



Thirty



CALIFORNIA'S
VALUED TRUST

Healthcare Benefits for the Education Community

Thirty Years of Commitment to the Education Community

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Meet our 12-Member Board



President Ronald Reagan signed the Hatch-Waxman Act in 1984 that allowed generic drugs to come to market faster to help combat rising pharmacy costs.

Looking Back, Looking Ahead.



Valerie Cornuelle,
Executive Director

In the summer of 1984 Congress passed a new piece of legislation that speeded up the process of bringing generic versions of expensive drugs to consumers. Before this new law, known as the Hatch-Waxman Act, it took drug companies five years to bring a generic drug to market.

Healthcare by 1984 had become a national topic as costs skyrocketed causing great hardships in nearly every walk of life. Drug costs were going up. Providers were charging more. Hospital stays shot through the roof. Overnight companies and organizations were being forced to look at the benefits they provided their employees. Small organizations such as school districts were being hit with higher and higher premiums for employee benefits.

Faced with this dilemma, four Central Valley school districts and the unions that represented their employees, the California Teachers Association and the California School Employees Association came together to pool their buying power and formed Central Valley Schools Health and Welfare Trust, the forerunner of what we know today as California's Valued Trust or CVT.

Those four districts grew to 30 by the end of 1984 and generated over \$13 million in what we call contributions, or collected premiums. Today CVT has 235 districts/groups and generates more than \$667 million in contributions.

The Trust became operational just one week after Hatch-Waxman Act was signed into law and the rest, as they say, is history.

As we look to the next thirty years and what the future of healthcare holds we can expect a number of innovations in healthcare delivery and services. There will be changes in the way providers offer services with physicians communicating with more patients via the Internet through telemedicine. Your local pharmacy will take on a larger role in healthcare, supplementing urgent care and walk-in clinics.

We expect to see more consumer involvement in healthcare and more personal accountability. People will make healthier choices as they realize how those choices impact their personal wellbeing and lifestyle and their pocketbooks.

CVT is already looking down the road to the future and continues to design and implement unique programs to ensure the success of our districts and members. We are perhaps the only organization of our kind that focuses on health and wellness and partners with all our carriers to provide wellness programs. We even have a Health Program Manager on staff. We partnered with MDLIVE® to give members 24/7 access to board certified doctors and licensed therapists. We are constantly evaluating new and innovative technologies to customize plans and programs for specific populations and we stay on top of the complex Affordable Care Act keeping our districts and labor representatives informed and up to date on mandates.

Change is inevitable and CVT will move rapidly with the times also. CVT will continue to partner with the best in class provider networks and service providers. And, we will work to keep costs affordable.

CVT's next thirty year journey has just begun and we anticipate the next several decades to be exciting, challenging, yet a fulfillment of our mission: to serve our members.

1984



In January 1984 the MAC computer was introduced and was an instant hit.

California's Valued Trust in Retrospect

CVT: Born of Collaboration and Need

The year was 1984. Ronald Reagan was president of the U.S. and about to be elected to a second term. The Olympic torch was carried to Los Angeles where the summer games became a national television event. The space shuttle Discovery made its maiden voyage and movie tickets cost just \$2.50.

In the heart of the Central Valley, a group of forward-thinking education leaders were gathering in Fresno to form a new venture to help them battle skyrocketing healthcare costs. These visionaries represented a coalition of management from school districts and labor representatives from the California Teachers Association (CTA) and the California School Employees Association (CSEA).

For years, smaller school districts had been faced with escalating healthcare benefit plan costs and wanted to find a way to partner with the large insurance carriers to reduce rates. The answer, born out of a collaborative management and labor committee, was to form Central Valley Health and Welfare Trust (now CVT). These visionaries launched what now is one of California's largest PPO Trusts.

Our First Board of Trustees

1. **Jim Kelley** - Chair, Assistant to the Chancellor, State Center Community College District
2. **Peggy Somers** - Co-chair, Director Member/Public Relations, California School Employees Association
3. **John Burns** - Superintendent, Kerman Unified School District
4. **William J. Davis** - Negotiation Specialist, California Teachers Association
5. **Forrest (Denny) Faucher** - Field Director, California School Employees Association
6. **Gary Harrison** - Regional Manager, California Teachers Association
7. **Rose Marie Joyce** - Superintendent, Parlier Unified School District
8. **John Taylor** - Superintendent, Fresno County Office of Education

The Trust Grows

The Board of Trustees selected Dick Emler as the first Administrator and first employee. The Trust covered six San Joaquin Valley Counties and counted 30 school districts as members. During the 20 year period from 1984 to 2004, the Trust experienced substantial growth. The Trust started with one employee, but by 2004, the Trust employed 22. It had begun to reach out statewide and grew to 168 districts in the pool.

