



LAKE HAVASU UNIFIED SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST
BOARD OF TRUSTEES – NOTICE OF TRUST MEETING

Wednesday, April 25, 2018 3:00 p.m.
2200 Havasupai Blvd. – Governing Board Conference Room
Lake Havasu, 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.

The Board of Trustees (the "Board") of the Lake Havasu Unified School District Employee Benefit Trust (LHSEBT) may, by motion, recess into Executive Session for discussion and consultation with attorney(s) for the Board to receive legal advice on any item contained in this Agenda pursuant to ARS §38-431.03 (A)(3) or for discussion or consideration of records exempt by law from public inspection in accordance with ARS §38-431.03 (A)(2) on any item contained in this agenda.

AGENDA

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|--|-------------------------------|
| 1. Call to Order | Kari Thompson, Chairperson |
| 2. Roll Call | Naomi Morgan, Trust Secretary |
| 3. Pledge to the Flag | Kari Thompson, Chairperson |
| 4. Call to the Public | Kari Thompson, Chairperson |
| 5. Executive Session for General Legal Advice and Consultation on Contracts Pursuant to ARS §38-431.03(A)(3) and (4) | Michael Hensley, JS&H |
| 6. Discussion and Possible Action re Development of Section 125 Plan Document | Jaime Schulenberg, ECA |
| 7. Discussion and Possible Action re Meeting Start Time | Marcia Cox, Vice Chairperson |
| 8. Review of Cerner v. BCBSAZ LabCorp Charges | Joyce Perez, Gilsbar |
| 9. Administrative Update | Jaime Schulenberg, ECA |
| 10. Future Agenda Items | Kari Thompson, Chairperson |
| 11. Adjourn | Kari Thompson, Chairperson |

Note: Unless Otherwise Indicated, All Agenda Items Are Potential Action Items

Pursuant to the Americans with Disabilities Act (ADA), LHSEBT endeavors to ensure the accessibility of all its programs, facilities and services to all persons with disabilities. If you need an accommodation for this meeting, please contact Michael Murray at (928) 505-6937. Requests should be made as early as possible to arrange the accommodation.

PLEASE POST NO LATER THAN 3:00 P.M., TUESDAY, APRIL 24, 2018

MEMORANDUM

TO: **LHSEBT Trustees**

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

DATE: April 18, 2018

RE: Section 125 Plan Document

I recently had a question from District staff concerning eligibility for a mid-year plan change. When I pulled the Summary Plan Document (SPD) for reference, I discovered that typical language regarding those changes is not included in the current version. As an alternative, I attempted to review the Section 125 Plan Document and learned that one does not exist.

A Section 125 Plan Document is required for any Plan that offers premiums on a pre-tax basis and/or provides employees with flexible spending plans. Gilsbar can create this document for \$300 and ECA would recommend that Trustees authorize that expenditure.

In addition, I will work with Gilsbar to include customary language in the Medical/Rx SPD revisions for 2018-19.

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.

MEMORANDUM

TO: **LHSEBT Trustees**

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

DATE: April 18, 2018

RE: Trust Meeting Start Times

During the March 29, 2018 staff meeting, at least one employee “complained” that staff could not attend EBT meetings because of the 3:00pm start time. Marcia Cox, Vice Chairperson, requested that this item be placed on today’s agenda for discussion about possibly changing start times for future meetings to accommodate staff attendance.

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.

MEMORANDUM

TO: **LHSEBT Trustees**

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

DATE: April 18, 2018

RE: Cerner LabCorp v. BCBSAZ LabCorp Comparison

Trustees requested that a comparison of lab costs between Cerner and the BCBSAZ network be conducted in an effort to determine which discounts were lower.

Gilsbar compared Cerner lab costs for calendar year 2017 to labs under the BCBSAZ network using CPT codes provided by LabCorp. According to the analysis, the Cerner contract is about 30.5% higher than the Blues contracted amounts. Joyce Perez from Gilsbar will be available to review this analysis with Trustees.

As a reminder, Trustees voted to require the use of the BCBSAZ LabCorp contract at the H&W Clinic effective 07/01/18.

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.

S2595 Lake Havasu - CPT Codes analysis - Data: Issued claims (Jan 2016 - Dec 2017)

LabCorp charges paid by the plan vs. LabCorp invoiced charges comparison

Summary - Benefit Paid Comparison				
CPT	Plan - In Network Average Benefit Paid	Lab Corp price	Variance	
36415	\$1	\$3		-\$2
80053	\$3	\$5		-\$1
80061	\$4	\$5		\$0
80074	\$13	\$37		-\$24
81003	\$1	\$3		-\$2
81162	\$1,694	\$1,929		-\$235
82150	\$3	\$4		-\$1
82306	\$9	\$243		-\$234
82607	\$6	\$110		-\$104
82728	\$5	\$7		-\$1
83036	\$2	\$4		-\$2
83540	\$3	\$8		-\$5
83690	\$4	\$4		-\$1
83735	\$0	\$5		-\$4
84144	\$16	\$12		\$4
84146	\$2	\$13		-\$11
84153	\$7	\$8		-\$1
84436	\$3	\$4		-\$1
84439	\$3	\$7		-\$4
84443	\$4	\$6		-\$2
84480	\$5	\$12		-\$7
84481	\$3	\$21		-\$17
84484	\$0	\$25		-\$25
84550	\$2	\$3		-\$1
85025	\$2	\$4		-\$1
86038	\$3	\$47		-\$44
86141	\$0	\$12		-\$12
86376	\$1	\$8		-\$6
86677	\$6	\$20		-\$14
87070	\$0	\$9		-\$9
87086	\$4	\$8		-\$4
87186	\$1	\$8		-\$7
87624	\$26	\$45		-\$19
88175	\$30	\$32		-\$2
				-\$801

