



LAKE HAVASU UNIFIED SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST

NOTICE OF PUBLIC MEETING

**Wednesday, March 20, 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. New Business

- 3.1 Discussion and Possible Action re Dental Appeal (Executive) ECA
- 3.2 Report on Review of EBT Consultant (Executive) Legal Counsel
- 3.3 Trustee Training Legal Counsel
- 3.4 Approval of Meeting Minutes – 01/17/19, 02/04/19 & 02/05/19 Chairperson
- 3.5 Approval of January 2019 Financial Report ECA
- 3.6 Updates & Announcements ECA

4. Adjournment Chairperson

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

July 18, 2019 @ 5:00 p.m.

MEMORANDUM

TO: **LHSEBT Trustees**

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

DATE: March 13, 2019

RE: Trustee Training

The Trust's legal counsel, Michael Hensley, will provide Trustees with training on a variety of pertinent topics, including fiduciary duties/responsibility and HIPAA privacy.

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)**
Storm Kinion, Group Benefits Specialist

DATE: March 13, 2019

RE: January 17, February 04 and February 05 Regular and Executive Meeting Minutes

Attached are the minutes from the Trust meetings held January 17, February 04 and February 05, 2019. Please note that Executive Meeting Minutes will be distributed for your review at the meeting in accordance with guidance from legal counsel. These minutes were previously distributed for review and any requested revisions have been incorporated.

We would request approval of the minutes as presented.

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 x305 or stormk@ecollinsandassociates.com.

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

LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST

2200 Havasupai Blvd., Lake Havasu City, AZ 86403

Trust Board Minutes

February 04, 2019

WORK SESSION:

1. Routine Opening of Meeting – Call to Order

The Work Session 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 3:31 p.m. on February 04, 2019.

1.1 Roll Call

BOARD MEMBERS PRESENT: Marcia Cox, Chairperson
Hal Christiansen, Vice Chairperson
Dr. Fadi Atassi, Trustee (Arrived at 3:35 p.m.)
Amy Barney, Trustee
Julie Sasseen, Trustee

BOARD MEMBERS ABSENT: N/A

GOVERNING BOARD MEMBERS
PRESENT: N/A

ADMINISTRATION PRESENT: Mike Murray, Director of Business Services

OTHERS:

Sue Betz, ECA
Mike Bonney, GDK
Erin Collins, ECA – Broker/Consultant
Jen Edmonson, BCBSAZ
Rich Hanna, Ameritas
Storm Kinion, ECA – Broker/Consultant
Joyce Perez, Gilsbar
Chris Schanz, National Cooperative
Michael Schionning, Cheiron
Jaime Schulenberg, ECA – Broker/Consultant
Michele Soules, BCBSAZ
James Totten, UHC
7 Others

1.2 Pledge of Allegiance/Moment of Silence

1.3 Call for an Executive Session - None

2. Call to the Public – None

- 3. Trustee Barney made a motion to open vendor presentations, seconded by Vice Chairperson Christiansen and unanimously approved.**

3.1 Opening Remarks and Agenda Review

Mr. Collins from ECA gave opening remarks with a brief overview of the agenda and goals for the meeting.

3.2 2018 Medical Claims Review

Joyce Perez from Gilsbar provided a summary of the Trust's medical claims including top major diagnostic categories, utilization, and customer contact statistics.

3.3 Blue Cross Blue Shield AZ Review

Michele Soules and Jen Edmonson from Blue Cross Blue Shield of Arizona (BCBSAZ) provided information on the network of providers along with information regarding their resources and support. The executive summary included network savings, plan utilization and an update on Mayo. It also included information about Blue Card which provides national access and is available at an additional cost in 2020. The summary included the renewal rates and guarantees for the next three years beginning July 1, 2019.

3.4 2018 Rx Claims Review

Christopher Schanz from National Cooperative Rx provided an overview of the prescription claims for the current plan year which included an executive summary of savings, rebates, high dollar claims revenue and utilization. This included comparisons from Jan-Dec 2017 and Jan-Dec 2018 with the percent of change. Mr. Schanz also reviewed the top therapeutic class usages and costs associated with prescriptions in each class.

