

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
January 26, 2017**

2. APPROVAL OF MINUTES December 15, 2016

Unanimous approval of the minutes by the Trustees.

3. ACTION ITEMS

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

Lindsey Gregerson

Ms. Gregerson provided an update from Vera Clinic. She shared utilization data, which indicated that employee engagement is up overall, although the figures were down in December. She stated that total appointments are down, but acute care appointments were up. She also noted that coaching is down due to access to only one coach at this time. She shared the review of provider scores and stated that satisfaction scores were very positive, and that outreach is tailored and relationship-oriented.

Mr. Townsend commented that provider outreach has been very positive with his employees.

Ms. Wittekind stated that phase one of the patient outreach is currently being conducted, and then asked Ms. Gregerson about phase two. Ms. Gregerson stated that phase two is currently being explored and should begin by the third quarter of this year. She mentioned that there are upcoming Vera meetings to discuss.

Mr. Townsend advised the board that Dr. Coates had retired, but that there continues to be a good provider mix. Ms. Gregerson further commented that notification was sent to those participants who had received services from Dr. Coates.

Ms. Gregerson shared with the board that Vera Clinic was recently voted the number one wellness center—information that will be published soon.

Ms. Anderson shared participant feedback regarding difficulty in obtaining clinic appointments. She suggested that questions be added to the survey to gain better insight on use of the clinic and wellness services. Ms. Wittekind stated that she will likely “dive deeper” into the actual use of the clinic during the April and May timeframe.

Ms. Moore asked if there would be an outreach regarding mammograms. Ms. Gregerson stated that those participants already scheduled to receive mammograms will be contacted.

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No action was taken.

B. Discussion and possible board action on wellness program

Katie Wittekind

Ms. Wittekind provided an update on the wellness portal and upcoming activities. She stated that there has been healthy competition between agencies with incentives being earned. She indicated that the annual retreat had been moved to March 10, and will focus on annual exams and not just biometric screenings. She stated that the awards banquet will be held on April 13 and will highlight success stories of participants. Leadership is encouraged to attend. The poker run will be held on May 17.

Ms. Wittekind informed the board that NAIPTA received a scholarship for environmental support for health and wellness. Ms. Lynn provided a brief overview of the programs NAIPTA was implementing.

No action was taken.

C. Discussion and update on the audit

Mike Townsend

Mr. Townsend stated that there have been delays with the audit, partly due to change in staff at BlueCross/BlueShield (BCBS). An update will be provided at the next meeting.

No action was taken.

D. Discussion and possible board action on monthly report

Nura Patani

Ms. Patani presented the medical and prescription drug plan monthly report. She noted that November expenses were favorable, with a total loss ratio at 109.8 percent, including clinic experience. She stated that clinic experience costs are currently coming from Trust reserves. She presented the medical and prescription claims and stated that they were normal and still on track with the projected deficit. She also presented a comparison of claims and enrollment and added that there were no surprises on overall claims paid for the plan year to date. She presented information on contributions versus claims and expenses, and stated that as of November 30, the active claims loss ratio is up on the buy-up plan, but was as expected in the surplus/deficit by plan based on the active buy-up plan loss ratio. She stated that retiree claims were as expected. She also stated that no large claims exceeded the \$137,500 excess as of November 30. However, Ms. Girardo stated that she had received more recent data (as of December 31) indicating that three

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claimants exceeded the \$137,500 excess, but did not penetrate the \$300,000 individual stop loss limit.

Ms. Patani stated that both the medical and prescription trend have increased when looking at the rolling 12-month measure. She explained that a relatively unfavorable month was 'rolling on,' while a relatively favorable month was 'rolling off,' causing a slightly unfavorable trend."

Ms. Patani provided a brief update on the wellness participation and tiers.

No action was taken.

**E. Discussion and possible board action
on the Securian life report**

Amy Girardo

Ms. Girardo provided a brief overview on activity over the past year. She shared premium versus claims information and presented a historical perspective to give the board a sense of how things are running overall. She also offered an explanation for waiver of premium claims, which occur when a participant has a disability and is not required to pay a premium.

No action was taken.

