



**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST**  
**MEETING MINUTES**  
February 23, 2017

The January Minutes will be reviewed and considered at the April board meeting.

**3. ACTION ITEMS**

**A. Discussion and possible board action on Vera Onsite Clinic** **Lindsey Gregerson**

Ms. Gregerson provided an overview on clinic utilization and patient satisfaction. She advised that because the clinic is now into its second year of operations Vera will start providing reporting including only the current year of data. She informed the board that the majority of visits are for acute care is. Ms. Gregerson also presented the most recent patient satisfaction survey results that showed they had 100 respondents and the overall score did not change from last year. She noted that the Seattle phone center is up and running to help answer calls for the Flagstaff facility.

Finally, Ms. Gregerson informed the board of the following new staff members.

- Ruth DeBoard,
- Priscilla Lyons, and
- Linda Ramirez–Ohumukini.

**No action was taken.**

**B. Discussion and possible board action on the wellness program** **Katie Wittekind**

Ms. Wittekind presented a summary of the lifestyle assessment. Ms. Wittekind informed the board that the Blue Cross Blue Shield (BCBS) reports are no longer available since the use of the Blue Cross wellness portal was discontinued in 2016. She shared data that is now available through the new wellness portal a new reporting tool.

Ms. Anderson asked how Katie was or will be using the data presented.

Ms. Wittekind advised that she was planning to do a formal wellness program focused on biometrics. The new program is intended to support behavior change and will be presented in greater detail at the retreat. After the retreat, the program will be shared with the board in greater detail.

**No action was taken.**

**C. Discussion and possible board action on the December 31, 2016 interim financial statements** **Lori Jundt**

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Mr. Jundt presented the financial report for the period ending December 31, 2016. She advised the following:

- Total assets as of December 31, 2016 were \$13,178,218.
- Cash & cash equivalents were \$12,052,435.
- Total liabilities were \$5,160,401.
- Claims payable were \$1,915,031.
- Reserve for IBNR losses remained unchanged from prior month at \$1,158,000.
- Net assets as of December 31, 2016 were \$8,017,817.
- Year to date deficit of revenues over expenses was \$2,167,127.

Ms. Jundt advised the board that December's expenses were higher than normal.

**No action was taken.**

**D. Discussion and possible board action on the audit** **Mike Townsend**

**No action was taken.**

**E. Discussion and possible board action on audit vendor services** **Mike Townsend**

Mr. Townsend advised that Amy Girardo had contacted Madeline with Blue Cross Blue Shield (BCBS) to expedite the delivery of the data needed for the audit.

Ms. Girardo informed the board that Heinfeld and Meech had completed the audit for the past 10 years and the cost was approximately \$12,500 for the auditing services.

Ms. Girardo informed the board that once the audit was completed, the Department of Insurance audit will soon follow.

Mr. Kuhn presented to the board the option of bidding the auditing services but indicated that instead the Trustees may want to consider using a state contracted vendor.

Ms. Van Ess indicated she would favor using an auditing service provider from the state contract, if possible.

Mr. Kuhn asked for volunteers to review at the state contract.

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Mr. Kuhn later advised that the state contract would not be an option for the Trust. Ms. Girardo advised that she would provide a copy of the RFP she prepared for the Trustees the last time the services were bid.

**No action was taken.**

**F. Discussion and possible board action on  
the Segal deliverables for October 2017 Trust  
board meeting**

**Nura Patani**

Ms. Patani presented an overview of NAPEBT's unblended active and retiree medical claims cost based on an analysis that was conducted several years ago. The report indicated that the rates would have been lower for actives if the retiree claims were not blended with the actives and the groups were instead separately rated.

A review of the claims by plan type indicated that the buy-up and retiree plans experienced operating deficits. Ms. Patani stated that the base and high deductible health plans continue to subsidize the buy-up and retiree plans.

Ms. Anderson asked if there was a way to analyze the retiree claims by plan and possibly create an option to offer only one plan to retirees.

Mr. Kuhn was concerned that there was a potential for legal action by increasing retiree rates and that the information from the previous legal review regarding the retirees should be revisited.

Ms. Girardo advised that she would request the Trust's current legal counsel to review the previous legal opinion.

**No action was taken.**

**G. Discussion and possible board action on  
the monthly medical/pharmacy report**

**Nura Patani**

Ms. Patani presented the contributions, claims and expenses report noting that there was a significant increase in medical and pharmacy claims in December compared to prior months. Ms. Patani noted that it could be temporary spike as plan participants may have met their deductibles and out of pocket maximums that were due to reset January 1<sup>st</sup>.

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Ms. Patani noted that based on paid claims and expenses, the active buy-up and base plans and all three of the retiree plans experienced operating deficits.

**No action was taken.**

**H. Discussion and Possible Board Action on the health and welfare plan renewals** **Amy Girardo**

**No action was taken.**

**I. Discussion and possible board approval on the trust renewals** **Amy Girardo**

Ms. Girardo provided an update on the vendor renewals effective July 1, 2017. The following is the summary of renewals presented:

- Blue Cross Blue Shield: medical administrative fee and stop loss insurance (proposed a combined increase of 8.4 percent over current; Segal negotiated to 5.5% increase and presented alternatives for specific stop loss);
- HeathEquity: Health Savings Account Administration (no change in the fee);
- Health Equity: Flexible Spending Account (FSA) Administration (no change in the fee);
- Discovery Benefits: COBRA administration (no change in the fee with a three year rate guarantee through June 30, 2020)
- CVS/Caremark: pharmacy benefit management (subject to a three year rate guarantee through June 30, 2019)
- Vison Service Plan proposed a rate pass with a guarantee through June 30, 2018–(Segal negotiated an extension on the rate guarantee to June 30, 2020 with an improved benefit for frames increasing from \$130 to \$150).
- Delta Dental proposed an aggregate rate increase of 6.6 percent ((Segal negotiated a 4.6 percent increase and negotiated the addition of a takeover provision for orthodontic coverage (at no additional cost)); and
- Securian Life: Life insurance coverage (no change in rates) through June 30, 2018.