3.5 2018 Dental Claims Review

Rich Hanna from Ameritas provided a detailed report on paid claims and cost per employee per year. Mr. Hanna provided further explanation by showing the paid claims detail by procedure and In Network vs Out of Network utilization. The report also illustrated the PPO savings, return on investment and top provider utilization.

3.6 2018 Vision Claims Review

James Totten from United Healthcare provided an overview of the United Healthcare network including customer care, lens options, and network impact. Mr. Totten also

reviewed the plan benefits in detail including claims experience, utilization and top utilized providers.

5:20 p.m. - Break from the Vendor Presentations

5:50 p.m. - Vendor Presentations resumed

3.7 Financial Update

Mike Bonney from GDK, the Trust's CPA, presented a compilation financial statement which compared the periods ended December 31, 2018 versus December 31, 2017 as well as a six-month comparison between July – December 2017 and July – December 2018 to illustrate year over year results.

Storm Kinion with ECA reviewed the Trust's financial performance from January – December 2018, noting the Trust is improving financially.

3.8 Actuarial Rate Methodology

Michael Schionning, LHSEBT's actuary from Cheiron, reviewed the rate development, proposed claim funding rates, proposed benefit changes, alternative claim funding rates, projection methodology and plan experience.

3.9 Budget Building re 2019-20 Benefits/Rates

Ms. Schulenberg reviewed the proposed 2019-20 budget going over the recommended changes, budget assumptions, and vendor renewals.

4. Adjournment

Trustee Barney moved to adjourn at 7:48 p.m., seconded by Vice Chairperson Christiansen 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 Trust Board Meeting of February 04, 2019 are approved as submitted.

Marcia Cox, Chairperson

Hal Christiansen, Vice Chairperson

LAKE HAVASU SCHOOLS EMPLOYEE BENEFIT TRUST

2200 Havasupai Blvd., Lake Havasu City, AZ 86403

Trust Board Minutes

February 05, 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 February 05, 2019.

1.1 Roll Call

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

BOARD MEMBERS ABSENT: Dr. Fadi Atassi, Trustee

GOVERNING BOARD MEMBERS
PRESENT: N/A

ADMINISTRATION PRESENT: Diana Asseier, Superintendent
Mike Murray, Director of Business Services

OTHERS:
Erin Collins, ECA – Broker/Consultant
Michael Hensley, JS&H – Legal Counsel (via phone)
Storm Kinion, ECA – Broker/Consultant
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 – None

3. Old Business

Trustee Barney moved to discuss old business, seconded by Vice Chairperson ~~Christensen~~ Christiansen and unanimously approved.

3.1 Discussion and Possible Action re Void Gilsbar Contract

Mr. Collins updated the Board on the review of the Gilsbar agreement found to be void advising it was renegotiated as follows:

- A. Gilsbar – The contract now includes language that specifies 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.

Chairperson Cox inquired about the Clinical Bill Review & Audit. Mr. Collins explained it is a bill review that can result in a percent of savings. The entire agreement has been reviewed and approved by Mr. Hensley as well as Gilsbar. ECA recommends approval of the contract as presented.

Vice Chairperson Christiansen moved to approve the Gilsbar contract with the changes noted and authorize the Chair to execute on behalf of the Trust, seconded by Trustee Sasseen and unanimously approved.

4. New Business

Vice Chairperson Christiansen moved to discuss new business, seconded by Trustee Barney and unanimously approved.

