

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
January 24, 2019**

The following consultants/vendors were present:

Amy Girardo	Segal
Nura Patani	Segal (telephonic)
Quentin Gunn	Segal (telephonic)
Aaron Genaro	Ashton Tiffany
Mallory Esquibel	Ashton Tiffany
Marianne Heiderscheidt	Vera Whole Health
Julie Almond	Vera Whole Health
John Ashton	Kairos Health Arizona
Jennifer Gabriel	Kairos Health Arizona
Tara Zika	Kairos Health Arizona
Jeremy Larson	Kairos Health Arizona

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

Mike Townsend	Coconino County
Jami Van Ess	Coconino County Community College
Bob Kuhn	Flagstaff Unified School District
Shane Dille	City of Flagstaff

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)
Dietrich Sauer	Coconino County Community College
Jennifer Caputo	City of Flagstaff
Dean Coughenour	City of Flagstaff
Margaret Penado	City of Flagstaff
Ginger Stevens	Flagstaff Unified School District
Dawn Anderson	Flagstaff Unified School District
Mike Penca	Flagstaff Unified School District
Jeanie Confer	Coconino County Accommodation School District
Sam Mossman	Kachina Village Improvement District

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
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1. CALL TO ORDER **9:06 a.m.**

2. APPROVAL OF AGENDA

Unanimous approval of agenda items by the Trustees

3. APPROVAL OF MINUTES **December 13, 2018**

Ms. Almond advised that a correction should be made on the December minutes pertaining to the clinic services.

Bob Kuhn made a motion to approve as presented with correction by Ms. Almond, Jami Van Ess seconded, motion approved

4. ACTION ITEMS

A. Kairos Health Arizona Presentation

John Ashton

Mr. Ashton presented the Kairos Health Arizona program.

The board had an in-depth discussion regarding the clinic, wellness program, pharmacy benefit manager, pool administration fees, rates in Phoenix versus rates in Flagstaff, audit process, and plan designs.

Mr. Townsend inquired about what the process would look like to move forward.

Mr. Ashton explained that the pool could join as a group or as individual entities. He cited various benefits of joining Kairos, including joining as a self-insured group or as part of the shared risk program, investment options, reduced burden on administration, help for human resources staff, and cost savings.

Mr. Ashton stated that the self-insured claims do not impact the shared risk program surplus.

Mr. Dille inquired about the information needed in order to help the board make a decision to join as a self-insured or part of the shared risk program.

Mr. Ashton advised that Kairos would collect all of the information necessary to provide underwriting for both options, including recommendations.

Mr. Kuhn asked about the turnaround time to receive a quote.

NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
January 24, 2019

Mr. Ashton advised that it would take approximately two weeks from the time we receive all of the information necessary to underwrite. He stated that it would be possible to move forward by July 1, 2019.

Ms. Wittekind inquired about how the clinic would be funded under the shared risk program.

Mr. Ashton advised that the wellness program will be an item of discussion at the Kairos board meeting in February.

Mr. Ashton reiterated that the next steps would be to collect information in order to provide options for self-insured and the shared risk program.

The board took a 10 minute break at this point.

Mr. Kuhn made a motion to allow Kairos to provide a quote for both self-insured and shared risk program options.

Mr. Dille seconded the motion, but wanted to add that Kairos provide a more detailed breakdown of projected cost savings.

Mr. Kuhn stated that an authorization letter needs to be sent by Mr. Townsend to Blue Cross Blue Shield to release claims information to Kairos.

There was an in-depth discussion at this point, in which various comments and questions were raised.

Ms. Girardo inquired about the PBM contract terms and how quickly a determination could be made.

Mr. Townsend stated that each agency will need to go before their elected boards.

Mr. Dille stated that he is very comfortable trying to work within the timeline to try and move forward, but he also stated that he doesn't want to be pressured to get something done by July 1. He stated that he wants to make sure things are done right, including making sure that NAPEBT does their due diligence and looks at options.

Ms. Mendoza-Logan mentioned her concerns about timing because Baker Tily, enrollment vendor, is currently setting up their enrollment process for next year.

NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
January 24, 2019

Mr. Townsend asked how the board will process and review the cost savings detail information that Kairos will provide in order to come to a decision.

Ms. Anderson suggested that the benefits and finance committees work together to review the information and provide a recommendation to the board.

Mr. Kuhn suggested a time and date for the committees to review the cost detail information.

There was board discussion on current contract termination clauses and the need to figure that out.

Ms. Philpot stated that she would like to review the current Kairos member list and contact some of the members to discuss their experience, the process, set up, etc.

Mr. Dille mentioned that he did not necessarily agree with Mr. Ashton's remarks regarding NAPEBT's financial condition. He stated the cost savings and potential for more is the driving factor in his opinion, along with a reduction in time commitment for the board and committee members.

Mr. Ashton stated that Kairos will send the following to the NAPEBT Board:

- Kairos plan designs,
- 2018–2019 Kairos member list, and
- a break-down of projected cost savings as presented.

Mr. Townsend stated that he will send an authorization letter to Blue Cross Blue Shield and CVS to release claims data to Kairos in order for Kairos to present a quote.

The committee chairs stated that each will confirm the telephonic meeting date of February 14 at 9:00 a.m. with Mr. Kuhn to review information that Kairos will provide as mentioned above.

The motion turned into actions mentioned above.

