

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
RETREAT MEETING MINUTES
December 4-5, 2014**

The following Consultants/Vendors were present:

Amy Girardo	Segal Consulting
Gary Petersen	Segal Consulting
Stephanie Calandro	Segal Consulting

The following Trustees were present and a quorum was met:

Jami Van Ess	Coconino Community College
Bob Kuhn (Chairperson)	Flagstaff Unified School District
Allison Eckert	Coconino County
Jerene Watson	City of Flagstaff

The following Alternate Trustees were present:

Mike Townsend	Coconino County
Shannon Anderson	City of Flagstaff
Jennifer Moore	Flagstaff Unified School District
Rosa Mendoza	Coconino Community College
Margaret Penado	Coconino County

The following guests were present:

Katie Wittekind	Flagstaff Unified School District
Tasha Wilson	Coconino County
Heidi Derryberry	Coconino County
Lynn Hill	NAIPTA
Gayle Benton	Coconino Community College
Ginger Wischman	Flagstaff Unified School District
Drew Baecker	City of Flagstaff

AGENDA – Thursday, December 4, 2014

1. CALL TO ORDER 8:10 a.m.

The Agenda was adopted as is without changes.

2. ACTION ITEMS

A. Welcome and Opening Remarks

Bob Kuhn welcomed everyone to the meeting.

Bob Kuhn

No action was taken.

B. Discussion and Possible Approval of the Audited Financial Report

Bob reviewed the Audited Financial Report.

Bob Kuhn

No action was taken.

C. Discussion and Possible Approval of Market Update/Survey Data

Amy Girardo

Amy presented the Market Update and Survey information.

No action was taken.

- D. Discussion and Possible Approval of the Monthly Report** **Amy Girardo**
Amy reviewed the monthly report with the Trustees.

No action was taken.

- E. Discussion and Possible Approval of Health Utilization Report** **Gary Petersen**
Gary reviewed the Health Utilization report.

No action was taken.

- F. Discussion and Possible Approval of Compliance Update** **Amy Girardo**
Amy presented the compliance update.

No action was taken.

- G. Discussion and Possible Approval of Preliminary Medical Plan Budget Projection Discussion** **Stephanie Calandro**
- > **Legal Expenses**
 - > **Onsite Clinic Expense**

Amy reviewed the 2013 Target Reserve policy. Stephanie reviewed the surplus and fund history through June 30, 2014, the proposed plan design changes for the plan effective 7/1/15 due to regulatory requirements, and the wellness incentives.

Stephanie presented the budget projection. The Trustees asked to increase the Wellness Coordinator position expense to \$60,000, combine the \$1,000 Wellness Health Fair line item with the Other Wellness Program Activities for a total of \$31,000, create a Trust Administrator line item with a budget of \$60,000, \$500 increase to Annual Retreat and Meeting fees and increase Legal budget to \$25,000. Segal will provide an updated Fee Exhibit that includes these changes at the December 5th Retreat.

Research is needed to determine where the retreat and meeting lunch expenses are being documented in the monthly financials produced by Numbers Café.

Bob reviewed the estimated cost of the Onsite Clinic. Each of the employers will provide its utilization at the Concentra clinic for workers' compensation claims for incorporation in the 5-year reserve projection.

A review of the surplus and reserves was discussed by the Trustees. The Trustees requested some adjustments to the Additional Accumulation/Use of Reserves for the 5 year projection. A discussion took place on how the reserves may change depending on the return on investment for the onsite clinic.

- H. Discussion and Possible Approval of Medical Plan Design and Contribution Strategy Discussion** **Stephanie Calandro**

Contribution rates were reviewed and discussed. The Trustees would like to consider plan design changes to offset the contribution rate increases. A list of possible plan design changes will be reviewed and presented during the January Trust Board meeting.

No action was taken.

**I. Discussion and Possible Approval of Health Initiatives
Contribution Strategy Discussion**

Katie Wittekind

- > **Onsite Clinic**
- > **Gym Memberships for Plan Participants in Page and Williams**
- > **Lifeguard for Employee Swimming**

The onsite clinic costs were discussed during the budget projection discussion.

Katie reviewed the option of subsidizing gym memberships for employees residing in Page and Williams and funding the cost of a lifeguard, which would allow employees to swim at the Aquaplex. Katie quoted a cost of \$2,600 annually to pay for a lifeguard at the Aquaplex.

Katie asked whether the Trustees would support a subsidization of 20% of the cost of an employee only gym membership for employees located in Page and Williams. The County supports the subsidization of gym memberships for Page and Williams employees.

A discussion took place on offering wellness classes at the NAPEBT employer locations in Page and Williams. Katie is exploring options for Page and Williams employees to consider. The employees have requested a group activity.

Bob suggested that he and Katie further explore options for lifeguards for employees swimming in Flagstaff outside the Aquaplex.

Unanimous approval by the Trustees for subsidization of 20% of employee only gym memberships for employees residing in Page and Williams, limited to a cap of a \$10 monthly subsidization based on a maximum employee only gym membership of \$50 per month.

J. Discussion and Possible Approval of Timing and Frequency of Trust Board Meetings

Bob Kuhn

Bob discussed the need for additional Trust Board meetings in the fall to review the progress of the Onsite Clinic. A recommendation was made that the Trustees add a monthly meeting for the Trust Board and an additional monthly phone call could be added as well. Bob would like to add a call in May 2015 for the Onsite Clinic discussion. Katie suggested phone conference calls be scheduled prior to the opening date of the clinic. Bob would like time on the Trustees calendars to be tentatively scheduled now in order to reserve the time. Bob suggested two conference calls in May and an extra call in June. Bob, Katie, and Amy will work together to prepare a schedule for the additional conference calls and meetings.

