

NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
October 20, 2016

3. APPROVAL OF MINUTES September 29, 2016

Unanimous approval of the minutes by the Trustees.

4. ACTION ITEMS

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

**Polly Yakovich
Marianne Heiderscheidt
Mike Ondracek**

Ms. Yakovich informed the Trustees that the new account lead for future meetings would be Lindsey Gregerson.

Ms. Yakovich reviewed the following milestones with the Trustees:

- opened clinic in November of 2015;
- rolled out workers' comp in February;
- began CDL and occupational health in February; and
- services began in Page, Arizona, in October.

Additional highlights included the following:

- 49% employee engagement;
- 2,104 unique encounters;
- over 8,000 appointments; and
- 4.8 percent overall patient satisfaction.

Ms. Yakovich stated that the clinic was working on a new satisfaction survey. She also advised that going forward the satisfaction survey would be sent to key stakeholders on a semi-annual basis.

Ms. Yakovich reviewed claim trends. She stated that the clinic was hoping for more preventive care patients than acute care and will focus on increasing communication on preventive services. She noted that Vera tends to see sicker patients (higher cost). There were some questions regarding the completeness of the data analysis related to how claims costs were captured between VERA and BCBS, as well as the net costs associated with clinic operations. Ms. Yakovich agreed to review and address these items at the November meeting.

Mr. Ondracek led a discussion on the potential need for additional staffing capacity, should employee engagement increase from 49 percent to 62 percent, as expected.

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There was additional discussion related to issues with physical therapy cancellations, as well as potentially limiting services for personal injury cases. It was agreed that an updated cost/savings analysis, including these items, would be presented at the November meeting.

**B. Discussion and possible board action on
the Blue Cross benchmark report**

Madeline Zobel
Dr. Floyd Shewmake

Ms. Zobel presented the benchmark review for the prior plan: July 2015 through June 2016.

In summary, Ms. Zobel reviewed the following with the Trustees:

- Overall allowed per member per month (PMPM) increased 5.2 percent, driven primarily by an increase in outpatient facility services.
- Average membership increased 1.2 percent, from 4,747 to 4,803 members.
- Inpatient allowed PMPM increased 3.6 percent, and was 6.1 percent above benchmark; when viewed over a two-year period, the increase was 4.1 percent.
- Outpatient allowed PMPM increased 24.5 percent, 10 percent higher than the benchmark.
- Emergency room expense costs increased 14.5 percent, 87.5 percent higher than the benchmark; year-over-year utilization was up 12.1 percent, which is 43.6 percent below the benchmark.
- Professional services/member decreased 10.7 percent, 22.8 percent below the benchmark; the cost of allowed services increased 5.3 percent, which was 8.8 percent above the benchmark.
- Only 2.0 percent of claimants account for 53.9 percent of total paid claims. The top cost drivers were the musculoskeletal, neoplasm, and circulatory categories.

There was a brief discussion of air transport services, and Ms. Zobel noted that she would confirm whether Guardian Air was currently a contracted provider.

Ms. Girardo then presented several Caremark follow-up items from the September meeting.

Dr. Shoemake reviewed high-cost claimants with the board.

Dr. Shoemake then informed the board that Blue Cross programs focus on reducing hospital readmissions and improving the delivery of care. Dr. Shoemake presented information on the transition of care program, which is designed to reduce hospital readmissions by maximizing care coordination. He also presented an overview of the

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patient-centered medical home (PCMH) program developed to incentivize providers to improve patient outcomes in the management of chronic conditions. The program directs patient care services through a network of designated local primary care providers. Ms. Zobel advised that she would provide an updated list of PCMH providers.

No action was taken.

C. Discussion and possible board action on bylaws and committee

Mike Townsend

Mr. Townsend informed the Trustees that, per counsel's review of the bylaws, there were several changes to consider. One suggestion included the addition of a requirement to audit the program's medical claims every three to five years.

Mr. Dille expressed his concern with waiting three to five years to complete a claims audit. He stated that he would like to see the audit completed in real time, in case there were any issues. Mr. Townsend agreed to address this concern prior to finalizing the document.

Mr. Townsend further stated that the new investment policy details would also need to be incorporated. He suggested that the proposed changes be reviewed by a committee of one member representative from each agency, and agreed to schedule a meeting.

No action was taken.

D. Discussion and possible board action on investment policy

Mike Townsend

Mr. Townsend informed the Trustees that an investment meeting had been scheduled for October 24, 2016, with Mr. Kohnen from Claremont Capital, for purposes of finalizing the investment policy. He advised that the final policy, once complete, would be included for review and approval.

No action was taken.

E. Discussion and possible board action on Administrative Committee

Mike Townsend

Mr. Townsend informed the Trustees that the Administrative Committee met to discuss the ongoing discrepancy in census data between Blue Cross Blue Shield and the Vera Clinic. The committee agreed to use the self-billing process with BCBS starting with

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October's census. Mr. Townsend stated that this change should help with the tracking of real time census numbers. He suggested that the committee meet again in November to discuss progress.

No action was taken.

**F. Discussion and possible board action on
Ashton Tiffany open enrollment**

Tracy Foss

Ms. Foss presented an overview of Ashton Tiffany's proposed open enrollment services and fee. The proposal outlined services offered to coordinate and customize open enrollment materials, as well as present information to plan participants during open enrollment meetings. Ms. Foss noted that, depending on member size, Ashton Tiffany could tailor member meeting schedules to accommodate multiple meetings per day, and to allow for maximum flexibility for attendees.

The members discussed varying service level needs, and Ms. Foss agreed to follow up with the members to define individual needs and then revisit the fee structure at the November meeting.

No action was taken.