**F. Discussion and possible board action on
November 30, 2016 interim financial statements**

Lori Jundt

Ms. Jundt presented the financial report for the period ending November 30, 2016. She advised the following:

- Total assets as of November 30, 2016 were \$13,056,243.
- Cash and 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.

No action was taken.

G. Discussion and possible board action on

Amy Girardo

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2017–2018 contribution rate setting, plan design, and reserves, 2017 HSA contributions amended, historical medical/Rx chart amended

Nura Patani

Ms. Girardo provided an overview of the rates and impact on reserves. She stated that the approved changes from BCBS are also included in the projection and have minimal impact overall. Ms. Girardo advised that the rate discussion remains the same, and that rates should continue to be monitored for future years. Each entity was provided with its contribution modeling sheet to review.

Ms. Penado suggested that consideration be given to employer contributions to fund more of the buy-up and base plans, rather than the HSAs, in order to help finance the plan.

Mr. Townsend stated that the County contribution level is based off the base plan and provides the same contribution for each plan.

Ms. Anderson indicated that the employee advisory committee had discussed charging an amount for Vera or additional services that are provided outside of the primary care. Mr. Kuhn asked if that would include physical therapy, and Ms. Anderson confirmed that it would. She commented that NAPEBT should think about the structure to help with costs.

Mr. Townsend stated that the County is focusing on annual exams, as acute care is typically the biggest cost.

Ms. Wittekind stated that preventive services should be free, and asked the group about return on investment and how much time should pass before the Vera model is modified.

Ms. Anderson stated that any change would not take effect July 1, as there needs to be more understanding of the Vera structure and costs.

Ms. Wittekind stated that she thought the timeframe for return on investment provided by Vera was three years. Mr. Kuhn said it was two years.

Mr. Townsend encouraged comments from everyone.

Ms. Girardo suggested that these issues could be addressed in the survey.

Mr. Townsend then asked if each entity reviewed its rating sheet. Several members commented with regard to the premium increase and changes to the employee

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portion. Mr. Townsend mentioned that each sheet will be different according to which plan each entity chose as its “free” plan for employees. He recommended that each entity contact Segal to address any discrepancies on its sheet. He also confirmed that each entity understood the rate renewal.

Ms. Girardo provided an updated historical medical and prescription drug claims chart. Ms. Patani presented a comparison of the claims experience of NAPEBT versus the national trend over a three-year period, including the premium change over the same period. Ms. Patani explained that the chart displayed the impact of rate recommendations and actual rate increases.

Mr. Townsend requested that when reviewing this chart next year, an explanation and discussion take place regarding changes based on the significant increase in stop loss coverage. He also requested that a cost-benefit analysis be discussed to assist in making future stop loss determinations.

Ms. Penado suggested that quotes should be considered on lower stop loss limits. Mr. Kuhn stated that higher and lower limits would be reviewed.

Mr. Coughenour asked if the nearly \$4 million in total cost included expenses. Ms. Patani confirmed that it did. Mr. Coughenour asked for clarification on equating total revenue to total expenses. Mr. Townsend provided clarification on additional expenses. Mr. Kuhn stated that NAPEBT should see a downturn in claims if the clinic is working. Mr. Coughenour stated that the large claims affecting the plan this year are not as bad as they seem, and that the clinic should reduce the severity. The frequency, however, will likely continue.

Shane Dille motion, Bob Kuhn second, motion approved

H. Discussion and possible board action on the Trust renewals **Amy Girardo**

Ms. Girardo provided an update on the renewals from Blue Cross Blue Shield, as well as other vendors. She explained that negotiations are ongoing, and an update will be provided at the next Trust Board meeting.

Mr. Coughenour requested that an aggregate claims loss ratio be provided for Delta Dental. Ms. Girardo confirmed that she would get that information.

Ms. Girardo stated that the Trust has a five-year contract with Blue Cross Blue Shield and she is negotiating the stop loss insurance. An update will be provided at the next Trust Board meeting.

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Mr. Coughenour asked when the life product was last quoted. Ms. Girardo said it was quoted two years ago.

Ms. Girardo stated that she would bring the dental and medical renewals back to the next Trust Board meeting, and ask the board to approve all vendor renewals at the same time.

