

NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
June 14, 2018

4. ACTION ITEMS

A. Discussion and possible board action on Vera onsite clinic, including an update on the physical therapy program and Vera's Year 2 report **Vera Team**

Ms. Almond stated that she would forego an overview of the monthly report in order to spend time on Vera's Year 2 report. The report highlighted a summary of engagement, outreach events, patient experience, physical therapy program, capacity management, population health, clinical quality, and cost savings.

Ms. Heiderscheidt introduced the Vera team and mentioned that the wellness center received the "Best of Business Flagstaff 2017" award for the second year in a row.

Dr. Frank shared a patient story and stated that extra engagement has been very effective.

Mr. Schmid presented the cost analysis, key considerations, assumptions and definitions, data validation, and predictive risk scores. He stated that the risk scores show that non-engaged participants are a higher risk than engaged participants.

Mr. Schmid presented the "building block" analysis developed with Segal's assistance. The analysis was based on a snapshot in time with regard to engaged vs. non-engaged participants in Performance Years 1 and 2 and highlighted utilization comparisons and ROI.

Mr. Schmid mentioned that Vera Whole Health was the first direct-to-employer on-site clinic provider in the U.S. to earn a Certificate of Validation from Care Innovations™ Validation Institute.

Mr. Schmid presented the Year 2 financial performance and stated that claims have been relatively flat since the clinic launched. He discussed the ROI and point-of-service gross savings under the historical trend method for both "any eligibility" and "continuous eligibility."

Mr. Schmid provided information related to utilization of primary care and workers' compensation.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
June 14, 2018**

Ms. Almond presented the population health metrics, including patient health snapshot and clinical quality measures. She also shared information related to Vera's impact on cancer screenings.

Ms. Almond asked at this time if the group would discuss items related to strategic priorities and recommendations offered in the presentation.

Mr. Townsend asked how the clinic could create more capacity, i.e., meet the demand moving forward.

There was a discussion among the group regarding the pros and cons of hiring an additional provider.

Mr. Schmid stated that the telehealth benefit might assist with increased capacity.

Ms. Heiderscheidt mentioned that participants scheduling CDL exams use up some of the capacity because of the longer appointment time.

Mr. Schmid stated that an additional provider would add to savings, but would increase the overall cost as well.

Dr. Frank shared that participants are beginning to view the clinic as their primary care. He stated that he believes this is a good thing.

Ms. Anderson questioned whether research should be done regarding the addition of a provider; what the costs would be; and how it might affect capacity.

Dr. Frank stated that he would support having another provider at the clinic.

No action was taken.

B. Discussion and possible board action on the SHAPE report of the Vera Clinic Year 2 results **Melissa Bissett**

Ms. Bissett presented an overview of the SHAPE report related to the value of the Vera clinic, highlighting key findings, risk scores, estimated plan paid savings, utilization and risk-adjusted utilization, diabetes care gap compliance, preventive screening compliance, clinic analysis methodology, and definitions.

No action was taken.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
June 14, 2018**

C. Discussion and possible board action on the interim financial statements **Garrett Mahoney**

Mr. Mahoney presented the financial report for the period ending April 30, 2018.

He advised the following:

- Total assets as of April 30, 2018 were \$10,311,415.
- Cash and cash equivalents were \$9,446,269.
- Total liabilities were \$4,753,544.
- Claims payable were \$1,857,055.
- Reserve for IBNR losses remained unchanged at \$1,457,000.
- Net assets as of April 30, 2018 were \$5,557,871.
- The year-to-date deficit of contributions over expenses was \$155,543.

No action was taken.

D. Discussion and possible board action on the Investment Policy **Jami Van Ess**

Ms. Van Ess presented the draft Investment Policy. She noted that the draft has gone through multiple revisions and is ready for approval unless there is further discussion.

Mr. Townsend stated that he would like to review the Investment Policy and bring back the item for discussion and possible approval at the August meeting.

No action was taken.

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

Ms. Patani presented an overview of NAPEBT's claims, expenses, and contributions for the period ending March 31, 2018. Key observations from the report included the following:

- The total loss ratio was 98.7 percent for the current plan year through March.
- Contributions exceeded claims and expenses (reduced for stop loss reimbursements and pharmacy rebates) by approximately \$172,000, or 7.3 percent of contributions for the month of March.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
June 14, 2018**

- Through March, total enrollment increased 0.4 percent over the prior plan year average, with enrollment by plan as follows:
 - 15.3 percent of all active employees and retirees were enrolled in the buy-up plan;
 - 63.8 percent were enrolled in the base plan; and
 - 20.9 percent were enrolled in the high deductible health plan.
- There are 11 claimants with incurred claims in excess of the \$150,000 reporting threshold during the plan year to date. These claimants have combined claims of \$2,605,441, which represents 15.8 percent of paid claims.
- The plan's rolling net medical trend was -3.5 percent, and the plan's rolling net pharmacy trend was -2.6 percent.
- Wellness incentive payouts through March totaled approximately \$457,000.

