

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
August 23, 2018**

4. ACTION ITEMS

A. Discussion and possible board action/approval on committee updates

a. Clinic Committee

Bob Kuhn

i. Vera update

Julie Almond

Ms. Heiderscheidt presented an overview of the clinic utilization monthly report through July 2018, noting that participant engagement increased 2 percent over last year. She stated that June and July 2018 saw the lowest number of new patients to date. Ms. Heiderscheidt provided additional highlights, including: (1) Vera research into possible demand for onsite prevention physical therapy; and (2) improvement in timely appointment cancellation as the no-show policy was implemented.

Ms. Almond provided an update on the wellness challenge. She stated that 25 percent of the goal had been met, and that the wellness fair should see a significant increase in participation.

No action was taken.

ii. Telehealth implementation update

Julie Almond

Ms. Almond presented an update on the VeraDirect telehealth implementation. She stated that VeraDirect will be able to service minors who are three years old and older. She also informed the board that parents will be able to register their minor dependents on their account.

Ms. Girardo informed the board that participants in the high deductible health plans (HDHPs) will have to continue to pay coinsurance for VeraDirect services once the deductible has been met.

Ms. Almond stated that this would not apply to the employees on the base and buy-up plans.

Ms. Girardo recommended going forward as presented, with HDHP participants being responsible for their deductible and coinsurance.

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Ms. Kuhn asked if the Trust could cover the cost of the VeraDirect telehealth service for the first year.

Ms. Almond stated that she will research and report back to Mr. Townsend on the costs for funding the telehealth program for one year for all members, including HDHP participants.

Ms. Almond informed the board that VeraDirect will launch in October, in time for flu season. Marketing material will be distributed by mail and email. She also noted that the VeraDirect website will go live the day of the launch. Vera clinic staff will refer patients to VeraDirect as needed when scheduling appointments.

Ms. Heiderscheidt presented to the board a proposed change in the clinic hours. She stated that Vera analyzed clinic usage to provide more convenient hours of operation for both providers and patients.

Ms. Girardo indicated that VeraDirect will help with the new clinic hours and scheduling.

The board approved the presented change in hours of operation and requested that the change go into effect October 1. Vera will begin marketing the new clinic hours at the wellness fair slated for October 1.

Ms. Almond said that she will create and prioritize a list of needs for a proposal for addition of a clinic provider, and will report back at the September board meeting.

Ms. Van Ess asked if she could discuss the 2019 clinic budget with someone at Vera. Ms. Almond stated that she will connect Ms. Van Ess with someone at Vera to discuss 2019 clinic budget.

b. Finance Committee

Jami Van Ess

i. FY2017 audited financial statements

Jami Van Ess

Ms. Van Ess provided a brief overview of the Clifton Larson Allen audit. She stated that a copy of the audit would need to be submitted to the Department of Insurance. Ms. Van Ess recommended that the board approve the audited financials as presented.

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Jami Van Ess moved, Bob Kuhn seconded, motion approved

Mr. Townsend suggested moving forward with the agreements between Clifton Larson Allen and NAPEBT for a three-year contract.

No action was taken.

ii. Interim FY2018 financial statements

Lori Jundt

Ms. Jundt presented the preliminary financial report for the period ending June 30, 2018. She informed the board that the financials were preliminary due to the actuarial study needed for IBNR, and that the financials were unaudited.

She advised the following:

- Total assets as of June 30, 2018 were \$10,029,287.
- Cash and cash equivalents were \$9,208,775.
- Total liabilities were \$4,499,736.
- Claims payable were \$1,611,460.
- Reserve for IBNR losses remained unchanged at \$1,457,000.
- Net assets as of June 30, 2018 were \$5,529,551.
- The year-to-date deficit of contributions over expenses was \$203,812.

Ms. Van Ess requested a meeting to realign the county pay schedule and the NAPEBT budget for the wellness coordinator's salary.

No action was taken.

iii. Investment policy

Jami Van Ess

Ms. Van Ess informed the board that the investments had a favorable year and came in over the projected budget. She also stated that it was a favorable year for claims, with unfavorable losses coming in less than the budgeted amount.

