

**TEACHERS HEALTH TRUST**

**JUNE 30, 2005 AND 2004**

**TEACHERS HEALTH TRUST  
JUNE 30, 2005 AND 2004**

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**KAFOURY, ARMSTRONG & CO.**  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Teachers Health Trust

We have audited the accompanying statements of net assets available for benefits and of benefit obligations of the Teachers Health Trust (formerly known as the Clark County Education Association Welfare Benefit Trust) (the "Trust") as of June 30, 2005 and 2004, and the related statements of changes in net assets available for plan benefits and benefit obligations for the years then ended. The financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Teachers Health Trust as of June 30, 2005 and 2004, and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules for the years ended June 30, 2005 and 2004, listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the Trust's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Reno, Nevada  
October 18, 2005

# TEACHERS HEALTH TRUST

## STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS AS OF JUNE 30, 2005 AND 2004

|  | <u>2005</u>          | <u>2004</u>          |
|--|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |
| INVESTMENTS, at fair value   | \$ 18,705,152        | \$ 13,003,822        |
| RECEIVABLES:   |                      |                      |
| Retiree plan contribution  | -                    | -                    |
| Related party  | 885                  | 3,094                |
| CCSD contract settlement   | -                    | -                    |
| Other receivables  | 1,319                | 507                  |
|  | <u>2,204</u>         | <u>3,601</u>         |
| CASH AND CASH EQUIVALENTS  | 4,438,083            | 1,354,588            |
| FIXED ASSETS (net of accumulated depreciation of<br>\$2,587,097 and \$2,130,871, respectively) | 5,194,199            | 3,505,196            |
| OTHER ASSETS   | 5,513                | 4,754                |
| PREPAID EXPENSES   | <u>222,394</u>       | <u>145,621</u>       |
| TOTAL  | <u>28,567,545</u>    | <u>18,017,582</u>    |
| <b>LIABILITIES AND NET ASSETS</b>  |                      |                      |
| LIABILITIES:   |                      |                      |
| Accounts payable for administrative expenses   | 412,147              | 374,670              |
| Due to related party   | 18,626               | 55,237               |
| Deferred insurance contribution  | 30,957               | 22,361               |
| Total liabilities  | <u>461,730</u>       | <u>452,268</u>       |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS   |                      |                      |
| Reserved for self-funded stop loss coverage  | 750,801              | 347,452              |
| Unreserved   | <u>27,355,014</u>    | <u>17,217,861</u>    |
| TOTAL NET ASSETS AVAILABLE FOR PLAN BENEFITS   | <u>\$ 28,105,815</u> | <u>\$ 17,565,313</u> |

See accompanying notes.

# TEACHERS HEALTH TRUST

## STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

|  | <u>2005</u>          | <u>2004</u>          |
|--|----------------------|----------------------|
| ADDITIONS:   |                      |                      |
| Contributions  |                      |                      |
| Clark County School District                                 | \$ 73,543,772        | \$ 68,933,951        |
| Employee deductions  | 18,213,598           | 17,163,937           |
| Retiree participants   | 760,157              | 3,840,059            |
| Self-pay, COBRA, staff participants                          | 1,624,940            | 1,398,696            |
|  | <u>94,142,467</u>    | <u>91,336,643</u>    |
| Interest and other income                                    | 2,491,021            | 286,587              |
| State Emergency Fund   | 2,884,530            | -                    |
|  | <u>2,491,021</u>     | <u>286,587</u>       |
| Total additions  | <u>99,518,018</u>    | <u>91,623,230</u>    |
| REDUCTIONS:  |                      |                      |
| Insurance premiums   | <u>12,594,123</u>    | <u>12,253,619</u>    |
| Benefits paid for participants                               |                      |                      |
| Medical  | 44,429,887           | 44,044,712           |
| Prescription drugs   | 15,136,492           | 12,851,678           |
| Dental   | 8,473,585            | 8,726,636            |
| Vision   | 1,895,784            | 1,973,467            |
|  | <u>69,935,749</u>    | <u>67,596,493</u>    |
| Administrative expenses                                      | <u>6,447,645</u>     | <u>5,851,281</u>     |
| Total deductions   | <u>88,977,517</u>    | <u>85,701,393</u>    |
| NET INCREASE   | 10,540,501           | 5,921,837            |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS,<br>BEGINNING OF YEAR | <u>17,565,313</u>    | <u>11,643,476</u>    |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS,<br>END OF YEAR       | <u>\$ 28,105,815</u> | <u>\$ 17,565,313</u> |

