation – Covered at 100%
  - b. To:
    - i. Vasectomy – Covered at 100%
    - ii. Tubal Ligation – Covered at 100%

5. Reduce Retail 90/Mail Order Co-Pays from \$25/Generic, \$105/Preferred Brand and \$195/Non-Preferred Brand to:
  - a. \$20/Generic, \$70/Preferred Brand, \$130/Non-Preferred Brand

July 01, 2019 – June 30, 2020

1. Continue all of the changes above
2. Eliminate the Silver Plan
3. Eliminate the Case Management Penalty
4. Reduce the Deductible from \$2,500/\$5,000 to:
  - a. \$1,500/\$4,500
5. Reduce the Out-of-Pocket Maximum from \$6,500/\$13,000 to:
  - a. \$4,000/\$12,000
6. Add HDHP with HSA:
  - a. Deductible = Out-of-Pocket Maximum - \$4,000/\$8,000

Some notes and observations on these proposed changes:

1. Again, the figures used for July 01, 2019-June 30, 2020 should be viewed as VERY PRELIMINARY pending receipt of updated claims information.
2. Starting with a known projected shortfall of \$477,000 before figuring in benefits changes is an obvious challenge as any benefit design must use the dollars resulting from the clinic closure to first reduce or eliminate the deficit before moving on to plan design changes.
3. The Trust's underlying claims costs are comparatively high. This is likely due to a combination of factors including the overall small size of the group and associated small population to spread claims across, several continuing large cases and the higher costs associated with rural healthcare versus generally more competitive metropolitan areas.
4. Early on, we made the decision not to recommend mid-year changes to deductibles and out-of-pocket maximums because we did not believe they could be effectively administered by Gilsbar (or any other TPA). Claims lag, the delay in time between when a service is received and when the bills are actually paid would make this type of change impractical, particularly to the degree it would overlap the period of time where participants are attempting to compile their expenses in order to timely file both state and federal income taxes.

We will walk through our calculations, assumptions and observations at the meeting. In addition, Mike Schionning will participate by phone to provide his insights on the actuarial side. And, Courtney Heeley from Teladoc will be on-site to present information on Teladoc's services. If you have any questions between now and the date of the meeting, feel free to contact me at your convenience. I can be reached by phone at 928.753.4700 ext. 300 or by email at [erinp@ecollinsandassociates.com](mailto:erinp@ecollinsandassociates.com).

## LHSEBT Entity Summary

**2018-19 Plan Premiums (Actuarial Accepted)**

	Gold Plan Medical/Rx	Silver Plan Medical/Rx	Dental	Vision
Employee Only	\$751.89	\$678.57	\$25.86	\$5.18
Employee+Spouse	\$1,292.81	\$1,160.87	\$50.13	\$10.35
Employee+1 Child	\$1,158.38	\$1,041.13	\$42.59	\$9.41
Employee+Children	\$1,468.81	\$1,314.83	\$64.36	\$9.41
Employee+Family	\$1,896.13	\$1,698.27	\$88.63	\$16.94

**2018-19 Plan Premiums (School District Funded)**

	Gold Plan Medical/Rx	Silver Plan Medical/Rx	Dental	Vision
Employee Only	\$667.70	\$599.55	\$29.70	\$5.70
Employee+Spouse	\$1,202.30	\$1,078.35	\$61.60	\$11.38
Employee+1 Child	\$1,068.10	\$958.65	\$51.70	\$10.36
Employee+Children	\$1,424.50	\$1,258.95	\$80.30	\$10.36
Employee+Family	\$1,804.00	\$1,618.05	\$112.20	\$18.84

	6 Months	Annualized
<b>2018-19 Projected Reserve Draw Down</b>	<b>(\$238,580)</b>	<b>(\$477,160)</b>
<b>2018-19 Proposed with Plan Changes January-June</b>		
Funding Factor Change		<b>(\$1,519)</b>
Office Visit Copay to \$25 PCP/\$50 Specialist		<b>(\$13,530)</b>
Freestanding Lab/X-ray at \$50 Copay then 100%		\$8,551
Hospital Based Lab and X-ray to Deductible/Coinsurance (current benefit)		\$0
Sterilization to 100%		<b>(\$958)</b>
Add Teledoc at no cost to the member		<b>(\$3,713)</b>
Change Retail 90/Mail Order Copays to \$20 Generic, \$70 Preferred Brand, \$130 Non-Preferred Bra		<b>(\$958)</b>
Remove Clinic Lab		\$50,532
Remove Clinic Rx		\$35,504
Remove Clinic Management Fee		\$331,348
Adjust Clinic Operating Expenses		\$15,059
Add Teladoc Admin Fee		<b>(\$12,648)</b>
<b>Savings with Proposed Plan Changes</b>		<b>\$407,669</b>
<b>Adjusted 2018-19 Projected Funding Surplus (Deficit)</b>		<b>(\$69,490)</b>

**2019-20 Projected Plan Premiums (Actuarial Projected)**

	Gold Plan Medical/Rx	HDHP Medical/Rx	Dental	Vision
Employee Only	\$740.86	\$722.50	\$25.86	\$5.18
Employee+Spouse	\$1,273.78	\$1,228.79	\$50.13	\$10.35
Employee+1 Child	\$1,141.77	\$1,103.43	\$42.59	\$9.41
Employee+Children	\$1,435.80	\$1,380.80	\$64.36	\$9.41
Employee+Family	\$1,866.08	\$1,791.07	\$88.63	\$16.94

**2018-19 Plan Premiums (School District Funded)**

	Gold Plan Medical/Rx	Silver Plan Medical/Rx	Dental	Vision
Employee Only	\$667.70	\$599.55	\$29.70	\$5.70
Employee+Spouse	\$1,202.30	\$1,078.35	\$61.60	\$11.38
Employee+1 Child	\$1,068.10	\$958.65	\$51.70	\$10.36
Employee+Children	\$1,424.50	\$1,258.95	\$80.30	\$10.36
Employee+Family	\$1,804.00	\$1,618.05	\$112.20	\$18.84

	Annualized
<b>2019-20 Projected Plan Changes</b>	
Base Funding Factor	\$332,602
Change Deductible to \$1,500/\$4,500	\$65,149
Change Out-of-Pocket to \$4,000/\$12,000	\$194,199
Office Visit Copay to \$25 PCP/\$50 Specialist	\$29,084
Freestanding Lab/X-ray at \$50 Copay then 100%	<b>(\$18,350)</b>
Hospital Based Lab and X-ray to Deductible/Coinsurance (current benefit)	\$0
Sterilization to 100%	\$2,058
Add Teledoc at no cost to the member	\$8,008
Change Retail 90/Mail Order Copays to \$20 Generic, \$70 Preferred Brand, \$130 Non-Preferred Brand	\$2,058
Eliminate Silver Plan	\$10,983
Eliminate Case Management Penalty	\$4,116
Add High Deductible	\$0
Adjustments for 6 months of clinic operating and increased admin expense projections	<b>(\$219,014)</b>
<b>Projected Funding Increase</b>	<b>\$410,892</b>

# Lake Havasu Schools Employee Benefit Trust

## 2019-20 Budget

(Actives + Retirees Separate Rates)

	Census Assumptions					
	EO	ES	EC1	EC+	EF	Total
Medical - Gold (Active)	304	41	20	23	63	451
Medical - Gold (Retiree)	26	7	0	0	0	33
Medical - HDHP	0	0	0	0	0	0
Medical - Silver	8	2	0	0	0	10
Medical - Total	338	50	20	23	63	494
Dental	364	42	23	24	55	508
Dental - Total	364	42	23	24	55	508
Vision	370	44	18	19	51	502
Vision - Total	370	44	18	19	51	502
FSA	11	0	0	0	0	11
HSA	0	0	0	0	0	0

19-20 Proposed Premium Rates					
	EO	ES	EC1	EC+	EF
Medical - Gold (Active)	\$686.78	\$1,186.16	\$1,063.98	\$1,333.41	\$1,734.13
Medical - HDHP	\$726.69	\$1,258.78	\$1,128.53	\$1,418.14	\$1,843.07
Medical - Silver	\$602.29	\$1,115.73	\$988.40	\$1,275.28	\$1,686.91
Dental	\$27.00	\$56.00	\$47.00	\$73.00	\$102.00
Vision	\$5.18	\$10.35	\$9.41	\$9.41	\$16.94

Dollar Difference 19-20 vs. Proposed					
	EO	ES	EC1	EC+	EF
Medical - Gold (Active)	(\$65.11)	(\$106.65)	(\$94.40)	(\$135.40)	(\$162.00)
Medical - Silver	(\$76.28)	(\$45.14)	(\$52.73)	(\$39.55)	(\$11.29)
Dental	\$0	\$0	\$0	\$0	\$0
Vision	\$0	\$0	\$0	\$0	\$0

Percentage Difference 18-19 vs. Proposed					
	EO	ES	EC1	EC+	EF
Medical - Gold (Active)	-8.7%	-8.2%	-8.1%	-9.2%	-8.5%
Medical - Silver	-11.2%	-3.9%	-5.1%	-3.0%	-0.7%
Dental	0%	0%	0%	0%	0%
Vision	0%	0%	0%	0%	0%

	EO	ES	EC1	EC+	EF	Annual Budget	% of Total	
CLAIM FUNDS						\$4,580,636	79.63%	\$90,060
Medical/Rx - Gold	\$532.99	\$969.86	\$862.10	\$1,131.53	\$1,454.82	\$4,288,330		\$134,120
Medical/Rx -Silver	\$448.50	\$899.43	\$786.52	\$1,073.40	\$1,407.60	\$64,642		\$23,537
Medical/Rx - HDHP	\$572.90	\$1,042.48	\$926.65	\$1,216.26	\$1,563.76	\$0		\$0
Dental	\$23.75	\$52.75	\$43.75	\$69.75	\$98.75	\$227,664		\$18,439
PREMIUMS						\$633,263	11.01%	\$101,681
Specific Stop Loss (American Fidelity)	\$63.01	\$125.52	\$111.10	\$111.10	\$188.53	\$530,737		\$84,203
Aggregate Stop Loss (American Fidelity)	\$3.44	\$3.44	\$3.44	\$3.44	\$3.44	\$20,392		\$3,310
Vision (United Health Care)	\$5.18	\$10.35	\$9.41	\$9.41	\$16.94	\$43,009		(\$660)
Life and AD&D (Guardian)	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$39,125		\$14,828
VTL (Guardian)	\$10.95	\$10.95	\$10.95	\$10.95	\$10.95	\$64,912		\$10,202
STD (Guardian)	\$5.64	\$5.64	\$5.64	\$5.64	\$5.64	\$33,434		\$9,683
CLAIM ADMINISTRATION						\$256,578	4.46%	(\$424,365)
Medical Admin (Gilsbar)	\$17.90	\$17.90	\$17.90	\$17.90	\$17.90	\$106,111		(\$430)
Cobra Admin (Gilsbar)	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60	\$9,485		(\$38)
Rx Admin (CVS Caremark/Wisconsin Rx)	\$0.34	\$0.34	\$0.34	\$0.34	\$0.34	\$2,016		(\$782)
Dental Admin (Ameritas)	\$3.25	\$3.25	\$3.25	\$3.25	\$3.25	\$19,812		\$39
FSA Admin (Gilsbar)	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$594		(\$78)
HSA Admin (Gilsbar)	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$0		\$0
Rx Integration Fee (Gilsbar)	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85	\$5,039		\$5,039
Medical Network (BCBSAZ)	\$15.75	\$15.75	\$15.75	\$15.75	\$15.75	\$93,366		\$4,086
Case Management (AHG)	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$8,299		\$8,299
Utilization Review (AHG)	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$11,856		(\$48)
GENERAL OPERATING						\$281,580	4.90%	(\$327,042)
Benefit Administrator (ECA)	\$12.78	\$12.78	\$12.78	\$12.78	\$12.78	\$75,760		\$3,741
Wellness Administrator	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$32,604		\$32,604
Wellness Programs	\$8.52	\$8.52	\$8.52	\$8.52	\$8.52	\$50,507		\$50,507
Clinic Operating Expenses	\$8.52	\$8.52	\$8.52	\$8.52	\$8.52	\$50,507		(\$20,144)
Actuary (Cheiron)	\$2.22	\$2.22	\$2.22	\$2.22	\$2.22	\$13,160		\$601
Accountant (GDK CPA LLC)	\$0.66	\$0.66	\$0.66	\$0.66	\$0.66	\$3,912		\$282
Auditor (Heinfeld Meech)	\$1.01	\$1.01	\$1.01	\$1.01	\$1.01	\$5,987		(\$24)
Legal (J,S&H)	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$12,152		\$10
PCORI	\$0.29	\$0.29	\$0.29	\$0.29	\$0.29	\$1,719		(\$305)
Telemedicine (Teladoc)	\$4.25	\$4.25	\$4.25	\$4.25	\$4.25	\$25,194		\$12,546
General Administration	\$1.70	\$1.70	\$1.70	\$1.70	\$1.70	\$10,078		(\$57,954)
GRAND TOTAL BUDGET						\$5,752,057	100.00%	(\$559,666)

Dollar Difference v. 2018-19 Approved Budget	-\$559,666
----------------------------------------------	------------

Percentage Difference v.2018-19 Approved Budget	-8.87%
-------------------------------------------------	--------

\*NOTE: VTL & STD are not included in the budget totals as they ae pass-through costs paid in full by employees.

## **LHSEBT**

### **2019-20 Benefit Options to Price**

#### Gold Plan - Medical

- Reduce Deductible from \$2,500/\$5,000 to:
  - \$500/\$1,000
  - \$750/\$1,500
  - \$1,000/\$2,000
  - \$1,250/\$2,500
  - \$1,500/\$3,000
- Reduce Max Out-of-Pocket\* from \$6,500/\$13,000 to:
  - \$3,000/\$6,000 – Separate Rx MOOP of \$4,900/\$9,800
  - \$4,000/\$8,000 – Separate Rx MOOP of \$3,900/\$7,800
  - \$5,000/\$10,000 – Separate Rx MOOP of \$2,900/\$5,800
- Eliminate Pre-Certification for All but Inpatient Confinement and Transplant Services

#### Silver Plan – Medical

- Eliminate Silver Plan
- Reduce Office Visit Co-Pay from \$100 to:
  - \$75/\$150 (PCP/Specialist)
  - \$50/\$100 (PCP/Specialist)
- Reduce Deductible from \$3,500/\$7,000 to:
  - \$3,000/\$6,000
  - \$2,500/\$5,000
- Reduce Max Out-of-Pocket\* from \$7,150/\$14,300 to:
  - \$6,000/\$12,000 – Separate Rx MOOP of \$1,900/\$3,800
  - \$5,000/\$10,000 – Separate Rx MOOP of \$2,900/\$5,800
- Change Free-Standing Lab & X-Ray from Deductible + Co-Insurance to:
  - \$100 Co-Pay
- Eliminate Pre-Certification for All but Inpatient Confinement and Transplant Services

#### Add New HDHP (No OON)

- \$2,600/\$5,200 then 100%
- \$3,000/\$6,000 then 100%
- \$4,000/\$8,000 then 100%





## **LHS EMPLOYEE BENEFIT TRUST HSA SERVICES PROPOSAL**

*Submitted By: **Joyce Perez**  
Date: 01/22/2019*



For more than half a century, Gilsbar has offered services, solutions and support for businesses looking for a happier population and healthier bottom lines. As one of the nation's largest privately held health and benefits management organizations, Gilsbar has an unwavering commitment to deliver innovative solutions to our clients' benefit plan challenges. We appreciate your partnership, and we look forward to serving you and your employees into the future.

