

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
December 15, 2016**

3. ACTION ITEMS

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

Katie Wittekind

Mr. Townsend informed the board that Dr. Coates at the Vera Clinic is planning to retire. He stated that the current contract is for 3.8 FTE providers. By utilizing temporary providers, this will decrease to 3.5 FTE providers. Mr. Townsend noted that the goal is to have the 3.8 FTE providers on staff, and that this would be discussed at the January 5, 2017 Operations Committee meeting.

Mr. Dille advised that he and Shannon could not attend the January 5 meeting due to a prior engagement.

Ms. Wittekind presented an overview on the Vera Clinic for Ms. Heiderscheidt while she was on PTO. She advised that the engagement and unique encounters had increased by all agencies.

Ms. Girardo clarified that the enrollment numbers with Vera were still off, and that she would work with the clinic to address the enrollment count discrepancy and request a refund, if necessary.

Ms. Wittekind stated that to-date, 705 flu shots had been given, with 289 administered during a health fair.

Ms. Wittekind advised that the issues with the phone system had been resolved.

Mr. Kuhn stated that the phone system appeared to have lingering issues. He advised that he was unable to get through and ended up leaving a message, which resulted in a two-day wait for a return call.

Mr. Dille stated that a colleague had also experienced issues with calling Vera several weeks ago. He expressed disappointment that there was no representation from Vera at the board meeting. He advised that Ms. Anderson would follow up with Ms. Wittekind on the details regarding this particular experience.

Ms. Wittekind noted that a new employee began work on November 21, 2016, and should have corrected this issue. She stated that she would address the issue with Vera.

No action was taken.

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**B. Discussion and possible board action on
October 31, 2016 interim financial statements**

Lori Jundt

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

- Total assets as of November 30, 2016 were \$13,056,243.
- Cash & cash equivalents were \$11,849,473.
- Total liabilities were \$4,472,259.
- Claims payable were \$1,492,480.
- Reserve for IBNR losses remained unchanged from the prior month at \$1,158,000.
- Net assets as of November 30, 2016 were \$8,583,984.
- Year to date deficit of revenues over expenses was \$1,579,661.

Ms. Jundt advised the board that the wellness tiers would be broken out beginning with the November wellness schedule.

Ms. Jundt further advised that the audit was expected to be completed in early 2017.

Finally, Ms. Jundt advised that the Trust had not received any funds to date from the subrogation program. Ms. Girardo provided an example of a subrogation claim that could include any reimbursements back to the Trust medical plan received from a third party insurer for an auto accident or incident that generated medical claims for a NAPEBT participant.

Mr. Kuhn noted that a minimal payment was received prior to September 2016.

Ms. Penado requested an update on the multiyear fidelity bond. Ms. Girardo stated that she would follow-up on this item.

No action was taken.

**C. Discussion and possible board action on
the monthly report**

Nura Patani

Ms. Patani presented an overview of NAPEBT's 2016–2017 claims expenses, inclusive of clinic expenses, for the period ending October 31, 2016. She noted that claims were more favorable than the prior two months. It was further noted that, to date, the expenses exceeded contributions by \$1.26 million, or 15.5 percent.

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

Ms. Patani reported that there were no large claims over 50 percent of the stop loss deductible in the first four months of the plan year. From a 12 month “look-back,” the net medical trend was 3.3 percent (stop loss not included), and the prescription trend was had lowered to 6.1 percent (rebates not included).

Ms. Patani reported that Flagstaff Unified School District (FUSD) had three lump sum payouts to its employees. She noted that as a result, FUSD’s wellness payment will be recorded in December for wellness reporting, but was expensed in October due to the liability NAPEBT had to reimburse to FUSD.

Mr. Dille asked for clarification regarding the 2017-2018 rate change required to avoid a deficit that was presented during the retreat. Ms. Patani confirmed that it was 17.7 percent in the preliminary projection.

No action was taken.

**D. Discussion and possible board action on
2017–2018 self-funded budget projection
and contribution rate-setting, plan design,
pharmacy programs, and reserves**

**Amy Girardo and
Nura Patani**

Ms. Patani presented the updated budget and noted that the website, SHAPE data analysis, wellness administrative specialist, and claims auditing (for every other year beginning in 2018-2019) were incorporated as requested during the retreat. She noted that in order to cover the 18 percent increase in premiums, the following changes were incorporated:

- the high deductible health plan premiums increased by 11 percent;
- the base plan premiums increased by 13 percent; and
- the buy-up plan premiums increased by 15 percent.