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

a. Clinic Committee

Bob Kuhn

i. Committee minutes (for review only)

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
January 24, 2019**

ii. Vera update

Julie Almond

Ms. Almond presented the strategic priorities for year 4, including: 1) prioritizing wellness, acute care, and disease management; 2) chronic disease management; 3) clinical quality; 4) wellness committee collaboration; 5) spouse engagement; and 6) promote/build trust in new care team.

Ms. Heiderscheidt presented the clinic updates with regards to staffing. She also stated that she announced her resignation from the clinic.

Ms. Almond presented the service schedule, upcoming new services, wellness committee collaboration details, patient feedback, and net promoter score.

No action was taken.

b. Finance Committee

Jami Van Ess

i. Committee minutes (for review only)

Ms. Van Ess provided an update on Finance Committee activities, including the budget, ongoing audit, and capitalization policy progress.

No action was taken.

c. Benefits Committee

Shannon Anderson

i. Committee minutes (for review only)

Ms. Anderson provided an update on Benefit Committee activities, including the dental RFP, website traffic report, and reviewing the vendor scope of work on short-term disability.

No action was taken.

d. Wellness Committee

Katie Wittekind

i. Committee minutes (for review only)

Ms. Wittekind provided an update on Wellness Committee activities, including the upcoming awards banquet, the annual retreat in March, environmental scholarship, the sugar challenge, and drafting the annual survey.

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
January 24, 2019**

No action was taken.

e. Risk Management Committee

Margaret Penado

i. Committee minutes (for review only)

Ms. Penado provided an update on Risk Management Committee activities, including the fiduciary liability policy and a zero loss ratio.

No action was taken.

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

a. Segal

Amy Girardo

i. Monthly medical/pharmacy report

Quentin Gunn

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

- The total loss ratio was 101.1 percent for the month ending November 30, 2018.
- Claims and expenses exceeded contributions by approximately \$29,000 for the month ending November 30, 2018.
- Through November, total enrollment decreased by 0.4 percent over the prior plan year average, with enrollment by plan as follows:
 - 13.5 percent of all active employees and retirees were enrolled in the buy-up plan;
 - 63.3 percent were enrolled in the base plan; and
 - 23.1 percent were enrolled in the high deductible health plan.
- There were two claimants with incurred claims in excess of the \$150,000 reporting threshold through November 30, 2018.
- The plan's rolling net medical trend was -10.1 percent, and the plan's rolling net pharmacy trend was 15.5 percent.
- Wellness incentive payouts through November totaled approximately \$319,000.

No action was taken.

ii. Trust renewals of health and welfare plans

Amy Girardo

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
January 24, 2019**

Ms. Girardo presented the renewal report for plans effective July 1, 2019.

Jami Van Ess motioned, Bob Kuhn seconded, motion approved with Segal to bring back the dental and pharmacy renewals to the February board meeting.

iii. 2019/2020 self-funded budget projection and contribution rate-setting, plan design, including 4th medical plan, and reserves **Nura Patani**

Ms. Patani presented three different rate renewal scenarios as part of the 2019/2020 self-funded projection as discussed at the November retreat.

Ms. Girardo advised that the Evicore contract may be terminated midyear if the board chooses to do so.

Mr. Townsend requested each agencies decision on the plan changes and rates.

There was board discussion regarding the plan changes and rates.

Ms. Girardo, Ms. Anderson, and Mr. Tadder will discuss options about getting a renewal report to the City of Flagstaff by next week (January 28–February 1).

Ms. Girardo stated that she will bring the dental and pharmacy renewals to the February board meeting, as well as send out the final rate sheet as approved by the board.

Jami Van Ess motioned to approve a rate increase of 2.0% with the plan design changes as presented, including no fourth plan option and an increase in the copay. Mike Townsend seconded, motioned approved.

iv. Compliance and industry update **Amy Girardo**

Ms. Girardo provided a very brief compliance and industry update.

No action was taken.

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

a. Conflict of interest statements for signature by the Trustees **Amy Girardo**

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
January 24, 2019**

Ms. Girardo stated that she will email the forms to each Trustee to sign and return.

b. List of items required to be brought to and approved by the full board **Mike Townsend**

Mr. Townsend stated that there is no action on this item and it can be removed from future agendas.

E. 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 and made modifications for the February meeting based on the board discussion.

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

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

- Kairos will send their plan designs to the NAPEBT Board.
- Kairos will send their 2018–2019 member list to the NAPEBT Board.
- Kairos will send a break down of projected cost savings as presented.
- Mr. Townsend will send an authorization letter to Blue Cross Blue Shield and CVS to release claims data to Kairos in order for Kairos to present a quote.
- Committee chairs will confirm the meeting date of February 14 at 9:00 a.m. with Mr. Kuhn to review information that Kairos will provide as mentioned above.
- Ms. Girardo, Ms. Anderson, and Mr. Tadder will discuss options about getting a renewal report to the City of Flagstaff by next week (January 28–February 1).
- Segal will bring back the dental and pharmacy renewals to the February board meeting.
- Ms. Girardo will send out final approved rate sheet to all agencies.
- Ms. Girardo will email Conflict of Interest Statements to the Board for signature.

5. EXECUTIVE SESSION: None

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
January 24, 2019**

- 6. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None**
- 7. NEXT REGULAR MEETING: February 28, 2019**
- 8. ADJOURNMENT: 12:50 p.m.**

DRAFT