4.1 Discussion and Possible Action re 2019-20 Benefits and Rates

Ms. Schulenberg reviewed the revised budget that reflects the benefit changes discussed on 02/04/19. These include the following:

- Reduction of the Gold Plan deductible to \$750 individual and \$1,500 family;
- Reduction of the Gold Plan Medical Maximum out of pocket to \$4,000 individual and \$8,000 family;
- Implement a separate Rx Maximum of \$3,900 individual and \$7,800 family;
- Elimination of the Silver Plan which has 10 retirees;
- Implement ~~of~~ a qualified high deductible health plan with deductibles of \$4,000 individual and \$8,000 family. Once the deductible in the HDHP is met everything is covered at 100%; and
- Elimination of the precertification penalty of 50%.

The intent is for the Trustees to approve benefit changes and recommended rates for the coming year.

Vice Chairperson Christiansen inquired if the Silver Plan enrollees would have a choice in what plan they would have at open enrollment; Ms. Schulenberg confirmed they would be able to select between the Gold Plan and the HDHP.

Mr. Collins noted when discussing the reduction in rates it is important to realize that is between the actuary's numbers last year and this year only; the District did not fully fund the Trust last year. There is not enough of a savings at this time to make the Trust whole, however the span has been greatly reduced.

Mr. Murray confirmed the discussion with the District will be whether to fund the recommended amount. The first budget committee meeting is within a week; with the budget numbers the committee can have serious conversation regarding proposed funding. Mr. Murray feels confident they will be able to look at the recommended funding.

Trustee Barney moved to adopt and approve new rates and benefits as recommended, seconded by Chairperson Cox and unanimously approved.

4.2 Discussion and Possible Action re 2019-20 Vendor Contract Renewals

Ms. Schulenberg reviewed the vendor renewals effective July 01, 2019. ECA requested the Trust approve the renewals as presented and authorize the Chairperson to sign all the renewal documents once they have been approved by legal counsel.

Chairperson Cox inquired why Gilsbar was implementing a PBM Integration Fee and asked whether other TPAs were doing the same; Mr. Collins reported he has been seeing these more often due to increased requirements and complexities.

Vice Chairperson Christiansen moved to approve renewals and presented contracts and authorize the Chair to sign once approved by legal counsel, seconded by Trustee Barney and unanimously approved.

4.3 Discussion and Possible Action re Clinic Lease

Mr. Collins suggested a brief Executive Session may be in order to discuss the Clinic Lease. Vice Chairperson Christiansen moved to adjourn to Executive Session regarding the Clinic Lease, as recommended, seconded by Julie Sasseen and unanimously approved.

Regular session resumed at 6:25 p.m.

Chairperson Cox reported the Executive Session was to discuss the current lease of the 89 Civic Center building.

Trustee Barney moved to authorize the Chair and Vice Chair to negotiate termination or modification of the existing lease including disposition of remaining equipment, seconded by Julie Sasseen and unanimously approved.

4.4 Approval of December 31, 2018 Financials

Ms. Schulenberg reported ECA had reviewed the financial summary at the meeting on February 04, 2019 so she would summarize briefly. The Trust banked money in December, however, the YTD position remains at (\$149,304) and the IBNP is (\$1,326,883), leaving the all year surplus at just over \$2.1M. Points to note:

- Interest and Investment Income continue to exceed ECA's projections due to the ability to invest additional funds.
- YTD deficit primarily attributed to large claims.
- Gold Plan claims are running at 140% with 9 large claims totaling \$1.3M.
- H&W Labs and Rx are at 0% due to the outstanding invoices from Cerner that have not been paid because they have not provided sufficient back-up. Once the back-up is received ECA will process them for payment.

Vice Chairperson Christiansen moved to accept the December 31, 2018 financial report, seconded by Trustee Barney.

4.5 Administrative Update

Ms. Schulenberg reported ECA had no updates at this time. Vice Chairperson Christiansen reported he would be attending the next meeting, in March, telephonically.

The next scheduled meeting is March 21, 2019. Ms. Schulenberg confirmed the date and reminded the Trustees the upcoming meeting is an Executive Session on the special legal project Mr. Hensley has been working on in addition to Trustee training. Mr. Murray pointed out there is a regular Governing Board meeting on March 21, 2019 conflicting with the Trust meeting which resulted in tentatively rescheduling for Wednesday, March 20, 2019 at 5:00 p.m.