No action was taken.

F. Discussion and possible board approval of fiduciary liability insurance

**Amy Girardo
Anna Bell**

Ms. Bell presented the terms and rates related to the fiduciary liability expiring policy compared to the proposed renewal policy, including enhancements.

Ms. Bell recommended that NAPEBT renew with Chubb per the proposed renewal policy.

Ms. Girardo provided an overview of the summary and recommendation from Mr. Coughenour and Ms. Penado, which concurred with Ms. Bell's recommendation.

Ms. Anderson asked how each organization would pay for the coverage.

Ms. Girardo stated that she would work with Ms. Bell and Ms. Penado on how the agency portion of the fiduciary liability coverage would be paid.

Jami Van Ess moved, Bob Kuhn seconded, motion approved

G. Discussion and possible board action on the Vera contract

Mike Townsend

Mr. Townsend asked the board members if they wanted to discuss this item in executive session. The board agreed to enter into executive session.

Jami Van Ess moved, Bob Kuhn seconded, motion approved at 11:02 a.m.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
June 14, 2018**

Regular meeting action item discussion reconvened at 12:08 p.m.

Mr. Townsend stated that the Vera contract discussion and approval would continue in an upcoming telephonic board meeting slated for July.

Ms. Girardo stated that she would schedule the meeting in the next few weeks.

No action was taken.

H. Discussion and direction on strategic options

**Mike Townsend
Katie Wittekind
Amy Girardo
Nura Patani**

Mr. Townsend introduced the list of strategic options for discussion, and for determination of what items the Trust wants to focus on leading up to the November retreat.

Mr. Townsend provided a handout to the trustees regarding medical and prescription PEPM net paid trend graphs.

Ms. Patani provided an overview of the trends, including plan design changes and rebates.

a. Discussion and possible board action on the structure of medical plans

Ms. Girardo presented the structure of medical plans and provided a high-level comparison between a health savings account and a health reimbursement account.

Mr. Townsend stated that the Trust has discussed the possibility of reducing the number of plans offered in order to assist in controlling future costs. He also mentioned that recruiting should be part of the thought process, because employees like choice.

Ms. Anderson stated concerns with cost uncertainty if the number of plans offered is reduced. She proposed that additional research be conducted on the issue, including the gathering of employee input.

NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
June 14, 2018

Ms. Van Ess mentioned that she believes that it is a good idea to discuss these concerns and ideas now in order to have time to gather employee input on any potential changes.

b. Discussion and possible board action on in-state and out-of-state medical plans

Ms. Patani presented information on in-state and out-of-state medical plans based on NAPEBT's current data in and out of the Flagstaff area.

Ms. Girardo stated that further data analysis would be needed in order to see specifics in state and out of state.

c. Discussion and possible board action on the addition of coverage of weight loss medications

Ms. Girardo presented information regarding possible addition of coverage for weight loss medications. She stated that based on discussions with pharmacists, participants generally lose 5–10 percent body weight through weight loss medications.

d. Discussion and possible board action on a group 403(b)/457 vendor contracted by NAPEBT

Ms. Girardo presented information on offering 403(b)/457 services through NAPEBT. She stated that ASRS offers a supplemental plan for these services and that a covered party must be at least 40 years of age to participate.

Ms. Girardo mentioned that Segal provides services to go out to bid for this benefit.

e. Discussion and possible board action on retiree health insurance

Ms. Patani presented information related to retiree health insurance. She stated that retirees are currently generating over twice the cost as single actives. Ms. Patani mentioned that the board previously discussed a surcharge for retiree coverage. She went on to state that some retirees may opt to receive coverage through ASRS in response.

NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
June 14, 2018

Mr. Townsend stated that the Trust could not apply a surcharge on retiree coverage based on previous discussions. He also pointed out that it might be possible to offer only specific plans to retirees.

Ms. Girardo revealed that past advice received on a retiree surcharge may have changed and recommended that an attorney take another look at it.

Mr. Townsend stated that he will get legal advice on options related to a surcharge for retiree coverage.

f. Discussion and possible board action on retiree and spousal coverage eligibility

Ms. Patani presented historical claims information for retiree and spousal coverage. She stated that the data included medical-only claims and did not include prescription claims.

g. Discussion and possible board action on the wellness program

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

Ms. Wittekind stated that the cost for a participant in wellness is approximately \$480 per month versus \$600 per month for non-participants.