### Over Half a Century of Experience



### One of the Largest Privately-Held TPAs in the Country

## HEALTH SPENDING ACCOUNTS

Gilsbar administers several types of cafeteria plans to help your employees set aside money for reimbursement of qualified medical expenses incurred by covered members and covered by the health plan.

### Health Reimbursement Arrangements

A Health Reimbursement Arrangement (HRA) is an account established, funded, and owned by you. This account can be paired with any health insurance plan.

### Flexible Spending Accounts

Flexible Spending Accounts (FSAs) allow your employees to set aside money in an account created and owned by you. These funds can be used for the reimbursement of qualified medical expenses and don't need to be connected to a health plan. Gilsbar also offers Dependent Care FSA Administration.

With HRA and FSA administration, your employees can expect:



#### Debit Cards

Funds are drawn from the member's FSA and a payment is made directly to the health care provider, while still applying IRS rules.



#### Online Access

FSA claims and balances are easily accessible for participants by logging into myGilsbar.com.



#### Automatic Reimbursement

A file extract of medical EOB data is sent to Gilsbar by a participating provider or administrator, loaded as a claim, and immediately processed.



#### Direct Deposit

Participating employees have the option of automatic reimbursements being deposited directly into their personal checking account, facilitating seamless reimbursement.

## Health Savings Account Administration (HSA)

Gilsbar's Health Savings Account (HSAs) solution can help reduce health insurance premiums by offering HSAs alongside qualified High Deductible Health Plans (HDHP). HSAs will provide your employees with flexibility, choice, and tax advantages, and puts healthcare decisions back in the hands of the consumer. These accounts are owned by the employee.



### Easy Online Enrollment

Paperless process offers direct deposit and investment accounts with no required minimum balance.



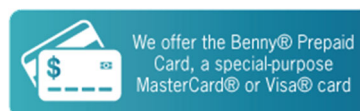
### 24/7 Access

Access account details, distribution requests, post-tax contribution submissions, statements, and fund allocation using online portals or mobile apps.



### Flexible Contributions

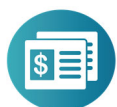
You choose the best method for making contributions to employees, all managed in your personal web portal.



### Implementation includes:

- Plan Design Consultation
- Toll-Free Telephone Enrollment Assistance
- Initial Plan Design & System Set-Up
- Administrative Manual
- Participant Set-up and Welcome Packet – sent electronically to Employer
- Participant Enrollment Kit – sent electronically to Employer
- Plan Documents

Gilsbar provides integrated Health Savings Account administration through our trustee partner, Healthcare Bank (a division of Bell State Bank & Trust Member FDIC), one of the largest privately-held financial institutions in the Midwest. You can expect:



### Proven Multi-Account Coordination

We can coordinate an HSA alongside limited-purpose FSA as well as HRA plans on a single platform.



### Convenient Funds Access

Employees access funds through online distribution requests for direct deposit or check, or by using the benefits debit card.



## PRICING

### 24-Month Contract from 07/01/2019 for 495 Estimated Employee Population \*

Service Description	Cost
<b>Health Reimbursement Account (HRA)</b>	\$4.75 PPM
	\$500.00 Setup Fee
	\$200.00 Per Programming Hour if Enrollment Not Sent in Designated Format
	\$450.00 Plan Document & Summary Plan Description Preparation
	\$150.00 Per Additional Plan Document and SPD for Subsidiaries with different plan designs
	Quote upon Request Attendance at Employee Enrollment Meeting
	Billed As Incurred Out-of-Pocket Postage
	Waived Debit Card Replacement
	\$300.00 Annual Administrative Renewal Fee
<b>Health Savings Account (HSA)</b>	\$4.00 PPM
	\$500.00 Setup Fee
<b>FSA Administration with Debit Card Set Up</b> \$125 minimum monthly bill & assumes prior administrator process run-out claims.	\$4.75 PPM (Participating EE Only)
	\$500.00 FSA Plan Set-Up Fee
	\$450.00 Plan Document Prep Fee
	\$300.00 Renewal Fee

\*Total estimated employee population is calculated at the start of the program. +/- 10% employee population may require price change.

# Gilsbar Terms and Conditions

The following terms and conditions apply:

## **Approximate covered employee lives: 495**

This is the approximate number of participants or employees you agree to be billed for monthly. +/- 10% as of the effective date or subsequently for two (2) consecutive months may dictate a change in fees.

## **Programming and Group Changes:**

For any client-requested changes requiring additional time or resources considered beyond the scope of our engagement, the client will incur a \$200.00 (\$50 MDLIVE) per hour programming fee and/or change fee. A written cost estimate will be provided, requiring client approval prior to commencement of changes.

## **Eligibility:**

Fax, email, via web, or electronically. Initial, one-time eligibility for set up must be provided in a standard format determined by Gilsbar during implementation.

If/when eligibility is to be sent on an ongoing basis to Gilsbar through a routine Electronic Eligibility Import, additional fees may apply (see reference within the Fee section of this proposal). The exchange of data must be consistent with Gilsbar's standard file layout and frequency, such as a full file, 834 or Gilsbar standard file including the specifications as outlined in the Gilsbar Companion Guide which will be provided during implementation; otherwise, if Gilsbar is requested to accommodate a unique format and that request can be accommodated, a programming fee of \$200.00 per hour will apply. A test file will be sent to Gilsbar before final eligibility can be accepted. An Eligibility file may be necessary to establish/authenticate myGilsbar.com secure access for all participants. The same information for spouses or dependents of participants will be required should you choose to extend the applicable programs to spouses and dependents. If future eligibility and/or other information are proposed to be sent to Gilsbar in connection with this account (electronically or by any other means) at a later date, such requests must be reviewed and accepted by Gilsbar prior to commencement and additional fees will apply.

## **Third Party Sharing of Information:**

Any information submitted to a third party, or received by Gilsbar from a third party, will be exchanged in a format and frequency consistent with Gilsbar's standards, must be requested at least 90 days in advance of commencement, must be approved in writing by Gilsbar prior to commencement, and Gilsbar must have or establish a mutually acceptable, established working relationship with the third party entity. Any necessary privacy or confidentiality agreements must be in place before sharing occurs. Additional fees may apply.

## **Medical and Rx Claim Files and Other Files:**

When Gilsbar is NOT administering your health plan, a medical and Rx file may be needed for programming. The format, frequency, and required data will be created specifically for the services we administer for you, and will be discussed during implementation. Files are generally provided in Excel or CSV formats. If Gilsbar is requested to accommodate a unique format, and the request can be accommodated, a programming fee of \$200.00 per hour will apply.

Services may be delayed for any files delivered outside the Implementation timeline.

## **Chronic Care Management:**

Outreach typically begins 30-90 days after the contract start date following the import of eligibility and medical/Rx data, when the appropriate data stratification is noted at the member level.

**Client and Participant Documents/Services (Languages Supported):**

All documents and services (online, etc.) will be provided in English. If Gilsbar is asked to convert documents to another language, Gilsbar will determine if the request can be accommodated. If the request can be accommodated, the client may be referred to an entity outside of Gilsbar for quality assurance purposes and the client will be responsible for all associated costs. Gilsbar is staffed to provide telephonic support in English, with variable capacity for Spanish only speaking members. Gilsbar utilizes a language line service as needed. Should the use of language line exceed routine volumes, the client will be responsible for these costs.

**Plan or Program Design Changes:**

Future plan changes will require a signed Change Notice from the appropriate entity(ies), with applicable preceding documentation required by Gilsbar. Plan changes will be made 30 days after the execution of the appropriate document(s). If changes in law render parts of this proposal inconsistent with current standards, the parties will work together to bring the program into compliance with applicable law. Should a client-approved deliverable receive subsequent changes directed by the client or broker, there will be a \$250 change fee, if such changes can be accommodated. All changes (benefits/eligibility/exclusions, etc.) will require Stop Loss carrier (if applicable) approval prior to changes taking effect.

**Additional Requests:**

Any and all requests for services not specified in this Agreement, including, but not limited to, records requests by subpoena, third party requests for information or documents, requests for information involving a third party audit, or any other similar requests, will be charged at \$100/ hour.

**HRA/FSA/HSA -- Additional Proposal Terms and Conditions**

Gilsbar will provide the group the following critical service elements within our administration process:

- Consultation for plan design and implementation, including data gathering of current employee census
- Assistance in determining eligibility of employees
- Communication of the plan to employees through employee meeting(s) and communication materials to guide employees through the details of their plan
- Establishment of a bank account to include –obtaining the micro-encoded specification sheet from the bank and providing a check register in order to keep the checking account adequately funded
- Collection and processing of employee enrollment forms
- Administration manual, including administrative forms and plan procedures
- Customized Plan Document/Summary Plan Description to employer for adoption and review by counsel, upon request
- Toll free customer service support available to all employees
- Review and processing of claim forms
- Reimbursement check issuance with explanation of benefits
- Debit cards, auto EOB, and direct deposit
- Real-time debit card substantiation status and receipts integrated with manual claims
- Online claims denial review ability
- Flexible payment frequencies: weekly, bi-weekly, semi-monthly and monthly

Includes plan design consultation, initial plan design, and system set-up. If enrollment is sent manually, an additional \$100 fee will apply.

Pricing based on initial term contract of three years with administrative fees guaranteed for two years. Per participant fees for subsequent years are based on actual number of participants. \$125 minimum monthly bill.

Gilsbar Representative Present at Employee Enrollment Meetings

- Quoted Upon Request Plus Travel and Lodging Expenses if Applicable

In the event customization or manual administrative features are necessary, including mailings and customized communication pieces, additional fees may be incorporated into the above monthly rates. Maximum commission mark-up is 15%.

## Intent to Purchase and Acceptance of Conditions

IN WITNESS WHEREOF, the undersigned have caused this Intent to Purchase to be executed by their duly authorized representatives, subject to the conditions as set forth herein proposal dated: 01/22/2019

Final contract terms will be set forth when the applicable Service Agreement is drafted by Gilsbar and executed between Gilsbar and LHS Employee Benefit Trust. Other than our agreements of confidentiality regarding this proposal and shared information and to negotiate in good faith, none of the terms in this letter are legally binding; the terms will become legally binding only if and when they are detailed in a formal agreement prepared and reviewed by legal counsel on both sides and signed by both parties. *We agree to keep confidential this proposal and all information exchanged.*

### Initial Term of Contract/Fee Guarantee/Billing

The Initial Term of Contract will be 24 months. All fees, with the exception of those fees established by a third party (such as a third party PPO network, PBM, on-site testing vendor etc) are guaranteed for the Initial Term of Contract.

Monthly billing will begin on the Effective Date of the initial contract period.

Pricing for services contained within this proposal is valid for 90 days from the date of the proposal. Failure to sign and return the Agreement to Purchase page with the complete proposal 45 days prior to the effective date may delay service delivery. Executed pages received after this valid date may be accepted with written approval from Gilsbar, on the understanding the timing of implementation may be delayed and/or affected.

Effective Date: 07/01/2019	
LHS Employee Benefit Trust	Gilsbar, LLC
Name:	Name: Joyce Perez
Title:	Title: Sr. Account Manager
Signature:	Signature:
Date:	Date:
Telephone:	Telephone: 985-809-2451
Email:	Email: jperez@gilsbar.com

After reviewing the proposal, please complete and sign this document, which acknowledges your acceptance of both the Fee schedule pages and the Terms and Conditions pages. Scan and email the entire Proposal to Joyce Perez at [jperez@gilsbar.com](mailto:jperez@gilsbar.com).

Gilsbar, LLC  
P.O. Box 998  
Covington, LA 70434



## LAKE HAVASU UNIFIED SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST

### NOTICE OF PUBLIC MEETING

Tuesday, February 05, 2019 5:00 p.m.  
2200 Havasupai Blvd. – Governing Board Conference Room  
Lake Havasu City, AZ 86403

**MEMBERS OF THE LAKE HAVASU UNIFIED SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST BOARD OF TRUSTEES WILL ATTEND EITHER IN PERSON OR BY TELEPHONE CONFERENCE CALL.**

### **REVISED AGENDA**

#### **REGULAR MEETING SESSION:**

**5:00 p.m.**

#### **1. Routine Opening of Meeting - Call to Order**

Chairperson

- 1.1 Roll Call
- 1.2 Pledge of Allegiance/Moment of Silence
- 1.3 Call for an Executive Session

*(If the situation warrants, an Executive Session may be held during the meeting, pursuant to A.R.S. §38.431.03 (A)(2) for "Discussion or consideration of records exempt by law from public inspection, including the receipt and discussion of information or testimony that is specifically required to be maintained as confidential by state or federal law" or (A)(3) for "Discussion or consultation for legal advice with the attorney or attorneys of the public body.")*

#### **2. Call to the Public**

Chairperson

*(Form BEDH-E is required to address the Board during Call to the Public. Form must be turned in to the Secretary before the meeting starts. There will be a five (5) minute time limit. At this time, the Chairperson will call for comments from members of the public on items not on the agenda. Because of restrictions imposed by A.R.S. §38.431.01, discussion and action on items brought before the Board during this time will be limited to directing staff to study the matter or rescheduling the matter for further consideration and decision at a later date.)*

#### **3. Old Business**

- 3.1 Discussion and Possible Action re Void Gilsbar Contract ECA

#### **4. New Business**

- 4.1 Discussion and Possible Action re 2019-20 Benefits & Rates ECA
- 4.2 Discussion and Possible Action re 2019-20 Vendor Contract ECA
- Renewals ECA
- 4.3 Discussion and Possible Action re Clinic Lease ECA
- 4.4 Approval of December 31, 2018 Financials ECA
- 4.5 Updates & Announcements ECA

#### **5. Adjournment**

Chairperson

**NEXT SCHEDULED MEETING OF  
THE LHSEBT TRUST BOARD**

**March 21, 2019 @ 5:00 p.m.**

LAKE HAVASU SCHOOL DISTRICT  
EMPLOYEE BENEFIT TRUST  
STATUS OF LEASE AT 89 CIVIC CENTER BLVD

AS OF JANUARY 31, 2019

REMAINING LIABILITY

14 MONTHS BASE RENT	@	\$3,275.00	\$45,850.00
15 MONTHS TAXES	@	\$400	\$6,000
5 MONTHS INSURANCE	@	\$150	\$750
			\$52,600.00
15 MONTHS LANDSCAPE		\$200	\$3,000
OTHER UTILITIES			
ESTIMATE			\$57,000

PROPOSAL

LANDLORD HAS FOUND A POTENTIAL TENANT WHO CAN PLAN TO MOVE IN  
APRIL 1, 2019. FIRST RENT DUE MAY 1, 2019

SUBJECT TO THE SIGNING OF THE FINAL LEASE DOCUMENTS  
EMPLOYEE BENEFITS TRUST TO PAY TO LANDLORD

RENT	F,M,A	\$9,825.00
TAX	J,F,M,A	\$1,600.00
INSURANCE	M,J,J,A,S	(\$750.00)
LANDSCAPE	J,F,M,A	\$800
		\$11,475.00

LANDLORD TO RETAIN EBT SECURITY DEPOSIT TO COVER  
CARPET CLEANING  
DRYWALL REPAIR  
PAINT TOUCH UP  
MEN'S RESTROOM SINK ISSUES  
REMOVAL UNWANTED ITEMS  
LEASING COMMISSION FOR 14 MONTHS

EBT TO PROVIDE PROOF OF PAYMENT FOR 2018 PROPERTY TAXES AND  
INSURANCE

ALL ITEMS REMAINING IN THE PREMISE:

NEW TENANT OFFERS TO PAY \$1,000 TO THE EBT AS PAYMENT IN FULL FOR ALL ITEMS REMAINING IN THE BUILDING.

