

**GERMANTOWN SCHOOL DISTRICT
NOTICE OF INSURANCE COMMITTEE MEETING
District Administrative Offices - Board Room
N104 W13840 Donges Bay Road
Germantown, WI 53022**

**Tuesday, January 6, 2015
5:30 p.m.**

AGENDA

- I. Meeting Called to Order
- II. Roll Call
- III. Approval of Agenda
- IV. Approval of Minutes
 - A. October 23, 2014 Insurance Committee Minutes.
- V. New Business and Reports
 - A. Update and discussion on Humana Vitality and Wellness.
 - B. Update and discussion on Health Claims Data.
 - C. Discussion and action to approve 2015 AJG Agreement.
- VI. Adjourn

Germantown School District
AJ Gallagher
January 6, 2015

Agenda

1) Review medical claims data report

- Incurred Claims versus Paid Claims
- Run out Claims
- Assessment of data
- Seasonal fluctuations

2) Recommendations for 2015

- Re-run the HCR Modeler for update of 2018 excise projection
- Re-run the HCR Modeler to confirm minimum essential coverage and affordability requirements are met
- Confirm completion of the Section 6055 and 5056 Reporting Requirements are submitted to the IRS by Humana to avoid penalties
- Confirm the process of tracking hours for purposes of the 30 hour requirement
- Keep wellness top of mind. Monitor and evaluate the Humana Vitality program
- Address OPEB liability and various options (HSA)
- Workforce Evaluation for snapshot of Districts demographics

3) Consulting Services Agreement

- Refer to the next page for an Executive Summary of the categories of services

AJ Gallagher Consulting Services for Germantown School District

Benefit Plan Financials:

- Renewal Analysis
- Periodic Plan Financial Reports
- Annual Financial Reports
- Legislative and Compliance Updates
- Carrier marketing and Negotiations

Strategic Planning

- Multiyear planning with key stakeholder input

Day to Day Administrative Assistance:

- Employee Education Programs
- Communication Materials
- Benefit Administration Assessment
- Market Benchmarking Surveys
- Benefit Plan Design or Redesign
- Vendor Management

Consulting Fees:

- 2015 consulting fees remain flat at \$2,917/mo for the following benefit coverages: medical, dental, vision, life, LTD, voluntary STD and voluntary life

LARGE CLAIMANT REPORT
 Claims Paid 10/1/2014 through 10/31/2014
 Claims Processed through 10/31/2014

GERMANTOWN SCHOOL DISTRICT (664817)

ASO_IND = NO Line Of Busin

Members with Total Paid of \$50,000 and Greater

| Member # | Relation to Subscriber | Status | Primary MCC | Primary Diagnosis | Medical Paid | Rx Paid | Total Paid |
|---------------|------------------------|--------|---------------------|---|--------------|----------|------------|
| Member # 0001 | CHILD | Active | Malignant Neoplasms | ENCOUNTER FOR ANTINEOPLASTIC CHEMOTHERAPY | \$150,947 | \$12,422 | \$163,369 |

less = PPO

| |
|-----------------|
| Clinical PGM |
| CAN,CCM |



EDW Underwriting Reporting

Premium & Claims Summary Report – Incurred Basis

| Parameter Name | Parameter Values | Parameter Description |
|-------------------------|---|---|
| Customer | 664817 | GERMANTOWN SCHOOL DISTRICT |
| Platform | EM | METAVANCE |
| Type of Customer | ENTERPRISE | CUSTOMER AND PLATFORM ABOVE ARE ENTERPRISE-LEVEL FIELDS |
| Auto Cross-Reference | YES | SELECT ALL SOURCE CUSTOMERS IN THE ENTERPRISE CUSTOMER |
| Division | BLANK | ALL SOURCE DIVISION IDS |
| Benefit ID | BLANK | ALL SOURCE CUSTOMER BENEFIT IDS |
| From Date | 09-01-2012 | |
| To Date | 08-31-2014 | |
| As of Date | 10-31-2014 | |
| Reporting Level | ENT CUST | ENTERPRISE CUSTOMER |
| Product Line Codes | MEDICAL (Only product line code of Medical) | |
| Financial Product Codes | Display all Separately | |