Ms. Patani noted that the \$20 wellness incentive changes the percentages slightly. She further noted that the overall contribution rate increase was 13.3 percent. Ms. Patani stated that if the industry trend were to come in at 6 percent for medical and 9 percent for pharmacy, then the 12 percent overall contribution rate increase in 2018-2019 that had been modeled at the retreat would still be within reserve policy guidelines.

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Mr. Townsend clarified that the proposed rate increases were shared with all agencies, and asked if there were any issues. No issues were reported.

Ms. Anderson informed NAPEBT that she would distribute a report that will illustrate the fund balance. She also questioned whether the 18 percent was of concern to anyone.

Mr. Townsend advised that next year the rate would likely be adjusted downward toward the 12 percent level, and that it would take a few years to recover from bad claims experience.

Mr. Townsend requested that NAPEBT review the reserve policy in the fall.

Mr. Townsend requested that Segal bring back the budget to the January Trust Board meeting for consideration including the additional items and the increase per the five-year trend, as presented. Mr. Dille and Ms. Van Ess agreed with this request.

Ms. Patani presented the claims experience for the past three years. Mr. Kuhn had questions on the content of the claims categories. Ms. Patani agreed to review the information and present it again at the January Trust Board meeting.

Ms. Patani then presented the historical per employee per month medical claims vs. medical claims increased at historical trend rates report. Ms. Patani stated that the plan has been affected positively by adding the wellness program. Ms. Girardo clarified that pharmacy claims were not captured in this analysis because there were variables in the data that could not be isolated and may cause confusion in the conclusions drawn.

Mr. Coughenour asked if it was the intent of the Trust to continue monitoring the effectiveness of the \$20 incentive program in relation to wellness participation. Ms. Wittekind stated that long-term engagement was the primary goal, and with additional resources, she would be able to do a more targeted approach.

Ms. Girardo presented the BlueCross BlueShield proposed plan changes for the 2017/2018 plan year and discussed the cost impact of each, if any.

Jami Van Ess motion; Shane Dille second to accept all plan changes, as recommended by BCBS.

As follow-up to the prior meeting, Ms. Girardo informed NAPEBT that 25 percent of Segal's pharmacy benefit management audits have resulted in remuneration ranging

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from a few thousand dollars to 1 million dollars. Mr. Townsend reminded the board members that this was a fiduciary duty.

Ms. Patani presented the rate sheets by agency for the 2017/2018 plan year. She agreed to customize any rate sheet, if needed.

Ms. Patani presented the updated summary of benefits and coverage (SBC) coverage examples and noted that if agencies decided to fund differently, she would update the examples.

Ms. Girardo presented a proposal for NAPEBT website services in order to address the impending discontinuation of the current host site. She stated that Segal would utilize their mobile bene framework, update logos, fonts, and colors, and would review and update the current data, as needed. Ms. Girardo noted that analytics would be available to identify member utilization. She further advised that NAPEBT would own the website and its content, and that Segal would manage the hosting of the website.

Ms. Foss confirmed that Ashton Tiffany could take over management of the website “as is” with the existing functionality and updated content, subject to the fee stated in the current budget projection. The board requested further clarification of member needs, and Mr. Townsend requested that a committee be formed to evaluate what is needed before any changes were made.

Ms. Wittekind agreed to work with Ms. Girardo to determine existing issues and needs, and then assist in providing a recommendation to the board.

Ms. Foss asked if there was a formal termination date for the current website host, and Ms. Girardo advised that there was no deadline, but indicated that she would also verify this.

E. Review and discussion on engagement of the Blue Cross Blue Shield (BCBS) programs

**Amy Girardo and
Nura Patani**

Ms. Girardo provided an update on the BCBS coaching and disease management services engagement with NAPEBT. She indicated the following findings out of 369 participants:

- 59 participants (or 16 percent) were in the process of being contacted;
- 65 participants (or 18 percent) had engaged in services; and
- 245 participants (or 66 percent) were not engaging, including 28 participants that had declined.