IF NEW TENANT DOES NOT PURCHASE THESE ITEMS , HIS MOVE IN WILL BE DELAYED SIGNIFICANTLY AND THE EBT WILL BE REQUIRED TO PAY THE RENTAL AND FEES FOR EACH MONTH THAT THE PROPERTY IS VACANT. THIS PROPOSAL COVERS EVERYTHING THAT IS IN THE BULDING AS OF JANUARY 28, 2019.

Handland  
CJ Edmunds  
JH BH get

# **MEMORANDUM**

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Erin P. Collins, President

DATE: January 28, 2019

RE: Draft Gilsbar Agreement

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Attached to this memo is the final draft of the proposed Gilsbar Agreement for TPA services. The entire agreement has been reviewed and approved by Mike Hensley as well as Gilsbar and addresses the two issues that were identified at the January 17, 2019 meeting of the Trust.

As a refresher, the two issues related to how charges would be made for “Custom reports/changes to standard processes” (billed at \$200 per hour) and “Third party requests” (billed at \$100 per hour). ECA believed the language to be overly broad as presented in the prior draft and was concerned that we would be unable to estimate charges that might result from the language. The language included in the attached draft specifies that the charges only apply to reports and changes that fall outside of the scope of services in the contract and that charges will only apply after the estimated costs have been approved by the Trust or staff.

As we all discovered at the meeting of January 17, there had been a miscommunication internal to Gilsbar as to how far the conversations on these items had progressed. Subsequent to that meeting, Chairperson Cox, Jaime and I had a productive telephone conversation with Hank Miltenberger, CEO of Gilsbar, and we were able to successfully clarify and hash things out. Hank recognized and accepted responsibility for the miscommunication and agreed to the limiting language now included in these sections. He also noted that Gilsbar has some further changes they would like to see included in the contract for the 2019-20 period and it was agreed they would submit them for consideration as part of the renewal process.

At this point, ECA is recommending approval of the contract as attached here and authorization for the Chairperson to sign where necessary in order to get the contract in force. If you have any questions between now and the date of the meeting, I can be reached at (928) 753-4700 ext. 300 or via email at [erinp@ecollinsandassociates.com](mailto:erinp@ecollinsandassociates.com).



## **AGREEMENT FOR THIRD PARTY CLAIMS, COBRA AND HIPAA ADMINISTRATION SERVICES**

This Agreement for Third Party Claims and COBRA Administration Services (the “**Agreement**”) is made and entered into to be effective as of the 1st day of November 2018, by and between the Lake Havasu Schools Employee Benefit Trust (the “**Trust**”) and Gilsbar, L.L.C. (the “**Professional**” or “**TPA**”).

### **RECITALS:**

**I. WHEREAS**, the Trust is a public entity employee benefits trust established pursuant to A.R.S. § 15-382 and A.R.S. § 15-502 in order to provide employee benefits including, without limitation, Medical and Prescription drug benefits; and

**II. WHEREAS**, the Trust desires to secure the services of a Third Party Administrator as described in this Agreement, and the Professional desires to provide those services to the Trust and represents that it is fully qualified and has the expertise, personnel, and resources to perform the desired services;

**NOW, THEREFORE**, in consideration of the foregoing recitals and the mutual covenants and agreements contained in this Agreement, the Trust and the Professional agree as follows:

### **AGREEMENTS:**

#### **I. Term and Termination:**

- A. **Term.** This Agreement shall become effective on November 1, 2018 and shall remain in effect through and including June 30, 2019 (the “Term”), unless terminated earlier as provided herein. Further, this Agreement shall renew automatically for one (1) additional one (1) year period unless either (i) the Professional provides the Trust written notice of its intent not to renew within one-hundred and twenty (120) days of the end of the current Term, or (ii) the Trust provides the Professional written notice of its intent not to renew within sixty (60) days of the end of the current Term.
- B. **Termination Without Cause.** The parties may mutually agree in writing to terminate this Agreement at times other than at the end of any annual period. The parties must also agree on the effective date of such mutual termination for it to be effective.
- C. **Termination For Cause.** If either party to this Agreement believes the other party is not in compliance with the material terms or conditions of this Agreement or that the other party is refusing or failing to properly perform the material services or obligations it is required to perform under this Agreement, that party shall provide a written notice to the party alleged to

be in non-compliance of such non-compliance, refusal, and/or failure (the “**Notice of Non-Compliance**”) and provide the party alleged to be in non-compliance with not less than thirty (30) working days to cure the alleged deficiency(s) (the “**Cure Period**”). If the alleged deficiency(s) have not been cured within the Cure Period set forth in the Notice of Non-Compliance, the party issuing the Notice of Non-Compliance may unilaterally terminate this Agreement effective immediately upon providing the other party with written notice of termination for non-performance. Further, the Trust may terminate this Agreement immediately by issuing a written notice of termination to the Professional, if the Professional violates the law or engages in fraud, theft, or embezzlement.

- D. **Termination For Non-Appropriation.** The Trust is obligated only to pay periodic payments under this Agreement as may lawfully be made from funds budgeted and appropriated for that purpose during the Trust’s then current budget year. Should the Trust fail to budget, appropriate or otherwise make available funds to pay periodic payments under this Agreement following the then current budget year, this Agreement shall be deemed terminated at the end of the then current budget year. This provision shall take precedence over and shall not be limited in any way by any other provision of this Agreement for all purposes. Notwithstanding the preceding, the Trust will use its best efforts to budget and appropriate the funds necessary for the continuance of this administration services agreement.
- E. **Termination For Change in Control.** In the event the Professional is sold, the majority ownership of Professional changes, the majority control of the Professional changes, or the key personnel of the Professional providing the services under this Agreement are no longer providing the services, the Trust may, at its option, terminate this Agreement by providing the Professional notice of intent to terminate effective immediately. The term “Majority” as used in this Paragraph is understood by the parties to mean fifty one (51) or more percent of ownership or control.

## **II. The Professional's Post-Termination Obligations:.**

- A. If this Agreement is terminated, the Professional will discontinue performance of services on the date of termination and deliver to the Trust completed or partially completed information, reports, and documentation, which, if performance had been completed, would have been furnished to the Trust under this Agreement.
- B. The Professional shall, at the Trust's option, provide transitional services for a period not to exceed six (6) months for a fee not to exceed an amount equal to the customary monthly fee due under the Agreement for a three (3) month period.

- C. The Professional will convert, at no charge to the Trust, any data generated during this Agreement, or for at least the most current 36 months, into a format that can be transferred to the Trust for its use without the need to obtain a software license from the Professional. The Professional may retain a copy or make copies of this data if it wishes, but at its own expense.
- D. The Professional shall provide any original records to the Trust, and shall keep copies of all records generated during this Agreement at its own cost.
- E. In no event shall the Professional cause or by omission allow to occur an event that would jeopardize the Trust's reinsurance.
- F. The Professional shall cooperate fully with any audit of the services provided under this Agreement and shall do so without compensation for the twelve month period beginning the day that services are last provided hereunder.

**III. Scope of Services to Be Provided by the Professional:** During the term of this Agreement, the Professional shall:

- A. For each benefit administered by the TPA, draft and provide to the Trust for the approval of the Trustees a Summary Plan Description (SPD), Summary of Benefits and Coverage (SBC) and any other documents, and any amendments thereto, as may be required in order to effectively administer the plan and communicate its provisions to covered beneficiaries, the language of such items being in compliance with all applicable federal, state and local law and regulatory requirements applicable to the Trust and the administration of its benefit plan.
  - 1. Changes to the SPD and/or SBC that are requested by the Trust and that are intended to be effective on the first day of a plan year, shall be returned to the Trust in draft, non-PDF redline form for review, modification and approval not later than forty-five (45) days from the date the requested changes are received and finalized by the Professional, including all clarifications to proposed changes.
  - 2. Changes to the SPD and/or SBC that are requested by the TPA and that are intended to be effective on the first day of a new plan year shall be incorporated into the draft described under Section III(A)(1) of this Agreement.
  - 3. The Trust and TPA acknowledge and agree that time is of the essence in preparing amendments to the SPD and SBC and each shall endeavor to promptly reply to all proposed changes in an effort to quickly come to agreement on language and avoid delays in reaching mutually agreed to SPD and SBC language so these documents can be distributed to plan participants prior to the beginning of the subject plan year.

4. Changes to the SPD and SBC that are intended to be effective at times other than the beginning of the plan year shall be provided to the Trust in draft, non-PDF redline form for review, modification and approval in accordance with such schedule as the parties may agree to at the time the changes are proposed.
  5. No changes to the SPD and/or SBC may be made by the TPA without the prior approval of the Trust. Any items included in a draft or final SPD or SBC by the TPA that have not been specifically identified in the initial proposed draft or in a track change format edit to any to any previous draft of the SPD and/or SBC, or are otherwise expressly pointed out to the Trust will be voidable at the sole discretion of the Trust.
- B. The TPA shall coordinate reproduction of SPD and SBC in sufficient quantities as determined by the Trust. Costs for printing/duplication will be borne by the Trust.
- C. Maintain complete and accurate census and eligibility data within the TPA's eligibility and/or claims system(s);
1. By beneficiary class (active employees, dependents, retirees, COBRA's etc.);
  2. Including at least the following member information:
    - a. Dates of hire;
    - b. Effective dates of coverage;
    - c. Term dates;
    - d. Dates of birth;
    - e. Gender;
    - f. Social security number;
    - g. Alternate identification number;
    - h. Mailing address;
    - i. Physical address (if different than mailing address);
    - j. Zip code of residence; and
    - k. Telephone number.
- D. As pertains specifically to COBRA administration, and in addition to such other COBRA-related duties performed within the remaining parameters of any contract or agreement resulting from this process:
1. Send COBRA notices to all qualified beneficiaries within the timeframes established in the regulations;
  2. Accept the elections of COBRA continuation and complete the enrollment process for continuation of coverage;
  3. Accept notices of second qualifying events (as defined by COBRA) and notices of disability determination form the Social Security Administration;

4. Maintain census and enrollment information on COBRA beneficiaries;
5. Monitor continuing eligibility for COBRA in terms of months of coverage, etc.;
6. For Medical/Rx COBRA, the TPA shall be responsible for monitoring age-outs of dependent children and, upon attainment of age 26 by each such dependent child:
  - a. Terminating coverage;
  - b. Sending the COBRA notice;
  - c. Notifying the Trust's designated contact with such disenrollments so they can adjust tier assignments/payroll deductions if needed;
  - d. Notifying the Trust's PBM of the change in status; and
  - e. If COBRA is elected, reversing these processes and administering the COBRA eligibility in accordance with applicable law and regulation.
7. Bill and collect COBRA premiums, note the member's account, and forward the payment to the Trust for deposit.
8. Send notices of insufficient premiums, as applicable;
9. Terminate COBRA rights according to procedures approved by the Trust, including providing COBRA notices of termination.

E. As pertains to Flexible Spending Account (FSA) administration:

1. Account setup services;
2. Enrollment data entry;
3. Provide debit cards for all participants;
4. Provide an FSA plan document;
5. Maintain records and balances for each individual account by type of coverage (i.e., medical and dependent);
6. Provide reimbursement to participants for eligible expenses on a weekly basis, or an otherwise agreed upon schedule;
7. Provide monthly claims registers separated by type of coverage;
8. Issue account statements to participants;
9. Produce separate, monthly management reports for medical and dependent care;
10. Handle all participant inquiries concerning claims adjudication and determinations; and
11. Provide FSA participation agreements and enrollment forms, as well as educational materials as requested by the Trust.

F. As pertains to Health Savings Accounts (if selected):

1. Propose a banking vendor with which the TPA has established integration allowing for beneficiaries to view and authorize payments for covered services;
2. Where such vendor (either the TPA or Bank) will provide representatives to go on-site to perform education meetings for

- beneficiaries at least one time each plan year or as agreed upon by the parties; and
3. Where the bank will also provide or perform at least the following:
    - a. Debit cards for all participants;
    - b. Issue monthly account statements to participants;
    - c. Handle all participant inquiries concerning payments; and
    - d. Provide Health Savings Account enrollment forms and educational materials for distribution by the Trust.
  - G. Transmit accurate and complete eligibility data in a timely manner to all vendors requiring and/or requesting same, including but not limited to the designated Pre-Certification/Utilization Review (UR) provider, Prescription Benefit Manager (PBM), Broker/Consultant, actuary, insurers/reinsurers, and other insurers or providers as needed.
  - H. Complete processing, accurately and in a timely manner, of all claims that are eligible for reimbursement under the Summary Plan Description (as amended from time to time by the Trust), including but not limited to functions such as eligibility verification, claims investigation and payment, subrogation, re-pricing, recordkeeping, claims correspondence and review.
  - I. Make payments and maintain complete and accurate monthly claims data for the Trust broken out by:
    1. Benefit (Medical, Rx, FSA, and any other benefits which are or may later be provided through a self-funded mechanism administered by the TPA);
    2. Beneficiary class (Active, COBRA);
    3. Coverage Tier (EE, EE+ 1 Child, EE+Children, EE+Family);
    4. Individual Beneficiary; and
    5. Reinsurance and Subrogation Recoverables/Recoveries, if applicable.
  - J. Make payments and maintain complete and accurate monthly fixed charge (PEPM) expense data for the Trust, including, without limitation:
    1. Third Party Administrator (TPA) charges;
    2. Specific and Aggregate stop-loss premiums;
    3. Preferred Provider Organization (PPO) charges;
    4. Utilization Review, Precertification and related expenses; and
    5. Such others as may be specified by the Trust and agreed to by the TPA.
  - K. As pertains to insured products and products utilizing service providers other than the TPA:
    1. Pay insurance premiums for Basic and Voluntary Term Life (VTL); and

Pay the Dental and Vision premiums, network and/or claims processing fees on behalf of the Trust.