EDW Underwriting Reporting

Premium & Claims Summary Report – Incurred Basis

| | | |
|---|---|-------------------------------------|
| Enterprise Platform: EM | Platform: ALL SRC PLATFORMS SELECTED | Financial Product: HMOC |
| Ent Platform Name: METAVANCE | Customer: ALL SRC CUSTOMERS SELECTED | Type of Customer: ENTERPRISE |
| Enterprise Customer: 664817 | MTV Div/CI Class: ALL SRC DIVISIONS SELECTED | Auto Cross-Ref: YES |
| Ent Customer Name: GERMANTOWN SCHOOL DISTRICT | Benefit Plan: ALL SRC BENEFIT IDS SELECTED | Reporting Level: ENT CUST |
| Src Platform Name: ALL SOURCE PLATFORMS SELECTED | Group Number: ALL ALT CUSTOMERS SELECTED | From Date: 09-01-2012 |
| Src Customer Name: ALL SOURCE CUSTOMERS SELECTED | MTV Ben/CAS Subgrp: ALL ALT BENEFIT IDS SELECTED | To Date: 08-31-2014 |
| Division Name: ALL SOURCE DIVISIONS SELECTED | Product Line: MEDICAL | As of Date: 10-31-2014 |

***** SUBSCRIBER COVERAGE TYPES *****

| Date | EE Only | EE + Sp | EE + Ch | Family | Total | Members | Premium | Medical* | RX | Total Cost* |
|---------|------------|------------|----------|--------------|--------------|---------------|------------------|------------------|----------------|------------------|
| 10-2013 | 81 | 16 | 0 | 252 | 349 | 944 | 491,960 | 203,773 | 30,581 | 234,353 |
| 11-2013 | 81 | 15 | 0 | 251 | 347 | 938 | 492,120 | 160,468 | 32,582 | 193,050 |
| 12-2013 | 82 | 15 | 0 | 251 | 348 | 944 | 491,465 | 377,524 | 52,409 | 429,933 |
| 01-2014 | 83 | 15 | 0 | 248 | 346 | 937 | 488,873 | 301,673 | 74,262 | 375,935 |
| 02-2014 | 83 | 15 | 0 | 245 | 343 | 926 | 483,849 | 289,232 | 62,217 | 351,449 |
| 03-2014 | 85 | 14 | 0 | 244 | 343 | 925 | 482,519 | 202,514 | 76,889 | 279,403 |
| 04-2014 | 84 | 13 | 0 | 244 | 341 | 925 | 480,772 | 278,957 | 78,890 | 357,847 |
| 05-2014 | 84 | 13 | 0 | 245 | 342 | 928 | 480,772 | 178,195 | 68,861 | 247,055 |
| 06-2014 | 82 | 13 | 0 | 243 | 338 | 916 | 479,256 | 437,862 | 63,932 | 501,795 |
| 07-2014 | 84 | 13 | 0 | 242 | 339 | 919 | 476,469 | 557,980 | 74,291 | 632,271 |
| 08-2014 | 87 | 14 | 0 | 253 | 354 | 962 | 476,046 | 324,163 | 95,821 | 419,984 |
| | 916 | 156 | 0 | 2,718 | 3,790 | 10,264 | 5,324,101 | 3,312,340 | 710,735 | 4,023,075 |

Total Cost PMPM: 391.96
Premium PMPM: 518.72
Medical Expense Ratio: 75.56%

***** SUBSCRIBER COVERAGE TYPES *****

| Date | EE Only | EE + Sp | EE + Ch | Family | Total | Members | Premium | Premium PMPM |
|---------|---------|---------|---------|--------|-------|---------|---------|--------------|
| 09-2014 | 84 | 14 | 1 | 245 | 344 | 931 | 481,988 | 517.71 |
| 10-2014 | 81 | 14 | 1 | 246 | 342 | 929 | 493,714 | 531.45 |

CONSULTING AGREEMENT

This Consulting Agreement (this "Agreement") is made by and between Gallagher Benefit Services, Inc., ("Gallagher") and Germantown School District (the "Client").

The Client wishes to enter into a consulting relationship with Gallagher on the terms and conditions set forth in this Agreement, and Gallagher is willing to accept such a consulting relationship.

In consideration of and in reliance upon the previous paragraph and the terms and conditions contained in this Agreement, the Client and Gallagher agree as follows:

1. Engagement

The Client engages Gallagher as an employee benefits consultant as stated in this Agreement and Gallagher accepts this engagement. During the time that Gallagher is performing services for the Client under this Agreement, and for all purposes outlined in this document, Gallagher's status will be that of an independent contractor of the Client.

