

**Report to the TUSD Governing Board <http://intranet/logo.html>**  
**From the Employee Benefit Trust Board**  
**February 12, 2013**

The self funded plan has been in effect since the fall of 2010. The enrollment is about 5,300 covered lives

This is broken out in ~ 5,000 members for the EPO Plan

~ 250 members for the PPO plan

~ 80 members in the High Deductible Plan

Our claims experience on an annual basis is about \$25 million dollars.

Medical Claims / All plans are around \$19.9 million per annum

Rx Claims is ~ \$5.0 million (This subgroup of claims has a higher trend rate (9.7 %) )!

Board is currently having AmeriBen do some drill down reports to understand the 'drivers' of this claims line which is rising faster than the medical inflation rate

The Trust board maintains an IBNR (Incurred but not reported) reserve of \$4.8 million

## **Role of the Trust Board**

Governed by Trust Agreement with the Governing Board

Assure Fiscal integrity of TUSD funds to pay claims incurred by covered lives

Recommend plan design changes for future years

Understand the complexity of eight (8) different classifications TUSD

Conducts Second Level Appeals from AmeriBen

Compliance with HIPAA regulations

Compliance with Affordable Care Act (ACA) Provisions

Example – Comparative effectiveness premium in 2014 will impact the plan with a \$350 - \$450,000 surcharge.

There may be other 'taxes' as the ACA is implemented

## **Trust Board composition**

Five (5) members (Appointed by TUSD Governing Board)

One from Governing Board – *Mark Stegeman*

One from TUSD – *Yousef Awwad CFO TUSD*

3 community board members

*Robert Harbour, CPA*

*Mark Mansfield, TEP*

*Neil R. West, M. D. retired healthcare executive and local physician*

## **Structure of Self funded plan**

**AmeriBen is the TPA (Third Party Administrator)**

**Located in Boise, Idaho**

**Adjudicates claims, provides utilization review, disease management, first level appeals and claims analysis, coordination of benefits, subrogation, as well as 'wellness programs'.**

**CVS Caremark is the new Pharmacy PBM (Prior was US Script)**

**Buck Consultants – Insurance consultant (Prior was Segal Inc.)**

**Does pro forma and actuarial design of the medical plan benefits**

**Helps with RFP requests which are then handled through TUSD procurement policy**

**Blue Cross Blue Shield rented network**

**Broad representation in the state**

**Discounted rates with hospitals, specialists, urgent care, primary care**

**Wrap-Around Networks in place for out-of-state coverage**

**(i.e. Multi-Plan/PHCS, Coalition America)**

**Reinsurance - Symetra Stop Loss (Trust self insures for the first \$400,000)**

**IBNR reserve (Incurred but not reported claims)**

**The Trust operates like a mini insurance company**

## **Current Timeline and projects**

**Development of benefit package for 2013 – 2014**

**Board meeting Feb 11, 25 and March 11, 2013 to finalize premium specs**

**Forward recommendations to TUSD Governing Board for approval**

**Develop cover sheet for comparison of packages from other school districts and government entities in the Tucson region**

**Wellness incentives correlated to premium contributions**

**Improved procurement contracting options for renewal in 2014 and 2015**

## **Questions**

**Respectfully Submitted,**

**Neil R. West, M. D. EBT Chair**

**CC: EBT Board Members**

**Janet Underwood, Benefits Manager**