

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
November 27–28, 2017**

The following consultants/vendors were present:

Nura Patani	Segal
Richard Ward	Segal
Melissa Bissett	Segal
Amy Girardo	Segal
Tracy Foss	Ashton Tiffany
Aaron Genaro	Ashton Tiffany
Lori Jundt	Ashton Tiffany
Marianne Heiderscheidt	Vera Whole Health
Ryan Schmid	Vera Whole Health
Jigang Yang	Vera Whole Health
Brad Frank	Vera Whole Health
Shannon Arnett	Vera Whole Health

The following Trustees were present, and a quorum was met:

Mike Townsend (chairperson)	Coconino County
Shane Dille	City of Flagstaff
Jami Van Ess	Coconino County Community College
Bob Kuhn	Flagstaff Unified School District

The following Alternate Trustees were present:

Margaret Penado	Coconino County
Shannon Anderson	City of Flagstaff
Rosa Logan	Coconino County Community College

The following guests were present:

Natasha Smith	Coconino County
Amber Baker	Coconino County
Katie Wittekind	Coconino County
Megan Cunningham	Coconino County
Dietrich Sauer	Coconino County Community College
Jennifer Caputo	City of Flagstaff
Dean Coughenour	City of Flagstaff
Ginger Wischmann	Flagstaff Unified School District
Lynn Hill	NAIPTA
Laurie Battice	NAIPTA

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The Vera team provided a recommendation on the “no show” policy. Following board discussion, it was determined that a revised recommendation be given to the clinic committee in January.

Mr. Schmid provided a cost analysis based on the length of visit; discussed the decreasing trend in non-engaged members; and mentioned additional cost savings options, including Vera Direct telehealth, clinic formulary expansion, and implementation of an aggressive referral management/care coordination program.

Mr. Townsend requested that Segal work with Vera to provide a comparison of the Vera Direct telehealth program and the Blues telemedicine program. He stated that he would like the clinic committee to review the comparison and provide a recommendation.

No action was taken.

C. Discussion and possible board action on interim financial statements

**Jami Van Ess
Lori Jundt**

Ms. Van Ess provided an overview of the finance committee and its first meeting. She stated that the committee determined that reports on the financial statements should be presented on a quarterly basis at the board meetings. The next report will take place at the February Trust Board meeting. She also mentioned that monthly information would still be available upon request.

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

- Total assets as of September 30, 2017 were \$10,183,879.
- Cash and cash equivalents were \$9,279,731.
- Total liabilities were \$4,619,834.
- Claims payable were \$1,693,957.
- Reserve for IBNR losses was \$1,457,000.
- Net assets as of September 30, 2017 were \$5,564,045.
- The year-to-date deficit of contributions over expenses was -\$99,438.

No action was taken.

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D. Discussion and possible board action to approve the wellness program (annual review, budget discussion, possible plan changes/incentives) **Katie Wittekind**

Ms. Wittekind stated that she would present an annual review of the program at the January meeting.

Ms. Wittekind also presented the wellness budget, incentives, and structure, and advised that there were no material changes from the current year.

No action was taken.

E. Discussion and possible board approval of market update and survey data **Nura Patani**

Ms. Patani presented an overview of the survey conducted to compare NAPEBT with other public entities and other pools/trusts. She stated that the survey considered plan offerings, premium cost sharing, deductibles, office visit copays, medical out-of-pocket maximums, and prescription drug copays.

No action was taken.

F. Discussion and possible board action on monthly medical/pharmacy report **Nura Patani**

Ms. Patani presented an overview of NAPEBT's claims, expenses, and contributions for the period ending September 30, 2017. Key observations from the report included:

- The total loss ratio was 100.4 percent for the current plan year through September.
- Contributions exceeded claims and expenses (reduced for stop loss reimbursements and pharmacy rebates) by approximately \$240,000, or 10.6 percent of contributions for the month of September.
- The plan's rolling net medical trend was 1.6 percent, and the plan's rolling net pharmacy trend was -2.5 percent.
- There are two claimants with incurred claims in excess of the \$150,000 reporting threshold during the plan year to date. These claimants have combined claims of \$412,667, which represents 7.4 percent of paid claims.
- Wellness incentive payouts through September totaled approximately \$162,000.