When the Trust celebrated its 30th anniversary in October of 2014, it reported 235 districts, 30 staff members and was serving all of California without restriction. CVT benefits started with several plan options. Today, CVT has more choices and more options with almost 20 different PPO and HMO medical plans to choose from, multiple dental and vision plans, an Employee Assistance Program (EAP), and group term life insurance and ASD&D coverage for members.

CVT has become the premier provider of healthcare benefits for the education community in California. We are proud of that position and are committed to continuing it for the next 30 years.



The Summer Olympics were held in Los Angeles in July and August of 1984.

CVT Administrators/Executive Directors

1. **Dick Emler**, 1984 - 1985
2. **Jim Kelley**, 1985 - 1989
3. **Dennis Hume**, 1989 - 1994
4. **Jim Gaddis**, 1995 - 1999
5. **Julia Chivers**, 1999 - 2003
6. **David B. Vaughn**, 2004 - 2011
7. **Valerie Cornuelle**, 2011 - Present

About the Trust

A jointly managed trust is an organization of employees and employers who work together to purchase healthcare benefits. Trusts are tax exempt and governed by a Board of Trustees who contract with health providers to design plans to meet the needs of their members. Because a Trust allows many groups to participate in a single health plan, it reduces administrative costs and increases purchasing power. This combination results in lower healthcare premiums and high-quality benefits.

CVT is governed by a 12-member Board made up of equal representation of management and labor. Both CTA and CSEA are represented on the Board.

The Trust also employs the services of a consulting and actuarial firm, legal counsel, accounting firm, independent auditor, investment consulting firm and a third party administrator. All professionals have had many years of experience providing services to jointly managed trusts.

CVT's goal is to operate administratively on the earnings generated by the Trust's investments, not member premiums. This means that on average, CVT spends 97 cents of every \$1.00 of the premiums collected on the best healthcare for our members. The other 3 cents is used to pay CVT provider partners for their administrative services. Premium rates are not loaded to pay for CVT's operational costs, profits or any broker fees or commissions.

A district or unit joins the Trust through a mutual agreement between the district and the union representing the employees in collective bargaining. CVT fully funds its reserves to avoid any contingent liability, including claim run-outs. If a district were to ever withdraw from the Trust, there will never be any additional cost assessed to the individual participants or the district.

CVT Mission

CVT is a participant-driven organization that delivers the best quality healthcare at the best possible price, with excellent customer and member service.

To make that mission a reality, CVT lives by these core values:

- We will lead the market in driving down trend while providing cost-effective and high-quality benefit choices
- We will excel in participating group and member education and service
- We strive to reduce healthcare complexity whenever possible
- We will pursue prudent membership growth



The Evolving Shape of Healthcare in the U.S.

Key Trends in Healthcare That Will Affect CVT Members

As CVT looks to its next 30 years, there are a number of important trends that are shaping what healthcare will look like in the years to come. Some of these trends will have an immediate impact on CVT and its members while others will take years to be realized. And some may have minor concerns to CVT and members.



Healthcare Costs

There is good and bad news in costs. A recent report issued by the Centers for Medicare and Medicaid Services which studies U.S. healthcare trends reported that costs are continuing to rise. In 2013, the report notes that healthcare spending per person grew at 2.9 percent. That is good news as the percent increase in the last five years has ranged from 3.6 to 4.1 percent per year. Today, the cost of healthcare in the U.S. has reached \$2.9 trillion or \$9,255 per person. In the short term, healthcare premium increases should remain manageable due to the favorable economic trends, but by 2020 the rate spent per person is expected to double.

Pharmacy Costs

Pharmacy costs have always been a major driver in healthcare and will continue to be an issue in the coming years. However, to help its members, CVT has implemented several pharmacy programs in the past few years. These new programs have increased the use of generics including a generic step therapy program, which resulted in an overall savings to the Trust and members. These programs have driven down pharmacy costs significantly by increasing the generic dispensing rate to 81%.