No Action.

5. Adjournment

Vice Chairperson Christiansen moved to adjourn at 6:40 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 Trust Board Meeting of February 05, 2019 are approved as submitted.

Marcia Cox, Chairperson

Hal Christiansen, Vice Chairperson

MEMORANDUM

TO: **LHSEBT TRUSTEES**

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

DATE: March 6, 2019

RE: Financial Summary for January 2019

Attached please find the LHSEBT financial report for the month ending January 31, 2019 for your review and information.

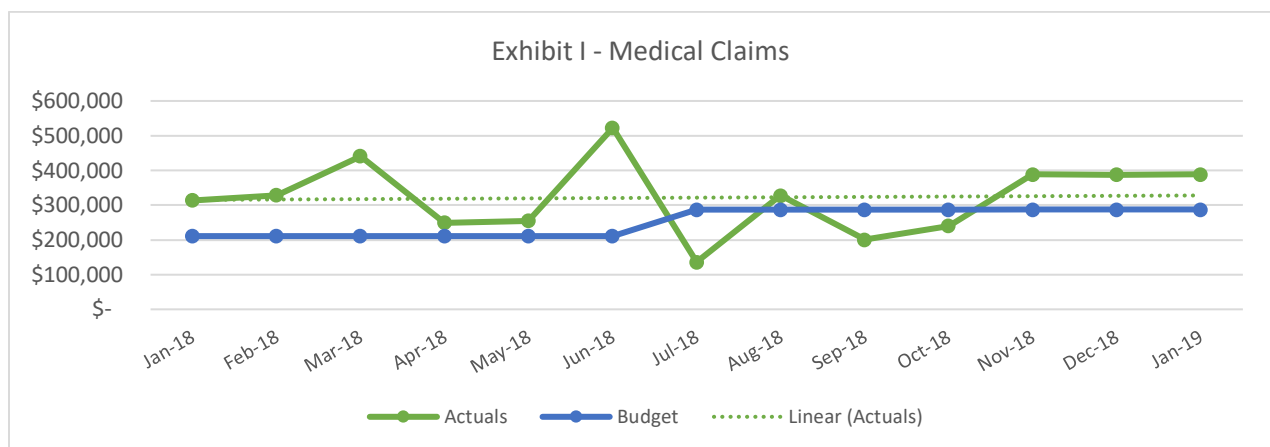
Below is a summary for your quick reference and information.