2. Term and Termination

The Effective Date of this Agreement is January 1, 2015. The term of Gallagher's engagement under this Agreement (the "Consulting Period") will begin as of the Effective Date and will remain in effect for one (1) year from the Effective Date. **The Consulting Period will be automatically extended for an additional year on each anniversary of the Effective Date.** Either party may terminate this Agreement by giving the other party at least thirty (30) days written notice of its intent to terminate. In the event such termination is effective during the Consulting Period (including any renewed Consulting Period), Client shall be responsible to Gallagher for any services performed prior to the date of termination and Gallagher shall be responsible to Client to continue to provide services until the date of termination of this Agreement.

3. Services

Gallagher will provide employee benefits management consulting services to the Client and consult with its employees, representatives, agents and contractors as to such matters as more fully described in Exhibit A attached to this Agreement and incorporated herein. Gallagher will perform other services as the Client and Gallagher mutually agree in writing.

4. Compensation

Subject to any changes as may be mutually agreed by the parties, Gallagher will receive, as compensation for its services under this Agreement, fees in the amount of \$ 35,000 per year, which amount will be billed in equal installments of \$ 2,917 and paid on a monthly basis.

For additional information regarding Gallagher compensation, please see the Gallagher revenue disclosure policy and schedule set forth in Exhibit B.

In the event an insurance company cancels or refuses to renew an insurance coverage that had been placed by Gallagher, on behalf of the Client, Gallagher will use its best efforts to obtain appropriate replacement coverage from another insurance company.

5. *Performance and Scope*

(a) Gallagher Not a Fiduciary Under ERISA. To the extent that one or more of the Client's employee benefit plans are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and in spite of any other provision of this Agreement to the contrary, the parties agree and acknowledge that:

(i) Gallagher's services under this Agreement are not intended in any way to impose on Gallagher or any of its affiliates a fiduciary status under the ERISA; and

(ii) this Agreement does not provide Gallagher, and the Client will not cause or permit Gallagher to assume, without prior written consent of Gallagher, any:

(A) discretionary authority or discretionary control respecting management of any "employee benefit plan" within the meaning of Section 3(3) of ERISA (an "ERISA Plan"),

(B) authority or control respecting management or disposition of the assets of any ERISA Plan, or

(C) discretionary authority or discretionary responsibility in the administration of any ERISA Plan.

(b) Reliance. In the performance of its duties, Gallagher may rely upon, and will have no obligation to independently verify the accuracy, completeness, or authenticity of, any written instructions or information provided to Gallagher by the Client or its designated representatives and reasonably believed by Gallagher to be genuine and authorized by the Client.

(c) No Practice of Law. Gallagher will not be obligated to perform, and the Client will not request performance of, any services which may constitute unauthorized practice of law. The Client will be solely responsible for obtaining any legal advice, review or opinion as may be necessary to ensure that its own conduct and operations, including the engagement of Gallagher under the scope and terms as provided herein, conform in all respects with applicable State and Federal laws and regulations (including ERISA, the Internal Revenue Code, State and securities laws and implementing regulations) and, to the extent that the Client has foreign operations, any applicable foreign laws and regulations.

(d) Subcontractors. Gallagher may cause another person or entity, as a subcontractor of Gallagher, to provide some of the services required to be performed by Gallagher hereunder; provided, that Gallagher shall remain responsible for all acts and omissions of any such subcontractors (each of which shall be bound by Gallagher's obligations under this Agreement). Gallagher shall seek prior written approval from Client for any subcontractors providing substantive consulting, professional or managerial services. Prior written approval shall not be required for clerical, office, secretarial, IT back-up, administrative or similar support services.

(e) Conflict of Interest. Gallagher's engagement under this Agreement will not prevent it from taking similar engagements with other clients who may be competitors of the Client. Gallagher will, nevertheless, exercise care and diligence to prevent any actions or conditions which could result in a conflict with Client's best interest.

(f) Acknowledgements. In connection with Gallagher's services under this Agreement, Client agrees that:

(i) Although Gallagher will apply its professional judgment to access those insurance companies it believes are best suited to insure the Client's risks, there can be no assurance that the insurance companies Gallagher has accessed are the only or are the best suited ones to insure the Client's risks.

(ii) Any compensation of the types described above and disclosed to it does not constitute a conflict of interest and the Client expressly waives any claims alleging any such conflict of interest.

(iii) The final decision to choose any insurance company has been made by the Client in its sole and absolute discretion. The Client understands and agrees that Gallagher does not take risk, and that Gallagher does not guarantee the financial solvency or security of any insurance company.