- L. As pertains to PBM charges, which are made on a Per Member Per Month (PMPM) basis, verify that the PMPM count used by the PBM is the same as is reflected in the TPA's system and, if any discrepancies are noted, bring them to the attention of the Trust.
- M. Maintain complete and accurate additional expense charges made on an other than fixed PEPM reflecting charges processed as a claim under the Trust through TPA's Vendor Relations department in each calendar month including, without limitations:
  - 1. Attorney fees;
  - 2. Auditor fees;
  - 3. Actuary fees;
  - 4. Broker/Consultant fees;
  - 5. Fees associated with the Cerner Clinic;
  - 6. Vendor expense reimbursements as directed by the Trust's Broker/Consultant; and
  - 7. Other miscellaneous expenses as directed by the Trust's Broker/Consultant.
- N. Actively research and pursue, either through the TPA's staff or through a sub-contracted vendor:
  - 1. Subrogation against third parties;
  - 2. Claims overpayments; and
  - 3. Payments made for ineligible services.

Return all recovered amounts to the Trust through such procedures as may be established and mutually agreed upon by the parties. To the degree that any services provided under this section are at cost to the Trust in addition to the PEPM for claims administration, the TPA shall provide a monthly itemization of all expenses associated with such claims broken in accordance with Section III (X) (10) of this Agreement.

- O. Timely calculate amounts due and complete specific and aggregate reimbursement processes from the applicable reinsurer/stop-loss carrier for all eligible claims and expenses as provided under the applicable contracts of insurance and/or reinsurance and forward recovered amounts to the Trust.
- P. Provide prompt and accurate telephonic and/or written response to all inquiries, including, but not limited to, maintenance of a toll-free telephone

number available, at a minimum, between the hours of 8:00 am to 5:00 pm Monday through Friday, Arizona time (excluding holidays).

- Q. Conduct and complete eligibility verification telephonically and electronically during and after business hours.
- R. Provide claim, enrollment, change and any other such forms, open enrollment materials, procedures, etc. for Active employees/dependents and COBRA beneficiaries which are reasonably necessary for the efficient administration of the Trust as determined by the Trust and communicated in advance to the TPA, including, without limitation:
  - 1. Distribute via mail all open enrollment materials to COBRA beneficiaries;
  - 2. Provide requested materials to include in open enrollment packets to be distributed to members; and
  - 3. Attend annual open enrollment meetings as requested by the Trust.

**NOTE:** The Trust reserves the right to use its own enrollment form subject to approval of the form by the TPA.

- S. Reimburse Flexible Spending Account payments automatically to the beneficiary; and, if applicable, make available the *myGilsbar.com* on-line tools for HSA account holders to pay their claim liability either to the provider or by reimbursing themselves.
- T. Provide a mechanism for exchange of accumulator information with the Prescription Benefit manager (PBM) contracted with by the Trust for purposes of complying with combined Medical and Pharmacy out-of-pocket maximum limitations under Health Care Reform and/or applicable provisions of the SPD and/or SBC.
- U. As pertains to the TPA's portal capabilities, provide at least the following:
  - 1. For Plan Beneficiaries, secure portal access and tools including at least:
    - a. Real-time inquiry for items including (as applicable):
    - b. Claims paid (Medical, Rx);
    - c. Pended and denied claim information;
    - d. Explanations of Benefits;
    - e. Status relative to deductibles, out-of-pocket maximums, etc.; and
    - f. Flexible Spending Account balances and payments.
  - 2. For administrative personnel (HR, Finance, Payroll as designated) secure portal access and tools including at least:
    - a. Ability to view beneficiary records but only with appropriate HIPAA sign-off/release obtained from the appropriate individual.
    - b. Monthly eligibility and invoices.



- c. Complete census information by benefit (Medical/Rx) including, without limitation:
    - a. Employee name (first, last, MI)
    - b. Mailing address;
    - c. Benefit tier election;
    - d. Date of birth (DOB);
    - e. Gender;
    - f. Covered dependent names, genders and DOB's; and
    - g. Employee and Dependent Basic Life and AD&D amounts in force;
  
- V. Provide for a claims appeal process consistent with the appeal process contained within the then current SPD, including the following:
  - 1. Internal - To be completed internally by the TPA for all issues except Medical Necessity and Experimental/Investigational. Where internal appeals are not successfully resolved and the participant wishes to appeal the outcome, the TPA's appeal department representative will prepare written summaries of all items in dispute, the factual basis for the appeal and a recommended course of action, upon request by the Trust. This representative will be available to respond to questions from the Trustees, appellant, and any counsel for either party to the appeal.
  - 2. External – To be forwarded by TPA to an outside consultant for review and completion of Medical Necessity and Experimental/Investigational issues. The documentation prepared by the outside consultant may be provided by the TPA's appeal department representative to the Trust, upon request by the Trust.
  - 3. Final Appeal – TPA arranges for the services of an Independent Review Organization (IRO) that is certified to handle PPACA final adverse determinations, to make final reviews of appeals in accordance with applicable provisions of Health Care Reform.

In the event of any conflict between this language and the appeal language in the SPD, the SPD will control.
  
- W. Run-out claims administration, at the sole discretion of the Trust, in the event any contract or agreement resulting from this process is cancelled or non-renewed for any reason. Compensation for run-out claims administration shall not exceed three (3) times the final month's paid PEPM fee for six (6) months run-out claims administration.
  
- X. Provide, no later than the 15<sup>th</sup> calendar day of the month, reports for the period ending on the last day of the preceding calendar month as follows:

1. Detailed claims reports by benefit (Medical, Rx, etc.) with expenses broken out between employee and dependent on a monthly basis;
2. Check registers reflecting all checks issued on behalf of the Trust as checks are issued, such registers to separately break out:
  - a. Claims for benefits; and
  - b. Claims paid to vendors for PEPM, PMPM and any other services or expense reimbursements.
3. Calculation of the aggregate attachment for that month and all prior months, as well as year-to-date;
4. Reports on any claim in excess of a pre-determined amount or which appear likely, based on the nature of the involved illness/injury, to exceed 50% of the Trust's specific stop loss/reinsurance attachment point on a monthly basis;
5. Refunds received broken out for the current versus prior years;
6. Reinsurance recoveries broken out for the current versus prior years;
7. Current list of enrolled employees and dependents on a monthly basis broken out by:
  - a. Benefit (Medical, Rx, Life and AD&D, etc.);
  - b. Tier (Employee, EE+ 1 Child, EE+Children, Employee + Family); and
  - c. Division (Active, COBRA, Retiree, etc.).
8. Claim summaries by benefit and claim type (i.e., inpatient hospital, outpatient, professional, etc.) ;
9. Claims attributed to non-BCBSAZ providers without regard to whether such providers are in or outside of Arizona or whether the claims were discounted using a network or process other than those associated with BCBSAZ;
10. To the degree that any out-of-network charges are subject to percentage of savings and/or revenue sharing arrangements:
  - a. The amounts charged by the provider;
  - b. The amounts eligible for payment under the discount arrangement before application of deductibles, co-pays, cost sharing and/or plan exclusions and/or limitations;
  - c. The amounts paid after application of deductibles, co-pays, cost sharing and/or plan exclusions and/or limitations;
  - d. The fee, charge or percentage of savings cost to the Trust for processing and/or negotiating the involved claim(s);
  - e. The amount of the fee, charge or percentage of savings cost paid to the TPA; and
  - f. The net cost and savings to the Trust.
11. A claim summary, as requested, identifying the number and dollar amount of claims in the standard 18 medical categories to allow the Trust to analyze where claims are originating;
12. Claim reports needed by the Trust's Broker/Consultant for reinsurance including, without limitation; the names of specific beneficiaries,

- aggregate calculation, claims lag, trigger diagnosis, large claims and pending claims reports;
13. Claims lag and other reports as may be needed by the Trust's actuary and Broker/Consultant;
  14. Preparation and filing of IRS form 1099 for all applicable claim or payment recipients annually; and
  15. Such other reports as the TPA, Trust, and the Trust's Broker/Consultant may agree.
- Y. Provide special claims reports as agreed upon by the Parties within thirty (30) calendar days of request, or as otherwise agreed upon between the Parties to this Agreement.
- Z. As applicable, coordinate with the Trust's selected Provider Network(s) to arrange for receipt and re-pricing of claims by the Provider Network prior to re-shipping to TPA for payment to providers.
- AA. Maintain approved status as a TPA with BlueCross BlueShield of Arizona (BCBSAZ) and comply with BCBSAZ's requirements and those of the Trust's insurer(s) and reinsurer(s), including, but not limited to, reporting requirements and applicable provisions of agreements between the network provider and the providers in those networks.
- BB. Coordinate and/or produce ID cards evidencing eligibility for benefits and such other information as may be reasonably required in order to facilitate receipt of covered benefits by the beneficiary.
- CC. Attend Trust and other related meetings at the request of the Trust.
- DD. Otherwise cooperate with the Trust and its associated vendors in all aspects of the Trust.

#### **IV. Compensation:**

- A. For the services included herein, the Professional shall receive as compensation only those amounts as set forth in the fee schedule attached hereto as Exhibit "A", including any amendments thereto, and which is incorporated herein by reference (the "Fee Schedule").
- B. The Professional may deliver a request for a fee increase to the Trust no less than one hundred fifty (150) days prior to the end of the then current Term. If the Professional and the Trust have not reached an agreement on the requested fee increase before the 90<sup>th</sup> day prior to the end of the then current Term, the then current Fee Schedule will continue for the next Term, however, this Agreement may be terminated at the end of the then current Term, at the option of the Professional by providing the written notice of

intent not to renew on or before the 90<sup>th</sup> day before the end of the current term.

**V. Expenses:**

- A. Unless set forth in the Fee Schedule, each party shall be solely responsible for its own expenses including, without limitation, the hourly rates, salaries, benefits, and other things of value which arise from employment of such party's employees; any costs incurred for travel, meals, lodging, telephone, fax or other electronic or other means of communication; costs of compiling and formatting information, and any and all direct and indirect costs associated with or arising from the completion of the services contemplated under the terms of this Agreement.
- B. The parties further acknowledge and agree that the Trust shall be solely responsible for its share of any charges related to actuary, auditor, attorney and any other professional or ancillary service providers separately retained by the Trust in order to review Trust operations or options as may from time to time be identified by the Trust.

**VI. Taxes:**

- A. The Professional shall have full and exclusive liability for and shall pay and hold the Trust harmless from any and all of the Professional's taxes, assessments, or governmental charges in connection with all or part of the services provided by the Professional hereunder, other than insurance premium taxes due as a result of any insurance and/or reinsurance placed on behalf of the Trust. The Professional is not responsible for assessments or governmental charges incurred by the Trust.
- B. The Professional shall complete and provide to the Trust an Internal Revenue Form W9 (Request for Taxpayer Identification Number and Certification) for the purpose of the Trust's Internal Revenue Service 1099 Form reporting.

**VII. Ownership of Documents, Records and Work Product:**

- A. All documents, records, information, electronically stored information and data, and work product of any kind related to the Trust and/or which result from this Agreement ("the Documents") shall become the property of and belong to the Trust and may be used as the Trust deems appropriate.
- B. At all times during the term of this Agreement, the Trust or its appointed representative(s) shall, as authorized by the Trust, have access to the Documents of the Trust maintained by the Professional and to work product of the Professional that is related to the Trust and/or which results from this

Agreement. Such access shall occur during normal business hours upon not less than twenty-four (24) hours advance notice to the Professional.

**VIII. Compliance with Laws; Non-Discrimination; No Kick-Back or Conflict of Interest Certification:**

- A. **Compliance with Laws.** The Professional and its partners, directors, officers, employees, and agents shall at all times comply with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes, standards, and restrictions and all orders and decrees of bodies or tribunals having jurisdiction or authority, which may in any manner affect the provision of services under this Agreement, including the obligations under E-Verify, (collectively, “**Laws**”).
- B. **Non-Discrimination.** The Professional shall not illegally discriminate on the basis of race, color, religion, gender, age, national origin, veteran’s status, political affiliation, or disability in any contacts with the public with regard to work to be performed under this Agreement nor in regard to employment opportunities nor in the procurement of materials, equipment, leases, or subcontractors.
- C. **No Kick-Back or Conflict of Interest Certification.** The Professional warrants that it has not employed, retained, or paid any person to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, and that no Trustee of the Trust has any interest, financially or otherwise in the Professional firm. The Professional further warrants that the Professional shall not receive any compensation, payment, or other item of more than nominal or insignificant economic value for the services provided to the Trust by the Professional under this Agreement, other than the compensation set forth in Section IV of this Agreement; provided, however, that this warranty does not prohibit any of the Professional’s board members, directors, officers, employees, agents, or representatives from accepting things such as food or refreshment of insignificant value on infrequent occasions, given that such items are customarily provided. For breach or violation of these warranties, the Trust shall have the right to terminate this Agreement without liability, or, at the Trust’s discretion, to deduct from the consideration to be paid to the Professional hereunder the full amount of any such commission, percentage, brokerage, contingent fee, or other prohibited item of economic value received. The Professional further warrants that neither it nor its board members, directors, officers, or employees now have a conflict of interest in the performance of the Professional’s obligations under this Agreement and that the Professional further agrees for itself, its board members, directors, officers, and employees, that it will not contract for nor accept employment for the performance of any work or services with any individuals, businesses, or governmental entities where such a contract

would create a conflict of interest in the performance of its obligations under this Agreement.

- D. **Certification.** The Professional shall, upon executing this agreement, and upon request of the Trust, provide a written attestation that it has no conflicts of interest as provided under A.R.S. § 38-511 and, further, that it remains in compliance with Section VIII (C) of this Agreement, such attestation attached here as Exhibit “B” and incorporated herein by reference. Professional acknowledges that Trust may exercise its rights as set forth in A.R.S. 38-511 to terminate this agreement for non-compliance with these provisions.