See accompanying notes.

# TEACHERS HEALTH TRUST

## STATEMENTS OF BENEFIT OBLIGATIONS AS OF JUNE 30, 2005 AND 2004

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|   | <u>2005</u>          | <u>2004</u>          |
|---|----------------------|----------------------|
| AMOUNTS CURRENTLY PAYABLE TO OR FOR<br>PARTICIPANTS, BENEFICIARIES, AND DEPENDENTS: |                      |                      |
| Insurance premiums  | \$ 186,788           | \$ 1,172,966         |
| Benefit claims  | 2,735,401            | 2,380,727            |
| Prescription drugs  | 631,492              | 506,856              |
| Total currently payable   | <u>3,553,681</u>     | <u>4,060,549</u>     |
| OTHER CURRENT BENEFIT COVERAGE OBLIGATIONS:   |                      |                      |
| Claims incurred but not reported,<br>at present value of estimated amounts          | <u>8,234,599</u>     | <u>6,269,273</u>     |
| Total obligations other than postretirement<br>benefit obligations                  | <u>11,788,280</u>    | <u>10,329,822</u>    |
| POSTRETIREMENT BENEFIT OBLIGATIONS:   |                      |                      |
| Current retirees  | <u>415,475</u>       | <u>527,504</u>       |
| TOTAL BENEFIT OBLIGATIONS   | <u>\$ 12,203,755</u> | <u>\$ 10,857,326</u> |

See accompanying notes.

# TEACHERS HEALTH TRUST

## STATEMENTS OF CHANGES IN BENEFIT OBLIGATIONS FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

|  | <u>2005</u>          | <u>2004</u>          |
|--|----------------------|----------------------|
| AMOUNTS CURRENTLY PAYABLE TO OR FOR PARTICIPANTS, BENEFICIARIES, AND DEPENDENTS: |                      |                      |
| Balance at beginning of year   | \$ 4,060,549         | \$ 3,205,196         |
| Claims reported and approved for payment   | 82,023,004           | 80,705,465           |
| Claims paid  | <u>(82,529,872)</u>  | <u>(79,850,112)</u>  |
| Balance at end of year   | <u>3,553,681</u>     | <u>4,060,549</u>     |
| OTHER OBLIGATIONS FOR CURRENT BENEFIT COVERAGE, at estimated amounts:            |                      |                      |
| Balance at beginning of year   | 6,269,273            | 4,563,391            |
| Net change during year   | <u>1,965,326</u>     | <u>1,705,882</u>     |
| Balance at end of year   | <u>8,234,599</u>     | <u>6,269,273</u>     |
| TOTAL OBLIGATIONS OTHER THAN POSTRETIREMENT BENEFIT OBLIGATIONS                  | <u>11,788,280</u>    | <u>10,329,822</u>    |
| POSTRETIREMENT BENEFIT OBLIGATIONS:  |                      |                      |
| Retiree life insurance   | <u>415,475</u>       | <u>527,504</u>       |
| TOTAL BENEFIT OBLIGATIONS, END OF YEAR   | <u>\$ 12,203,755</u> | <u>\$ 10,857,326</u> |

See accompanying notes.

## TEACHERS HEALTH TRUST

### NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

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#### NOTE 1 – DESCRIPTION OF THE TRUST

The following description of the Teachers Health Trust (the "Trust") provides only general information. Trust participants should refer to the Trust Agreement and plan document for a more complete description of the Trust provisions.