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- 15.9 percent of all active employees and retirees were enrolled in the buy-up plan; 64.1 percent were enrolled in the base plan; and 19.9 percent were enrolled in the high deductible health plan. Through September, total enrollment decreased 2.1 percent over the prior plan year's average.

Mr. Coughenour requested that additional information be included with the report that might indicate how large the claim, or set of claims, might become. Ms. Patani stated that it is sometimes difficult to retrieve this level of detailed information, but that she would request prognosis data on large claimants from Blue Cross Blue Shield.

No action was taken.

**G. Discussion and possible board action on
Blue Cross administration of eligibility**

Amy Girardo

Ms. Girardo provided information related to a HIPAA security assessment conducted by Segal for the City of Flagstaff. She shared the recommendations, which included reducing the delegated access to the Blue Cross eligibility system.

Ms. Girardo asked that each organization review the list of those employees who have access to the eligibility administration system and identify only one or two individuals that should have access to the system going forward. She requested that each organization provide the updated list for their organization on or before Friday, December 1st.

No action was taken.

**H. Discussion and possible board action on Segal
SHAPE utilization report (standard dashboard,
clinic value analysis)**

Melissa Bissett

Ms. Bissett presented the SHAPE utilization report, including key observations and recommendations from the standard dashboard and the clinic value analysis reports. She advised that the standard dashboard report only included paid claims costs received from Blue Cross, as well as encounter data from Blue Cross and Vera for the current time period (July 2016–June 2017) and prior time period (July 2015–June 2016). Ms. Bissett presented recent claims trends, which were based on a rolling twelve-month per member per month (PMPM).

The board requested that Segal follow up on the following discussion items:

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- confirm if planned vs. unplanned admissions can be identified;
- confirm retinopathy utilization data;
- monitor ER utilization; and
- review inpatient days vs. readmissions.

No action was taken.

I. Discussion and possible board action on Vera performance and renewal of contract **Bob Kuhn**

Mr. Kuhn stated that he would be meeting with Vera separately to discuss contract and performance issues, and expects to have a contract complete in three or four months.

No action was taken.

J. Discussion and possible board action on trend to be used by Vera as a baseline rate to measure performance **Amy Girardo**

Ms. Girardo presented the medical/Rx plan financial (rate) history. She stated that the purpose was to provide a framework for the reserve policy and budget projection discussion in Item M of the agenda.

No action was taken.

K. Discussion and possible board action on EAP RFP **Katie Wittekind**

Ms. Wittekind stated that Coconino County Community College has taken the lead on this item and that the RFP should be sent out by the end of the week.

Mr. Townsend advised that a line item for EAP should be added to the budget projection. Segal agreed that this would be done.

No action was taken.

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L. Discussion and possible board action on the enrollment system RFP **Shannon Anderson**

Ms. Anderson stated that she sent a draft of the RFP to the committee for review. Once reviewed, it will be ready for publication and distribution.

No action was taken.

M. Presentation on preliminary medical plan budget projection (medical plan design, health initiatives, contribution strategy, Vera onsite clinic savings assumptions, retiree health, reserving guidelines) **Nura Patani**

Ms. Patani provided a recap of the budget projection discussion, including the live modeling dashboard report and scenarios that took place during the October meeting.

Ms. Patani stated that the baseline reserve projection includes a clinic savings assumption of a break even point in fiscal year 2021, meaning that the projection assumes claims savings attributable to the clinic in fiscal year 2021 will be at the same level as the clinic costs in that year.