**IX. Licenses, Approvals and Permits:** The Professional shall and agrees to obtain, pay for, and maintain throughout the term of this Agreement all licenses, approvals, and permits necessary for the Professional to perform its services under this Agreement.

**X. Insurance:** Throughout the term of this Agreement, the Professional, at the Professional’s sole expense, shall purchase and maintain, from and with an insurance company or companies duly licensed and authorized to do business in Arizona and possessing a current A.M. Best Inc. Rating of A– or higher, insurance policies and endorsements, which are on policies and forms acceptable to the Trust and which meet or exceed the minimum insurance coverage requirements set forth below:

- A. **Commercial General Liability (“CGL”) Insurance.** CGL insurance, written on a claims occurred basis, with an unimpaired limit of not less than one million dollars (\$1,000,000) for each occurrence, a one million dollar (\$1,000,000) unimpaired products/completed operations aggregate, and a one million dollar (\$1,000,000) unimpaired general aggregate limit.
- B. **Automobile Liability.** Commercial/business automobile liability insurance with a combined single limit for bodily injury and property damage of not less than one million dollars (\$1,000,000) each occurrence with respect to any owned, hired, and non-owned vehicles assigned to or used in the performance of the Professional’s work or services under this Agreement.
- C. **Professional/Errors and Omissions Liability.** Professional Liability insurance covering acts, errors, mistakes, and omissions arising out of the work or services performed by the Professional or any person employed by the Professional, with an unimpaired limit of not less than one million dollars (\$1,000,000) for each claim or occurrence and as an aggregate.
- D. **Workers’ Compensation.** Workers’ Compensation insurance as statutorily required by applicable federal and/or state statutes.
- E. **Fidelity Bond.** If the Professional is authorized to hold client money under this Agreement, it shall provide the Trust a fidelity bond protecting against

theft of client money by employees of the Professional in an amount not less than one million dollars (\$1,000,000).

- F. **Claims Made Policies.** In the event any insurance policy(ies) required by this Agreement is/are written on a “claims made” basis, the Professional shall insure that coverage shall extend for two years past completion and acceptance of the Professional’s work or services under this Agreement and shall provide the Trust with evidence of that continued coverage by submittal of an annual certificates of insurance.
- G. **Primary Coverage; Deductibles/Retentions.** The Professional’s insurance shall be primary insurance with respect to the Trust, and any insurance or self-insurance maintained by the Trust shall not contribute to it. The insurance policies may provide coverage that contain deductibles or self-insured retentions. Such deductibles and/or self-insured retentions shall not be applicable with respect to the coverage provided to the Trust under such policies. The Professional shall be solely responsible for deductibles and/or self-insured retentions.
- H. **Claim Reporting and Warranty Requirements.** Any failure to comply with the claim reporting provisions of the insurance policies or any breach of any insurance policy warranty shall not affect coverage afforded under the insurance policies to protect the Trust.
- I. **Certificates of Insurance/Policies/Endorsements.** Within ten (10) working days after the first day of the commencement of the term of this Agreement, the Professional shall furnish the Trust with certificates of insurance or formal endorsements issued by the Professional’s insurer(s), as verification that policies providing the required coverages, conditions, and limits required under this Agreement are in full force and effect. The Trust reserves the right to request and receive from the Professional within ten (10) working days of any such request, certified copies of any or all of the insurance policies and/or endorsements required under this Agreement. The Trust shall not be obligated, however, to review same or to advise the Professional of any deficiencies in such policies and endorsements, and such receipt shall not relieve the Professional from, or be deemed a waiver of, the Trust’s right to insist on strict fulfillment of the Professional’s obligations under this Agreement.
- J. **Expiration and Renewal of Policies.** If any of the above-described insurance policies and/or endorsements, expire during the term of this Agreement, the Professional shall forward (or cause to be forwarded) renewal certificates or formal endorsements to the Trust within fifteen (15) days prior to the expiration date, which renewal certificates shall set forth all the information required in the original certificates. Failure to maintain required insurance policies in full force and effect may, at the sole discretion of the Trust, constitute a material breach of this Agreement.

K. **Survival.** The provisions of this Section shall survive the termination of this Agreement.

XI. **Indemnification:** Professional agrees to indemnify, hold harmless, and defend (to the fullest extent permissible under Arizona law) the Trust, its employees, member participating entities, agents, affiliates or affiliated entities and their employees, agents or affiliates, (jointly referred to as the "Trust") regardless of the negligence or fault of or by the Trust, from and against any and all claims, liabilities, damages, debts, demands, actions, causes of action, and judgments, and all costs and expenses related thereto, including attorney's fees for any and all injury, liability or damage arising out of or resulting from the performance of, or non-performance of, the Professional's obligations under this Agreement and as required by law.

XII. **Business Associate Agreement:** Professional agrees to sign the HIPAA Business Associate Agreement attached hereto as Exhibit "C".

XIII. **No Waiver:** No inadvertent or incidental waiver of any term, condition or provision included in this Agreement by either or both the Professional or the Trust shall constitute a breach of this Agreement or justify or authorize a repetition or on-going breach or waiver of that or any other term, condition or provision of this Agreement. In addition, no waiver of any breach of any of the terms, conditions, or provisions included in this Agreement shall be construed as a waiver of any succeeding breach of the same or other terms, conditions, or provisions of this Agreement.

XIV. **Amendment:** This Agreement may only be amended in writing upon mutual agreement of the Professional and the Trust.

XV. **Entire Agreement:** This Agreement and its Exhibits, including any amendments hereto, constitutes the entire agreement and understanding between the Trust and the Professional with respect to, and supersedes, any and all prior agreements, understandings, negotiations, and representations regarding, the subject matter of this Agreement.

XVI. **Partial Invalidity; Severability:** If any term, condition or provision of this Agreement or the application thereof to any person or circumstance shall, at any time during the term of this Agreement, or to any extent, be deemed by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application of such term, condition or provision to persons or circumstances other than those to which this Agreement is found to be invalid or unenforceable shall not be affected thereby and each remaining term, condition or provision of this Agreement shall remain valid and enforceable to the fullest extent provided by law.

XVII. **Independent Contractor Status:** This Agreement does not create an employee/employer relationship between the parties. Rather, it is understood and agreed that the Professional at all times shall be deemed an independent contractor of the Trust and not an employee of the Trust for any or all purposes, including but not limited to the application of the Americans with Disability Act, Fair Labor Standards Act, minimum wage and overtime payments, Federal Insurance Contribution Act, the Social Security Act,



the Federal Unemployment Tax Act, the provisions of the Internal Revenue Code, any applicable revenue and taxation law, the Arizona Workers Compensation law, and the Arizona unemployment insurance law, and that employees of the Professional shall in no event be deemed to be employees of the Trust. Subject to the parameters of this Agreement, the Professional will retain sole and absolute discretion in the judgment of the manner and means of carrying out the Professional's activities and responsibilities hereunder. The Professional agrees it is a separate and independent enterprise from the Trust, it has a full opportunity to find other business, it has made its own investment in its business and it will utilize a high level of skill necessary to perform the work, including all services required to be performed by the Professional hereunder. This Agreement shall not be construed as creating any joint employment relationship between the Professional and the Trust and the Trust will not be liable for any obligation incurred by the Professional, including but not limited to unpaid minimum wages, overtime premiums, withholdings of taxes for the Professional and/or the Professional's employees and/or the withholding and payment of Social Security, unemployment payments, and any other withholdings or payments required by Laws including estimated taxes (if applicable) for the Professional or its employees. No agency relationship, except as expressly provided herein, shall exist between the parties as a result of the execution of this Agreement.

**XVIII. Construction; Section Headings:** Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine, neutral or feminine shall include each of the other. This Agreement is the result of negotiations between the Trust and the Professional and shall not be construed for or against the Trust or the Professional as a consequence of its role or the role of its attorney in the preparation or drafting of this Agreement or any amendments hereto. The Section Headings contained in this Agreement are for the convenience and reference of the Trust and the Professional and are not intended to define or limit the meaning or scope of any provision of this Agreement.

**XIX. Choice of Law:** This Agreement is made in the State of Arizona and shall be construed, enforced, and governed by the internal, substantive laws of the State of Arizona without regard to conflict of law principals.

**XX. Dispute Resolution and Venue:** Before either Party may initiate a lawsuit against the other, they agree that upon written notice of a dispute, the CEO or top official with each Party shall agree to meet, no later than 30 days from receipt of the written notice of dispute, in an agreed location or telephonically if agreed, to discuss and try to resolve the dispute. In addition, or in the alternative, the parties also agree, prior to filing suit, to participate in a mediation in an agreed upon place, or Phoenix, Arizona if no alternative is agreed upon, within no longer than 60 days from when the discussions of the Parties' CEOs or top official failed to resolve the dispute, before the AAA or an agreed upon alternative mediation forum, to try and resolve the dispute. If suit is ultimately filed, the venue for any lawsuit arising between the parties under this Agreement shall be the Superior Court in Maricopa County, Arizona.

**XXI. Inurement; Assignment:** Except as provided in this Agreement to the contrary, all of the terms, covenants and conditions of this Agreement shall be binding upon, and

shall inure to the benefit of, each party and the successors and assigns of each party. The Professional shall not assign its rights, duties, or obligations under this Agreement without the prior written consent of the Trust.

**XXII. Voluntary Agreement; Legal Advice:** Each party warrants that it has read and understands this Agreement and knowingly, willingly, and voluntarily entered into and agreed to all terms contained in this Agreement. Each party further acknowledges that, prior to signing this Agreement, he, she, or it has consulted with and been advised by legal counsel concerning the terms of this Agreement and the legal consequences of entering into this Agreement, or has voluntarily elected not to do so.

**XXIII. Counterpart Signatures:** This Agreement may be executed in any number of counterparts, each of which shall be deemed a duplicate original and all of which when taken together shall constitute one and the same document. Counterparts are effective and binding when this Agreement has been executed by all the parties.

**XXIV. Notices:** All notices required or permitted to be given under this Agreement shall be in writing and shall be given by facsimile, personal delivery, deposit with an overnight express delivery service, such as Federal Express, or deposit in the United States Mail, certified or registered mail, return receipt requested, postage prepaid, addressed to the applicable address set forth below, or such other addresses as hereafter may be designated by prior notice, in writing. Notices pursuant to this Agreement shall be sent to:

**For the Trust:**

Chairperson  
Lake Havasu Schools Employee Benefit Trust  
c/o Erin P. Collins & Associates, Inc.  
1115 Stockton Hill Road, Suite 101  
Kingman, Arizona 86401  
Facsimile No.: 877.866.5732

**Copy to:**

JONES, SKELTON & HOCHULI, P.L.C.  
Attn: Michael E. Hensley, Esq.  
40 North Central Avenue, Suite 2700  
Phoenix, Arizona 85004  
Facsimile No.: 602.200.7832

**For the Professional:**

Gilsbar, L.L.C.  
Attn: Henry J. Miltenberger, CEO  
2100 Covington Centre  
Covington, Louisiana 70433

Facsimile No.: 985.898.1700

Notices under this Section shall be deemed complete and effective on the date delivered, if the notice is given by facsimile, personal delivery or overnight express delivery service, or four (4) days after the date of deposit in the Mail, if the notice is sent through the United States Mail.

**XXV. Signatures:** By their signatures set forth below, the Professional and the Trust agree to and accept the terms, conditions and provisions of this Agreement.

**The Professional**

Gilsbar, L.L.C.

\_\_\_\_\_

By: Shelley P. Lampard  
Chief Administrative Officer/  
Vice President

Date:

\_\_\_\_\_

**Trust**

Lake Havasu Schools Employee  
Benefit Trust

\_\_\_\_\_

By: Marcia Cox,  
Chairperson

Date:

\_\_\_\_\_

**Reviewed and approved as to form by counsel for the Trust.**

\_\_\_\_\_

Date:

\_\_\_\_\_

JONES, SKELTON & HOCHULI, P.L.C.  
By: Michael E. Hensley

## EXHIBIT “A”

ANY EXPENSE NOT SET FORTH ON THE FOLLOWING FEE SCHEDULE OR IN AN AMOUNT NOT CUSTOMARILY SUBMITTED BY PROFESSIONAL SHALL REQUIRE THE SIGNATURE OF THE CHAIRPERSON OF THE TRUST BEFORE REIMBURSEMENT WILL BE MADE BY THE TRUST.

	<u>Fees (net of commission)</u>				
	11/01/18 - 06/30/19	07/01/19 - 06/30/2020			
Medical Claims Admin	\$17.90				
COBRA Admin	\$1.60				
HIPAA Admin	Included				
FSA Admin	\$4.00				
FSA Debit Card	Included				
<b><u>Other Fees</u></b>					
SPD					
Amendments/Rewrites	Included				
SPD Printing	Cost of printing + 10%				
SBC					
Amendments/Rewrites	Included				
SBC Printing	Cost of printing + 10%				
Non-Network Negotiations	25% of Gross Savings (Multiplan = 20%; Gilsbar = 5%)				
Claim Subrogation	28% of Recovery (24% to The Phia Group and 4% to Gilsbar)				
	33% of Recovery + All Costs of Litigation, excluding attorney's fees, if filing of suit and continued litigation required to recover funds				
ID Card Production	Included				
Vendor Check Processing	Included				

Postage	Cost of Postage +10%				
On-Site Trust Meetings	Included				
On-Site Open Enrollment Meetings	Included				
Open Enrollment Materials	Cost of postage and materials +10%				
Run-Out Processing in Case of Cancellation of Your Services	For claims received after expiration of the six months included under Section III(W) of this Agreement, \$22/claim				
Reports					
Standard	Included				
Ad Hoc	Included				
Custom Reports/changes to current processing methods outside of Section III. Scope of Services to Be Provided by the Professional of this Agreement. These fees will be estimated and mutually agreed to by both parties prior to any work being done for which Gilsbar expects to receive payment.	\$200.00 / Hr.				
Third party requests - Any and all requests for services outside Section III. Scope of Services to Be Provided by the Professional of this Agreement. These fees will be estimated and mutually agreed to by both parties prior to any work being done for which Gilsbar expects to receive payment.	\$100/Hr.				
Other (Specify)					

Clinical Bill Review & Audit	25% of Gross Savings (18% to Zelis and 7% to Gilsbar)				

**EXHIBIT “B”**

**ATTESTATION**

By my signature below, I do attest and warrant on behalf of the Professional, as follows:

1. Neither the Professional nor its board members, directors, officers, or employees, now have or will have, during the term of this Agreement, a conflict of interest in the performance of the Professional’s obligations under this Agreement and that the Professional further agrees for itself, its board members, directors, officers and employees, that it will not contract for nor accept employment for the performance of any work or services with any individuals, businesses, or governmental entities where such a contract would create a conflict of interest in the performance of its obligations under this Agreement as Conflict of Interest is defined under the provisions of A.R.S. § 38-511.
  