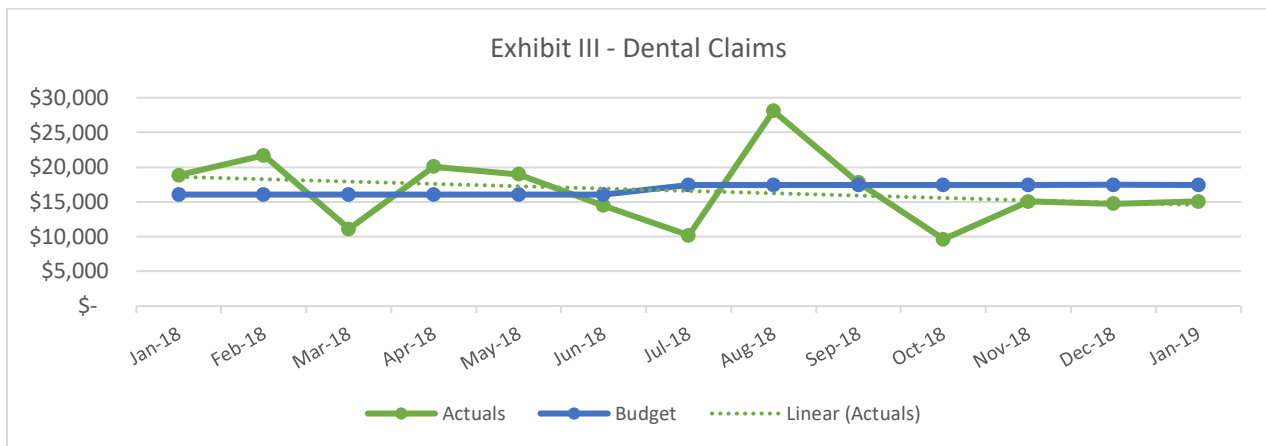
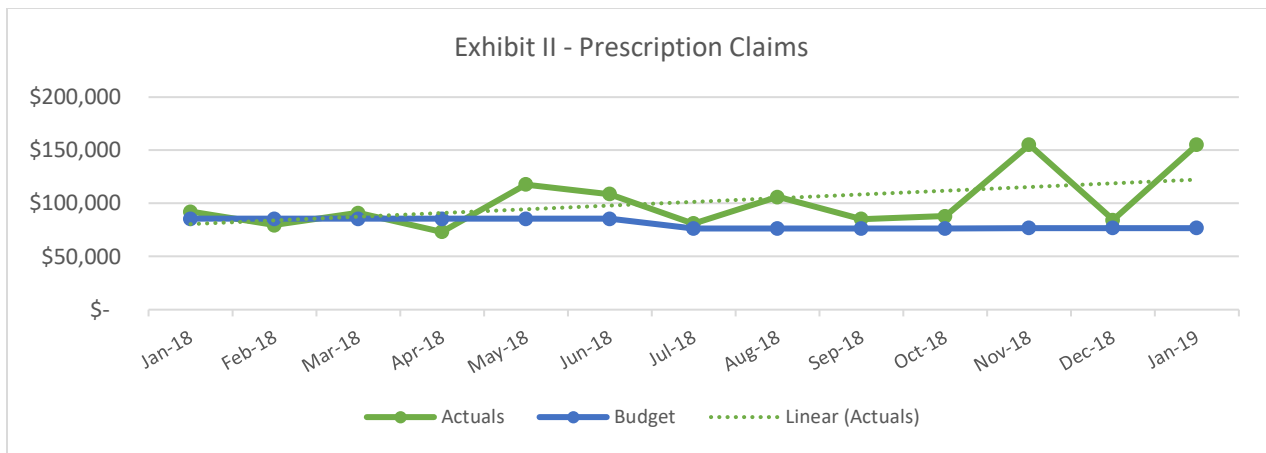
	December
REVENUE	\$257,842
EXPENSES	
- Claims	\$585,399
- Premiums	\$57,223
- Claims Administration	\$23,648
- General Operating	\$23,651
Expense Total:	\$689,920
Monthly Financial Position	(\$432,077)
YTD Cash Position	(\$581,382)
All Years Cash Position	\$3,003,249
Estimated IBNP Liability	(\$1,417,744)
All Years Surplus/Deficit Position	\$1,585,505

With regards to the January 2019 financial report, the following items merit your attention:

1. Gross Revenue in came in at 49% for the month and 82% for the year. Please note the following:
 - a. Interest & Investment Income came in at 354% 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 **(\$432,077)**. There was only one deposit made on behalf of the Trust in January;
 - c. Several large claims exceeded the budget; and
 - d. 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 at 154% for the month and 102% for the year. More specifically, claims are running as follows (See Exhibits I, II and III below):
 - a. Gold Plan Medical claims at 226%:
 - i. Gold Plan medical claims are running over budget due to ten large claims totaling \$1,723,214;
 - b. Silver Plan Medical claims at 140%:
 - i. Silver Plan Medical claims are running over budget due to utilization;
 - c. H&W Center Labs and Rx at 20%. ECA did receive a portion of the requested back-up and as such, was able to pay an invoice. 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 197%:
 - i. Gold Plan Rx claims are running over budget for the month due to six specialty prescriptions totaling \$114,013;
 - e. Silver Plan Rx claims at 850%:
 - i. ECA has requested information from CVS/Caremark to explain the high claims and will keep the Trust apprised of our findings.
 - f. Dental claims at 81%.