Yet, the future continues to hold additional challenges. The pharmacy industry is projecting continual increases in pharmacy trend due to the explosion of specialty drugs and lack of new generics. There is also growing cause for concern in the healthcare industry today in the rise of fraud and misuse in what is called compounding medications prepared by compounding pharmacies. CVT is monitoring all these issues and working to mitigate their impact on the Trust and its members.

Aging Population

The age of the U.S. and California's population is getting older. This trend is impacting healthcare as people live longer, need more care and use more services. The U.S. Department of Commerce estimates that by 2030 there will be nearly 70 million people age 65 or older up from the current 43 million. The implications for CVT healthcare plans are dramatic and will require addressing.

Rise of Connectivity and Technology

Technology continues to change our society into a more proactive and connected populace. The Internet gives the public access to online healthcare options and innovations. Patients have become more involved. The trend is toward a more patient-centric model. Telemedicine has already become prevalent as patients now can talk with their providers via their computers. On-call therapists and physicians such as CVT's MDLIVE® program allow patients to reach a provider 24/7 via their telephone or secure video.



Mobile phones became popular and more affordable in 1984.

More and more physicians are allowing their patients to text and email them. The next trend may be an individual healthcare portal in which providers and the patient can access, post and track treatment and care via their mobile device. Healthcare of the future is rapidly moving from a reactive model to an interactive one in which the patient will be more involved.

CVT has long recognized the intersection of technology and healthcare. We launched MyCVT, an online portal for districts and members to manage their benefit programs. We created a Data Warehouse, which uses relevant information to customize plans, networks, and value added benefits to meet our member needs. The Data Warehouse allows us to design appropriate programs and solutions based on the particular needs of a given population. It also allows CVT to track and determine whether a program is improving the care of our members and impacting the medical and pharmacy expenditures in a positive way.

The Gap in Healthcare Literacy

Technology may draw patients closer to their providers but there is still an enormous gap in healthcare literacy that will likely be closed over the coming decade. Healthcare is complex and can be very confusing. Organizations such as CVT, which has launched a major healthcare literacy program described elsewhere in this report, will need to focus on educating its enrollees.

Wellness and Prevention Programs

The healthcare industry is rapidly shifting to a more proactive model and is becoming more focused on prevention. Studies show that there is a direct connection between how proactive a consumer is in his/her healthcare and wellness. Consumers are beginning to track their own health and behaviors via mobile apps and are asking for wellness programs. Insurance companies are considering lower insurance premiums or discounts for those consumers who adopt health behaviors and participate in wellness programs.

Health Management Programs

Common chronic diseases such as COPD and high blood pressure and rare conditions such as Multiple Sclerosis are significant factors in healthcare costs. Helping members deal with these life issues is an important mission for CVT not just to control costs but to help members improve the quality of life. For years, CVT has provided the Alere™ and Accordant® health management programs to its members.

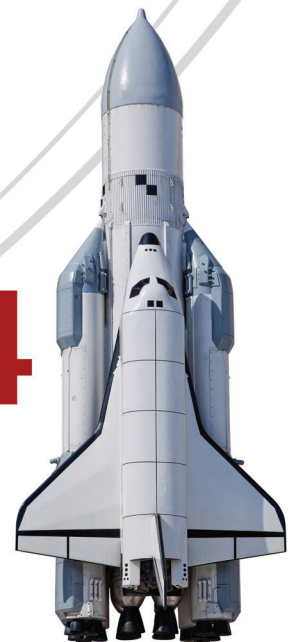
CVT members receive high-touch, personalized care from specially trained nurses. The programs provide members with the facts they need to know about their condition to help slow the disease progression, lessen the effects, and live a healthier life. It's personal, private and available at no additional cost to the member.

Personal Accountability

One coming trend is accountability for one's own healthcare behaviors. Many consumers have come to recognize their own personal involvement in their wellness program. Others who continue unhealthy behaviors may see higher rates for their healthcare.



1984



The Discovery's maiden voyage was on August 30, 1984. It was in space until September 5.

The Evolving Shape of Healthcare in the U.S.

(continued)

Reference Based Benefits

Another trend that is growing is reference-based benefits in which employers set a pricing cap on the maximum amount that they will cover for certain medical services that have wide cost variations, such as knee and hip replacement surgery. This allows the patient to select the provider while keeping the employer and employee costs under control.

