

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
August 17, 2017**

3. ACTION ITEMS

A. Discussion and possible board action on Vera Onsite Clinic **Marianne Heiderscheidt**

Ms. Heiderscheidt presented the monthly report for the wellness clinic. Highlights included: (1) clinic utilization—for the month of July, employee engagement was 70%; and (2) patient satisfaction—the overall satisfaction rating average for Year 2 is 4.9 out of 5 (5 being excellent).

No action was taken.

B. Discussion and possible board action on bylaws, selection of the chair, and matrix of responsibilities of other officers **Mike Townsend**

Mr. Townsend led a discussion regarding a proposed modification to the governance structure: addition of committees that would address specific issues prior to each board meeting. The intent would be to assist in conducting more efficient meetings. Each board member was assigned to lead a committee. Those assignments are as follows:

- Mr. Kuhn will lead the clinic committee.
- Ms. Van Ess will lead the finance committee.
- Mr. Townsend will lead the wellness committee.
- Mr. Dille will lead the benefit plan committee.

No action was taken.

C. Discussion and possible board action on the trustee interview report executive summary **Amy Girardo**

Ms. Girardo presented the Executive Summary of the Trustee Interview Report. The Summary highlighted key areas of interest which may generate some discussion, further analysis, and possible future changes. One area specifically noted includes a review of the structure and division of duties among the Trustees. It also highlighted some noted accomplishments including the opening of the wellness clinic and growth in wellness participation, which were viewed positively by the Trustees and employees.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
August 17, 2017**

No action was taken.

D. Discussion and possible board approval on the July 1, 2016 Financial Audit **Mike Townsend**

Mr. Townsend asked for a motion to approve the audit for the year ending June 30, 2016.

Bob Kuhn motion, Shane Dille second, motion approved.

E. Discussion and possible board action on interim financial statements **Lori Jundt**

Ms. Jundt presented the financial report for the period ending June 30, 2017. She advised the following:

- Total assets as of June 30, 2017 were \$10,409,916.
- Cash and cash equivalents were \$9,478,169.
- Total liabilities were \$4,465,538.
- Claims payable were \$1,831,491.
- Reserve for IBNR losses remained unchanged from the prior report at \$1,158,000.
- Net assets as of April 30, 2017 were \$5,944,378.
- The year-to-date deficit of revenues over expenses was \$4,574,592.

Ms. Jundt advised the Trustees that there was a decrease in net assets compared to last year, and that expenditures for wellness and administration are in line with the budget for those items. Ms. Jundt also advised that expenses for the Vera clinic, specifically, are currently over budget by \$3.35 million.

No action was taken.

F. Discussion and possible board action on monthly medical/pharmacy report **Amy Girardo**

Ms. Girardo presented an overview of NAPEBT's 2016–2017 contributions, claims, and expenses, inclusive of clinic expenses, for the period ending June 30, 2017. Key observations from the report included:

- Claims and expenses (after stop loss reimbursements and pharmacy rebates) exceeded contributions by \$4.25 million, or 17.2 percent of contributions.

NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
August 17, 2017

- Claims expense increased, driven by an increase in medical claims from claimants with individual claims in excess of \$150,000; these 17 claimants have a combined \$4.2 million in claims, or 17.9 percent of the total medical and pharmacy paid claims.
- Approximately 54% of the population participated in the wellness program; wellness incentive payouts through June total \$571,760.
- Approximately 17.7 percent of all employees and retirees are enrolled in the buy-up plan; 63.4 percent are enrolled in the base plan; and 18.8 percent are enrolled in a high deductible health plan. Total enrollment has decreased 0.9 percent over the prior plan year's average.

Ms. Girardo advised that the overall enrollment decrease was attributed to a reduction in retirees. She also noted that there has been a continual enrollment increase in the high deductible health plan.

No action was taken.

G. Discussion and possible board action on Vera clinic reporting

Richard Ward

Mr. Ward presented an analysis of Vera performance to date, stating that the clinic is well utilized, member satisfaction is positive, and members see the benefit of the clinic. Mr. Ward advised that the challenges are in the metrics and cost savings. He stated that Vera estimated between \$1.3 and \$4 million in savings based on projections of "what could have been" if the clinic did not open. Mr. Ward indicated that Vera's analysis assumed 32.9 percent trend for members that did not visit the clinic and 19.1 percent for members that did visit the clinic.

Mr. Ward stated that he felt it would be more effective to implement what he referred to as the "building block method." He mentioned that this method provides data on what *did* happen as opposed to what *did not* happen. Mr. Ward further explained that this method would show how the clinic is operating and, in turn, provide information on what adjustments need to be made to the program: For example, it may be better to distribute certain prescription drugs through the clinic rather than outside the clinic.

Mr. Dille asked whether or not the building block method was shared with Vera, and if it was, whether or not they had bought into the concept. Mr. Ward shared that there was some receptivity, but that Vera's position in its most recent response was unclear.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
August 17, 2017**

Ms. Anderson questioned if the SHAPE program would overlap with Vera and other vendors, and if they would complement each other in gathering data for analysis. Mr. Ward noted that many programs are currently being operated, so one vendor may not be able to coordinate as efficiently. He further explained that SHAPE will include data from the clinic and the Blue Cross medical and CVS/Caremark pharmacy claims as well.

