

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
October 18, 2018**

The following consultants/vendors were present:

Amy Girardo	Segal
Nura Patani	Segal
Aaron Genaro	Ashton Tiffany
Mallory Esquibel	Ashton Tiffany
Marianne Heiderscheidt	Vera Whole Health
Julie Almond	Vera Whole Health (telephonic)
Madeline Zobel	Blue Cross Blue Shield
Toni Biddle	Blue Cross Blue Shield
Amanda House	Blue Cross Blue Shield

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

Mike Townsend	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:

Rosa Mendoza-Logan	Coconino County Community College
Shannon Anderson	City of Flagstaff
Jennifer Moore	Flagstaff Unified School District

The following guests were present:

Erika Philpot	Coconino County
Tasha Smith	Coconino County
Katie Wittekind	Coconino County (Wellness)
Amber Baker	Coconino County (Wellness)
Matt Hall	Coconino County (Wellness)
Jennifer Caputo	City of Flagstaff
Dean Coughenour	City of Flagstaff
Ginger Stevens	Flagstaff Unified School District
Dawn Anderson	Flagstaff Unified School District
Lynn Hill	NAIPTA
Jeanie Confer	Coconino County Accommodation School District

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
October 18, 2018**

Mr. Townsend advised that the overall impact of the clinic needs to be considered with regards to the breathalyzer—and not solely the cost of replacement and training.

Ms. Almond reviewed prior discussion of addition of a provider, including different staffing scenarios and accounting for capacity versus demand.

Ms. Van Ess stated that the previous recommendation was to add a full-time provider, which is not shown on the graph that was provided by Vera. She also mentioned that she is concerned about acute care specifically.

There was an in-depth discussion about how an additional provider might impact the budget.

Mr. Dille stated that he believes the focus should be on acute care. He added that he would like to discuss the issue more at the retreat in November, including whether to add a full-time or part-time provider.

Ms. Heiderscheidt stated that wellness exams are fast approaching and asked the board for direction on whether or not to add a provider.

No action was taken.

iii. Review of the annual stakeholder satisfaction survey

Julie Almond

No report was provided.

No action was taken.

b. Finance Committee

Jami Van Ess

Ms. Van Ess provided an update on the Finance Committee's work—including a focus on good projections and good data moving forward—which had eliminated the need for possible budget adjustment at this point. She mentioned that she will need help from Segal and Ashton Tiffany to come up with a solid projection.

Mr. Townsend discussed the lag in the budget due to early projections and stated that he believes the budget's projections will be more accurate in projections moving forward.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
October 18, 2018**

Ms. Patani stated that she will send Ms. Van Ess the sample budget prepared by Segal.

Ms. Van Ess advised that she has been working on the capitalization policy and will gather feedback from the Finance Committee prior to bringing a recommendation to the board.

Ms. Van Ess suggested that the Finance Committee be invited to the board retreat in November in order to participate in the discussions that directly impact the budget. The board agreed, and Ms. Van Ess stated that she would extend the invitation.

No action was taken.

c. Benefits Committee

Shane Dille

i. Medical plan design options

**Jennifer Caputo
Shane Dille**

Mr. Dille provided an update on the Benefits Committee's work, including identifying four medical plan design options to review.

Ms. Girardo advised that some of the options may be more long-term, but the committee considered what would be the best option for the coming plan year.

Ms. Caputo presented an overview of the four options in greater detail.

Mr. Townsend opened the meeting for discussion on the four options. He questioned what the overarching goal is in changing plan options.

Ms. Caputo stated that the committee's goal was to control costs and minimize the effect on employees.

Ms. Mendoza mentioned that recruitment and retention were important in informing her point of view.

The board discussed the four options and selected two. Segal was asked to include these options in the modeling dashboard for discussion at the retreat.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
October 18, 2018**

Ms. (Shannon) Anderson stated that her desire was to create a more affordable option instead of focusing on eliminating fees to visit the clinic.

There was in-depth discussion regarding how the lower-premium high deductible health plans (HDHPs) might not bring in enough premium to cover costs.

Mr. Townsend suggested that there are options to modify copays to help mitigate some of the costs.