Ms. Patani presented the “hybrid” option that was discussed during the October meeting, as well as potential changes to the medical/Rx program (including both potential benefit reductions and plan enhancements), and other health initiatives. Her presentation included information on the possible impact of the changes, considering the administrative effort to implement a particular change as well as the plan costs.

There was board discussion of scenario D, including the issue of how to minimize the impact on employees while providing the financial support that NAPEBT needs in order to operate successfully.

Mr. Townsend asked each organization represented at the meeting to review the additional proposed program changes presented by Ms. Patani and provide feedback the following day.

No action was taken.

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- an increase in the generic prescription drug copays from \$5–\$8;
- an incremental increase in out-of-pocket maximums for all plans of \$500 single and \$1,000 family;
- no increase to office visit copays;
- a possible change to emergency room copays requiring 2 copays after the 3rd visit to the emergency room during the plan year;
- no increase to plan deductibles;
- addition of a \$1,000 maximum benefit for alternative medicine benefits; and
- addition of a \$2,500 maximum annual benefit for hearing aids.

Mr. Townsend requested that Segal bring a recommendation on the structure of the alternative medical benefit offering to the December Trust Board meeting.

Ms. Patani presented modified scenarios based on the summary of recommendations.

Mr. Townsend asked that each entity discuss the following percentage increase options and provide feedback before the January meeting.

- Option 1: 9.5 percent renewal increase for July 1, 2018, and 6.25 percent renewal increases for plan years July 1, 2019; July 1, 2020; and July 1, 2021.
- Option 2: 9.5 percent renewal increase for July 1, 2018, and 8 percent, 5 percent, and 5 percent increases for plan years July 1, 2019; July 1, 2020; and July 1, 2021, respectively.

Ms. Patani agreed to send to each agency the renewal options discussed.

Ms. Patani presented the 2016–2017 allowed medical claim cost per member per month by plan and status.

Ms. Patani presented a comparison of blended and unblended retiree rates. She stated that on a blended basis, retirees are getting a much better deal purchasing coverage through NAPEBT.

Ms. Penado asked if there was any comparison with other public entities with regard to the blended and unblended rates. Mr. Ward stated that it depends on the statutory requirements and historical plan practices, but most are blended in with the actives. Mr. Ward stated that Segal will request a copy of the ASRS survey and forward to each agency.

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Ms. Patani and Ms. Bissett presented the total annual required contribution for retiree contributions versus other post-employment benefits.

Ms. Patani provided a comparison of reserve policies of similar entities based on Segal survey data compiled for 2017.

B. Discussion and possible board action on final wrap-up and next steps

Mike Townsend

Mr. Townsend identified some follow-up items and asked Ms. Foss to review the list of action items.

C. Discussion and possible board action on 2017–2018 meeting project plan

Aaron Genaro

This item was not discussed.

D. Review of action items and timeline

Tracy Foss

Ms. Foss reviewed the upcoming action items. The following items were assigned:

Vera will bring a recommendation on “no show” policy to the January Trust Board meeting, and confirm whether there are any legal implications for charging a fee for missed appointments.

Ms. Wittekind will present the annual wellness review at the January Trust Board meeting.

Segal will send medical premium cost sharing information to Flagstaff Unified School District.

Each agency will submit selected BCBS portal users to Segal by Dec. 1.

Segal will include the following in the SHAPE Report follow-up:

- confirmation that planned vs. unplanned admissions can be identified;
- confirmation of retinopathy utilization data;
- ER utilization data; and
- review of inpatient days vs. readmissions.

Segal and Vera will work together to conduct a more in-depth analysis of clinic Rx utilization.

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Segal will email medical plan scenarios A and B to each entity.

Segal will clarify the structure of alternative medicine benefits and present them at the December Trust Board meeting.

Ashton Tiffany will add discussion of retirees to the spring 2018 meeting agenda.

Segal will request a copy of the ASRS survey and forward to each agency.

- 3. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None**
- 4. NEXT REGULAR MEETING: January 25, 2018**
- 5. ADJOURNMENT: 11:42 a.m.**