3. Premiums are running at 111% for the month and at 101% for the year. Please note the following:
 - a. Basic Life is running high at 125% due to the census running over budget;
 - b. VTL is running over budget at 111% due to high enrollment;
 - c. STD is still running over budget at 118% due to residual changes that occurred during open enrollment; and
 - d. Vision Premiums are running over budget at 196% due to the January and February bill being paid in January; this will come in line next month.

4. Claim Administration came in at 115% 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.

5. General Operating is running at 30% for the month; please note the following:
 - a. Clinic Operating Expenses are at 130% for the month due to Gilsbar paying January and February rent in January; and
 - b. Legal expenses are at 236% due to services rendered regarding the LHSEBT investigation.

6. The Trust has 10 large claims that exceed 50% of the specific deductible, or \$65,000, as of January 31, 2019. The 10 cases total \$1,723,214 and four of the claims have exceeded the specific deductible of \$130,000 by a total of \$623,417.77, of which \$334,706.77 has been received thus far. Gilsbar is in the process of seeking reimbursement for the remaining \$329,113.83 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

c: Michael Murray, Director of Business Services

LHSEBT - Lake Havasu Schools Employee Benefit Trust

2018-19

Jan-19

	Annual Budget	MTD Budget	MTD Actual	YTD Budget	YTD Actual	% Total MTD	% Total YTD
GROSS REVENUE	\$6,374,085	\$531,173.72	\$257,842	\$3,718,216	\$3,051,880	48.54%	82.08%
Contributions	\$6,245,881	\$520,490	\$252,051	\$3,643,431	\$2,948,862	48.43%	80.94%
Interest & Investment Income	\$16,932	\$1,411	\$4,992	\$9,877	\$40,894	353.79%	414.02%
COBRA/ASRS	\$111,271	\$9,273	\$800	\$64,908	\$62,124	8.62%	95.71%
CLAIM FUNDS	\$4,571,912	\$380,993	\$585,399	\$2,666,949	\$2,724,717	153.65%	102.17%
Medical (Gold)	\$3,306,366	\$275,530	\$622,341	\$1,928,713	\$2,294,210	225.87%	118.95%
Medical (Silver)	\$33,677	\$2,806	\$3,925	\$19,645	\$4,331	139.86%	22.05%
Medical (Clinic Labs)	\$101,065	\$8,422	\$1,647	\$58,955	\$9,554	19.56%	16.21%
Stop Loss Reimbursement		\$0	(\$200,030)	\$0	(\$334,707)		
Rx (Gold)	\$845,572	\$70,464	\$138,674	\$493,250	\$726,054	196.80%	147.20%
Rx (Silver)	\$5,000	\$417	\$3,543	\$2,917	\$7,442	850.40%	255.16%
Rx (Clinic)	\$71,007	\$5,917	\$1,212	\$41,421	\$9,928	20.49%	23.97%
Rx Rebates		\$0	\$0	\$0	(\$101,623)		
Dental	\$209,225	\$17,435	\$14,086	\$122,048	\$109,527	80.79%	89.74%
PREMIUMS	\$619,302	\$51,609	\$57,223	\$361,260	\$363,604	110.88%	100.65%
Specific Stop Loss (American Fidelity)	\$446,533	\$37,211	\$37,860	\$260,478	\$261,235	101.74%	100.29%