2. The Professional warrants that it has not employed, retained, or paid any person to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, and that no member of the Trust Board has any interest, financially or otherwise in the Professional. The Professional further warrants that the Professional shall not receive any compensation, payment, or other item of more than nominal or insignificant economic value for the services provided to the Trust by the Professional under this Agreement, other than the compensation set forth in Section IV. Compensation and Exhibit A. Fee Schedule of this Agreement; provided, however, that this warranty does not prohibit any of the Professional’s board members, directors, officers, employees, agents, or representatives from accepting things such as food or refreshment of insignificant value on infrequent occasions, given that such items are customarily provided.

\_\_\_\_\_  
Gilsbar, L.L.C.

\_\_\_\_\_  
By: Shelley P. Lampard  
Chief Administrative Officer/Vice President

Date: \_\_\_\_\_

## **EXHIBIT "C"**

### **BUSINESS ASSOCIATE AGREEMENT HIPAA PRIVACY AND SECURITY RULES**

This Business Associate Agreement (the “Agreement”), is entered into by and between Lake Havasu Schools Employee Benefit Trust, a self-funded health plan, (“Covered Entity” or “Plan”) and American Health Group, a Business Associate (“BA” or “Business Associate”) of the Covered Entity. This Agreement supplements and is made a part of the Agreement for Utilization Review Services (“Underlying Agreement”) entered into between BA and Covered Entity and is effective the 1st day of November 2018 (the “Effective Date”) and will remain in effect unless and until the Underlying Agreement is terminated.

#### **RECITALS:**

WHEREAS, pursuant to the Health Insurance Portability and Accountability Act of 1996, Pub. L. 104-191, 110 Stat. 2024 (Aug. 21, 1996) (“HIPAA”), and the HITECH Act of American Recovery and Reinvestment Act of 2009, the Office of the Secretary of the Department of Health and Human Services has issued regulations governing the Standards for Privacy, Security and Breach Notification of Individually Identifiable Health Information at 45 CFR Parts 160 and 164 (“Privacy Rule”, “Security”, “Breach Notification” Rules); and

WHEREAS, the HIPAA Rules provide, among other things, that a Covered Entity is permitted to disclose Protected Health Information to a Business Associate and allow the Business Associate to obtain, receive, and create Protected Health Information on the Covered Entity’s behalf, only if the Covered Entity obtains satisfactory assurances in the form of a written contract, that the Business Associate will appropriately safeguard the Protected Health Information; and

WHEREAS, the Office of the Secretary of the Department of Health and Human Services has issued regulations requiring certain transmissions of electronic data, for vendors where such electronic data is exchanged, be conducted in specified standardized formats at 45 CFR Parts 160 and 162 (“Electronic Transactions Rule”); and

WHEREAS, Covered Entity and Business Associate desire to determine the terms under which they shall comply with the Privacy Rule and the Electronic Transactions Rule for the Business Associates to which this applies;

NOW THEREFORE, the Covered Entity and Business Associate agree as follows:

#### **1. GENERAL HIPAA COMPLIANCE PROVISIONS**

1.1. HIPAA Definitions. Except as otherwise provided in this Agreement, all capitalized terms contained in this Agreement shall have the meanings set forth in the Privacy Rule.



1.1.1. The following terms used in this Agreement shall have the same meaning as those terms in the HIPAA Rules: Breach, Data Aggregation, Designated Record Set, Disclosure, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Protected Health Information, Required by Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.

1.1.2. Business Associate. “Business Associate” shall generally have the same meaning as the term “business associate” at 45 CFR 160.103, and in reference to the party to this agreement, shall mean Gilsbar, L.L.C..

1.1.3. Covered Entity. “Covered Entity” shall generally have the same meaning as the term “covered entity” at 45 CFR 160.103, and in reference to the party to this agreement, shall mean Lake Havasu Schools Employee Benefit Trust. Business associate provides utilization review services on behalf of various Covered Entities.

1.1.4. HIPAA Rules. “HIPAA Rules” shall mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.

1.1.5. “Protected Health Information” (“PHI”) shall have the same meaning as the term “Protected Health Information” in the Security and Privacy Rules, limited to the information received by BA from, or on behalf of the covered Entities.

1.1.6. “Electronic Protected Health Information” (“ePHI”) shall have the same meaning as the term “Electronic Protected Health Information” in 45 C.F.R. §160.103.

1.2. HIPAA Readiness. Business Associate agrees that it will be fully compliant with the requirements of the HIPAA Rules by the compliance dates established under the HIPAA Rules, and Electronic Transactions Rule, if applicable, and will provide the Plan with written certification of such compliance on or before such compliance date[s].

1.3. Changes in Law. Business Associate agrees that it will comply with any changes in HIPAA and the HIPAA Rules, and the Electronic Transactions Rule, if applicable, by the compliance date established for any such changes and will provide the Plan with written certification of such compliance. If, due to such a change, either or both of the parties are no longer required to treat Protected Health Information in the manner provided for in this Agreement, the parties shall renegotiate this Agreement, subject to the requirements of Section 6. Any such renegotiation shall occur as soon as practicable following the occurrence of the change.

1.4. Nature of Relationship. The parties acknowledge that:

1.4.1. The Parties to this Agreement are the Covered Entity and the Business Associate.

1.4.2. To the extent that the Plan is required to take any action, or that Business Associate is required to communicate with the Plan, such action shall in fact be taken by, and such communication shall be made to, the Trust Consultant of the Covered Entity.

## 2. TREATMENT OF PROTECTED HEALTH INFORMATION

### 2.1. Permitted Uses and Disclosures of Protected Health Information.

2.1.1. Uses and Disclosures on Behalf of the Plan. Business Associate may use PHI in its possession to perform the services set forth in the Underlying Agreement.

2.1.2. Other Permitted Uses and Disclosures. In addition to the uses and disclosures set forth in Section 2.1.1, Business Associate may use or disclose Protected Health Information under Subpart E, the HIPAA Privacy Rule, of 45 CFR Part 164, to comply with the requirements of Subpart E that apply to the Covered Entity in the performance of the Agreement obligations received from, or created or received on behalf of, the Plan under the following circumstances:

2.1.2.1. Use of Protected Health Information for Management, Administration, and Legal Responsibilities. Business Associate is permitted to use Protected Health Information if necessary for the proper management and administration of Business Associate or to carry out legal responsibilities of Business Associate.

2.1.2.2. Disclosure of Protected Health Information for Management, Administration, and Legal Responsibilities. Business Associate is permitted to disclose Protected Health Information if necessary for the proper management and administration of Business Associate, or to carry out legal responsibilities of Business Associate, provided that the disclosure is required by law, or Business Associate obtains reasonable assurances from the person to whom the Protected Health Information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, the person will use appropriate safeguards to prevent use or disclosure of the information, and the person will notify Business Associate immediately of any instance of which it is aware in which the confidentiality of the Protected Health Information has been breached.

2.1.2.3. Data Aggregation Services. Business Associate is also permitted to use or disclose Protected Health Information to provide data aggregation services, as that term is defined by 45 CFR 164.501, relating to the health care operations of the Covered Entity.

2.1.3. Further Uses Prohibited. Except as provided in Section 2.1.1 and Section 2.1.2, Business Associate is prohibited from further using or disclosing any information received from the Covered Entity, or from any other Business Associate of the Covered Entity, for any commercial purposes of Business Associate, including, for example, “data mining.”

2.2. Minimum Necessary. Business Associate agrees to make uses and disclosures and requests for Protected Health Information consistent with the minimum necessary standards as set forth in 164.502(b).

2.3. Prohibited, Unlawful, or Unauthorized Use and Disclosure of Protected Health Information. Business Associate shall not use or further disclose any Protected Health Information received from, or created or received on behalf of, the Plan, in a manner that would violate the requirements of the Privacy Rule, if done by the Covered Entity.

2.4. Required Safeguards. Business Associate shall use all appropriate safeguards, and comply with Subpart C, the HIPAA Security Rule, of 45 CFR Part 164 with respect to Electronic Protected Health Information to prevent use or disclosure of Protected Health Information received from, or created or received on behalf of, the Covered Entity other than as provided for in this Agreement or as required by law. These safeguards will include, but not be limited to:

2.4.1. Employee /Contractor Education on HIPAA

2.4.1.1. Create a training plan that includes HIPAA and internal policies and procedures pertaining to HIPAA;

2.4.1.2. Provide training to all employees, contractors and subcontractors on HIPAA and how the regulations help to prevent the improper use or disclosure of Protected Health Information;

2.4.1.3. Document training completion and testing outcomes. Retain training records; and

2.4.1.4. Update and repeat training on a regular (annual) basis

2.4.2. Administrative Safeguards

2.4.2.1. Adopt policies and procedures regarding the safeguarding of Protected Health Information, including a Risk Analysis; and

2.4.2.2. Enforce those policies and procedures, including sanctions for anyone found not in compliance.

2.4.3. Technical and Physical Safeguards

2.4.3.1. Implement appropriate technical safeguards to protect Protected Health Information, including access controls, authentication and transmission security; and

2.4.3.2. Implement appropriate physical safeguards to protect Protected Health Information, including workstation security and device and media controls.

2.5. Mitigation of Improper Uses or Disclosures. Business Associate shall mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.

2.6. Reporting of Unauthorized Uses and Disclosures. Business Associate shall promptly report in writing to the Covered Entity any use or disclosure of Protected Health Information or a security incident not provided for under this Agreement as required at 45 CFR 164.410, of which Business Associate becomes aware, but in no event later than 10 business days of first learning of any such use or disclosure. Business Associate agrees that if any of its employees, agents, subcontractors, and representatives use or disclose Protected Health Information received from, or created or received on behalf of, the Covered Entity, or any derivative De-identified Information in a manner not provided for in this Agreement, Business Associate shall ensure that such employees, agents, subcontractors, and representatives shall receive training on Business Associate's procedures for compliance with the HIPAA Rules, or shall be sanctioned or prevented from accessing any Protected Health Information Business Associate receives from, or creates or receives on behalf of, the Plan. Continued use of Protected Health Information in a manner contrary to the terms of this agreement shall constitute a material breach of this Agreement.

2.7. Access to Protected Health Information. Within 10 days of a request by the Covered Entity on behalf of an individual, Business Associate agrees to make available to the Covered Entity per 45 CFR 164.524 (or, at the direction of the Covered Entity, the Plan participant) any relevant Protected Health Information in either paper or electronic format received from, or created or received on behalf of, the Plan in accordance with the Privacy Rule. If Business Associate receives, directly or indirectly, a request from an individual requesting Protected Health Information, Business Associate shall notify the Plan in writing promptly of such individual's request no later than 5 business days of receiving such a request. Business Associate shall not give any individual access to Protected Health Information unless such access is approved by the Plan.

2.8. Amendment of Protected Health Information. Within 10 days of a request by the Covered Entity, Business Associate agrees to make available to the Covered Entity any relevant Protected Health Information per 45 CFR 164.526 received from, or created or received on behalf of, the Plan so the Plan may fulfill its obligations to amend such Protected Health Information pursuant to the Privacy Rule. At the direction of the Plan, Business Associate shall incorporate any amendments to Protected Health Information into any and all Protected Health Information Business Associate maintains. If Business Associate receives, directly or indirectly, a request from an individual requesting an amendment of Protected Health Information, Business Associate shall notify the Plan in writing promptly of such individual's request no later than 5 business days of receiving such a request. Business Associate shall not amend any Protected Health Information at the request of an individual unless directed by the Plan. The Plan shall have full discretion to determine whether the requested amendment shall occur.

2.9. Accounting of Disclosures. Business Associate shall maintain an accounting of disclosures of Protected Health Information it receives from, or creates or receives on behalf of, the Covered Entity in accordance with the Privacy Rule. Within 10 days of a request by the Covered Entity, Business Associate shall make available to the Covered Entity, or, at the direction of the Covered Entity, the Plan participant, the information required to provide an accounting of disclosures in accordance with 45 CFR § 164.528. If Business Associate receives, directly or indirectly, a request from an individual requesting an accounting of disclosures of Protected Health Information, Business Associate shall notify the Covered Entity in writing promptly of such individual's request no later than 5 business days of receiving such a request. Business Associate shall not provide such an accounting at the request of an individual unless directed by the Covered Entity. The Covered Entity shall have full discretion to determine whether the requested accounting shall occur.

2.10. Restrictions and Confidential Communications. Business Associate shall, upon notice from the Covered Entity in accordance with Section 4.4, accommodate any restriction per 45 CFR 164.522 to the use or disclosure of Protected Health Information and any request for confidential communications to which the Plan has agreed in accordance with the Privacy Rule.

2.11. Subcontractors. In accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, Business Associate shall ensure that any of its agents, including any subcontractor, to whom it provides Protected Health Information received from, or created, received, maintained or transmitted on behalf of, the Plan agree to all of the same or substantially similar restrictions, conditions and requirements contained in this Agreement or the HIPAA Rules that apply to Business Associate with respect to such information. Business Associate shall not assign any of its rights or obligations under this Agreement without the prior written consent of the Covered Entity.

2.12. Audit.

2.12.1. Audit by Secretary of Health and Human Services. Business Associate shall make its internal practices, books, and records relating to the use and disclosure of Protected Health Information received from, or created or received on behalf of, the Covered Entity, available to the Secretary of Health and Human Services upon request for purposes of determining the Covered Entity's compliance with the HIPAA Rules.

2.12.2. Audit by the Covered Entity. Business Associate shall make its internal practices, books, and records relating to the use and disclosure of Protected Health Information received from, or created or received on behalf of, the Covered Entity, available to the Covered Entity, within 30 business days of the Covered Entity's request for the purposes of monitoring Business Associate's compliance with this Agreement, the HIPAA Rules, and other applicable law.

### 3. STANDARD ELECTRONIC TRANSACTIONS.

The following section applies if this Business Associate will engage in standardized transactions.

3.1. The parties agree that Business Associate shall, on behalf of the Covered Entity, transmit data for transactions that are required to be conducted in standardized format under the Electronic Transactions Rule.

3.2. Business Associate shall comply with the Electronic Transactions Rule for all transactions conducted on behalf of the Covered Entity that are required to be in standardized format.

3.3. Business Associate shall ensure that any of its subcontractors to whom it delegates any of its duties under its contract with the Plan, agrees to conduct and agrees to require its agents or subcontractors to comply with the Electronic Transactions Rule for all transactions conducted on behalf of the Covered Entity that are required to be in standardized format.