The Teachers Health Trust changed its name from Clark County Education Association Welfare Benefit Trust effective February 1, 2002. Throughout these financial statements, the Trust has been referred to by its new name.

**General** - On October 1, 1983, as a result of contract negotiations between the Clark County Education Association ("CCEA"), operating at that time as the Clark County Classroom Teachers Association ("CCCTA"), and the Clark County School District ("CCSD"), the Trust was created under NRS 287.010. The responsibilities of administration and management of health and welfare benefits shifted from the CCSD, as an employer, to the CCEA as bargaining agents of education employees. The Trust was established by the CCEA to administer health benefits for its participants. All licensed employees of CCSD paid on the teachers' salary schedule and eligible for representation by the CCEA, and other groups identified by the Teachers Health Trust Board of Trustees, are eligible for coverage. The Trust has elected to follow, but is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

**Benefits** - The Trust provides medical, prescription drug, dental, vision, behavioral health, and death benefits to eligible participants. The Trust offers a choice to participants of a self-insured Preferred Provider Organization ("PPO") or a Health Maintenance Organization ("HMO") through Health Plan of Nevada for medical, prescription drug, and behavioral health coverage. Participants may elect to enroll in a Hospital Supplement Plan, which offers no medical coverage. Participants become eligible for coverage on the first day of the month following their hire date.

**Contributions** - The collective bargaining agreement with the CCSD provides for monthly contributions to the Trust for eligible employees of the CCSD. The contribution rate is determined through collective bargaining between the CCEA and the CCSD. Participants may elect to make contributions to extend coverage to their eligible dependents. Any active participant who retires may elect to participate in the Teachers Health Trust Retiree Plan, on a self-pay basis, for retiree benefits in accordance with the terms of the plan document.

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** - The Trust maintains its records on the accrual basis of accounting. Revenue is recognized when earned, and benefits and expenses are recognized when incurred.



TEACHERS HEALTH TRUST

NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Investments** - Investments consist solely of mutual funds through Western Assets Intermediate Portfolio. Investments are recorded at fair market value based on quoted market prices. Purchases and sales of investments are recorded on a trade-date basis. The Trust has contracted with an investment consultant, investment manager, and investment custodian to manage the Trust's investment assets.

**Cash Equivalents** - The Trust considers all highly liquid investments with maturity of three months or less at the date of purchase to be cash equivalents. These investments are stated at market value in accordance with accounting principles generally accepted in the United States of America.

**Fixed Assets, Net** - Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the various assets. The Trust depreciates its fixed assets using an estimated useful life of 40 years for buildings, 10 years for office furniture and equipment, and 5 years for computer hardware and software. Costs of major improvements are capitalized, while costs of normal maintenance and repairs are expensed as incurred.

**Use of Estimates** - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates used by the Trust include the total benefit obligation and changes therein, claims incurred but not reported, claims payable, and the estimated useful lives for depreciable assets. Actual results could differ from these estimates.

**Priorities upon Termination** - Except as may be otherwise provided by law, in the event of termination, the Trust agreement provides that any monies remaining in the Trust will be used for the continuance of the purpose for which the Trust was established and for the administrative expense of the Trust, until such monies are exhausted.

**Other Assets** – Other assets consists primarily of deposits for security alarm, utilities, and workers compensation policy.

**State Emergency Fund** – CCSD received a subgrant pursuant to Assembly Bill 257 (AB 257) of the 2003 Legislative Session. The purpose of the AB 257 funding is to supplement the unexpected expenses related to providing health insurance for employees during the 2003-2005 biennium. The Trust's portion of this fund is \$2,884,530, which was received on June 29, 2005.

# TEACHERS HEALTH TRUST

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Claims Payable and Estimated Claims Incurred but Not Reported** - Plan obligations at June 30, 2005 and 2004, for health claims payable and claims incurred by participants but not reported at that date, are estimated by the Trust's actuary in accordance with accepted actuarial principles.