Bob will engage the same attorney he used in the Phoenix valley for a recent appeal to review the Onsite clinic contract.

Jerene requested that the Trust Board meetings be moved to Thursdays, beginning in May. Jerene will revisit with Dean to determine whether he can change his schedule to work Fridays to attend the NAPEBT Trust Board meetings in those weeks when a meeting is held. Jerene also asked if the Trust Board could meet more often to reduce the number of topics for Trustees to consider. Bob and Amy will work on a meeting schedule.

No action was taken.

K. Discussion and Possible Approval of Duties of the Administrative Assistant

Bob Kuhn

Bob discussed information on hiring a Trust Administrator with a July 1, 2015 date of hire. One of the employers will have to be responsible for employing the employee. Some of the employers will work together to develop the job description. Katie asked whether there has been some consideration that she become the Administrator. One suggestion was that Katie be hired as the Trust Administrator and she hire a part-time Wellness Coordinator. The administrator would work for the Trust Chair. Allison would like the Wellness Coordinator role to grow. All employers could submit the individual duties that they would like the Trust Administrator to perform as well as the individual duties that they would like the Wellness Coordinator to perform. Jami is concerned that the Trustees may create a role for an Administrator that requires him or her to possess expertise in too many areas than one can practically have expertise. Shannon said that a discussion took place a few years ago on separating duties for the Trustees, for example adding a Treasurer such as a Finance Director from one of the agencies.

Bob asked if his Assistant, Elaine, could be compensated up to a maximum of \$4,000 for her assistance with the Trust administration. She is a classified employee and has worked overtime to fulfill administrative duties for the Trust. Bob would produce hours for her time with a time sheet. The Trust could be billed. An hourly amount would be paid for Elaine.

Unanimous approval for the Trust to reimburse the school district for up to \$4,000 for Bob's Administrative Assistant for overtime work associated with Trust administrative duties.

L. Discussion and Possible Approval of Review of Action Items and Timeline **Amy Girardo**

Segal will provide an updated Fee Exhibit at the December 5th Retreat.

Segal will provide an updated 5-year reserve projection Exhibit at the December 5th Retreat.

Each of the employers will provide its utilization of the Concentra clinic for worker's compensation claims to incorporate into the 5-year reserve projection.

A list of plan design changes will be reviewed and presented during the January Trust Board meeting.

The meeting for December 5th will be begin at 10:00 a.m.

Bob, Amy, and Katie will develop the schedule of future meetings.

All employers may submit their desired duties for both the Administrator Role and the Wellness Coordinator Role to both Amy and Bob.

Research is needed to determine where the retreat and meeting lunch expenses are being documented in the monthly financials produced by Numbers Café.

3. **CALL TO THE PUBLIC** **None**

4. **ADJOURNMENT** **Meeting adjourned at 3:30 p.m.**

AGENDA – Friday, December 5, 2014

1. **CALL TO ORDER** **10:07 a.m.**

2. **ACTION ITEMS**

A. **Discussion and Possible Approval of Health Initiatives, Medical Plan Design, and Contribution Strategy** **Amy Girardo**

The Trustees discussed the onsite clinic. They would like to further review the projected return on investment for the clinic prior to the January Trust Board meeting. The Trustees will send Segal the worker's compensation offset to the clinic expenses (to be incorporated in the reserve projections). Mike wants the Clinic contract and performance guarantees tied to a Return on Investment metric. Katie is concerned that the clinic focus on quality of care. Katie and Shannon will work on the clinic Return on Investment calculations. The Trustees requested that the Return on Investment calculations be reflected separately from the plan design changes in the projection. Katie will send the total number of worker's compensation visits and projected costs for the visits to Stephanie to offset the clinic expenses. Katie will also ask the onsite clinic vendors for their projected Return on Investment figures.

The Trustees would like to review two options: 1) a 3% increase to contribution rates with plan design changes and; 2) a 2% increase to contribution rates with plan design changes. The Trustees will want an interactive model to be made available during the January 2015 Trust Board meeting so they can mix and match plan design changes. Segal will prepare the model.

Unanimous approval that four-tier rates will be available to all NAPEBT employers effective July 1, 2015 and that the decision to move to another rate tier structure must be made by an employer no later than two months before its open enrollment period.

B. **Discussion and Possible Approval of Final Wrap Up Discussion and Next Steps** **Amy Girardo**

The Trustees discussed the contribution rates and plan design changes for the 2015-2016 plan year. Allison and Jami would like to target a 2% contribution rate increase along with plan design changes in order to avoid adversely impacting the 5-year reserve projection. Segal projected 2015-2016 expenditures to be 11% higher than 2014-2015 Trust funding.

Unanimous approval by the Trustees to accept Segal's projected expenditures for 2015-2016. The Trustees have the goal of reducing the July 1, 2015 5% contribution rate increase that was originally targeted in December 2013 through plan design changes. The Trustees will review plan design changes during the January Trust Board meeting with final recommendations made during the February Trust Board meeting. The goal is to keep the reserves at a minimum of \$2 million below a 37.5% claims fluctuation reserve in FY2019.

C. **Discussion and Possible Approval of Review of Action Items and Timeline** **Bob Kuhn**

The Trustees discussed the timing of decisions. The Trustees will review the medical plan design changes and reserve projections during the January Trust Board meeting. Final decisions for the plan year effective July 1, 2015 will be made during the February Trust Board meeting.

No action was taken.

3. **CALL TO THE PUBLIC** **None**

4. **ADJOURNMENT** **11:03 a.m.**