**G. Discussion and possible board action on
wellness program**

Katie Wittekind

Ms. Wittekind presented a year-end review of the wellness program. Key elements of the discussion included the following:

- Overall participation percentages were relatively stagnant for the past three plan years, but engagement has increased.
- Biometric screenings were down from 1,384 to 1,004, and the health risk assessment completion rate was 55 percent.
- Preventive screenings increased most notably in the following areas: annual exams, colon screenings, prostate screenings, and mammograms.
- Emergency room and hospital admits decreased among those with chronic diseases.
- NAPEBT has maintained 35 percent low-risk rating over five years, well above the benchmark.
- There was an estimated \$1.7 million savings from reduced disease, productivity, risk, and absenteeism.

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- The estimated five-year investment was \$490,000, indicating a return on investment of 246 percent, or approximately 2.5 to 1.

Ms. Wittekind discussed possible plan changes for 2017, as well as staffing needs. She agreed to include this information during the discussion of the 2017 wellness budget and three-year plan at the November meeting.

No action was taken.

H. Discussion and possible board action to approve the preliminary medical plan budget projection and contribution discussion

Amy Girardo
Nura Patani

Ms. Patani presented the monthly report for the current plan, for July 2016 through August 2016. She stated that the census was down approximately 9 percent, which is typical due to the school year ending, and new educators rolling onto the plan in the fall.

Ms. Patani reviewed the contributions and expenses with the Trustees. Mr. Dille expressed concern and confirmed that the Trustees were comfortable with the negative surplus. Mr. Townsend advised that the Trustees agreed to use some of the surplus during the budget planning process for 2016.

Ms. Patani noted that the high deductible health plan is subsidizing the buy-up and base plan. Overall, she noted that the base, buy-up, and retirees plans are all running a deficit to date.

Ms. Patani informed the Trustees that there were zero claims in excess of \$137,500 to date.

Ms. Girardo provided a copy of the August 31, 2016 interim financial statements.

Ms. Patani presented the five-year projection including optional benefit modifications.

Ms. Girardo presented the preliminary 2017 self-funded budget projection to the Trustees. She stated that the projections were based on the following data, assumptions, and methodology:

- Two years' historical claims data per member were used (adjusted to NAPEBT's current plan design), weighted based on enrollment in the most recent twelve-month period, and trended to the appropriate number of midpoint

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months to each projected period. Also, a 6 percent per annum medical claims trend and a 9 percent per annum prescription drug claim trend were assumed.

- IBNR was assumed to equal the following percentage of 12 months' paid claims: (1) medical = 6.4 percent as of August 31, 2016; 8 percent as of August 31, 2015; and 7.2 percent as of August 31, 2014; and (2) prescription = 0 percent in all experience periods.

Based on the above assumptions, Segal estimates that NAPEBT's non-wellness participation monthly contribution rates would need to increase to 17.8 percent effective July 1, 2017 in order to generate zero contribution surplus or deficit for the 2017/2018 plan year. The aggregate increase is attributable to projected changes in the following Trust expense components:

- FY2018 stop loss premiums are estimated to be \$152,000 higher than FY2017 stop loss premiums (based on an estimated 15 percent increase to individual stop loss premiums and a 3.5 percent increase to aggregate stop loss premiums).
- FY2018 claims are projected to be \$1,480,000 higher than FY2017 projected claims.
- Beginning FY2018, the Vera Whole Health Center expenses are expected to be paid through contributions rather than reserves.

No action was taken.

I. Discussion and possible board action to approve the meeting project plan for 2016/2017

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.

J. Discussion and review of action items and timeline

Tracy Foss

Ms. Foss will follow up with Ms. Gregerson regarding the Vera Clinic reconciliation of the enrollment census.

Mr. Townsend and Ms. Wittekind will meet with a prospective replacement candidate for the Vera Clinic, and an update will be provided to the board at the next meeting.

Ms. Gregerson will be providing the member satisfaction survey to key stakeholders on a semi-annual basis.

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Ms. Heiderscheidt will provide updated data analysis, including claim expenses, at the November meeting.

Ms. Heiderscheidt will revisit the cost benefit analysis proposal related to charges for physical therapy cancellation fees and limitations on personal injury services at the November meeting.

Ms. Heiderscheidt will present a six-month assessment of the new operations in Page, Arizona at the March 2017 meeting.

Ms. Zobel agreed to provide updates related to: (1) the list of contracted dialysis centers; (2) verification that Guardian Air is a contracted provider for air transport services; (3) the ability to “drill down” by procedure within the BCBS cost transparency tool; (4) the report of referrals from nurse case managers to the VERA clinic and the “Ask a Nurse” hotline; (5) a more detailed analysis of large claims with multiple diagnosis codes; and (6) an updated provider listing for the Patient Centers Medical Home service.

Mr. Townsend will schedule a follow-up meeting with the Bylaw Committee on proposed modifications and provide an update at the November meeting.

Mr. Townsend will also provide an update on proposed changes to the Investment Policy Statement after the committee meeting on October 24, 2016.

Mr. Townsend will schedule a follow up meeting in November with the Administrative Committee to review progress on changes to the BCBS monthly enrollment reconciliation process.

Ms. Foss will re-address the proposal for open enrollment support services at the November meeting.

Ms. Wittekind will make modifications and forward the updated annual dashboard to the committee to share with leadership.

Ms. Wittekind will re-address the request for a wellness coordinator position at the November meeting.

Ms. Girardo will present an updated preliminary budget with recommended plan design changes for consideration at the November meeting.

Ms. Girardo will add the HRA VEBA Plan item for consideration in NAPEBT’s long-term strategic plan.

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5. EXECUTIVE SESSION: None

6. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None

7. NEXT REGULAR MEETING: November 16–17, 2016

8. ADJOURNMENT: 3:04 p.m.