

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
November 21, 2014**

**The following Consultants/Vendors were present:**

Amy Girardo	Segal Consulting
Dave Moen	Blue Cross Blue Shield of Arizona
Colette Severns	Blue Cross Blue Shield of Arizona
Nathan Myrvold	CVS Caremark
Stacey Grosshans	Delta Dental
Ed Taylor	Blue Cross Blue Shield of Arizona
Floyd Shewmake	Blue Cross Blue Shield of Arizona
Amanda House	Blue Cross Blue Shield of Arizona

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

Jami Van Ess	Coconino Community College
Bob Kuhn (Chairperson)	Flagstaff Unified School District
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
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
Siri Mullaney	Coconino Community College

**1. CALL TO ORDER 9:02 a.m.**

**The Agenda was approved with moving Item J ahead of Item I.**

**2. APPROVAL OF MINUTES August 29, 2014, September 29, 2014, and October 29, 2014**

**Unanimous approval of the Meeting Minutes.**

**3. ACTION ITEMS**

**A. Discussion and Possible Board Action on Delta Dental Utilization Report Stacey Grosshans**

Stacey reviewed the combined Trust utilization dental report. Stacey explained that based on Delta Dental's recent contracting changes there are now 20 PPO providers in Flagstaff, compared to 3 that were previously contracted as PPO providers.

**No action was taken.**

**B. Discussion and Possible Board Action on Blue Cross Blue Shield of Arizona “Blue Cross”  
Benchmark Report** **Dave Moen**

Dave reviewed the Benchmark report with the Trustees. Year-over-year claims have decreased slightly. NAPEBT’s average number of members has decreased slightly year-over-year. A small percentage of large claims represent a large proportion/percentage of the claims dollars spent. The Patient Centered Medical Home doctor program continues to grow with doctors meeting their goals.

Blue Cross opened its case management platform at the end of April and predictive modeling at the end of October. Case managers can now access much more data than they could before. Predictive modeling will utilize all claims data and available information to predict the prospective future cost of plan participants.

Patient Centered Medical Homes began with providers meeting certain guidelines and receiving a bonus if they performed well. One result is that doctors are seeing their patients more often.

The Trust’s HEDIS score measures have improved in all categories since the prior year, except cervical cancer screenings, which have remained flat. Diabetes is the most prevalent condition and is also the condition for which the largest population is at risk. Blue Cross will follow up with a drill-down into the data to determine whether or not additional diabetics can be identified. Amanda will look at prevalence of diabetes in a year to year comparison.

Blue Cross will check on the HEDIS Rx large variations between NAPEBT’s results and the Blue Cross Benchmark.

The Blue Cross maternity program was highlighted during the discussion. Blue Cross will provide statistics on NAPEBT members’ enrollment in the maternity program.

The Blue Cross member mobile application was reviewed. Katie asked if there is a wellness tracker currently available on the member mobile application . Blue Cross is trying to enhance the member portal with wellness tracking information; however, there is not an update on that project at this point.

Blue Cross has a price transparency tool available along with communications to promote the tool. Katie is looking at videos to promote programs and asked whether Blue Cross has any video resources available. Blue Cross has said it is reviewing the development of videos and will provide an update in the future. Katie would like Blue Cross to communicate information on the maternity program, the price transparency tool, etc.

Blue Cross will provide a historical large claims report.

**No action was taken.**

**C. Discussion and Possible Board Action on CVS Caremark  
Utilization Report** **Nathan Myrvold**

Nathan reported that there has not been a surge in NAPEBT’s compound drug claims. The prior authorization program that was previously approved will be effective January 1, 2015. Nathan explained that any claim over \$300 will be rejected for further review. If the drug is rejected an appeal can be filed for potential approval.

Nathan also explained that CVS Caremark's Specialty Guideline Management program has been expanded for January 1, 2015.

Nathan reviewed NAPEBT's utilization report. Specialty drug spend has increased significantly year-over-year. Nathan explained that the Trust is experiencing more Hepatitis C drug use. The cost of this class of drugs is very expensive.

The number of members utilizing prescriptions has increased.

Nathan reviewed an Advanced Control Specialty Formulary. It excludes some specialty medications from the formulary. Plan participants would be moved to preferred Specialty drugs.