No action was taken.

I. Discussion and possible board action on the analysis for the October meeting **Nura Patani**

Ms. Patani identified the following items to discuss for the October meeting:

- preliminary budget projection
- historical claims volatility to support the reserve policy discussion; and
- loss ratio analysis by status and enrollment tier, specifically “employee only” and “other than employee only.”

Ms. Anderson asked the board to consider a review of the extent to which cost to the plan is related to retirees, to see if any changes should be considered (with respect, for example, to tier relativity).

Mr. Townsend requested to see multi-tier data instead of “employee only” and “other than employee only.”

Ms. Girardo asked for clarification on both retiree cost and the tier relativity analysis being requested, and then proposed to bring some bullet points for the analysis to the next meeting to confirm the scope of work.

No action was taken.

J. Discussion and possible board approval on the Summit Fire District **Shannon Anderson**

Ms. Anderson stated that Summit Fire District is still to looking at various options for health insurance and has yet to make a decision.

Mr. Townsend stated that he believed the decision was imminent. But, as the decision had not yet been made, the item will be discussed at the next meeting.

K. Discussion and possible board action on the NAPEBT website **Amy Girardo**

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Ms. Girardo provided a brief history on the development of the website, and on the current costs to maintain and operate it, including Plan Source's decision to discontinuing supporting its service sometime in the future. She discussed two proposals, one from Segal and one from Ashton Tiffany, with consideration for development of a new site and various features and services.

Ms. Wittekind asked for clarification on the Ashton Tiffany proposal regarding the \$2,500 initial fee. Ms. Foss stated that the \$2,500 is a one-time fee.

Ms. Townsend stated that he supports the Ashton Tiffany proposal.

Ms. Foss stated that the proposal did not include any major enhancements, due to current budget constraints. She also stated that confirmation to release the domain from Plan Source is needed.

Mr. Townsend requested authorization to work directly with Ashton Tiffany to execute the website services agreement.

Bob Kuhn motion, Jami Van Ess second, motion approved with authority for Mike Townsend to execute contract with Ashton Tiffany

**L. Discussion and possible board action on
the industry update**

Amy Girardo

Ms. Girardo noted that there are obvious differences between the current and previous federal administration. She stated that no significant changes have been made on the individual market yet.

Ms. Girardo provided an overview of the 2017 Segal health plan survey results and trends.

Ms. Wittekind asked if there were any examples of the United States (U.S.) negotiating prescription costs with other countries. Ms. Girardo stated that she would research whether or not the European market could impact the U.S. and report this information at the next Trust Board meeting. She also stated that some drugs are introduced to the market faster than others, that there may be more competition, but that there is nothing to indicate that in general the cost of drugs is changing.

Ms. Wittekind commented that a recent webinar provided data relating to preventive care and emergency room visits specific to low-income families. She mentioned that it might be beneficial to retrieve this information from Vera to see if it has any effect on clinic visits. Ms. Girardo stated that it is difficult to get information on total family

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income, as opposed to the employee only. Ms. Philpot suggested that some related questions could be added to the wellness survey. Ms. Anderson suggested that some questions could be added with regard to hours of accessibility at the clinic.

No action was taken.

**M. Discussion and possible board action on
COBRA notice requirement**

Amy Girardo

Ms. Girardo was asked at the previous meeting to provide answers to general questions regarding COBRA and retirees. She discussed a memo provided in the board book that detailed the COBRA process, and provided sample language to include in employer notices.

Several board members discussed the termination age requirements and possible modification to coverage to exclude spouses of retirees when they become Medicare eligible. Discussion continued regarding whether a retiree who comes back to work would need to receive a COBRA notice again. Several board members suggested that the modification in coverage be considered for July 1, 2018 for future spouses of retirees. Clarification was made that current spouses of retirees may be grandfathered in.

No action was taken.

**N. Discussion and possible board approval on
the amendment to the administration manual**

Shannon Anderson

Ms. Foss and Ms. Anderson presented proposed changes to the administration manual as amended January 26, 2017.

