

LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST
2200 Havasupai Blvd., Lake Havasu City, AZ 86403

Trust Board Minutes
August 29, 2018

SPECIAL MEETING:

1. Routine Opening of Meeting – Call to Order

The Special 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 4:01 p.m. on August 29, 2018.

1.1 Roll Call

BOARD MEMBERS PRESENT:

Marcia Cox, Chairperson
Dr. Fadi Atassi (Arrived at 4:04 p.m.), Trustee
Amy Barney, Trustee
Hal Christiansen, Vice Chairperson (Via Phone)
Pat Rooney, Trustee
Julie Sasseen, Trustee

GOVERNING BOARD MEMBERS

John Masden, President
Nichole Cohen, Vice President
Kathy Cox

ADMINISTRATION PRESENT:

Diana Asseier, Superintendent
Michael Murray, Director of Business Services
Jaime Festa-Daigle, Director of Personnel & Technology

OTHERS:

Erin Collins, ECA – Broker/Consultant
Michael Hensley, Jones Skelton & Hochuli – Legal Counsel (Via Phone)
Jaime Schulenberg, ECA – Broker/Consultant (Via Phone)
26 Others

1.2 Pledge of Allegiance/Moment of Silence

2. Call to the Public – None

3. Old Business (Editor’s Note: This item was mis-numbered on the Agenda as #4)

3.1 Review and Update re Status of Negotiations with Cerner for Management and Operation of the H&W Clinic

Ms. Cox requested that the Board move into Executive Session for legal advice on the contract negotiations with Cerner.

Dr. Atassi moved to adjourn to Executive Session, seconded by Ms. Sasseen, to adjourn to Executive Session at 4:07 p.m.

Regular session resumed at 4:36 p.m.

Mr. Collins gave a presentation on the status of ongoing negotiations with Cerner regarding the management and operation of the Health & Wellness Clinic. During the presentation, Mr. Collins provided background on the discovery of numerous contracts which were considered void and how that resulted in negotiations with Cerner to try and reduce the overall expenditures of the Trust to eliminate a projected deficit in funds. He went on to describe the options available to the Trust, which are to accept a revised proposal from Cerner or allow the Clinic to wind-down operations and close as of 12/31/18 if an agreement could not be reached by 08/31/18.

The presentation included an overview of the pros and cons of both options as well as projected budget impacts for both keeping and closing the Clinic. Mr. Collins also noted that ECA had begun a process to redesign benefits as of January 01, 2019 in the event an agreement with Cerner could not be reached.

Mr. Christiansen acknowledged that there would be no way to find a new manager or provider for the Clinic prior to 12/31/18 and asked whether it would make sense to extend the contract with Cerner through March 2020 and spend the next 18 months trying to find other solutions to provide a clinic-like model for employees. Mr. Collins commented that he was unsure as to whether 18 months was a long enough timeframe to conduct such an analysis as he felt that the initial process to review on- or near-sight clinics lacked substantive metrics including goal-setting, care directed at the reduction of medical claims, performance guarantees, and billing systems that would allow for necessary reporting, among a myriad of other things. He stressed that this was not a reflection on Cerner but rather, in the initial research and implementation phase. Mr. Collins simply feels that the process is very complex and could take up to two years to do it properly.

Ms. Cox noted that the Board had been trying to work with Cerner for over three years in an effort to understand costs and benefits and still had not received a lot of the requested data. She said that Cerner's solution, instead of reducing their fee, was to reduce staffing and hours, which would have a negative impact on members trying to use the Clinic. She reiterated that the Board has a fiduciary duty to maintain a fiscally sound Plan that is able to provide affordable benefits to its members over the long-term. She feels that continued operation of the Clinic will cause increased premiums year over year. Ms. Cox did note that a decision not to agree to Cerner's proposal did not mean that the Trust could not look at other alternatives in the future.

Mr. Collins added that he did not believe that with the current contract and structure the Clinic would ever break even and that he thought the Trust and District would be better off

re-distributing any savings in such a way that all employees would benefit (by reducing co-pays, deductibles, maximum out-of-pocket amounts, etc.).

A number of members of the public addressed the Board, primarily with concerns regarding the loss of the Clinic, availability of providers in Lake Havasu City, and what was perceived to be a “quick” decision by the Board to close the Clinic. Many members understood the financial issues, but felt that the overall model of the Clinic should not be compared to the community model. Some specific comments and responses included:

- Question regarding whether the projected surplus (if the Clinic closes) was truly a “surplus” since presumably members would move their care to community providers. Mr. Collins indicated that ECA had assumed no savings for movement of care from the Clinic to the community, and that, in fact, he felt we had underestimated the savings the Trust will realize.
- A concern about increasing the Urgent Care co-pay to \$75; \$50 is already difficult based on teacher salaries.
- Question regarding a wellness clinic operated by NAPEBT in Flagstaff – has ECA contacted them about their program? Mr. Collins replied that we had not reached out to them but knows they are losing \$3M per year based on their Department of Insurance audits.
- Question regarding the option to close the current Trust and join ASBAIT. Ms. Cox and Ms. Cohen noted that they had applied to ASBAIT in the past and ASBAIT had declined to quote and would not indicate why. Ms. Cox said the decline letter from ASBAIT was included in the most recent bids for insurance completed by the previous consultant.
- Question as to whether claims costs have declined with the implementation of the changes in July; Mr. Collins said that we only have one month of data so it is too early to tell. However, he noted that estimated savings were taken into account when the premiums were developed.
- Comments regarding the perception that this decision was being made “too quick.” Ms. Cox explained that although she understood there might be that perception, that the Board had been in discussions with Cerner for several years and it wasn’t until they hired a new consultant and attorney that they were finally able to get the data they needed in order to make an informed decision. Ms. Cohen added that when the Clinic was implemented, it was estimated to save the Trust \$1.6M in claims. She also mentioned that in previous minutes that there was talk about increasing premiums, that we couldn’t afford it and even talk about eliminating staff as a way to keep the Center open.

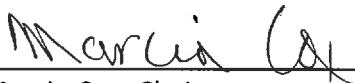
With no further public comment, Ms. Barney requested that if the Clinic closes, Personnel assist employees ahead of open enrollment by verifying the list of available providers is up to date and accurate, taking new patients, etc.

Mr. Hensley advised Trustees that they had the option to either make a motion to accept the proposal from Cerner to keep the Clinic open beyond 12/31/18, or with no motion, that the current Agreement would wind-down the Clinic with a closure date of 12/31/18. No motion was made; as such, Cerner will be advised that their proposal was not accepted and ECA and Trustees will begin employee education, benefit re-structuring, and work with Cerner on the wind-down of Clinic operations.

4. Adjournment (Editor's Note: This item was mis-numbered on the Agenda as #5)
Dr. Atassi moved, seconded by Ms. Barney, to adjourn at 6:00 p.m.

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 August 29, 2018 are approved as submitted.



Marcia Cox, Chairperson



Hal Christiansen, Vice Chairperson