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Mr. Townsend asked if Vera could get involved in the outreach process. Ms. Wittekind agreed to follow up with Vera, and ask for a report by Vera to NAPEBT on Vera's involvement.

No action was taken.

F. Discussion and possible board action on the wellness program

Katie Wittekind

Ms. Wittekind provided an update on wellness expenses to date. Board members confirmed that they liked the summarized format and requested that it be provided quarterly.

No action was taken.

G. Discussion and possible board action on the compliance and industry update

Amy Girardo

Ms. Girardo provided an overview of the health compliance update that was initially slated for presentation at the November strategic meeting. The following topics were addressed:

- new SBC template,
- Mental Health Parity and Addiction Equity Act of 2008 update,
- transitional reinsurance reminder,
- paying employees to waive coverage,
- section 1557 covered entity,
- wellness program regulations,
- 40 percent excise tax, and
- marketplace application and appeals.

Ms. Girardo advised that BCBS will review the existing plans to verify that the plans comply for the new plan year.

Ms. Girardo advised that the flexible spending account limit increased from \$2,550 to \$2,600.

Ms. Girardo advised that the NAPEBT Plan Document complies with the Department of Health and Human Services guidelines by including the top 15 languages in the state. She stated that per counsel, NAPEBT did not need to comply with these additional changes on the NAPEBT website or NAPEBT enrollment materials.

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Ms. Anderson asked if the Administration Manual should include the additional languages. Ms. Girardo advised that it did not.

Ms. Girardo advised that she would inquire with BCBS as to how the wellness programs are tracked. Ms. Philpot stated that if the wellness programs were offered to dependents in the future, an authorization form should be required. She also raised the question with the group as to how they would track these documents.

Ms. Anderson questioned whether the new hire notice advising of the exchange was still required. Ms. Girardo advised that it was required at this time.

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

Mr. Townsend advised that the group would need to meet again to finalize the policy.

No action was taken.

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

Mr. Townsend advised that the bylaws were still with legal personnel for review. He noted that the four trustees would meet following receiving their recommendations.

No action was taken.

J. 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.

K. Discussion and review of action items and timeline **Tracy Foss**

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

Ms. Girardo will work with VERA Clinic staff on the reconciliation of enrollment census and fees paid to date.

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VERA Clinic staff will provide a full analysis of the program at the March 2017 meeting.

Ms. Patani will update the 2017 HSA contribution amounts on the 2017/2018 budget projections sheets.

Ms. Anderson will forward a copy of the historical trend summary to Ashton Tiffany for distribution and further reference by the members.

Ms. Patani will provide a review of historical claim volatility for review and discussion by the board in relation to reserving guidelines at the October 2017 board meeting.

Ms. Patani will update the chart of historical medical/Rx trends to adjust for Rx rebates and stop loss reimbursements for the January meeting.

Ms. Patani will provide a loss ratio analysis by agency, tier, and status (including retiree and COBRA participants) for the October 2017 meeting.

Ms. Patani will provide updated rate sheets and SBC examples upon notification of selected base plan option, by entity, as requested.

Ms. Wittekind and Ms. Girardo will provide a summary of website issues and needs at the January Trust Board meeting.

Ms. Wittekind will request that VERA Clinic provide an overview of the proposed plan of action related to health coach participant communications at the January meeting.

Ms. Girardo will provide further clarification of the 2017 Flex Credit requirements to Coconino Community College.

Ms. Foss will provide an amendment to the administrative manual addressing retirees and domestic partners for review and approval at the January Trust Board meeting.

Mr. Townsend will meet with the Trustees in January to review proposed changes to the bylaws.

Ms. Gabriel will update the action plan to reflect the date and agenda item changes for the January 26, 2017 meeting, including the addition of discussion and possible approval of the Summit Fire District.

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Mr. Kuhn will proceed with formation of a committee to review online enrollment system programs.

Ms. Girardo will provide clarification on the COBRA notice requirements for retirees and spouses at the January Trust Board meeting.

Ms. Foss will submit a survey of Segal services to board members and support staff prior to the January meeting.

- 4. EXECUTIVE SESSION: None**
- 5. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None**
- 6. NEXT REGULAR MEETING: January 26, 2017**
- 7. ADJOURNMENT: 2:47 p.m.**