Consumerism

One of the by-products of the Internet has been a savvy consumer. That trend will continue as consumers shop for services and demand transparency in costs, quality of care and expected outcomes. Over the next decade more and more patient online sites will appear with grades and rankings for everything from physicians' bedside manners to the food in hospital stays.

Other Trends

Employers will likely be more active by offering incentives to employees for healthy behaviors. Big Data, as it is called, will become increasingly important as healthcare providers track trends and accumulate more and more data about enrollees' healthcare. Increasingly Big Data can help spot a condition before it becomes chronic and helps a consumer stay healthy and avoid a serious problem. In the coming decade there will be more and more partnerships between providers such as drug chains teaming up with physician groups to form Accountable Care Organizations.

Affordable Care Act

No look down the road would be complete without a discussion of the Affordable Care Act (ACA). ACA expands the health care system forward by expanding healthcare coverage and protecting healthcare consumers.

CVT is dedicated to controlling costs including those mandated by the ACA. CVT stays on top of ACA regulations and provides education and support to our districts about any ACA regulation impacting them. We offer educational resources on our website and have created a Healthcare Reform Calculator to assist districts and members in determining their eligibility for assistance under the ACA. CVT frequently makes informational presentations to Districts and union leadership and sends eblast notifications as regulatory updates.



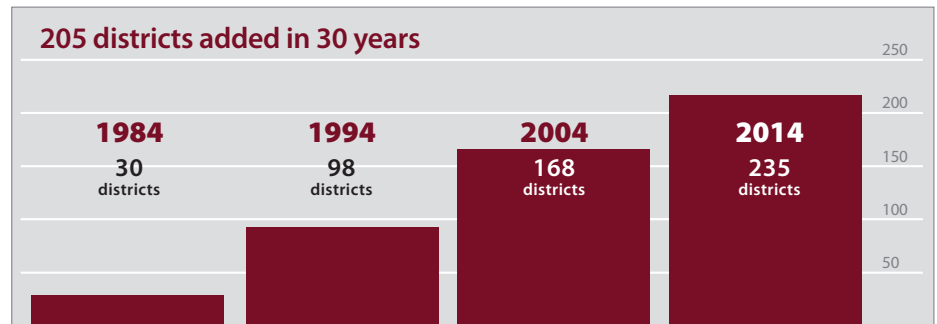
Growing Up With CVT

A Look at How We've Grown in the Past Three Decades

CVT's growth in the past 30 years is remarkable considering that its services are exclusively to the education community for districts who are represented by the CTA, CSEA and other recognized labor organizations. To illustrate how that growth has been sustained a few key metrics are shared here.

205 Districts Added in 30 Years

Our growth has been nothing short of meteoric in the past three decades. From 30 districts in 1984, to 235 districts by 2014, we are continuing to grow. CVT's growth has been outstanding due in part to the fact that over the past few years CVT has retained 100 percent of its member districts.



Members

As the number of districts served by CVT grew over the past 30 years, so too has the total number of members or participants as they are also called. From our modest beginning in 1984 with just under 15,000 members, we have reached more than 144,000 people that now enjoy CVT benefits. We fully expect the growth pattern to continue in the future.

Contributions to the Trust

A little known fact is how much is contributed to the Trust annually in the form of premiums. The total amount is approximately \$667 million dollars a year which makes CVT among the largest entities of its kind in California. About 97 percent of the amounts contributed are paid out in benefits to providers such as hospitals and physicians with the other 3 percent going to the Anthem Blue Cross and Blue Shield of California and other partners for administration of the claims. CVT's goal is to operate administratively on the earnings generated by the Trust's investments, not member premiums.

Positioned for the Future

CVT growth has been remarkable and credited to the confidence that district and chapter leadership and labor representatives have had in the Trust and pooling concept. Clearly, the pool concept has been strengthened by our growth and the buying and negotiating power of the Trust greatly enhanced.

CVT's model is a commitment to service and its long-term strategic planning has helped position CVT for the future. We've put in place a number of initiatives to ensure the pool remains healthy and stable. We look at regional factors in pricing rates and adjusting or adding plans to keep pace with the changing marketplace. CVT only works with the best-in-class vendor partners. This allows us to keep internal administrative and staff costs down while still providing innovative solutions and high touch service. We don't grow just to grow, but rather focus on prudent and sustainable growth, which protects the overall pool.