Aggregate Stop Loss (American Fidelity)	\$17,082	\$1,424	\$1,409	\$9,965	\$9,675	98.99%	97.10%
Basic Life Insurance (Guardian)	\$26,486	\$2,207	\$2,768	\$15,450	\$16,966	125.40%	109.81%
VTL (Guardian)	\$59,639	\$4,970	\$5,497	\$34,789	\$37,298	110.60%	107.21%
STD (Guardian)	\$25,891	\$2,158	\$2,554	\$15,103	\$16,788	118.36%	111.15%
Vision (United Health Care)	\$43,670	\$3,639	\$7,136	\$25,474	\$21,642	196.08%	84.96%
CLAIM ADMINISTRATION	\$247,222	\$20,602	\$23,648	\$144,213	\$142,458	114.79%	98.78%
Medical Admin (Gilsbar)	\$106,541	\$8,878	\$8,789	\$62,149	\$60,098	98.99%	96.70%
Cobra Admin (Gilsbar)	\$9,523	\$794	\$786	\$5,555	\$5,376	98.99%	96.77%
% of Savings	\$2,831	\$236	\$3,424	\$1,652	\$7,035		
Dental Admin (Ameritas)	\$19,773	\$1,648	\$1,641	\$11,534	\$6,879	99.61%	59.64%
FSA Admin (Gilsbar)	\$672	\$56	\$44	\$392	\$316	78.57%	80.61%
Utilization Review (AHG)	\$11,904	\$992	\$982	\$6,944	\$6,712	98.99%	96.66%
Case Management (AHG)	\$3,900	\$325	\$450	\$2,275	\$4,550		
Medical Network (BCBSAZ)	\$89,280	\$7,440	\$7,365	\$52,080	\$50,340	98.99%	96.66%
Rx Admin (CVS Caremark/WI Rx)	\$2,797	\$233	\$168	\$1,632	\$1,152	71.89%	70.58%
GENERAL OPERATING	\$935,649	\$77,971	\$23,651	\$545,795	\$402,482	30.33%	73.74%
Benefit Administrator (ECA)	\$72,019	\$6,002	\$6,000	\$42,011	\$42,000	99.97%	99.97%
Management Fee (Cerner)	\$662,696	\$55,225	\$0	\$386,572	\$274,480		
Clinical Operating Expenses	\$85,709	\$7,142	\$9,279	\$49,997	\$54,850	129.91%	109.71%
Wellness Programs	\$0	\$0	\$900	\$0	\$900		
Actuary (Cheiron)	\$12,559	\$1,047	\$0	\$7,326	\$0		
Actuary - GASB (Cheiron)	\$17,558	\$1,463	\$0	\$10,242	\$0	0.00%	0.00%
Accountant (GDK)	\$3,631	\$303	\$300	\$2,118	\$2,400		
Auditor (Henfeld Meech)	\$6,012	\$501	\$0	\$3,507	\$0	0.00%	0.00%
Legal	\$12,142	\$1,012	\$2,387	\$7,083	\$17,675	235.92%	249.54%
PCORI	\$2,024	\$169	\$0	\$1,180	\$1,571	0.00%	133.06%
Telemedicine (Teladoc)	\$0	\$0	\$2,100	\$0	\$2,100		
General Administration	\$61,300	\$5,108	\$2,685	\$35,758	\$6,508	52.57%	18.20%
GRAND TOTAL BUDGET	\$6,374,085	\$531,174	\$689,920	\$3,718,216	\$3,633,261	129.89%	97.72%

Gold Active/Cobra Census					
	EE	ES	EC1	EC1+	EF
Budget	304	43	20	24	64
Actual	307	42	45	0	60
% Budget	101.0%	97.7%	225.0%	0.0%	93.8%

Gold Retiree Census					
	EE	ES	EC1	EC1+	EF
Budget	26	8	0	0	0
Actual	24	7	0	0	0
% Budget	92.3%	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	45	0	60
% Budget	100.9%	98.1%	225.0%	0.0%	93.8%

Active/ Cobra Dental Census					
	EE	ES	EC1	EC1+	EF
Budget	362	44	18	25	58
Actual	337	35	45	0	55
% Budget	93.1%	79.5%	250.0%	0.0%	94.8%

Retiree Dental Census					
	EE	ES	EC1	EC1+	EF
Budget	0	0	0	0	0
Actual	30	6	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	342	39	36	0	50
% Budget	92.7%	72.2%	225.0%	0.0%	102.0%

