

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
November 14–15, 2018**

**The following consultants/vendors were present:**

Amy Girardo	Segal
Nura Patani	Segal
Melissa Bissett	Segal
Quentin Gunn	Segal
Daljit Johl	Segal (telephonic)
Aaron Genaro	Ashton Tiffany
Mallory Esquibel	Ashton Tiffany
Lori Jundt	Ashton Tiffany
Marianne Heiderscheidt	Vera Whole Health
Julie Almond	Vera Whole Health
Lindsey Gregerson	Vera Whole Health (telephonic)

**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
Margaret Penado	Coconino County
Tasha Smith	Coconino County
Katie Wittekind	Coconino County (Wellness)
Amber Baker	Coconino County (Wellness)
Matt Hall	Coconino County (Wellness)
Isabella Zagare	Coconino County Community College
Dietrich Sauer	Coconino County Community College
Jennifer Caputo	City of Flagstaff
Jessica Foos	City of Flagstaff
Ginger Stevens	Flagstaff Unified School District
Lauree Battice	NAIPTA
Jeanie Confer	Coconino County Accommodation School District



**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
November 14–15, 2018**

Mr. Dille inquired about the percentage of acute care visits that are one hour versus 30 minutes. Ms. Heiderscheidt advised that one-hour visits constitute less than one-third of all visits.

Mr. Dille questioned whether there is a point at which participant satisfaction is at its highest, while the clinic remains effective and efficient in terms of capacity. He challenged himself, the board, and Vera to continue to research and understand where the point of saturation lies so that the Trust is making the best decisions moving forward with regard to adding providers and clinic space.

Mr. Dille asked for more transparency and communication around Vera's efforts to push capacity without compromising efficiency.

Ms. Almond stated that Vera will begin tracking appointment times to create a comparison to share with the board at a future meeting.

Ms. Almond presented recommendations, including possible expansion of the clinic, covering current and additional occupational health needs, replacement of the breathalyzer, and expansion of physical therapy service across the entire Trust.

Ms. Almond presented various staffing models and their estimated budget impact.

Ms. Van Ess advised that the Trust is currently under capacity, and therefore under budget.

Mr. Townsend stated that recommendations presented will be voted on during Day 2 of the retreat.

**No action was taken.**

**b. Finance Committee**

**Jami Van Ess**

**i. Interim financial statements**

**Lori Jundt**

Ms. Jundt presented the preliminary financial report for the period ending September 30, 2018.

She advised the following:

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
November 14–15, 2018**

- Total assets as of September 30, 2018 were \$10,668,711.
- Cash and cash equivalents were \$8,885,079.
- Total liabilities were \$3,918,108.
- Claims payable were \$1,474,589.
- Reserve for IBNR losses remained unchanged at \$1,457,000.
- Net assets as of September 30, 2018 were \$6,750,603.
- The year-to-date excess of contributions over expenses was \$753,052.

Ms. Van Ess presented the 2018–2019 plan year comparison to budget summary report. She stated that this report should be helpful in making budget decisions for next year.

**No action was taken.**

**c. Benefits Committee**

**Shane Dille**

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

**No action was taken.**

**d. Wellness Committee**

**Katie Wittekind**

**i. Quarterly budget review**

**Katie Wittekind**

Ms. Wittekind presented the quarterly wellness budget.

Ms. Van Ess stated that she recently heard that there has been a decrease in the interest in wellness classes and inquired about reallocating resources to increase utilization.

Ms. Wittekind advised that balancing convenience and times for participants has been a challenge.

**No action was taken.**

**ii. Annual budget**

**Katie Wittekind**

Ms. Wittekind presented the 2017–2018 dashboard report and annual budget, including the current wellness investment, wellness program savings, and a recommendation to increase the wellness budget.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
November 14–15, 2018**

There was board discussion regarding recommendations, specifically with regard to which items are ongoing, one-time, or specific projects.

Mr. Townsend stated that recommendations presented will be voted on during Day 2 of the retreat.

**No action was taken.**

**iii. Possible plan changes/incentives** **Katie Wittekind**

This topic was discussed under Item ii.

**iv. Nutritionist options** **Katie Wittekind**

This topic was discussed under Item ii.