(iv) The compensation payable to Gallagher is solely for the services set forth under this Agreement, including Exhibit A. Any additional administrative, claims representative or other services (collectively, "Additional Services") will be governed by the terms of a separate agreement covering the Additional Services.

(v) The Client is responsible for immediate payment of Gallagher's fees (if applicable) and payment of premiums for all insurance placed by Gallagher on Client's behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow Gallagher to immediately terminate this Agreement, at its option, without notice to the Client, and may allow an insurance company for the Client's risks to cancel any applicable policies in accordance with the terms of such policies.

6. *Confidentiality*

(a) Client Information. Gallagher recognizes that certain confidential information may be furnished by the Client to Gallagher in connection with its services pursuant to this Agreement ("Confidential Information"). Gallagher agrees that it will disclose Confidential Information only to those who, in Gallagher's reasonable determination, have a need to know such information. Confidential Information will not include information that (i) is in the possession of Gallagher prior to its receipt of such information from the Client, (ii) is or becomes publicly available other than as a result of a breach of this Agreement by Gallagher, or (iii) is or can be independently acquired or developed by Gallagher without violating any of its obligations under this Agreement. However, disclosure by Gallagher of any Confidential Information pursuant to the terms of a valid and effective subpoena or order issued by a court of competent jurisdiction, judicial or administrative agency or by a legislative body or committee will not constitute a violation of this Agreement.

(b) HIPAA Privacy. Gallagher and the Client will each comply with any prohibitions, restrictions, limitations, conditions, or other requirements to the extent they apply to them directly or indirectly pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing regulation concerning privacy of individually identifiable health information as set forth in 45 CFR Parts 160-164, as amended from time to time. Where required, the Client, as a representative of the health plans and Gallagher will enter into a separate Business Associate Agreement.

(c) Use of Names: Public Announcements. No party will use, in any commercial manner, the names, logos, trademarks or other intellectual property of the other party without its prior written consent. Except as may be required by law, no party will issue any press releases or make any public announcements of any kind regarding the relationship between the parties without the other party's prior consent.

7. *Indemnification Rights and Limitation of Liability*

(a) Indemnification. Each party ("Indemnifying Party") will promptly defend, indemnify and hold the other party ("Indemnified Party") harmless from and against any and all claims, suits, actions, liabilities, losses, expenses or damages which the Indemnified Party may incur as a result of any violation by the Indemnifying Party of any law, or any loss or expense to the Indemnified Party caused by the misrepresentation, negligent act or omission, or any breach of any of the Indemnifying Party's obligations under this Agreement.

(b) Limitation of Liability. Notwithstanding any other term or provision of this Agreement, each party shall only be liable for actual damages incurred by the other party, and shall not be liable for any indirect, consequential or punitive damages. Furthermore, the aggregate liability under this Agreement, if any, of either party to the other for claimed losses or damages shall not exceed \$20,000,000. This provision applies to the fullest extent permitted by applicable law.

8. *Notices*

Any notices, requests and other communications pursuant to this Agreement will be in writing and will be deemed to have been duly given, if delivered in person or by courier or sent by express, registered or certified mail, postage prepaid, addressed as follows:

If to the Client: Germantown School District
 Attention: Richard Ericksen
 N104W13840 Donges Bay Road
 Germantown, WI 53022-4499

If to Gallagher: Gallagher Benefit Services, Inc.
 Attention: John Fuhs
 17035 W. Wisconsin Avenue, Suite 135
 Brookfield, WI 53005

Either party may, by written notice to the other, change the address to which notices to such party are to be delivered or mailed.

9. *Miscellaneous*

(a) Severability. The various provisions and subprovisions of this Agreement are severable and if any provision or subprovision or part thereof is held to be unenforceable by any court of competent jurisdiction, then such enforceability will not affect the validity or enforceability of the remaining provisions or subprovisions or parts thereof in this Agreement.

(b) Entire Agreement; Amendment. This Agreement, including all exhibits hereto, constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether oral or written, between the parties regarding the subject matter hereof. Except for changes in carriers and/or lines of coverage noted in Exhibit B which may occur upon unilateral approval of the Client, this Agreement may be modified or amended only by a written instrument executed by both parties.

For more information on Gallagher's compensation arrangements, please visit www.ajg.com/compensation. In the event a client wishes to register a formal complaint regarding compensation Gallagher receives, please send an email to Compensation_Complaints@ajg.com or send a letter to: AVC Compliance Officer, c/o Internal Audit Department, Arthur J. Gallagher & Co., Two Pierce Place, Itasca, IL 60143.