

LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST

2200 Havasupai Blvd., Lake Havasu City, AZ 86403

Trust Board Minutes

January 17, 2019

REGULAR MEETING:

1. Routine Opening of Meeting – Call to Order

The Regular Meeting of the Board of Trustees of the Lake Havasu Schools Employee Benefit Trust was called to order by Trust Chairperson, Marcia Cox, in the District Boardroom, 2200 Havasupai Blvd., Lake Havasu City, Arizona at 5:02 p.m. on January 17, 2019.

1.1 Roll Call

BOARD MEMBERS PRESENT: Marcia Cox, Chairperson
Hal Christiansen, Vice Chairperson (via phone)
Amy Barney, Trustee
Julie Sasseen, Trustee

BOARD MEMBERS ABSENT: Dr. Fadi Atassi, Trustee

GOVERNING BOARD MEMBERS PRESENT: N/A

ADMINISTRATION PRESENT: Mike Murray, Director of Business Services

OTHERS:

Peggy Cardela, Gilsbar (via phone)
Erin Collins, ECA – Broker/Consultant
Ashley Flick, Gilsbar (via phone)
Storm Kinion, ECA – Broker/Consultant
Joyce Perez, Gilsbar
Jaime Schulenberg, ECA – Broker/Consultant
5 Others

1.2 Pledge of Allegiance/Moment of Silence

1.3 Call for an Executive Session - None

2. Call to the Public

- Kathryn Hubert would like to know if the Employee Assistance Program is going to be reinstated. She would like them to be reconsidered.
- Kathryn Hubert is concerned about the disclaimer when you call the phone number off the insurance card (Gilsbar), which indicates that they aren't liable if wrong information is given.

3. Old Business

Trustee Sasseen made a motion to review old business, seconded by Trustee Barney and unanimously approved.

3.1 Discussion and Possible Action re Void Contracts

Mr. Collins updated the Board on the review of the final two contracts found to be void, advising they were renegotiated as follows:

- A. Ameritas – The contract became corrupted during exchanges between Ameritas and ECA. Trustees were asked to approve the agreement and authorize the Chairperson to execute the document on behalf of the Trust subject to four (4) corrections listed in the cover memo:
 - 1. There was an invalid cross-reference under section IV (B) on page 6, which has been corrected referencing into the address on page 8 subsection J;
 - 2. The pagination is off in the footer;
 - 3. Appendix C was manually entered rather than incorporated into the body of the Agreement; and
 - 4. Legal Counsel’s “Approval as to Form” box is missing.

Trustee Barney made a motion to approve the contract with the provision that the four (4) changes in the cover memo be incorporated and authorized the Chair to sign, seconded by Trustee Sasseen and unanimously approved.

- B. Gilsbar – The contract was reviewed and approved by Mike Hensley excluding two final sections pertaining to overall compensation and charges that can be made against the Trust by Gilsbar, which ECA felt was too broad and did not understand how they would operate in practice. The two final changes are related to custom reports/changes to standard processes and third-party requests.

To review the requested provisions, Ms. Perez as well as Peggy Cardela and Ashley Flick from Gilsbar’s Contracts and Compliance Department were present. Ms. Perez invited Ms. Cardela to address the two outstanding items. Ms. Cardela started by stating Gilsbar had concerns regarding the contract having been in force since 2009 and why that contract wasn’t being ratified. Instead, they were presented with a contract that deviated from their usual language and contained one-sided provisions that benefitted the Trust but not Gilsbar. This was not discussed at any point with ECA prior to the meeting. Ms. Cardela acknowledged it had not been discussed with ECA but wanted to see if contract ratification could be an option. Chairperson Cox reminded Ms. Cardela that she had been informed many months prior that the current contract was void because it was not approved during an open meeting. Chairperson Cox recommended postponing the item and having ECA and legal counsel contact Gilsbar’s president and legal counsel.