Summary - Allowed Amount Comparison				
CPT	Plan - In Network Average Allowed Amount	Lab Corp price	Variance	
36415	\$2	\$3		-\$1
80053	\$8	\$5		\$3
80061	\$10	\$5		\$5
80074	\$36	\$37		-\$1
81003	\$2	\$3		-\$2
81162	\$1,694	\$1,929		-\$235
82150	\$5	\$4		\$1
82306	\$18	\$243		-\$225
82607	\$12	\$110		-\$99
82728	\$10	\$7		\$4
83036	\$7	\$4		\$3
83540	\$5	\$8		-\$3
83690	\$5	\$4		\$1
83735	\$5	\$5		\$1
84144	\$16	\$12		\$4
84146	\$15	\$13		\$2
84153	\$14	\$8		\$6
84436	\$5	\$4		\$1
84439	\$7	\$7		\$0
84443	\$13	\$6		\$7
84480	\$11	\$12		-\$1
84481	\$13	\$21		-\$8
84484	\$8	\$25		-\$17
84550	\$3	\$3		\$0
85025	\$5	\$4		\$1
86038	\$9	\$47		-\$38
86141	\$10	\$12		-\$2
86376	\$10	\$8		\$3
86677	\$11	\$20		-\$9
87070	\$7	\$9		-\$2
87086	\$6	\$8		-\$2
87186	\$7	\$8		-\$1
87624	\$27	\$45		-\$18
88175	\$30	\$32		-\$2
				-\$623

Summary - Charged Amount Comparison				
CPT	Plan - In Network Average Charged Amount	Lab Corp price	Variance	
36415	\$24	\$3		\$21
80053	\$50	\$5		\$45
80061	\$98	\$5		\$94
80074	\$452	\$37		\$416
81003	\$36	\$3		\$33
81162	\$2,920	\$1,929		\$991
82150	\$57	\$4		\$53
82306	\$291	\$243		\$48
82607	\$106	\$110		-\$5
82728	\$73	\$7		\$67
83036	\$80	\$4		\$76
83540	\$37	\$8		\$29
83690	\$59	\$4		\$55
83735	\$69	\$5		\$64
84144	\$154	\$12		\$142
84146	\$157	\$13		\$145
84153	\$103	\$8		\$95
84436	\$48	\$4		\$44
84439	\$116	\$7		\$109
84443	\$115	\$6		\$109
84480	\$122	\$12		\$110
84481	\$231	\$21		\$211
84484	\$160	\$25		\$135
84550	\$43	\$3		\$40
85025	\$39	\$4		\$35
86038	\$102	\$47		\$55
86141	\$78	\$12		\$66
86376	\$117	\$8		\$110
86677	\$141	\$20		\$121
87070	\$80	\$9		\$72
87086	\$67	\$8		\$59
87186	\$84	\$8		\$77
87624	\$154	\$45		\$109
88175	\$129	\$32		\$97
				\$3,924

CPT	CPT Description
36415	COLLECTION VENOUS BLOOD VENIPUNCTURE
80053	COMPREHENSIVE METABOLIC PANEL
80061	LIPID PANEL
80074	ACUTE HEPATITIS PANEL
81003	URNLS DIP STICK/TABLET RGNT AUTO W/O MICROSCOPY
81162	BRCA1&BRCA2 FULL SEQ ANALYS/FULL DUP/DEL ANALYS
82150	ASSAY OF AMYLASE
82306	25 HYDROXY INCLUDES FRACTIONS IF PERFORMED
82607	CYANOCOBALAMIN VITAMIN B-12
82728	ASSAY OF FERRITIN
83036	HEMOGLOBIN GLYCOSYLATED A1C
83540	ASSAY OF IRON
83690	ASSAY OF LIPASE
83735	ASSAY OF MAGNESIUM
84144	ASSAY OF PROGESTERONE
84146	ASSAY OF PROLACTIN
84153	ASSAY OF PROSTATE SPECIFIC ANTIGEN TOTAL
84436	ASSAY OF THYROXINE TOTAL
84439	ASSAY OF FREE THYROXINE
84443	ASSAY OF THYROID STIMULATING HORMONE TSH
84480	ASSAY OF TRIIODOTHYRONINE T3 TOTAL TT3
84481	ASSAY OF TRIIODOTHYRONINE T3 FREE
84484	ASSAY OF TROPONIN QUANTITATIVE
84550	ASSAY OF BLOOD/URIC ACID
85025	BLOOD COUNT COMPLETE AUTO&AUTO DIRNRTL WBC
86038	ANTINUCLEAR ANTIBODIES ANA
86141	C-REACTIVE PROTEIN HIGH SENSITIVITY
86376	MICROSOMAL ANTIBODIES EACH
86677	ANTIBODY HELICOBACTER PYLORI
87070	CUL BACT XCPT URINE BLOOD/STOOL AEROBIC ISOL
87086	CULTURE BACTERIAL QUANTITATIVE COLONY COUNT URINE
87186	SUSCEPTIBLTY STDY ANTIMICRBIAL MICRO/AGAR DILUTJ
87624	IADNA HUMAN PAPILOMAVIRUS HIGH-RISK TYPES
88175	CYTP C/V AUTO THIN LYR PREPJ SCR MNL RESCR PHYS