**No action was taken.**

**e. Risk Management Committee** **Margaret Penado**

Ms. Penado 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**

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

- The total loss ratio was 90.6 percent for the month ending September 30, 2018.
- Contributions exceeded claims and expenses by approximately \$271,000 for the month ending September 30, 2018.
- Through September, total enrollment decreased by 1 percent over the prior plan year average, with enrollment by plan as follows:

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
November 14–15, 2018**

- 13.7 percent of all active employees and retirees were enrolled in the buy-up plan;
- 63.6 percent were enrolled in the base plan; and
- 22.7 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 September 30, 2018.
- The plan's rolling net medical trend was -7.9 percent, and the plan's rolling net pharmacy trend was 8 percent.
- Wellness incentive payouts through September totaled approximately \$135,000.

Ms. Patani stated that retrieval of wellness data for FUSD, as mentioned at the October meeting, has been resolved.

**No action was taken.**

**ii. Market update and survey data**

**Nura Patani**

Ms. Patani presented a market update and survey data for the Arizona public sector, including information on performance networks, four-tier (or more) non-specialty pharmacy drugs, wellness incentives, and philosophical considerations.

**No action was taken.**

**iii. Compliance and industry update**

**Amy Girardo**

Ms. Girardo provided a compliance and industry update, highlighting White House executive orders, the health reimbursement arrangement proposed rule and implications, flexibility to the states, Tax Cuts and Jobs Act of 2017, states enacting individual mandates, the continuing budget resolution, legislative efforts to "repeal and replace" the Affordable Care Act, balance billing laws, "Medicare for More" proposals, the pharmacy "Anti-Gag Clause" law, HHS's blueprint to lower drug prices, the proposed rule on TV advertising, and enforcement activity.

Ms. Girardo presented a comprehensive overview of performance networks as current trend.

**No action was taken.**

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
November 14–15, 2018**

**iv. Segal SHAPE utilization report**

**Melissa Bissett**

Ms. Bissett presented a comprehensive overview of the SHAPE report, including key findings and suggestions.

Ms. Bissett stated that she will create a single graph to include all plan trends on the same scale to give a more accurate picture.

Segal will review data to determine how many members, total, have mental health conditions.

**No action was taken.**

**v. ASRS benefits guides (Medicare and non-Medicare)**

**Amy Girardo**

Ms. Girardo provided current medical plan and rates for Medicare and non-Medicare ASRS retirees as a follow-up from the October board meeting.

Segal stated that it will include in the spring of 2019 the modeling of grandfathering retirees coupled with consideration of the upcoming ASRS RFP process.

**No action was taken.**

**vi. Historical claims volatility**

**Nura Patani**

Ms. Patani presented the historical claims volatility analysis, including the components of reserves.

**No action was taken.**

**vii. Medical/Pharmacy financial history and trends**

**Nura Patani**

Ms. Patani presented the medical/pharmacy plan financial history over the past seven years, including Segal's recommended rate renewal versus the board's approved renewal, actual medical/pharmacy claims trend, year-over-year medical/pharmacy trend, and changes in surplus.

**No action was taken.**

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
November 14–15, 2018**

**viii. Preliminary medical plan budget projection**      **Daljit Johl  
Nura Patani**

Ms. Johl presented health initiatives provided by CVS.

Segal will contact Ms. Badaoui to determine what the drive time (or distance) is for current pharmacy locations compared to the drive time (or distance) for the proposed pharmacy program. This will be shared with the board at the December meeting.

Ms. Patani presented the preliminary medical plan budget projection, including the modeling dashboard that depicted three different plan scenarios.

The board had an in-depth discussion on the plan scenarios.

Ms. Patani presented all of the potential plan design changes.

**No action was taken.**

**ix. Telehealth options**      **Amy Girardo**

Ms. Girardo presented telehealth options.

Mr. Townsend stated that the options presented will be voted on during Day 2 of the retreat.

**No action was taken.**

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

**a. Review of action items and timelines**      **Mike Townsend**

Mr. Townsend provided a summary of next steps for Day 2 of the retreat, including continued discussion and voting on medical plan contribution and rate options, phasing out retirees in the long-term, adding a fourth medical plan, telehealth, wellness options and budget increase, addition of providers, and continuing to offer physical therapy in the clinic.