Mr. Coughenour stated that the change in plan options is also about making employees better consumers and not just about shifting costs.

Ms. (Dawn) Anderson asked if Segal has ever produced a five-year projection on a move to HDHPs in the context of potentially increased claims costs.

Ms. Patani stated that she will evaluate the long-term impact of such a scenario.

No action was taken.

d. Wellness Committee

Katie Wittekind

i. Annual review, including SHAPE

Katie Wittekind

Ms. Wittekind presented an annual review of the wellness program, highlighting behavior change, culture of wellness, cost of health care, and participation.

Ms. Wittekind provided recommendations for participation and stated that the wellness team has done everything it can with the resources it has. She stated that she would like to begin investing in an individual approach.

Ms. Wittekind mentioned that the full SHAPE report was made available to the board to review in greater detail.

No action was taken.

e. Risk Management Committee

Dean Coughenour

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

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
October 18, 2018**

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

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

- The total loss ratio was 90.9 percent for the month ending August 31, 2018.
- Contributions exceeded claims and expenses by approximately \$335,000 for the month ending August 31, 2018.
- Through August, total enrollment decreased by 1.5 percent over the prior plan year average, with enrollment by plan as follows:
 - 13.9 percent of all active employees and retirees were enrolled in the buy-up plan;
 - 63.7 percent were enrolled in the base plan; and
 - 22.4 percent were enrolled in the high deductible health plan.
- There were no claimants with incurred claims in excess of the \$150,000 reporting threshold through August 31, 2018.
- The plan's rolling net medical trend was -5.8 percent, and the plan's rolling net pharmacy trend was 11.5 percent.
- Wellness incentive payouts through July totaled approximately \$122,000.

Ms. Patani stated that she will work with Mr. Mahoney from Ashton Tiffany to retrieve wellness data for FUSD, as it was not available for this report.

Mr. Coughenour asked if the recent improvement is attributable to the pharmacy rebates. Ms. Patani advised that the rebates are partially responsible, but the improvement is mostly due to lower medical claims.

Mr. Dille inquired about the factors contributing to the medical trend. Ms. Patani stated that the decrease in enrollment is the largest contributing factor, along with lower medical claims.

There was board discussion regarding retirees and how they factor into the medical claims and trend.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
October 18, 2018**

Mr. Kuhn reminded the board that the Trust was advised that it would take approximately 24 to 36 months before there was a shift in the right direction.

Mr. Dille asked if there is a better network in the Flagstaff area. Ms. Girardo advised that Blue Cross Blue Shield is the best network in rural areas.

Mr. Dille questioned whether or not it is time to go out to bid for another network. Ms. (Shannon) Anderson stated that the Blue Cross Blue Shield contract expires in 2022.

There was board discussion regarding ASRS health insurance costs for comparison purposes. The board determined that the cost difference is not significant, but the ASRS network is almost non-existent.

Mr. Townsend requested that Segal provide the ASRS rates for the retreat discussion.

No action was taken.

ii. Incurred but not reported (IBNR) certification Nura Patani

Ms. Patani presented the IBNR certification, highlighting large changes in medical claims volume and faster claims processing, both of which were combined to reduce the IBNR estimate.

Ms. Patani recommended a decrease of approximately 29.5 percent (approximately \$430,000) to "Total IBNR with Administration and Margin."

Ms. Patani advised that a reevaluation of the methodology may be warranted next year with regard to prescription drugs.

Ms Patani indicated that a percentage displayed in the report needs to be updated and that an updated report will be issued and sent to the Trustees.

Jami Van Ess moved, Bob Kuhn seconded, motion approved as presented with the noted update and reissuance of the report.

**iii. Preliminary medical plan budget projection Nura Patani
plan design and contribution discussion**

NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
October 18, 2018

Ms. Patani presented the budget projection, which assumes medical and pharmacy trend, and is based on actual claims experience through June 30.

Ms. Patani recommended an increase to rates of 1.19 percent as an early estimate, and advised that the increase would cover costs and does not assume changes in plan design or addition of products and services offered to employees.