Ms. Girardo stated that she would like to review changes to the age limitations under the dependent child(ren) section for insured dental, vision and life benefits in more depth, and will bring comments and recommendations to the next Trust Board meeting to ensure that all lines of coverage match for each employer.

Ms. Anderson asked Ms. Girardo to have the eligibility language in the Blue Cross books removed and reference the Administrative Manual instead.

Jami Van Ess motion, Mike Townsend second, motion approved the changes to the administration manual as amended January 26, 2017.

Ms. Foss advised the updated manual would be distributed to the members as well as posted on the Trust website.

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O. Discussion and possible board action on the evaluation process and tool for Ashton Tiffany services **Mike Townsend**

Mr. Townsend requested that Ms. Wittekind and Ms. Girardo develop a survey to evaluate Ashton Tiffany services. He further requested that the board complete the previously submitted wellness manager and benefit consultant surveys by January 27 in order to begin compilation of the responses.

No action was taken.

P. Discussion and possible board action on the conflict of interest statements for signature by the Trustees **Tracy Foss**

Ms. Foss advised the conflict of interest statements had been distributed. Ms. Girardo requested that each board member and alternate board member complete, and return to her, a conflict of interest statement.

No action was taken.

Q. Discussion and possible board action on the 2017–2018 meeting project plan **Tracy Foss**

Ms. Foss discussed the list of active items on the project plan, as well as future agenda items.

Mr. Townsend stated that he would handle the wellness manager review in his role as direct supervisor.

Ms. Wittekind asked that a quarterly financial update on the wellness program be added to the plan.

Ms. Penado suggested that the board meeting schedule be modified due to a conflict with the Arizona PRIMA quarterly meetings. General discussion ensued regarding the board meeting schedule.

It was agreed by general consensus that items for the March and April board meetings be reviewed at the next Trust Board meeting, and that these items may carry to the Board meeting scheduled for May.

No action was taken.

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**R. Discussion on the review of action items
and timeline**

Tracy Foss

As part of the annual wellness survey Ms. Wittekind will include employee questions related to employee engagement in the wellness clinic (i.e., accessibility, barriers, co-pays). This information will be utilized for discussion of the 2018 wellness contribution strategy.

Each employer will provide Ms. Patani with clarification on their contribution rates, and she will make adjustments to their 2017/2018 contribution rate sheets as needed.

Ms. Patani identified the following items to discuss for the October meeting:

- preliminary budget projection
- historical claims volatility to support the reserve policy discussion; and
- loss ratio analysis by status and enrollment tier, specifically “employee only” and “other than employee only.”

Ms. Girardo will present the NAPEBT renewal rates for all plans at the February Trust Board meeting, including confirmation of the aggregate claims loss ratio for dental coverage, as well as an alternative quote option for the medical stop loss insurance.

Prior to the February meeting, Mr. Townsend will coordinate with Ashton Tiffany staff to prepare and execute an addendum to the administrative contract to include transfer and ongoing maintenance of the NAPEBT website services.

Ms. Girardo will research whether or not the European market could impact the U.S. and report this information at the next Trust Board meeting.
At the October meeting, Ms. Girardo will present options available for the 2018/2019 plan year addressing eligibility requirements for spouses of retirees turning 65.

Prior to the February meeting, Ms. Foss will execute the changes approved on January 26, 2017 to the NAPEBT administrative manual and forward to the members, as well as post on the NAPEBT website. Additionally, Ms. Girardo will advise Blue Cross Blue Shield of the final changes and request completion of the booklets.

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Ms. Girardo will provide proposed changes to the NAPEBT administrative manual for dependents turning age 26, as they relate to dental, vision, and life coverage at the February meeting.

Mr. Townsend, Ms. Wittekind, and Ms. Girardo will develop a set of survey questions to present to the members in order to evaluate Ashton Tiffany's service performance. The information will be presented at the February Trust Board meeting.

Prior to the February meeting, Ms. Foss will update the project plan to include a quarterly financial update on the wellness program. The board also agreed to discuss the future meeting schedule at the next meeting.

- 4. EXECUTIVE SESSION: None**
- 5. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None**
- 6. NEXT REGULAR MEETING: March 23, 2017**
- 7. ADJOURNMENT: 1:05 p.m.**