Ms. Van Ess presented the Investment Policy for approval.

Mr. Townsend stated that he had no changes after reviewing the policy and asked the board to approve the Investment Policy as presented.

Jami Van Ess moved, Bob Kuhn seconded, motion approved

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c. Benefits Committee

Shannon Anderson

Ms. Anderson presented a brief overview of the Benefits Committee. She stated that the committee meets on a monthly basis.

Ms. Girardo requested the dates of the committee meetings to add to the project plan.

Ms. Anderson stated that she will send Benefit Committee meeting dates to Ms. Girardo and Mr. Genaro.

No action was taken.

d. Wellness Committee

Mike Townsend

i. Wellness program, including quarterly budget review

Mike Townsend

Mr. Townsend provided an overview of the trends prior to and after the wellness program was implemented.

Ms. Wittekind and Ms. Baker discussed the goals of the wellness program with the board and highlighted past, present, and future goals of the program, including a more comprehensive, holistic approach to wellness and a focus on increasing engagement.

Ms. Wittekind and Ms. Baker outlined improvements made to the wellness program, including increased employee involvement, a new website, expanded services, and onsite meetings.

Ms. Wittekind's recommendations to the board included piloting a one-on-one nutrition service, resource management, and additional incentives for participants—including incentives for spouses.

Mr. Townsend agreed with incentives for spouses, noting that spouses make up a large portion of claims.

Ms. Wittekind suggested marketing events specifically stating that spouses are able to attend and participate.

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Ms. Girardo questioned how the pilot nutritional program would be controlled in order to maintain the weekly availability by the dietician.

Ms. Girardo stated that she will work with Ms. Wittekind to research additional opportunities under the health plan including gathering utilization data on the current nutrition education visits.

Ms. Wittekind mentioned that by outsourcing the wellness website maintenance and marketing, the wellness team could better utilize time for new programs.

Ms. Wittekind and Ms. Baker provided information and handouts during the meeting and noted that they will answer any wellness program questions at the September board meeting.

Mr. Moore discussed with the board expansion of the financial and behavior incentives to trigger more desirable behavior changes from financial to emotional/behavioral change.

Ms. Wittekind presented the wellness budget. She noted that in previous years there were donations given to the wellness program, but due to timing of communications this year, no donations were received. Ms. Wittekind noted that her budget differs from Ashton Tiffany's wellness budget due to cash-based accounting versus accrual-based accounting. She stated that she will provide Ashton Tiffany spreadsheets going forward to more accurately track expenditures.

e. Risk Management Committee

Mike Townsend

Mr. Townsend stated that there was nothing to report from the committee this month.

No action was taken.

B. Discussion and possible board action/approval on vendor items

a. Segal

Amy Girardo

i. Monthly medical/pharmacy report

Nura Patani

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Ms. Patani presented an overview of NAPEBT's claims, expenses, and contributions for the period ending June 30, 2018. Key observations from the report included the following:

- The total loss ratio was 100.2 percent for the plan year ending June 30, 2018.
- Contributions exceeded claims and expenses by approximately \$221,000 for the plan year.
- Through June, total enrollment increased 0.6 percent over the prior plan year average, with enrollment by plan as follows:
 - 15.2 percent of all active employees and retirees were enrolled in the buy-up plan;
 - 63.7 percent were enrolled in the base plan; and
 - 21.2 percent were enrolled in the high deductible health plan.
- There were 17 claimants with incurred claims in excess of the \$150,000 reporting threshold during the plan year to date. These claimants have combined claims of \$4,353,200, which represents 19.2 percent of paid claims.
- The plan's rolling net medical trend was -5.1 percent, and the plan's rolling net pharmacy trend was -2.1 percent.
- Wellness incentive payouts through June totaled approximately \$550,000.

No action was taken.

ii. Trustee interview report executive summary Amy Girardo

Ms. Girardo provided an overview of the Trustee interview report. She stated that employers are concerned with recruitment and retention, including leadership and staff changes primarily due to retirements.

Ms. Girardo mentioned that the Trustees were pleased with accomplishing the negotiation and execution of the Vera and EAP contracts, as well as finalizing the reserve policy.