Mr. Townsend indicated that he did not agree with the trend Vera used in their projections. He shared that the trend needs to depict a more realistic picture, noting that it is important that the Trustees look at the trend over time, not just for one year.

Mr. Kuhn requested that a review of the trends based on Vera's analysis be brought back by Segal for consideration at the November retreat.

Mr. Sauer indicated that he wants to make sure employee satisfaction is taken into account on any decision.

Ms. Anderson asked when a conversation with Vera should take place regarding management of the clinic moving forward. No final determination was made on the issue and there was no further discussion.

No action was taken.

**H. Discussion and possible board action on
the Blue Cross contract**

Amy Girardo

Ms. Girardo presented information on a cooperative contract with Blue Cross Blue Shield (BCBS) through the City of Chandler, in which NAPEBT could participate in as part of a group purchasing effort. Ms. Girardo explained that the current contract between BCBS and NAPEBT would be extended until June 30, 2022 if NAPEBT were to participate.

Mr. Kuhn recommended that NAPEBT participate in the contract once it has been reviewed and approved by the Coconino County procurement office.

Bob Kuhn motion, Jami Van Ess second, motion approved.

**I. Discussion and possible board action on
wellness program, including participation update
and health fair changes**

Katie Wittekind

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
August 17, 2017**

Ms. Wittekind advised that an annual review of the wellness program will be presented at the November retreat. Ms. Wittekind indicated that there has been an increase in participation. She also noted that an audit of the wellness portal is currently underway.

No action was taken.

J. Discussion and possible board action on the Segal Stewardship Report **Amy Girardo**

Ms. Girardo presented information on the Segal stewardship report, providing an overview of Segal's history with NAPEBT, a highlight of services offered and delivered, and cost savings to the Trust. The report highlighted that over the course of seven years Segal has saved the Trust approximately \$900,000.

No action was taken.

K. Discussion and possible board approval of audit engagement agreement **Bob Kuhn**

This item was tabled. Mr. Kuhn will present at the September meeting.

L. Discussion and possible board action on the flexible spending account administration RFP **Amy Girardo**

Ms. Girardo advised that considerable time had lapsed since the Trust had marketed for a flexible spending account administrator, and asked if any of the Trustees had any desire go out to bid since the existing contract had been in place for five years. The cost of services under the contract is low, therefore the Trustees indicated they are satisfied with the current vendor and they do not have any desire to market the administration. Segal will request a renewal for July 1, 2018, from the incumbent vendor.

No action was taken.

M. Discussion and update on enrollment system RFP **Bob Kuhn**

Mr. Kuhn stated that the RFP process will begin once the RFP for audit vendor services is complete.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
August 17, 2017**

Mr. Townsend suggested that the entire group approach Vantagen in order to leverage buying power.

The City of Flagstaff agreed to handle the enrollment system RFP and consider the entire group as part of the process.

N. Discussion and update on the EAP RFP

Katie Wittekind

Ms. Wittekind suggested that the RFP include all NAPEBT employers and allow for a base plan of services offered to all employers paid by the Trust while other services available could be paid by each employer as needed.

Ms. Anderson stated that she likes the idea of offering a base plan and then having each entity add additional services at its own cost.

Ms. Wittekind will work with the Coconino County Community College procurement officer on marketing for EAP administration and will bring the recommendations to the November board meeting.

O. Discussion and possible board approval of date and location of the annual trustee retreat

Katie Wittekind

Ms. Wittekind stated that the date for the November retreat may be changed from November 16–17 to November 28–29. A final date and location will be presented at the September meeting.

No action was taken.

P. Discussion and update on compliance and industry changes, including trends report

Amy Girardo

Ms. Girardo provided an overview of the compliance update and trends report.

Q. Discussion and possible board action on 2017/2018 meeting project plan

Aaron Genaro

Mr. Genaro presented the project plan.

R. Discussion of the review of action items, and timeline

Sarah Virgil

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
August 17, 2017**

Ms. Virgil reviewed the upcoming action items. Subsequent to the meeting, the following items were assigned to various participants:

Segal will review and analyze the value and impact of the clinic on utilization and cost metrics.

Mr. Townsend will create a matrix spreadsheet for committees, and email each agency to determine the committee members to be presented at the September board meeting. The following was proposed:

- Mr. Kuhn will lead the clinic committee.
- Ms. Van Ess will lead the finance committee.
- Mr. Townsend will lead the wellness committee.
- Mr. Dille will lead the benefit plan committee.

Ashton Tiffany will update the authority matrix for accounts payable to designate two individuals with signing authority, rather than one.

Segal will provide the City of Chandler cooperative contract information to Mr. Townsend's office for review.

Ms. Wittekind will prepare the annual wellness review for the meeting in November.

Mr. Kuhn will bring back the Audit Engagement Agreement to the September board meeting.

The City of Flagstaff will be responsible for the enrollment system RFP. Ms. Girardo will provide the original enrollment system RFP for reference, if she can find it.

Ms. Wittekind will work with the Coconino County Community College procurement officer on the EAP RFP with results to be presented at the November meeting.

Ms. Wittekind will follow up with each employer in order to finalize definitive dates for the Trust retreat.

4. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None

5. NEXT REGULAR MEETING: September 21, 2017

6. ADJOURNMENT: 12:33 p.m.