**Income Taxes** - Based on a determination received from the Internal Revenue Service ("IRS") the Trust is exempt from federal income tax based upon Section 501 (c)(9) of the Internal Revenue Code ("IRC"). Accordingly, the Trust's net investment income is exempt from income taxes. The Trust has obtained a favorable tax determination letter, dated March 21, 1991, from the IRS, and management of the Trust believes it continues to qualify and to operate in accordance with applicable provisions of the IRC.

### NOTE 3 – CONTRIBUTION RATE

Under the terms of a July 1, 2003, collective bargaining agreement, the CCSD contribution for each participating licensed employee was increased to \$382.18 per month effective September 1, 2004. The previous contribution rate, effective January 1, 2004, for each eligible employee was \$362.18. The collective bargaining agreement remains effective until a new rate is negotiated.

### NOTE 4 – INVESTMENTS

The Trust retains an investment consultant and manager to manage the Trust investments according to the investment policies established by the Trust's Board of Trustees. Investments consist of the following at June 30:

|              | <u>2005</u>         | <u>2004</u>         |
|--------------|---------------------|---------------------|
| Mutual funds | <u>\$18,705,152</u> | <u>\$13,003,822</u> |

During 2005 and 2004, the Trust's investments (including investments bought, sold and held during the year) appreciated in value by \$256,094 and depreciated in value by \$192,284, respectively. Additionally, during 2005 and 2004, the Trust received dividends of \$566,767 and \$403,375, respectively. These amounts are included in "Interest and other income" on the accompanying statements of changes in net assets available for plan benefits.

# TEACHERS HEALTH TRUST

## NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

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### NOTE 5 – FIXED ASSETS

Fixed assets, net are summarized as follows at June 30:

|                                    | 2005                | 2004                |
|------------------------------------|---------------------|---------------------|
| Land - 4230 McLeod                 | \$ -                | \$ 436,642          |
| Land - 4286 McLeod                 | -                   | 375,909             |
| Land - 4252 McLeod                 | -                   | 792,040             |
| Building - 4230 McLeod             | -                   | 620,548             |
| Building - 2950 E. Rochelle Avenue | 2,772,974           | 34,008              |
| Land - 2950 E Rochelle Avenue      | 640,000             | -                   |
| Office Furniture and Equipment     | 500,386             | 341,485             |
| Computer Hardware & Software       | 3,727,821           | 2,830,501           |
| Telephone Equipment                | 140,115             | 140,115             |
| Leasehold Improvements             | -                   | 64,819              |
|                                    | <u>7,781,296</u>    | <u>5,636,067</u>    |
| Accumulated Depreciation           | <u>(2,587,097)</u>  | <u>(2,130,871)</u>  |
| Total Fixed Assets, net            | <u>\$ 5,194,199</u> | <u>\$ 3,505,196</u> |

### NOTE 6 – RELATED PARTIES

The Trust leased office space from the CCEA up to June 11, 2004. The Trust and CCEA has agreed to exchange their properties and the Trust consolidated its entire staff and operations at the CCEA building on June 10, 2004. On July 16, 2004, the property exchange between the Trust and CCEA was finalized. At its February 26, 2004 meeting, the Board of Trustees approved the plan to exchange its properties located at 4230 McLeod Drive and the adjacent vacant lot at the corner of McLeod and Rochelle Avenue for the CCEA property located at 2950 East Rochelle Avenue.

The total appraised value of the Trust properties is \$1,915,000 - \$1,090,000 for the property located at 4230 McLeod Drive including the wireless communication pad site lease, and \$825,000 for the 2.61 acre vacant lot at the corner of McLeod and Rochelle Avenue. The CCEA property was appraised at \$2,400,000, which includes the existing office building and 0.91 acre parking area. The Trust paid additional \$485,000 cash to CCEA on July 13, 2004 in order to equalize the value of the properties being exchanged.