Retiree Vision Census					
	EE	ES	EC1	EC1+	EF
Budget	0	0	0	0	0
Actual	31	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	\$2,660,631.99				
Med/Rx	\$3,051,519.20				
Difference	(\$390,887.21)				
Estimated % Attachment Point					114.69%

Cash Position As Of June 30, 2018		\$3,584,631
Cash Position MTD	January-19	(\$432,077)
Cash Position YTD	January-19	(\$581,382)
Cash Position All Years		\$3,003,249

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	January 2019	\$3,003,249
Surplus	IBNP	January 2019	(\$1,417,744)
Calculations	Surplus Position	January 2019	\$1,585,505

MEMORANDUM

TO: **LHSEBT Trustees**

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

DATE: March 13, 2019

RE: Updates & Announcements

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.

I have the following items for your information:

Call to the Public Follow-Up

At the meeting on January 17, 2019, Kathryn Hubert asked the Board to consider reinstating the Employee Assistance Program (EAP) and also asked about a disclaimer that members hear when they call Gilsbar. Responses to both of those issues are as follows:

- 1) EAP – LHSEBT previously provided an EAP which was discontinued by majority vote as of July 01, 2017. Board discussion occurred on May 17, 2017 (<http://www.lhusd.org/Default.asp?PN=Links&L=2&DivisionID=23185&DepartmentID=27842&LMID=1134425> beginning at 1:43:03), at which time the provider, Alliance Work Partners, was seeking an increase in the per employee per month fee from \$1.70 to \$1.96 (estimated at \$12,000/year) due to increased utilization. According to reports, 29 out of 480 LHSEBT members had utilized the benefit, with only 26% of those reporting that their issue had been resolved. At the time, the Trust was facing an overall premium increase, so a motion was made to terminate the program due to cost and lack of utilization.

The Trust Board has already approved benefits and rates for 2019-20 and an EAP was not considered. EAP’s typically have low utilization but are considered a cost-effective option for providing confidential mental health assistance to employees and their families. As a result, entities have to balance the cost versus benefit in relation to the entire program offered. If the Board would like to consider an EAP for July 01, 2019, we would be happy to obtain quotes to present at an upcoming meeting.

It should be noted that members have access to mental health counseling through the medical insurance with an office visit co-pay of \$25; a review of the BlueCross BlueShield of AZ network shows that there are over 30 mental health professionals of varying degree serving Lake Havasu City.

- 2) Gilsbar Disclaimer – Gilsbar has a standard recorded disclaimer when members or providers call that, in summary, indicates that they cannot guarantee that the information provided regarding benefits are accurate and that in all cases, the policy documents prevail. Such disclaimers are common among third-party administrators for many reasons, including human error. The most common reason for these disclaimers, however, is that benefits can never be guaranteed until an actual claim is submitted. A member might call and ask if a particular procedure is covered; a cursory review of the Summary Plan Document may indicate that it is, however, when the actual claim is submitted, the procedure being billed is quite different from the original question asked. If Trustees have additional concerns regarding this disclaimer, I would be happy to ask Gilsbar to address it specifically at the next meeting.

Deductible Reduction Impact

As Trustees recall, a decision was made to lower the deductible from \$2,500/\$5,000 to \$750/\$1,500 effective July 01, 2019. Chairperson Cox asked how many members would be positively impacted by lowering the deductible and Gilsbar has provided a breakdown for 2018-19 YTD as follows:

- 30 members expended between \$750 and \$2,500 in deductible;
- 57 members met the \$2,500 deductible; and
- 2 members met the \$5,000 family deductible.

As a result, 89 members would see a reduction in their out-of-pocket expenses based on the same medical scenarios after June 30, 2019.

Lake Havasu Family Eyecare

Vice Chairperson Christiansen approached Lake Havasu Family Eyecare about joining the United Healthcare Vision network and they agreed to meet with the representative. ECA contacted UHC, who is currently in negotiation with the practice; we will continue to update Trustees as this progresses.

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 james@ecollinsandassociates.com.