NAPEBT can adopt the full Advanced Control Formulary for all drugs or the Trustees can adopt the Advanced Control Specialty Formulary for just specialty drugs.

Nathan recommended the Trustees consider the Advanced Control Specialty Formulary and he reviewed the associated communications program. Nathan will provide an analysis comparing the Advanced Control Specialty Formulary to the current specialty formulary and comparing the Advanced Control Formulary to the current formulary for all drug tiers. Nathan explained that members already utilizing drugs on the existing formulary could be grandfathered.

Nathan reviewed CVS Caremark's Drug Savings Review program. There is little to no member disruption for this program. CVS Caremark would make recommendations of lower-cost alternative drugs to the members and their doctor. Approximately 20% of recommendations are typically adopted. The program cost is \$0.30 per member per month or \$0.50 per prescription reviewed. The ultimate choice to change drugs is made by the member. Nathan will provide a proposal for the Drug Savings Review program.

**No action was taken.**

**D. Discussion and Possible Board Action on Minnesota Life Claims Experience Report**

**Amy Girardo**

Amy reviewed the Minnesota Life claims report.

**No action was taken.**

**E. Discussion and Possible Board Action to Discuss Wellness Incentives**     **Shannon Anderson &**

**a. Employer Expense (i.e., ASRS contribution, FICA, Medicare, Worker's Compensation)**

**Margaret Penado**

Shannon explained that the City of Flagstaff's payroll team would like to know who is going to pay the employer expenses for the wellness incentives. Katie explained it will be hard to predict the number of employees that will meet the incentives for the additional payment.

Bob suggested that each employer gross up the cost of the incentive including the employer expenses and subsequently reduce the amount paid to the Trust. Katie supported Bob's suggestion.

**Unanimous approval by the Trustees to have the Trust fund the cost of grossing up the tier three wellness incentive payment into the Trust in July, 2015.**

**b. HDHP and FSA contributions**

Shannon explained that beginning July 1, 2014 the FSA plan needed to be amended to make it an excepted benefit. Shannon explained what the City of Flagstaff did for plan participants beginning July 1, 2014. Margaret proposed that the communication to plan participants be amended to say there may be some limitations and to contact your HR department for more information. Shannon suggested a policy that if a plan participant elects to have more than \$500 employer dollars be contributed to his or her FSA, then that plan participant would be required to contribute an amount no less than the employer contribution.

**Unanimous approval to adopt a cap of \$500 on employer FSA contributions or require that if a plan participant elects to have more than \$500 employer dollars be contributed to his or her FSA, then that plan participant would be required to contribute an amount no less than the employer contribution, or allow employer contributions in excess of the \$500 cap to be paid out as taxable income.**

**F. Discussion and Possible Board Action to Approve the Audited Financial Report** **Bob Kuhn**

Bob reviewed the audited financial report. The Trustees will review the audited financial report and table approval of this item until the December Retreat.

**The approval of the Audited Financial Report was moved to the December Retreat.**

**G. Discussion and Possible Board Action to Discuss Discovery Benefits Notification of all COBRA Terminations** **Gayle Benton**

Jami and Gayle explained that Coconino Community College “the College” has had an issue with Discovery Benefits not providing notification when COBRA coverage terminates. Discovery Benefits explained that the College needs to access the Discovery Benefits portal to review the status of plan participants. Gayle explained that she reviewed the report and it is difficult to read. The College explained that they receive ASRS contributions that are then processed through their finance department and the contribution is sent to the Retiree. The City and County explained their processes. Gayle explained the College does have a plan in place for the future with more checks and balances.

**No action was taken.**

**H. Discussion and Possible Board Action to Approve the Incurred But Not Reported (IBNR) Certification** **Amy Girardo**

Amy presented the IBNR certification. The Trustees noted that the number of lives looked high. Amy will research the number of lives documented on the IBNR report.

**No action was taken.**

**I. Discussion and Possible Board Action to Approve the Review of the Retreat Agenda** **Amy Girardo**

Amy reviewed the Retreat agenda with the Trustees. A few items need to be added to the Agenda. Amy will update the Retreat Agenda before distribution.