No action was taken.

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iii. Segal stewardship report

Amy Girardo

Ms. Girardo presented the annual stewardship report, noting that Segal has saved NAPEBT approximately \$164,500 during the past year, which brings the total savings to more than \$1M over eight years through vendor negotiations, bidding, and identifying other contracting opportunities.

No action was taken.

iv. Claims audit

Amy Girardo

Ms. Girardo discussed the possibility of Segal conducting a comprehensive review and audit of pharmacy claims to determine whether or not the terms of the CVS/Caremark contract have been applied correctly.

Ms. Girardo stated that the Segal team would provide the findings of the audit to the Trustees. She indicated that the audit would take several months to complete and would cost approximately \$30,000. She also mentioned that Segal could perform a plan design audit for an additional \$10,000.

Ms. Girardo noted that the market trend to conduct an audit is every 3–5 years.

Ms. Anderson stated that the Trust has never performed a plan or pharmacy claims audit and questioned whether the completion of one should be a high priority.

Ms. Girardo advised that a pharmacy audit should be performed given that pharmacy claims are among the largest expenses.

The board agreed to move forward with a pharmacy claims audit performed by Segal.

Shannon Anderson moved, Bob Kuhn seconded, motion approved

v. Discussion and update on compliance and industry changes and trends

Amy Girardo

Ms. Girardo provided an overview of compliance and industry changes and trends, highlighting disability coverage, the cost of diabetes, and elective surgery networks.

No action was taken.

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ii. Dental insurance

Amy Girardo

Ms. Girardo stated that it would cost \$10,000 for Segal to bid out dental services. She recommended that the successful bidder be charged with picking up that cost.

The board agreed with Ms. Girardo's recommendation.

Ms. Anderson stated that the City of Flagstaff will provide a procurement officer to assist.

No action was taken.

iii. Accounting and board relations

Amy Girardo

Ms. Girardo stated that Ashton Tiffany's contract expires on June 30, 2019.

Mr. Townsend asked if the Trust should develop a process for this contract renewal.

Ms. Anderson suggested implementing a process that includes a multi-year agreement.

The board agreed to bid these services and that the county will take the lead.

Mr. Townsend, Ms. Anderson, and Ashton Tiffany agreed that they would discuss a proposal for updating the website, including adding all policies and recorded minutes.

iv. Investment management

Mike Townsend

Mr. Townsend stated that these services are tied to the Ashton Tiffany contract and will be bid as well.

D. Discussion and possible board action/approval on meeting wrap-up items

a. 2018/2019 meeting project plan

Sarah Virgil

Ms. Virgil presented the 2018/2019 meeting project plan.

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b. Review of action items and timelines

Mallory Esquibel

Ms. Esquibel reviewed the list of action items, which included the following:

- Vera will research and report back to Mr. Townsend on the costs for funding the telehealth program for one year for all members, including the HDHP participants.
- Ms. Almond will create and prioritize a list of needs for a proposal for addition of a clinic provider and will report back at the September board meeting.
- Vera will begin marketing the new clinic hours at the wellness fair on October 1.
- Ms. Almond will connect Ms. Van Ess with someone at Vera to discuss the 2019 clinic budget.
- Ms. Van Ess, Mr. Townsend, and Ms. Jundt will discuss the county pay schedule for wellness salaries.
- Mr. Townsend, Ms. Anderson, and Ashton Tiffany will discuss a proposal for updating the website, including adding all policies and recorded minutes.
- Ms. Anderson will send Benefit Committee meeting dates to Ms. Girardo and Mr. Genaro.
- With regard to the information and handouts provided during the meeting, Ms. Wittekind and Ms. Baker will answer any wellness program questions at the September board meeting.
- Ms. Girardo will work with Ms. Wittekind to research additional opportunities under the health plan including gathering utilization data on the current nutrition education visits.
- Mr. Townsend and Mr. Walmer will discuss possible RFPs for accounting and board relations and investment management contracts.

5. EXECUTIVE SESSION: None

6. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None

7. NEXT REGULAR MEETING: September 20, 2018

8. ADJOURNMENT: 12:58 p.m.