#### 4. OBLIGATIONS OF COVERED ENTITY

4.1. Notice of Privacy Practices. The Covered Entity shall provide Business Associate with the notice of privacy practices that the plan produces in accordance with 45 CFR 164.520, as well as any changes to such notice.

4.2. Revocation of Permission. The Covered Entity shall provide Business Associate with any changes in, or revocation of, permission by any individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.

4.3. Notice of Restrictions. The Covered Entity shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that the Covered Entity has agreed to in accordance with 45 CFR § 164.522.

4.4. Notice of Restrictions and Confidential Communications. The Covered Entity shall notify Business Associate of any restriction on the use or disclosure of Protected Health Information and any request for confidential communications to which, in accordance with the HIPAA Rules, the Covered Entity has agreed.

4.5. Permissible Requests by the Covered Entity. Except as provided in Section 2.1, the Covered Entity shall not request that Business Associate use or disclose Protected Health Information in any manner that would not be permissible under the HIPAA Rules if done by the Covered Entity.

#### 5. LIABILITY

5.1. Indemnification. Business Associate shall be solely responsible for, and shall indemnify and hold the Covered Entity harmless from any and all claims, damages, or

causes of action (including the Covered Entity's reasonable attorneys' fees) arising out of the acts or omissions of Business Associate or Business Associate's employees, agents, and subcontractors, and Business Associate will pay all losses, costs, liabilities, and expenses agreed to in settlement of, or in compromise of, or finally awarded the Plan in connection with such claims or actions. The Covered Entity shall notify Business Associate promptly of any action or claims threatened against or received by the Covered Entity and provide Business Associate with such cooperation, information, and assistance as Business Associate shall reasonably request in connection therewith. This Section 5.1 shall survive the termination of this Agreement.

5.2. Insurance Coverage. Business Associate agrees that it will purchase, if available and at its own expense, an insurance policy that will insure against any violations of the Privacy Rule by Business Associate or its employees, agents, subcontractors, and representatives with respect to Protected Health Information it receives from, or creates or receives on behalf of, the Covered Entity. Such insurance policy will be effective no later than the Effective Date of this Agreement.

## 6. AMENDMENT AND TERMINATION

6.1. Term. The term of this Agreement shall be effective as the Effective Date and shall terminate at the termination of the Underlying Agreement or on the date the Covered Entity terminates for cause as authorized in 6.2.

6.2. Termination for Violation of Agreement. If the, Covered Entity, in its sole discretion, determines that Business Associate has violated a material term of this Agreement with respect to Protected Health Information it receives from, or creates or receives on behalf of, Covered Entity, this Agreement may be terminated by the Plan effective upon Business Associate's receipt of written notice from the Covered Entity, provided that Business Associate shall continue to comply with Section 6.4 after termination of this Agreement.

6.3. Termination of Underlying Agreement. This Agreement shall terminate upon the termination of the Underlying Agreement, provided that Business Associate shall continue to comply with Section 6.4 hereof after termination of this Agreement.

6.4. Additional Obligations of Business Associate Upon termination.

Upon termination of this Agreement for any reason, business associate, with respect to Protected Health Information received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, shall:

1. Retain only that Protected Health Information which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities;

2. Return to Covered Entity or, if agreed to by covered entity, destroy the remaining Protected Health Information that the Business Associate still maintains in any form;

3. Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic Protected Health Information to prevent use or

disclosure of the Protected Health Information, other than as provided for in this Section, for as long as Business Associate retains the Protected Health Information;

4. Not use or disclose the Protected Health Information retained by Business Associate other than for the purposes for which such Protected Health Information was retained and subject to the same conditions set out at in Section 2 above, which applied prior to termination;

5. Return to Covered Entity or, if agreed to by Covered Entity, destroy the Protected Health Information retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities; and

6. Upon direction from the Covered Entity, the Business Associate will transmit the Protected Health Information to another Business Associate of the Covered Entity at termination.

7. Survival. The obligations of business associate under this Section 6.4 shall survive the termination of this Agreement.

6.5. Amendment to Comply with Law. The Parties acknowledge that state and federal laws relating to electronic data security and privacy are rapidly evolving and that amendment of this Agreement may be required to provide for procedures to ensure compliance with such developments, The Parties agree to take such action as is necessary to comply with the standards and requirements of HIPAA, the HIPAA Regulations and other applicable laws relating to the security or confidentiality of PHI. Upon either Party's request, the other Party agrees to promptly enter into negotiations concerning the terms of an amendment to this Agreement

## 7. MISCELLANEOUS PROVISIONS

7.1. Third-Party Beneficiary. No individual or entity is intended to be a third-party beneficiary to this Agreement or the Underlying Agreement, if separate.

7.2. Severability. If any term or other provision of this Agreement is determined to be invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to affect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible. If any provisions of this Agreement shall be held by a court of competent jurisdiction to be no longer required by the Privacy Rule, the parties shall exercise their best efforts to determine whether such provision shall be retained, replaced, or modified.

7.3. Procedures. The parties shall comply with procedures mutually agreed upon by the parties to facilitate compliance with HIPAA Rules, including procedures for employee



sanctions and procedures designed to mitigate the harmful effects of any improper use or disclosure of the Plan's Protected Health Information.

7.4. Regulatory Reference. A reference in this Agreement to a section of the HIPAA Rules meant the section as in effect, or as amended.

7.5. Choice of Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arizona except to the extent federal law applies. The parties hereby submit to the jurisdiction of the courts located in the State of Arizona including any appellate court thereof.

7.6. Headings. The headings and subheadings of the Agreement have been inserted for convenience of reference only and shall not affect the construction of the provisions of the Agreement.

7.7. Cooperation. The parties shall agree to cooperate and to comply with procedures mutually agreed upon to facilitate compliance with the Privacy Rule, including procedures designed to mitigate the harmful effects of any improper use or disclosure of the Plan's Protected Health Information.

7.8. Notice. Other than notices specifically required by law, Notice under this agreement shall be given in the manner and to those persons or entities that are to be provided notice in the Underlying Agreement.

7.9. Survival. The obligations of the Business Associate under this Section shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this BA Agreement to be signed and delivered by their duly authorized representatives, as of the BA Agreement Effective Date.

**BUSINESS ASSOCIATE:**  
**Gilsbar, L.L.C.**

**COVERED ENTITY:**  
**Lake Havasu Schools Employee**  
**Benefit Trust**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

Print Title: \_\_\_\_\_

# **MEMORANDUM**

TO: **LHSEBT TRUSTEES**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Jaime Schulenberg, Sr. Account Manager

DATE: January 28, 2019

RE: 2019-20 Benefits and Rates

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Trustees will review and discuss the budget, benefits and rates presented during the Work Session held on February 04, 2019. This agenda item is intended for Trustees to vote on any changes in benefits and related budget items and essentially develop and approve the benefits and rates to be afforded through LHSEBT for 2019-20.

If you should have any questions between now and the date of the meeting, feel free to call or email me at (928) 753-4700 x302 or [jaimes@ecollinsandassociates.com](mailto:jaimes@ecollinsandassociates.com).

# **MEMORANDUM**

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Jaime Schulenberg, Sr. Account Manager

DATE: January 28, 2019

RE: Discussion and Possible Action re Approval of Vendor Contracts

The following is an overview of the administrative contracts that are up for renewal effective July 1, 2019 and each vendor's offer to the Trust:

1. **Ameritas** – Ameritas has offered a rate pass; as such, their fee will remain at \$3.25/PEPM.
2. **Blue Cross Blue Shield of Arizona** – BCBSAZ is requesting an increase in the network rental fee over 3 years as follows:

	2018-19	2019-20	2020-21	2021-22
Network Lease	\$15.00	\$15.75	\$16.50	\$17.50

3. **Gilsbar** – Gilsbar has requested increases to their COBRA and FSA Administration fees, as well as a new PBM Integration Fee as follows:

	2018-19 Plan Year	2019-20 Plan Year
Medical Administration	\$17.90/PEPM	\$17.90/PEPM
COBRA Administration	\$1.60/PEPM	\$1.60/PEPM
FSA Administration	\$4.00/PPPM	\$4.50/PPPM
PBM Integration Fee	N/A	\$.85/PEPM

This request represents an estimated overall annual increase to the budget of \$5,000.

4. **GDK** – Mike Bonney has requested an increase in the monthly fee to produce the compilation reports from \$300 to \$325.
5. **Guardian** – Guardian, the Life/AD&D, Voluntary Term Life and Voluntary Short-Term Disability (STD) carrier, has requested increases as follows:

	2018-19 Plan Year	2019-20 Plan Year
Basic Life	\$.06/\$1,000	\$.08/\$1,000
AD&D	\$.02/\$1,000	\$.02/\$1,000
Voluntary Short-Term Disability	N/A	15%*

\*Voluntary STD rates are based on gender and age; per Guardian, those individual rates will increase by 15%; as a reminder, these premiums are paid in full by employees who elect this voluntary coverage.

All other vendors providing services to the Trust are in the middle of rate guarantees and/or contractual terms and therefore do not require action by the Trust at this time.

Staff recommends that these renewals be accepted as presented and that the Trust Chairman be authorized to execute all renewal documents upon review and approval by legal counsel.

If you should have any questions between now and the date of the meeting, feel free to call or email me at (928) 753-4700 x302 or [jaimes@ecollinsandassociates.com](mailto:jaimes@ecollinsandassociates.com).

# **MEMORANDUM**

TO: **LHSEBT TRUSTEES**

FROM: **ECA Inc.**  
Storm Kinion, Group Benefits Specialist

DATE: January 22, 2019

RE: Financial Summary for December 2018

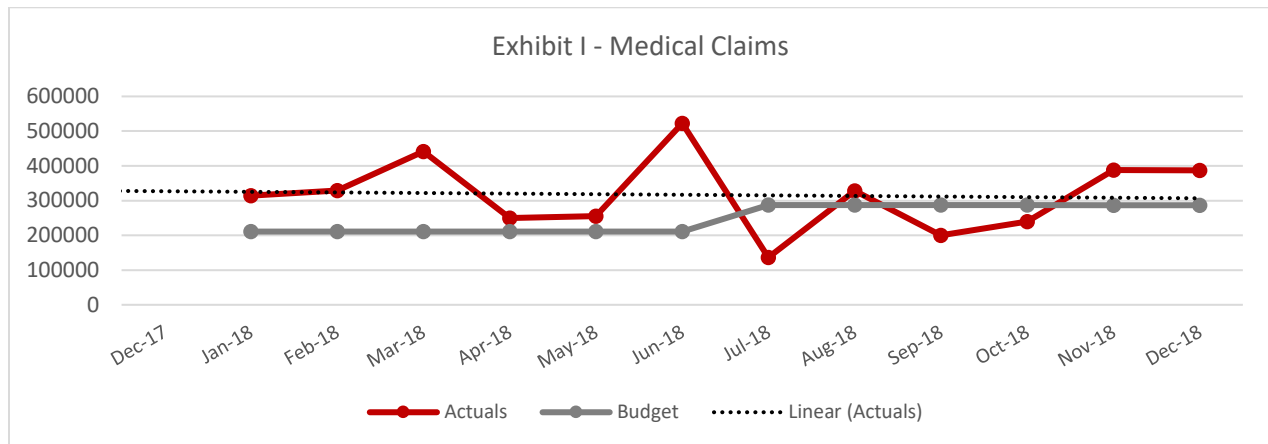
Attached please find the LHSEBT financial report for the month ending December 31, 2018 for your review and information.

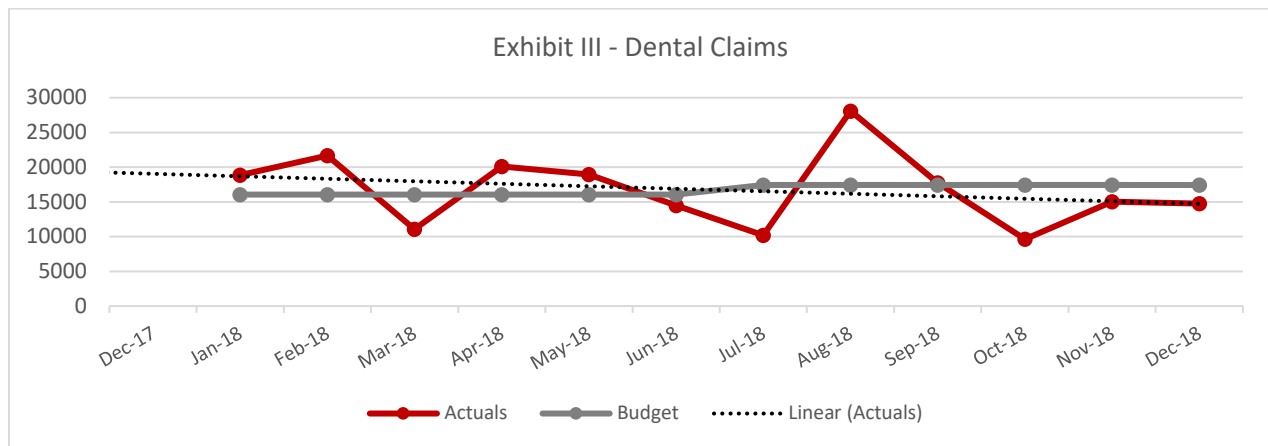
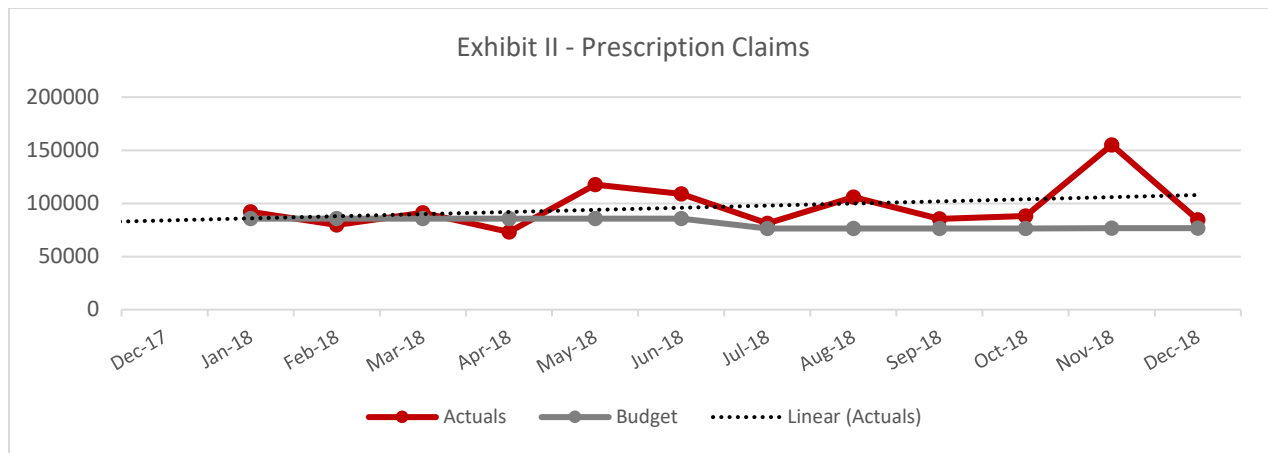
Below is a summary for your quick reference and information.

