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Employee Benefits Trust Board

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REPORT TO THE TUSD Governing Board
Employee Benefit Trust (EBT)
March 10, 2015

The Employee Benefit Trust (EBT) was established by the Governing Board in the fall of 2010. The EBT is now in its 5th year of operations. The Trust Board is governed by a Trust Agreement with the Governing Board of TUSD.

Role of the Trust Board

- Assure the fiscal integrity of the Trust to pay medical and pharmacy claims and associated administrative fees
- Recommend plan design changes for future years
- Compliance with the Affordable Care Act (ACA)
- Compliance with HIPAA regulations
- Conduct Second Level Appeals
- Recommend timing of RFP for vendors to manage the day to day operations of the Trust.
- Assessment of current funding projections for 201 – 2015 fiscal year.

Overview of the TUSD Trust Covered Lives

- There are about 4,500 covered lives The average age of our population is higher than peer groups (other schools)
- Higher percentage of chronic illnesses (Diabetes, asthma, hypertension, cardiac, etc)
- Costs have been fairly flat the past several years.
- Pharmacy claims have decreased 7.25% as of December 2014 as compared to prior year.
- The Trust has established an adequate reserve fund and also an IBNR (incurred but not reported) reserve. Total Plan costs are ~ \$25.5 million per year.

The Trust's stop/loss insurance costs have decreased 53% as of December 2014 as compared to prior year; this is due to the Trust's decision to eliminate aggregate coverage and increasing the specific deductible to \$750k.

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- Due to our claims experience we anticipate that the next school year (2015-2016) premium costs should remain flat based on actuarial studies provided by Buck Consultants.
- Pharmacy rebates were \$67,000 through December 2014 for the current plan year. Plan changes in pharmacy benefits to provide more coverage for maintenance drugs was instituted this past year.
- Plan changes were also made for more coverage for family plans.

Trust Board Composition

- At least Five (5) members (Appointed by the Governing Board)
- Current members are:
 - Mark Stegeman, Anna Maiden, Robert Harbour, Mark Mansfield and Neil West
 - Mark Mansfield is the new chairman of the Trust Board for 2015.
- The Board meets every other month on the 4th Monday of the month.

Current timelines and projects

- Development of benefit package for 2015 – 2016
 - Board meetings April 6 and May to finalize premium specs to forward to Governing board
 - Wellness incentives and screenings correlated to premium contributions
 - Centers of Excellence for some specialized procedures such as transplants
 - Expansion of coverage and modifications for maintenance pharmacy meds
- Strategic procurement of vendor selections for current and next year
- Moving Vision, Dental, EAP, Life insurance, Workmen's comp premiums to the Trust in future.
- Keeping abreast of the impact of consolidations in Tucson healthcare marketplace such as Banner acquisition of Arizona University Medical centers and hospital mergers. Impacts for accountable care organizations, adopting best practices for employee benefits are part of the oversight roles the board reviews.

Respectfully Submitted,
Mark Mansfield, current EBT Chair
Neil R. West, M. D., past EBT Chair

CC: EBT Board Members, Janet Underwood

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