Ms. Wittekind mentioned that a mobile app is currently in development and that an email marketing campaign is planned to customize the wellness program for each participant.

Mr. Townsend stated that he will work with Ms. Wittekind and Mr. Kuhn on ideas for modifying the wellness package, and will bring the ideas to the group for discussion at a later meeting.

h. Discussion on the wellness program staffing levels

Mr. Townsend stated that this item was discussed during Action Item A while Vera staff was still present.

Ms. Anderson asked if there were any recommendations on staffing levels.

NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
June 14, 2018

Ms. Wittekind stated that she would support the addition of another full-time wellness coordinator. She also mentioned that she would support additional assistance to build out the website and help keep up with technology demands and expand online resources.

i. Discussion and possible board action on the number and types of providers at the Vera Onsite Clinic

Mr. Townsend stated that this item was discussed during Action Item A while Vera staff was still present.

Mr. Townsend opened each strategic item for discussion.

Mr. Townsend stated that he will gather information on how Navajo County is currently handling copays for HDHP participants related to telehealth and the clinic.

Ms. Anderson stated that she believes items A, E, and F are long-term priorities and could be considered one item, as they all address “plan design” issues. She also mentioned that she considers wellness a short-term priority.

Ms. Van Ess stated that she believes item C could be combined with A, E, and F as well, as it also addresses plan design. She questioned if more could be done to coordinate the Trust’s overall wellness program with Vera’s wellness initiatives through the clinic, including gaining more efficiencies by eliminating any possible duplicative services.

Ms. Wittekind stated that she and Vera often coordinate regarding how the wellness program may assist in certain behavior changes. She mentioned that there is naturally some overlap with what Vera is offering as part of its wellness engagement.

Ms. Van Ess asked if Vera had any recommendations with regard to the wellness program.

Ms. Almond stated that based on observations from other wellness programs, the NAPEBT wellness program is at the forefront of the industry. She mentioned that it’s been difficult to duplicate the same cutting-edge structure in other markets. Ms. Almond noted that Vera works hard to implement Ms. Wittekind’s vision for the wellness program, and would use NAPEBT’s program as an example for other programs.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
June 14, 2018**

Mr. Kuhn stated that he agrees that a discussion around plan designs needs to be addressed sooner rather than later in order to gather input from employees.

No action was taken.

I. Discussion and update on compliance and industry changes, including trends report **Amy Girardo**

Ms. Girardo provided a brief overview of compliance issues, highlighting: (1) retirement plan provisions; (2) health savings account contribution limits; and (3) increased enforcement of the Mental Health Parity and Addiction Equity Act.

No action was taken.

J. Discussion and possible board approval on date and location of the annual retreat **Katie Wittekind**

The group discussed possible dates to hold the retreat.

Ms. Wittekind stated that she would tentatively schedule the retreat dates for November 14–15 at Thornager’s venue.

No action was taken.

K. Discussion and possible board action on 2018–2019 meeting dates and project plan **Aaron Genaro**

Mr. Genaro presented the 2018–2019 meeting dates and project plan.

Ms. Girardo stated that she would send out calendar invites to the board for the meeting dates. She also indicated that she would work with Mr. Townsend to update the project plan.

Mr. Townsend asked to add an agenda item for the August meeting regarding the assignment of subcommittees to work on contract renewals/RFPs.

No action was taken.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
June 14, 2018**

L. Discussion and review of action items and timeline Mallory Esquibel

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

- Mr. Townsend will review the Investment Policy and bring back the item for discussion and possible approval at the August meeting.
- Ms. Girardo will work with Ms. Bell and Ms. Penado on how the agency portion of the fiduciary liability coverage will be paid.
- Ms. Girardo will schedule a teleconference in the next few weeks to discuss the Vera contract.
- Mr. Townsend will solicit legal advice on options related to a surcharge for retiree coverage.
- Mr. Townsend will gather information on how Navajo County is currently handling copays for HDHP participants related to telehealth and the clinic.
- Mr. Townsend will work with Ms. Wittekind and Mr. Kuhn on ideas for modifying the wellness package, and will bring the ideas back to the group for discussion at a later meeting.
- Ms. Girardo and Mr. Townsend will work on updating the Project Plan document for 2018–2019.
- Ms. Girardo will send calendar invites for the 2018–2019 board meetings.
- Mr. Genaro will add an agenda item for the August meeting regarding the assignment of subcommittees to work on contract renewals/RFPs.

5. EXECUTIVE SESSION: See Item G

6. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None

7. NEXT REGULAR MEETING: August 23, 2018

8. ADJOURNMENT: 1:37 p.m.