Ms. Wilson requested the effective date for the improved frame allowance benefit from VSP. Ms. Girardo advised that it begin with the July 1, 2017 plan year.

Ms. Anderson questioned if the Trust could bid the Delta Dental contract. Ms. Girardo advised that the Trust can decide annually if they would like to bid their dental contract.

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Ms. Anderson asked if there was any savings in using the same request for proposal (RFP) for vision and dental at the same time. Ms. Girardo advised that there was not.

**A motion was made to keep the specific stop loss deductible at \$300k, add an aggregating specific deductible of \$300k and maintain an aggregate stop loss corridor of 125%. The motion also included the medical administration fee and the Health Equity Health Savings Account administration fee which are both under a rate guarantee through June 30, 2018.**

**Jami Van Ess motion, Shane Dille second, motion approved.**

**A motion was made to approve the Health Equity: Flexible Spending Account (FSA) Administration (no change in the fee) through June 30, 2018;**

**Jami Van Ess motion, Shane Dille second, motion approved.**

**A motion was made to approve Discovery Benefits: COBRA administration (no change in the fee with a three year rate guarantee through June 30, 2020)  
Shane Dille motion, Jami Van Ess second, motion approved**

**A motion was made to approve CVS/Caremark: pharmacy benefit management (subject to a three year rate guarantee through June 30, 2019)  
Shane Dille motion, Jami Van Ess second, motion approved**

**A motion was made to approve Vison Service Plan proposed a rate pass with a guarantee through June 30, 2018—(Segal negotiated an extension on the rate guarantee to June 30, 2020 with an improved benefit for frames increasing from \$130 to \$150).  
Shane Dille motion, Bob Kuhn second, motion approved**

**A motion was made to approve Securian Life: Life insurance coverage (no change in rates) through June 30, 2018.  
Bob Kuhn motion, Jami Van Ess second, motion approved**

**A motion was made to approve Delta Dental with an aggregate rate increase of 4.6 percent through June 30, 2018 which includes the additional orthodontic takeover benefit, for no additional cost.  
Jami Van Ess motion, Bob Kuhn second, motion approved**

**J. Discussion and update on industry changes**

**Amy Girardo**

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Ms. Girardo informed the board Segal was not aware of any new regulations the re-importation of pharmaceuticals from outside the United States. She noted it was too soon to tell what the President would undertake and that before any changes were implemented a bill or executive order would have to be passed.

**K. Discussion and possible board action on the administration manual** **Amy Girardo**

Ms. Girardo presented changes made to the Administrative Manual for review by the Trustees. Ms. Anderson requested that any reference to the Housing Authority be removed from the manual and a change be made to the wording in the Coconino County Community College look back period. .

**A motion was made to approve the Administrative Manual with the additional changes requested.**

**Bob Kuhn motion, Shane Dille second, motion approved**

**L. Discussion and possible board action on the Segal evaluation** **Mike Townsend**

The Trustees discussed the Segal evaluation.

**No action was taken.**

**M. Review and discussion on questions for the Ashton Tiffany evaluation** **Mike Townsend**

The Trustees discussed the questions for the Ashton Tiffany evaluation.

**No action was taken.**

**N. Discussion and possible board action on the bylaws** **Mike Townsend**

Mr. Townsend advised that he would work with the board members to finalize the bylaws.

**No action was taken.**

**O. Discussion and possible board action on the investment policy** **Mike Townsend**

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Mr. Townsend advised that he would work with the board members to finalize the investment policy.

**No action was taken.**

**P. Discussion and possible board action to approve the meeting project plan for 2017-2018**      **Jennifer Gabriel**

Ms. Gabriel presented the project plan. The Trustees requested modifications, and Ms. Gabriel advised that the plan would be updated prior to the next meeting.

**Q. Discussion and the review of the action items and timeline**      **Sarah Virgil**

Subsequent to the meeting, the following action items were distributed to related participants:

Ashton Tiffany will include the January minutes in the April Trust board meeting book for approval.

Ms. Girardo will provide prior audit RFP sample documents for Mr. Kuhn to review.

Ms. Girardo will discuss with the Trust's legal counsel options for increasing retiree medical rates, creating a separate retiree trust, and request that they review the prior counsel's opinion.

For the October Trust Board meeting, Ms. Patani will prepare an analysis of claims loss ratios to determine the impact to rates if active plan participants were rated separately from retirees. Ms. Patani will work with BCBS to rerun claims to determine the difference in claims costs for the base verses the buy up plans for retirees historically .Ms. Girardo will provide 7–8 years of retiree history to determine how many retirees were enrolled in the plan during each of those years.

Ms. Girardo will work with Delta Dental to review the option of increasing the dental benefit maximum annual benefit for the next plan year as requested by Flagstaff Unified School District.

Ms. Girardo will update the Administrative Manual to remove the Housing Authority and update the look back period for Coconino County Community College.

Ms. Wittekind will provide the Trustees with the results of the survey on Ashton Tiffany's performance at the April board meeting.

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Ms. Wittekind will contact Vera to inform them the March board meeting has been cancelled.

- 4. EXECUTIVE SESSION: None**
- 5. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None**
- 6. NEXT REGULAR MEETING: April 20, 2017**
- 7. ADJOURNMENT: 2:04 p.m.**