3.2 Discussion and Possible Action re Clinic Closure/Inventory

Ms. Schulenberg advised that ECA had secured the Clinic building and conducted a thorough inventory of all remaining items. Trustees discussed what to do with the remaining equipment left at the clinic and agreed to gift items to the District. Pictures will be provided so the District can create the list of items they would be able to use in various programs. Vice Chairperson Christiansen reported there is a prospective tenant; it is important to remove the items wanted as quickly as possible. Whatever items are left can be sold or left for the new tenant to purchase possibly.

Vice Chairperson Christiansen moved to allow the District to come in and select any items they want, and any other items the Trust will dispose of accordingly, seconded by Trustee Sasseen and unanimously approved.

4. New Business

Trustee Sasseen made a motion to review new business, seconded by Trustee Barney and unanimously approved.

4.1 Review of Incurred But Not Paid Analysis (IBNP)

Ms. Schulenberg reviewed the IBNP provided by Michael Schionning of Cheiron, who does an analysis and determines a dollar value of the claims that have been incurred but not presented for payment, in addition to administrative fees which would be necessary if the Trust were to shut down. Mr. Schionning's estimate of the IBNP is \$655,000 (Medical/Rx and Administrative fees) for plan year ending June 30, 2018. Going forward this is an analysis Cheiron will provide every year and ECA will report how and why the number has changed. Chairperson Cox asked Ms. Schulenberg if \$548,000 in IBNP for Medical/Rx surprised her. Ms. Schulenberg reported it was comparable to other entities of their size. Ms. Barney inquired as to the time requirements to file a claim with the TPA? Ms. Schulenberg reported providers have one year to file a claim.

No Action.

4.2 Discussion and Possible Action re Teladoc

Ms. Schulenberg reported Teladoc went live January 01, 2019 with Gilsbar providing weekly eligibility files. The District sent flyers and emails reminding employees about the availability of Teladoc and ECA is working on an eligibility campaign to encourage members to register before they need the service. Some minor issues with registration have been resolved.

An issue was brought forward from an employee on how to register a dependent that is not covered under the medical plan. The employee noted that in the Teladoc presentation,

the speaker noted that all family member could be covered under the Plan, however, in that same presentation both Chairperson Cox and Erin Collins both clarified that only members covered under the medical plan were covered. Unfortunately, an email had gone out to employees from someone who attended that presentation which indicated that all family members could use Teladoc. Chairperson Cox requested that all questions on benefits be referred to ECA to avoid misinformation or misinterpretation of plan parameters; she also indicated she would like a letter to be mailed to all employees clarifying the coverage in question. Ms. Schulenberg will draft the letter and Mr. Murray will disseminate.

No Action.

4.3 Approval of October 18, 2018 Meeting Minutes

Vice Chairperson Christiansen moved to approve the October 18, 2018 meeting minutes, seconded by Trustee Barney, and approved by majority; Julie Sasseen was not at the prior meeting and recused herself from voting.

4.4 Review of Financial Reports through November 30, 2018

Ms. Schulenberg reviewed August through November financial reports focusing primarily on November as it was the most recent. The Trust banked a little money, spending a little less than the premiums received for the year. The interest and investment incomes are high since the Trust has been able to invest more money than originally anticipated. The overall YTD deficit is primarily due to large claims. Medical/Rx is running high also due to large claims. The Trust has 5 large claims that exceed 50% of the specific deductible of \$130,000; ECA tracks any claims over \$65,000. The claims total approximately \$689,000; three of which have exceeded the specific deductible by \$115,000. The Trust is still in the process of receiving those dollars. There are several outstanding invoices from Cerner totaling approximately \$10,000. Ms. Schulenberg is actively pursuing the back-up documents in order to pay the invoices, at which time Trustees will see a large spike in the Clinic Rx, Lab and Admin expenses.

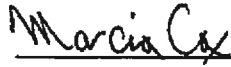
Vice Chairperson Christiansen moved to approve the August through November Financial Reports, seconded by Trustee Sasseen, and unanimously approved.

5. Adjournment

Vice Chairperson Christiansen moved to adjourn at 6:28 p.m., seconded by Trustee Sasseen and unanimously carried.

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

Minutes of the Special Trust Board Meeting of January 17, 2019 are approved as submitted.



Marcia Cox, Chairperson



Hal Christiansen, Vice Chairperson