**5. EXECUTIVE SESSION: None**

**6. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None**

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
November 14–15, 2018**

**7. NEXT REGULAR MEETING: December 13, 2018**

**8. ADJOURNMENT: 4:17 p.m.**

\*\*\*

**Thursday, November 15, 2018 (Day 2)**

**CALL TO ORDER** **1:15 p.m.**

Mr. Townsend presented opening comments, including primary goals of the retreat, and asked all attendees to make introductions.

**1. APPROVAL OF AGENDA**

**Unanimous approval of agenda items by the Trustees**

**2. ACTION ITEMS**

**A. Discussion and possible board action/approval on vendor items**

- |  |                        |
|--|------------------------|
| <b>a. Segal</b>  | <b>Amy Girardo</b>     |
| <b>i. Monthly medical/pharmacy report</b>                  | <b>Nura Patani</b>     |
| This item was discussed on Day 1 of the retreat.           |                        |
| <b>ii. Market update and survey data</b>                   | <b>Nura Patani</b>     |
| This item was discussed on Day 1 of the retreat.           |                        |
| <b>iii. Compliance and industry update</b>                 | <b>Amy Girardo</b>     |
| This item was discussed on Day 1 of the retreat.           |                        |
| <b>iv. Segal SHAPE utilization report</b>                  | <b>Melissa Bissett</b> |
| This item was discussed on Day 1 of the retreat.           |                        |
| <b>v. ASRS benefits guides (Medicare and non-Medicare)</b> | <b>Amy Girardo</b>     |
| This item was discussed on Day 1 of the retreat.           |                        |

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
November 14–15, 2018**

**vi. Historical claims volatility** **Nura Patani**

This item was discussed on Day 1 of the retreat.

**vii. Medical/Pharmacy financial history and trends** **Nura Patani**

This item was discussed on Day 1 of the retreat.

**viii. Preliminary medical plan budget projection** **Nura Patani**

Mr. Townsend introduced Day 2 of the retreat by stating that Segal would provide a review of the FY2020 budget projection and options/scenarios that were discussed on Day 1. He requested that entity representatives break into groups after the information is presented and return with recommendations specific to their entity.

Ms. Patani presented the projection and options, including non-claim expenses, benefit design change options, and future considerations.

There was board discussion regarding additional wellness program investments.

There was in-depth board discussion regarding additional clinic staffing and/or space expansion.

Ms. Girardo opened a discussion regarding the broader vaccination network.

The entities broke into groups to discuss the options/scenarios presented by Segal.

Ms. Patani presented modified projections for additional clinic staffing and/or space expansion based on the break-out discussions.

Mr. Townsend requested that each agency provide its desired selections. Each entity verbally provided Segal with its desired selections.

The board and Segal reviewed all options presented that were mutually agreeable and built them into the model in order to review the results.

Segal was asked to present the following plan options for further discussion at the December board meeting: telehealth with an option to opt out of mental health parity, the addition of the Blue Cross/Evicore Oncology Utilization Management program, the addition of enhanced specialty guideline management

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
November 14–15, 2018**

for rheumatoid arthritis, a possible switch to a value formulary for Rx, and the addition of a fourth medical plan option.

Segal stated that it would seek clarification from CVS regarding Metformin (diabetes medication) and how it is included on the drug formulary.

The board stated that they would not pursue the proposed pharmacy program at this time, which was discussed on Day 1.

**No action was taken.**

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

**a. Review of action items and timelines**

**Mallory Esquibel**

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

- Vera will begin tracking appointment times to create a comparison for presentation to the board at a future meeting.
- Ms. Bissett will create a single graph to include all plan trends on the same scale to create a more accurate picture.
- Segal will review data to determine how many members, total, have mental health conditions.
- Segal will present the following plan options for further discussion at the December board meeting:
  - telehealth with an option to opt out of mental health parity;
  - the addition of the Blue Cross/Evicore Oncology Utilization Management program;
  - the addition of enhanced specialty guideline management for rheumatoid arthritis;
  - a possible switch to a value formulary for Rx; and
  - the addition of a fourth medical plan option.
- Segal will seek clarification from CVS regarding Metformin (diabetes medication) and how it is included on the drug formulary.

**3. EXECUTIVE SESSION: None**

**4. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None**

**5. NEXT REGULAR MEETING: December 13, 2018**

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
November 14–15, 2018**

**6. ADJOURNMENT: 4:24 p.m.**