On April 12, 2005, CCEA signed a lease agreement with the Trust to rent office space. Effective February 1, 2005, CCEA pays \$2,500 rent per month for the first twelve months and \$3,934 thereafter.

## TEACHERS HEALTH TRUST

### NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

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#### NOTE 6 – RELATED PARTIES (continued)

The Trust also reimburses CCEA for costs incurred based on the relationship agreement between the CCEA and the Trust. The Trust and CCEA are separate entities and maintain separate records.

As of June 30, 2005 and 2004, the Trust had a receivable due from CCEA of \$653 and \$3,094, respectively. In addition, the Trust had a payable due to CCEA of \$18,626 and \$55,237, respectively. Amounts paid to CCEA were \$409,409 and \$575,360, for the years ended June 30, 2005 and 2004, respectively.

#### NOTE 7 – STOP LOSS RESERVE

On June 16, 2003, the Board of Trustees approved the termination of the stop loss insurance coverage effective June 20, 2003, and to self-insure its stop loss coverage effective July 1, 2003. To fund the reserve, the Trust is depositing on a monthly basis the amount equivalent to the premiums usually charged by the stop loss insurance company to Western Asset Intermediate Portfolio, the Trust investment account. As of June 30, 2005 and 2004, the stop loss reserve was \$750,801 and \$347,452, respectively.

#### NOTE 8 – BENEFIT OBLIGATIONS

The Trust's benefit obligations, excluding the postretirement benefit obligation, represents claims incurred but not reported, claims unprocessed, claims in ready-to-pay status but not yet paid, insurance premium payable, and prescription drug claims payable. As of June 30, 2005, and 2004, the Trust had recorded benefit obligations (excluding the postretirement benefit obligation) of \$11.79 million, and \$10.33 million in the accompanying statements of benefit obligations, of which \$3,553,681 and \$4,060,549 is currently payable as of June 30, 2005 and 2004, respectively. The remaining amounts of \$8,234,599 and \$6,269,273 represent claims incurred but not reported.

As presented in the statements of changes in benefit obligations, the accumulated postretirement benefit obligation (APBO) is \$415,475 and \$527,504 as of June 30, 2005 and 2004, respectively. The APBO represents the liability for life insurance costs that exceed the value of the premiums charged to retirees.

The amount reported as the postretirement benefit obligation represents the actuarial present value of those estimated future benefits that are attributed by the terms of the plan. Benefits include amounts expected to be paid to retired or terminated employees or their beneficiaries. The actuarial present value of postretirement benefits is determined by an actuary and it is that amount that results from applying actuarial assumptions to adjust the postretirement benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and expected date of payment. The significant actuarial assumptions used in the valuation were:

## TEACHERS HEALTH TRUST

### NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

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#### NOTE 8 – BENEFIT OBLIGATIONS (continued)

- The PPO Retiree Plan, Medicare Supplement Plan, and HPN HMO Plan are no longer offered.
- The following are retiree only coverage contribution rates the Trust intends to implement effective January 1, 2006:

| <u>Benefit Plan</u>                    | <u>Expected 2006 Monthly Retiree Contribution Rate</u> |
|--|--|
| Sierra Choice (POS), retiree/ spouse   | 270/200  |
| Sierra Choice Plus (Senior Dimensions) | 60   |
| PPO Dental/Vision                      | 50   |

- Rates shown above are assumed to cover premiums and any other expenses incurred by the plans. The medical/dental rates also include a portion of costs charged to retirees for life insurance coverage.
- Active employees can receive the Sierra Choice POS before 65 and the Sierra Choice Plus/ Senior Dimensions after 65.
- 20% of eligible retirees are assumed to elect cover under the Plan. This compares to a 40% assumption in the prior valuation.
- The weighted average discount rate used to value the liabilities is 7%.
- The contribution rates shown above are assumed to increase in the future to account for rising healthcare costs and the aging of the Trust's covered population. The result of such future increases is there is no Trust subsidy to total retiree costs.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated postretirement benefit obligation.