1984



**"Where is the Beef?"
became the popular quote
of the day in 1984.**

CVT Services and Programs

CVT offers a variety of carefully-crafted options for school healthcare benefit packages that will suit the needs of any district regardless of size or location. Choices range from 11 PPO plans including a Bronze plan, three High Deductible Health Plans (HDHP) and a PPO Wellness Plan. PPO plan choices are offered through the Anthem Blue Cross or Blue Shield of California networks, and the number of plan options is growing. CVT also offers four pharmacy plans to match with PPO plans from CVS/caremark™.

There is also a Kaiser Permanente HMO Wellness Program and 10 Kaiser Permanente HMO plans, including a Health Savings Account (HSA) compatible plan and Kaiser Bronze plan. There are also three Blue Shield of California HMO plans and three Anthem HMO plans as well. With this many options, the right plan for your participants and members can always be found!

We offer dental coverage utilizing the Delta Dental network of providers and Vision Service Plan (VSP) for vision coverage. There are many different options available, which allow a district or unit to choose the benefits which best meet the needs of the group. MetLife group term life insurance and AD&D coverage is also available.

CVT also offers a self-paid retiree benefit plan. As our population ages and members retire, CVT can provide ongoing healthcare coverage and customer service for eligible members that they are used to.

Employee Assistance Program

An Employee Assistance Program (EAP) is available from CVT and is administered by ValueOptions® at no cost to members on a medical plan. EAP can also be purchased by a district or unit not on a medical plan as a benefit for employees.

Employees and their family members can receive free, confidential assistance to help with personal or professional problems that may interfere with family or work responsibilities and obligations. Confidential assistance is available 24 hours a day, 7 days a week via a toll free nationwide number.

MDLIVE®

When you can't contact your own doctor or have a non-emergency medical issue. PPO or HDHP plan participants can use MDLIVE® for around-the-clock, on-demand access to a national network of board-certified doctors and licensed therapists who can diagnose, recommend treatment, and prescribe medication (if appropriate). With MDLIVE®, they can speak to a doctor anytime, anywhere through secure video or phone. The service is secure, confidential and compliant with all medical privacy regulations.

Fit for Life

CVT's Fit for Life is a wellness program that offers free district-wide on-site flu shot and biometric health screenings, health fairs, resources for the development of district-wide health and wellness initiatives and support from CVT's Health Program Manager.



*The Los Angeles Raiders
won the Super Bowl in 1984.*

CVT's Responsive Customer Service

In addition to offering more choices and more benefit options, CVT is well-known for its outstanding and responsive service through its dedicated Account Managers and its Member Services Representatives who assist members, chapters and districts.

CVT Partnerships

CVT provides the best-of-the-best in healthcare through different partners who are the leading carriers in the healthcare industry. This also allows CVT to provide members the best products and services available at the most affordable prices. As a result, members may see many different products and provider names associated, but it's important to note they are "partners through CVT."

CVT's partnership with unions is critical. They play an important role in the success of CVT, providing the benefits and services best suited to meet the needs of their members. CVT and the union representatives try to educate members about their benefits, how to make healthier decisions and give them the tools to make healthier decisions and understand basic health insurance concepts that equate to better quality of care and lower costs.

CVT's Board of Trustees

A 12-member board of trustees governs CVT with a balance of management and labor representatives. The six management members, and three members each from CTA and CSEA that represent labor interests are appointed by their respective constituents. This cooperative governance ensures the best healthcare benefit options for all members.

Larry Yeghoian

Retired Superintendent
Colusa Unified School District

Sue Eustice

California School Employees
Association

Debra Cole

Field Director
California School Employees
Association

Elaine Cash

Retired Superintendent
Riverdale Unified School District

Nancy K. Smith

Retired Superintendent
Palmdale School District

Chad Wood

Director Classified Personnel Services
Desert Sands Unified School District

Anthony Parreira

Retired Teacher
Los Banos Unified School District
California Teachers Association

Chuck King

Regional UniServ Staff
California Teachers Association

Elizabeth Zulueta

Retired Director Human Resources
San Joaquin Delta College

Carole Luckenbach, CEBS

Manager
Risk Management/Economic Services
California Teachers Association

John Pestorich

Superintendent
Washington Unified School District

Keith Pace

Director of Field Operations
California School Employees
Association

1984



The music CD was born in 1984
replacing the tape player.



CALIFORNIA'S
VALUED TRUST

Healthcare Benefits for the Education Community



CVTrust.org

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