Ms. Patani discussed some key non-claims fees, which she believes look favorable and may warrant a revision to the budget. She also stated that she would like clarification on the wellness coordinator and tuition reimbursement.

Ms. Van Ess stated that she will provide clarification once she receives additional detail from Segal.

Ms. Van Ess inquired about the assumptions used for the clinic operating expenses. Ms. Patani advised that she assumed no increase based on last year's budget.

Ms. Van Ess agreed with the assumption for pharmacy rebates and the increase in interest income. She added that she thought that the wellness coordinator expenses were low, said that she would provide Segal with an updated figure. She also mentioned that she would like to add a line item in the budget for depreciation expense.

There was board discussion regarding the setting aside of funds for depreciation expense in next year's budget.

Ms. Patani presented the multi-year reserve projection and minimum, target, and maximum reserve policy guidelines. She advised that when the new reserve policy and amortization are applied to the budget, the new recommended rate increase becomes 1.83 percent.

There was an in-depth board discussion regarding the range of reserves and what to use for the reserve projection, which will also be discussed at the retreat.

Ms. Girardo provided an overview regarding unblended active and retiree rates, including what would happen if retirees had self-supporting rates.

Ms. Girardo provided an overview of the loss ratio with regard to actives versus retirees by status and enrollment tier.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
October 18, 2018**

Ms. Girardo stated that the Historical Claims Volatility report was not available in time for the board meeting due to software issues. She advised that it would be presented at the November retreat.

This item was discussed above.

No action was taken.

b. Blue Cross Blue Shield **Blue Cross Team**

i. Benchmark utilization report **Blue Cross Team**

Ms. Zobel and the Blue Cross team presented an overview of NAPEBT's medical utilization and experience for plan year 2017/2018, including additional programs available to the Trust.

No action was taken.

ii. Telehealth implementation **Blue Cross Team**

Ms. Zobel provided an update on the telehealth implementation.

Mr. Dille suggested that this item be discussed at the retreat in order to review all telehealth options.

No action was taken.

iii. Nutritionist options **Blue Cross Team**

There was board discussion on the possibility of providing a nutritionist service for employees. The Blue Cross team stated that it would provide options for discussion at the November retreat.

No action was taken.

C. Discussion and possible board action/approval on other items

a. Determination of which items need to be brought to and approved by the board **Shane Dille**

Mr. Dille provided background on this item from the September meeting.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
October 18, 2018**

Mr. Townsend suggested that the item should be part of a larger discussion and possibly formalized due to the number of decisions being made each month.

Ms. Anderson stated that she would like to receive updates from the Clinic Committee.

Ms. Van Ess stated that the intention of the new committee structure was to maintain communication with the entire group on specific projects.

There was board discussion regarding ways to formalize contracts and costs.

The board agreed that each committee will create a preliminary list of possible items that it believes should be brought to the board for approval. The list will be discussed at the January board meeting.

No action was taken.

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

a. 2018/2019 meeting project plan **Aaron Genaro**

Mr. Genaro presented the 2018/2019 meeting project plan.

b. Review of action items and timelines **Mallory Esquibel**

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

- In the minutes, Mr. Genaro will move Ms. Moore's under "Alternate Trustees."
- Ms. Patani will send Ms. Van Ess the sample budget prepared by Segal.
- Ms. Van Ess will forward the meeting invitation for the November board retreat to the Finance Committee.
- Ms. Patani will evaluate the long-term impact of a significant increase in HDHP participation, and therefore lower premiums, in the context of possibly higher claims.
- Each committee will create a preliminary list of items that it believes should be brought to the board for approval.
- Ms. Patani will work with Mr. Mahoney from Ashton Tiffany to retrieve wellness data for FUSD.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
October 18, 2018**

- Segal will present the historical claims volatility data at the November retreat.
- Segal will send the updated IBNR report to the Trustees.
- Mr. Genaro will add the following agenda items to be discussed at the November retreat: (1) telehealth options; and (2) nutritionist options.

5. EXECUTIVE SESSION: None

6. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None

7. NEXT REGULAR MEETING: November 14–15, 2018

8. ADJOURNMENT: 2:20 p.m.