**No action was taken.**

**J. Discussion and Possible Board Action on Attorney Review of Individual Agency Questions on the Affordable Care Act**

**Bob Kuhn**

Eliza Read from Mangum, Wall Stoops presented the responses to the questions the Trustees proposed. She predicts the Cadillac tax will be modified before it is implemented. She said that the calculation for Cadillac tax will change drastically. Eliza explained the hour requirements under the Affordable Care Act. Eliza said the safe harbors are a baseline and she feels that, to be conservative, the employers may not want to use anything less than the safe harbor for Adjunct Faculty.

Eliza explained that the Common Law 20 factor test will be applied. Each NAPEBT employer needs to review its contracts to make sure it is clear whose employees they are, the NAPEBT employer's or the leasing or temp agency's employee. Bob asked about cleaning service workers and Eliza explained that the safe harbor for temporary employees is that if the temp agency offers coverage to the participant, then you don't also need to offer coverage. She also reviewed the safe harbor for paying for insurance for temp agencies. Eliza stated that if a temp employee works less than 30 hours per week or 130 hours per month, health coverage does not need to be offered.

There is not clear guidance on documentation. Eliza recommends that an employer document all of its procedures and decisions. To the extent that an employer can, it should . the offering of coverage, including to employees who work less than full time. Eliza reviewed the options for documenting hours.

The measurement period can vary by adjunct faculty, administrators, etc. A break in service is 26 weeks for educational institutions but other institutions have a 13 week break.

Filings released related to the reporting requirements are only draft forms. The final forms have not been released yet. Eliza explained that there is not yet a method to make corrections or extensions, but the ability to make corrections or extensions are mentioned.

Margaret said that Vantagen is going to try to pull together the dependent data for the health reform reporting. Eliza will review the subrogation language that should be added to the Vantagen contract.

Eliza explained that, in reviewing a staffing agency contract, that contract had some areas of ambiguity. Eliza said that the IRS will use the 20 point test to determine whether or not someone is an employer's employee.

If an employer decides to pull an employee out of the look back measurement period early and offer him or her coverage, the employer does not need to track that employee unless his or her status changes. However, the purpose of the look back measurement method is to track hours when hours worked are variable. Eliza recommends that each employer make sure it has clear policies in place and also that the Board approve the look back measurement period.

If a job is advertised as part-time and the new employee starts turning in time cards that are greater than part-time what happens? The County is going to put all employees who are not full-time in the look back measurement period. Flagstaff Unified School District said it has a lot of aids that work variable hours. The aids should be included in the look back measurement period.

The safest approach is to count all jobs and hours that an employee performs for an employer throughout the year.

Volunteers are not counted as employees as long as they are not receiving any compensation. Student workers may be counted for some purposes but not for others. Student teachers that are receiving school credit are not counted as full-time employees. If student teachers are coaching for example, 30 hours per week or 130 hours per month, then they would be considered full-time employees.

The County is considering hiring someone to track the look back measurement method. There are also some payroll companies that will track.

**K. Discussion and Possible Board Action to Approve the Meeting Project Plan Amy Girardo for 2014/2015**

Amy reviewed the project plan.

**No action was taken.**

**L. Discussion on the Review of Action Items and the Timeline Amy Girardo**

**Blue Cross will follow up with a drill-down into the data to determine whether or not additional diabetics can be identified. Amanda will look at prevalence of diabetes in a year to year comparison.**

**Blue Cross will check on the HEDIS Rx large variations between NAPEBT's results and the Blue Cross Benchmark.**

**Blue Cross will provide statistics on NAPEBT members' enrollment in the maternity program.**

**Blue Cross will provide a historical large claims report.**

**Nathan will provide an analysis comparing the Advanced Control Specialty Formulary to the current specialty formulary and comparing the Advanced Control Formulary to the current formulary for all drug tiers.**

**Nathan will provide a proposal for the Drug Savings Review program.**

**The approval of the Audited Financial Report was moved to the December Retreat.**

**Amy will research the number of lives documented on the IBNR report.**

**Amy will update the Retreat Agenda before distribution.**

**4. EXECUTIVE SESSION – None**

**5. NEXT REGULAR MEETING – Retreat – Thursday and Friday, December 4-5, 2014**

**6. ADJOURNMENT – 3:05 p.m.**