	<b>December</b>
<b>REVENUE</b>	\$647,178
<b>EXPENSES</b>	
- Claims	\$486,417
- Premiums	\$53,268
- Claims Administration	\$22,064
- General Operating	\$17,270
<b>Expense Total:</b>	<b>\$579,019</b>
<b>Monthly Financial Position</b>	<b>\$68,160</b>
<b>YTD Cash Position</b>	<b>(\$149,304)</b>
<b>All Years Cash Position</b>	<b>\$3,435,327</b>
<b>Estimated IBNP Liability</b>	<b>(\$1,326,883)</b>
<b>All Years Surplus/Deficit Position</b>	<b>\$2,108,443</b>

With regards to the December 2018 financial report, the following items merit your attention:

1. Gross Revenue in came in at 122% for the month and 88% for the year.
  - a. Interest & Investment Income came in at 453% due to the Trust's ability to invest more funds that earned interest than originally anticipated.
  - b. The Trust's cash position for the month came in at \$68,160.
  - c. The overall YTD deficit is primarily attributable to large claims.
2. Claim Funds include Medical, Rx and Dental claims as well as the Health & Wellness Center Lab and Rx charges, less any stop loss reimbursements and Rx rebates. This line item is running over budget 128% for the month and 94% for the year. More specifically, claims are running as follows (See Exhibits I, II and III below):
  - a. Gold Plan Medical claims at 140%:
    - i. Gold Plan medical claims are running over budget due to nine large claims totaling \$1,290,909.38;
  - b. Silver Plan Medical claims at 8%;
  - c. H&W Center Labs and Rx at 0%. As a reminder, ECA is holding several invoices for payment until we receive back-up to audit the requested payment;
  - d. Gold Plan Rx claims at 117%:
    - i. Gold Plan Rx claims are running over budget for the month due to five specialty prescriptions totaling \$26,575.79;
  - e. Silver Plan Rx claims at 471%:
    - i. Silver Plan Rx claims are running over budget due to high utilization; and
  - f. Dental claims at 85%.





3. Premiums are running at 103% for the month and at 99% for the year. Please note the following:
  - a. STD is still running over budget at 112% due to residual changes that occurred during open enrollment.
  - b. Basic Life is running high at 111% due to the census running over budget.
4. Claim Administration came in at 107% for the month. Please note the following:
  - a. Several vendors under this category are paid on a per employee per month (PEPM) basis; as such, when the census runs over budget, those expenses paid using the PEPM methodology will also run over budget.
  - b. Dental Admin is running over budget at 200% due to the November bill being paid in December.
5. General Operating is running at 22% for the month; please note the following:
  - a. Legal expenses are at 526% for the month due to services rendered in October and November.
6. The Trust has 9 large claims that exceed 50% of the specific deductible, or \$65,000, as of December 31, 2018. The 9 cases total \$1,290,909.38 and three of the claims have exceeded the specific deductible of \$130,000 by a total of \$359,510.08, of which \$68,732.50 has been received thus far. Gilsbar is in the process of seeking reimbursement for the remaining \$290,777.58 due. ECA will continue to monitor the large cases and keep the Board apprised.

Please note that figures used in this overview have been taken from the financial reports attached. The numbers are rounded, and therefore may not calculate to the penny.

If you have any questions on anything included here, please don't hesitate to contact me. I can be reached at your convenience at 928.753.4700 x305 or via email at [skinion@ecollinsandassociates.com](mailto:skinion@ecollinsandassociates.com)

c: Michael Murray, Director of Business Services



# LHSEBT - Lake Havasu Schools Employee Benefit Trust

2018-19

Dec-18

	Annual Budget	MTD Budget	MTD Actual	YTD Budget	YTD Actual	% Total MTD	% Total YTD
<b>GROSS REVENUE</b>	<b>\$6,374,085</b>	<b>\$531,173.72</b>	<b>\$647,178</b>	<b>\$3,187,042</b>	<b>#REF!</b>	<b>121.84%</b>	<b>#REF!</b>
Contributions	\$6,245,881	\$520,490	\$630,833	\$3,122,941	#REF!	121.20%	#REF!
Interest & Investment Income	\$16,932	\$1,411	\$6,385	\$8,466	#REF!	452.53%	#REF!
COBRA/ASRS	\$111,271	\$9,273	\$9,960	\$55,636	#REF!	107.41%	#REF!
<b>CLAIM FUNDS</b>	<b>\$4,571,912</b>	<b>\$380,993</b>	<b>\$486,417</b>	<b>\$2,285,956</b>	<b>#REF!</b>	<b>127.67%</b>	<b>#REF!</b>
Medical (Gold)	\$3,306,366	\$275,530	\$386,971	\$1,653,183	#REF!	140.45%	#REF!
Medical (Silver)	\$33,677	\$2,806	\$238	\$16,838	#REF!	8.46%	#REF!
Medical (Clinic Labs)	\$101,065	\$8,422	\$0	\$50,532	#REF!	0.00%	#REF!
Stop Loss Reimbursement		\$0	\$0	\$0	#REF!		
Rx (Gold)	\$845,572	\$70,464	\$82,512	\$422,786	#REF!	117.10%	#REF!
Rx (Silver)	\$5,000	\$417	\$1,963	\$2,500	#REF!	471.08%	#REF!
Rx (Clinic)	\$71,007	\$5,917	\$0	\$35,504	#REF!	0.00%	#REF!
Rx Rebates		\$0	\$0	\$0	#REF!		
Dental	\$209,225	\$17,435	\$14,733	\$104,613	#REF!	84.50%	#REF!
<b>PREMIUMS</b>	<b>\$619,302</b>	<b>\$51,609</b>	<b>\$53,268</b>	<b>\$309,651</b>	<b>#REF!</b>	<b>103.21%</b>	<b>#REF!</b>
Specific Stop Loss (American Fidelity)	\$446,533	\$37,211	\$38,117	\$223,267	#REF!	102.44%	#REF!
Aggregate Stop Loss (American Fidelity)	\$17,082	\$1,424	\$1,421	\$8,541	#REF!	99.80%	#REF!
Basic Life Insurance (Guardian)	\$26,486	\$2,207	\$2,452	\$13,243	#REF!	111.07%	#REF!
VTL (Guardian)	\$59,639	\$4,970	\$5,277	\$29,820	#REF!	106.18%	#REF!
STD (Guardian)	\$25,891	\$2,158	\$2,420	\$12,946	#REF!	112.15%	#REF!
Vision (United Health Care)	\$43,670	\$3,639	\$3,581	\$21,835	#REF!	98.41%	#REF!
<b>CLAIM ADMINISTRATION</b>	<b>\$247,222</b>	<b>\$20,602</b>	<b>\$22,064</b>	<b>\$123,611</b>	<b>#REF!</b>	<b>107.09%</b>	<b>#REF!</b>
Medical Admin (Gilsbar)	\$106,541	\$8,878	\$8,861	\$53,270	#REF!	99.80%	#REF!
Cobra Admin (Gilsbar)	\$9,523	\$794	\$792	\$4,762	#REF!	99.80%	#REF!
% of Savings	\$2,831	\$236	\$0	\$1,416	#REF!		
Dental Admin (Ameritas)	\$19,773	\$1,648	\$3,289	\$9,887	#REF!	199.61%	#REF!
FSA Admin (Gilsbar)	\$672	\$56	\$40	\$336	#REF!	71.43%	#REF!
Utilization Review (AHG)	\$11,904	\$992	\$990	\$5,952	#REF!	99.80%	#REF!
Case Management (AHG)	\$3,900	\$325	\$500	\$1,950	#REF!		
Medical Network (BCBSAZ)	\$89,280	\$7,440	\$7,425	\$44,640	#REF!	99.80%	#REF!
Rx Admin (CVS Caremark/WI Rx)	\$2,797	\$233	\$167	\$1,399	#REF!	71.64%	#REF!
<b>GENERAL OPERATING</b>	<b>\$935,649</b>	<b>\$77,971</b>	<b>\$17,270</b>	<b>\$467,824</b>	<b>#REF!</b>	<b>22.15%</b>	<b>#REF!</b>
Benefit Administrator (ECA)	\$72,019	\$6,002	\$6,000	\$36,010	#REF!	99.97%	#REF!
Management Fee (Cerner)	\$662,696	\$55,225	\$0	\$331,348	#REF!		
Clinical Operating Expenses	\$85,709	\$7,142	\$5,641	\$42,854	#REF!	78.98%	#REF!
Wellness Programs	\$0	\$0	\$0	\$0	#REF!		
Actuary (Cheiron)	\$12,559	\$1,047	\$0	\$6,279	#REF!		
Actuary - GASB (Cheiron)	\$17,558	\$1,463	\$0	\$8,779	#REF!	0.00%	#REF!
Accountant (GDK)	\$3,631	\$303	\$300	\$1,815	#REF!		
Auditor (Henfeld Meech)	\$6,012	\$501	\$0	\$3,006	#REF!	0.00%	#REF!
Legal	\$12,142	\$1,012	\$5,322	\$6,071	#REF!	526.01%	#REF!
PCORI	\$2,024	\$169	\$0	\$1,012	#REF!	0.00%	#REF!
General Administration	\$61,300	\$5,108	\$7	\$30,650	#REF!	0.13%	#REF!
<b>GRAND TOTAL BUDGET</b>	<b>\$6,374,085</b>	<b>\$531,174</b>	<b>\$579,019</b>	<b>\$3,187,042</b>	<b>#REF!</b>	<b>109.01%</b>	<b>#REF!</b>

Cash Position As Of June 30, 2018		\$3,584,631
Cash Position MTD	December-18	\$68,160
Cash Position YTD	December-18	(\$149,304)
Cash Position All Years		\$3,435,327

Prior Year	Cash Position	June 30, 2018	\$3,584,631
Surplus	IBNP	June 30, 2018	\$0
Calculations	Surplus Position	June 30, 2018	\$3,584,631
Current Year	Cash Position	December 2018	\$3,435,327
Surplus	IBNP	December 2018	(\$1,326,883)
Calculations	Surplus Position	December 2018	\$2,108,443

Gold Active/Cobra Census					
	EE	ES	EC1	EC1+	EF
Budget	304	43	20	24	64
Actual	305	42	43	0	63
% Budget	100.3%	97.7%	215.0%	0.0%	98.4%

Gold Retiree Census					
	EE	ES	EC1	EC1+	EF
Budget	26	8	0	0	0
Actual	26	7	0	0	0
% Budget	100.0%	87.5%	0.0%	0.0%	0.0%

Silver Census					
	EE	ES	EC1	EC1+	EF
Budget	6	1	0	0	0
Actual	8	2	0	0	0
% Budget	133.3%	200.0%	0.0%	0.0%	0.0%

Total Medical Census					
	EE	ES	EC1	EC1+	EF
Budget	336	52	20	24	64
Actual	339	51	43	0	63
% Budget	100.9%	98.1%	215.0%	0.0%	98.4%

Active/ Cobra Dental Census					
	EE	ES	EC1	EC1+	EF
Budget	362	44	18	25	58
Actual	334	35	47	0	54
% Budget	92.3%	79.5%	261.1%	0.0%	93.1%

Retiree Dental Census					
	EE	ES	EC1	EC1+	EF
Budget	0	0	0	0	0
Actual	31	7	0	0	1
% Budget	0.0%	0.0%	0.0%	0.0%	0.0%

Active/ Cobra Vision Census					
	EE	ES	EC1	EC1+	EF
Budget	369	54	16	20	49
Actual	340	39	37	0	50
% Budget	92.1%	72.2%	231.3%	0.0%	102.0%

Retiree Vision Census					
	EE	ES	EC1	EC1+	EF
Budget	0	0	0	0	0
Actual	33	6	0	0	1
% Budget	0.0%	0.0%	0.0%	0.0%	0.0%

YTD Aggregate Calculations					
Contracted Aggregate Factors					
	EE	ES	EC1	EC1+	EF
	\$550	\$1,095	\$969	\$969	\$1,645
Total	#REF!				
Med/Rx	#REF!				
Difference	#REF!				
Estimated % Attachment Point				#REF!	

[illegible]

Clinic General Administration Expenses Detail													
LHSEBT													
	July	August	September	October	November	December	January	February	March	April	May	June	YTD
Expenses													
													\$0.00
													\$0.00
Cleaning	\$1,170.00	\$1,170.00	\$1,170.00	\$1,170.00	\$1,170.00	\$1,170.00							\$7,020.00
Electric		\$1,319.64	\$556.11	\$391.83	\$558.06								\$2,825.64
Gas	\$22.83	\$22.09	\$22.09	\$19.34	\$19.71								\$106.06
Landscaping	\$200.00	\$200.00	\$200.00	\$200.00		\$200.00							\$1,000.00
Misc. Expenses		\$685.60	\$98.71	\$2.37									\$786.68
Pest Control		\$120.00	\$60.00	\$120.00									\$300.00
Phone	\$748.66	\$750.30	\$751.13	\$760.03	\$762.96	\$758.63							\$4,531.71
Property Insurance					\$2,173.00								\$2,173.00
Property Taxes				\$4,590.22									\$4,590.22
Rent	\$3,275.00	\$3,275.00	\$3,275.00	\$3,275.00	\$3,275.00	\$3,275.00							\$0.00
Repairs and Maintenance				\$737.89	\$144.40								\$882.29
Security													\$0.00
Trash		\$123.14	\$59.07	\$64.07	\$59.07	\$59.07							\$364.42
Water	\$155.35	\$154.10	\$163.27	\$154.43	\$168.21	\$178.49							\$973.85
Western A	\$76.50		\$290.70										\$367.20
\$5,648.34 \$7,819.87 \$6,646.08 \$11,485.18 \$8,330.41 \$5,641.19 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00													\$45,571.07

# **MEMORANDUM**

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**  
Jaime Schulenberg, Sr. Account Manager

DATE: January 28, 2019

RE: Updates & Announcements

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Formerly called “Admin Update,” this item is intended to allow for staff and/or Trustees to provide updates on outstanding items, provide information about items of note that don’t require an agenda item for discussion, and to make any relevant announcements.

If you have any questions between now and the date of the meeting, I can be reached at (928) 753-4700 ext. 302 or via email at [jaimes@ecollinsandassociates.com](mailto:jaimes@ecollinsandassociates.com).