Allowed Amount = The total billed charges minus ineligible charges and discounts

Benefit Paid = The allowed amount after member out of pocket (copays, deductible, etc.) and any coordination of benefits

MEMORANDUM

TO: LHSEBT Trustees

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

DATE: April 18, 2018

RE: Administrative Update

Health & Wellness Clinic Cost Comparison

Cerner provided ECA with requested data to complete the cost comparison and that data has been provided to the Trust's actuary, Michael Schionning of Cheiron. As of the date of this email, we are awaiting an update on the status of this analysis and hope to provide that at the meeting.

Gilsbar

Gilsbar, the Trust's third-party administrator (TPA), has requested that the following statement be entered into the "record" on their behalf:

Below is description of the services that we provided to Lake Havasu when Dave Stewart was the broker. We were mentioned in the public record because the prior broker stated that we provided funding rates for the Plan. We never supplied funding rates for the plan. That service is not something we provide which is why it is not part of our contract with Lake Havasu. This is noted below. We would like this response to be included in the Public Record.

Gilsbar performed its normal third party administrator services for Lake Havasu. Gilsbar received medical claims from providers and processed those claims as well as handled related administrative activities including processing the payment of other expenses from the claims fund as directed by Lake Havasu. These transactions were captured and reported monthly to Lake Havasu.

- While we make suggestions periodically to save the plan money, those suggestions center around plan design changes, increasing deductibles/copays and percent of employee contributions, but never funding rates. In fact, we would not supply funding factors to a group even if requested. The reporting to Lake Havasu did not include claims from the clinic because the clinic could not give Gilsbar CPT codes and did not exchange claims data with Gilsbar, both of which are required in order for the clinic claims to be included in plan reporting. While Gilsbar has a subsidiary which provides Medical Management, Lake Havasu did not purchase this service.
- Specifically, Gilsbar also issued payment on the following types of invoices:
 - Dental carrier monthly premium invoice
 - Vision carrier monthly premium invoice
 - Term Life, Dependent Life, STD, Voluntary AD&D, Voluntary Term Life carrier monthly premium invoice
 - Cerner Clinic monthly invoice

- Clinic monthly lease invoice
- Clinic overhead invoices of varying cycles including, but not limited to:
 - o Electricity
 - o Landscaping
 - o Phone/Communications
 - o Medical Supply
 - o Waste/Trash
 - o Water
 - o Janitorial
 - o Pest Control
 - o Other Maintenance
- Other Trust expenses as instructed such as:
 - o Travel expenses
 - o Auditor invoices
 - o CPA invoices
 - o Legal invoices
 - o Tax invoices
 - o Wellness incentives
- Providing an annual statistical and actuarial review of the plan claims and expenses we had information on.

Life Insurance Commissions

Guardian, the Trust's life insurance carrier as of 09/01/17, initially informed ECA that the plan was written with commissions but would not provide specific dollars paid; ECA calculated an estimated amount based on the data provided and reported that amount to Trustees at a previous meeting. When we followed up with Guardian about adjusting the rates to accommodate the removal of commission, we were told that the policy was written net of commission and that the previous information was "general" in nature and not specific to LHSEBT.

March 29, 2018 Staff Meeting

ECA was asked to present the Trust's financial status and benefit changes for the coming year at a staff meeting held on March 29 at the PAC. The meeting went very well overall with some great questions from the audience. As expected, some aren't happy with the changes and rates while others seemed to understand the Trust's position. We did hear some complaints about service at the H&W Clinic that we are following up on and will report at a future meeting.

2018-19 Benefit Changes

H&W Clinic

ECA has been working with Cerner and Gilsbar to implement the changes authorized by the Board related to the Clinic. Cerner is able to accommodate the requested changes and is in the process of updating necessary systems and procedures. Gilsbar, on the other hand, is proving to be a bit more difficult in terms of their ability to process claims the way the Trust intends. We are continuing to work with them to find solutions that work for everyone.

Memo to LHSEBT Trustees re Admin Update
April 18, 2018
Page Three

Open Enrollment

We are in the process of preparing open enrollment materials that outline the changes approved by the Board and are scheduled to present at the New Hire Rally in August.

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.