For all medical plans, there is no APBO since the current retiree contribution rates are expected to cover 2006 retiree costs and the Trust intends to increase retiree contributions to pay for retiree costs every year into the future.

#### NOTE 9 – COMMITMENTS

The Trust pays monthly license and maintenance fees of \$18,700 under a software licensing agreement that expires June 2007.

#### NOTE 10 – SUBSEQUENT EVENT

**Contribution Rate** - Under the terms collective bargaining agreement, the CCSD contribution for each participating licensed employee was increased to \$401.09 per month effective July 1, 2005.

## **SUPPLEMENTAL SCHEDULES**

# TEACHERS HEALTH TRUST

## SUPPLEMENTAL SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

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|   | <u>2005</u>         | <u>2004</u>         |
|---|---------------------|---------------------|
| Salaries and related expenses                       | \$ 3,481,836        | \$ 3,220,246        |
| Depreciation expense                                | 973,587             | 536,955             |
| Computers - supplies and maintenance                | 445,841             | 267,706             |
| Community foundation service fees                   | 225,000             | 225,000             |
| Claims data entry for electronic submission         | 173,782             | 199,486             |
| Administrative fees                                 | 203,322             | 198,746             |
| Rent  | 5,075               | 153,958             |
| Benefit communications                              | 111,084             | 141,409             |
| Legal fees  | 117,731             | 115,389             |
| Building expenses - service center/temporary office | 136,279             | 98,832              |
| Audit fees  | 27,400              | 89,338              |
| Postage   | 76,396              | 78,136              |
| Printing  | 74,659              | 77,939              |
| Hospital service purchasing coalition fees          | 10,000              | 75,856              |
| Health Traxx newsletter                             | 40,307              | 51,394              |
| Health education program                            | 51,481              | 50,662              |
| Telephone   | 27,474              | 43,892              |
| Office expense                                      | 57,241              | 40,687              |
| Professional fees                                   | 53,066              | 37,686              |
| Claims review and processing expense                | 36,459              | 31,715              |
| Bank charges  | 5,819               | 30,778              |
| Fiduciary insurance                                 | 30,633              | 30,042              |
| Manager and partner meetings and training           | 32,046              | 24,922              |
| Insurance expense                                   | 15,424              | 11,389              |
| Publications, subscriptions and dues                | 6,895               | 5,078               |
| Payroll processing fees                             | 5,768               | 4,961               |
| Employee search                                     | 9,083               | 4,053               |
| Repairs and maintenance                             | 675                 | 2,657               |
| Temporary employee expense                          | 12,528              | 1,297               |
| Trustee meetings                                    | 754                 | 1,072               |
| Total   | <u>\$ 6,447,645</u> | <u>\$ 5,851,281</u> |

# TEACHERS HEALTH TRUST

## SUPPLEMENTAL SCHEDULE OF INSURANCE PREMIUMS FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

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|   | <u>2005</u>          | <u>2004</u>          |
|---|----------------------|----------------------|
| POS/HMO Plan - Health Plan of Nevada        | \$ 9,934,605         | \$ 9,084,132         |
| Group Term Life Insurance - C.N.A./Hartford | 1,206,114            | 1,152,986            |
| Lab Services - Quest Diagnostics            | 525,519              | 1,022,776            |
| Utilization Management - Encompass          | 347,033              | 317,761              |
| Medical PPO Network - Mediversal            | 152,709              | 255,773              |
| Behavioral Health - HBI                     | 165,489              | 165,804              |
| Vision PPO Network - Vision Service Plan    | 144,005              | 139,634              |
| Dental PPO Network - Diversified Dental     | 118,650              | 114,753              |
|   | <hr/>                | <hr/>                |
| Total                                       | <u>\$ 12,594,123</u> | <u>\$ 12,253,619</u> |