

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
OCTOBER 22, 2015**

The following Consultants/Vendors were present:

Amy Girardo	Segal
Gary Petersen	Segal
Nura Patani	Segal
Madeline Zobel	Blue Cross Blue Shield of Arizona
Tom Mandrola	Blue Cross Blue Shield of Arizona
Dr. Floyd Shewmake	Blue Cross Blue Shield of Arizona
Colette Severns	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
Mike Townsend	Coconino County

The following Alternate Trustees were present:

Erika Philpot	Coconino County
Shannon Anderson	City of Flagstaff
Jennifer Moore	Flagstaff Unified School District
Margaret Penado	Coconino County
Rosa Logan	Coconino Community College

The following guests were present:

Ginger Wischmann	Flagstaff Unified School District
Katie Wittekind	Flagstaff Unified School District
Scott Walmer	Flagstaff Unified School District
Lynn Hill	NAIPTA
Drew Baecker	City of Flagstaff
Dean Coughenour	City of Flagstaff
Tasha Wilson	Coconino County
Heidi Derryberry	Coconino County

- 1. CALL TO ORDER** **9:09 a.m.**
- 2. APPROVAL OF MINUTES** September 17, 2015

Unanimous approval of the Meeting Minutes by the Trustees.

- 3. EXECUTIVE SESSION**

Bob Kuhn

The Board voted to go into Executive Session. Unanimous approval to go into Executive Session.

The Board voted to go out of Executive Session

4. ACTION ITEMS

A. Discussion and Possible Board Action on Baker Tilly Vantagen (BTV) ACA Reporting and Alex system Kelly Deutsch and Margaret Penado

Kelly asked if there were questions from the Trustees on the ACA IRS reporting. Margaret explained that some of the employers would like to know more about the services and pricing offered through Baker Tilly Vantagen. Kelly explained the pricing is \$500 to \$1,000 per employer to set up the data to be housed on their system monthly and a separate per employee per month fee is charged. Employers can sign up for the service through the end of October. The billing would be retroactively charged back to July. The pricing only applies to those agencies that are currently established with BTV for online enrollment. The system is not an option for an agency for which they are not the benefits administrator. The 1094 and 1095 electronic filing includes all filing and mailing of forms. Employee advocacy can be added as an option. The reporting by the IRS was finalized mid-year and the fees started in July 2015. The form will be sent to every eligible employee during the year but the billing is based on active eligible employees.

Margaret asked what happens if an employer receives a penalty request. BTV will discuss any penalties with the employer and if there is a problem with what BTV has done, they will be responsible for the penalties, but if they were passed bad data from the employer Baker Tilly will not be responsible. They will send a copy of the employee forms to the employers for review but the IRS filing will be encrypted. If employers want to have BTV move forward with the IRS filings on their behalf they need to submit the form requesting their services on or before October 31, 2015.

Kelly mentioned that they have not determined if they can offer their Alex system at the lower price for all three employers (FUSD, County and CCC) and it will take a lot of work to look into whether or not they can roll it out to all three employers. Kelly demonstrated the Alex system. She mentioned that they are trying to determine if there would be a way to have the system ask up front which employer for whom they work. There is a teaching tool to explain which plan might work best for a plan participant. Kelly also mentioned that the system could be programmed to include the near site clinic. An employee can obtain a copy of the print out of what they selected through Alex. The system can include all benefits. There is a survey at the end to help employees provide feedback and it will allow the employers to understand what employees think of their system. The system is only offered in English right now but they are looking at Spanish in the future as an update. Kelly explained it is easy for employees to re-start through the program if they want to do so.

There may be an additional cost if they want to add deferred compensation to the module. Kelly will check on the cost of the deferred compensation module and provide a due date for a decision by the employers for the IRS reporting for next year.

Margaret asked that NAPEBT pay for the IRS reporting (1094 and 1095) for each employer if they would like to use BTV. Rosa mentioned that the College is reviewing systems that perform the IRS reporting next week. Shannon suggested that a decision on moving forward with BTV is a possibility. The City does not have someone lined up to provide this service yet.

Bob recommended a conference call be scheduled with the Trustees next week to further discuss options. Erika commented that they have made some steps forward with their accounting system provider. The College is fine with using BTV this year. Shannon said she believes all three agencies combined would cost about \$17,000. The County has already signed a contract for

printing of the IRS forms. Margaret suggested that they could ask if BTV could charge less if each employer had the printing completed on their own.

Bob feels the Alex system is a good idea. Shannon thought the review of the system was in preparation for the budget retreat. Erika said it is a good educational piece and she is glad clarification was provided on how the system works. The educational system did not appear to be tied to the actual enrollment system. The Trustees need to further educate and explore how this will work with a link in the system to take employees to the enrollment system. The Trustees would like to consider adding the Alex system to the budget during the Retreat.

Unanimous approval by the Trustees for each employer to pay for the service on their own for the IRS reporting.

B. Discussion and Possible Board Action to Extend the Wellness Program Manager contract and Annual Review Process **Bob Kuhn**

Bob will talk with Katie about which entity she will report to, goals and a total compensation package will be reviewed effective 7/1/16. The Trustees will extend Katie's contract through 6/30/15.

Unanimous approval that Katie work 40 hours for the rest of the year and that her contract be extended through 6/30/15. A decision about which entity Katie will report to, goals and a total compensation package will be reviewed effective 7/1/16.

C. Discussion and Possible Board Action on Blue Cross Benchmark Report **Madeline Zobel**
Tom Mandrola

Madeline and Tom presented the medical plan utilization report. The 2013-2014 plan year was favorable, however, the trend for the 2014-2015 plan year has increased. The two-year trend has been flat. The metropolitan areas trend lower than rural areas and the benchmark data only contains about 25%-30% of rural area claims. NAPEBT's trends are running lower than the benchmarks and appear to be lower than even the metropolitan areas. Tom commented that 5,000 members over a two-year period is more credible but that the Trust may not continue to see the trends they have seen over the last year.

Blue Cross is reviewing telemedicine programs that they anticipate will be available next year.

Dean asked if there is a way to obtain data on the emergency room usage from 7 a.m. to 7 p.m. in order to modify clinic hours appropriately. The day is recorded on a claim but the hour of the visit may not be available in the Blue Cross system. Blue Cross will check on what is available.

Tom said they can research the number of NAPEBT participants seeing a Patient Center Medical Home (PCMH) doctor now and prepare communications to steer participants to those physicians. Madeline said 1,870 NAPEBT members are seeing a PCMH provider now. Margaret commented that it would be helpful for plan members to understand how to select the most efficient and quality specialist provider available.

Bob asked what the average penetration is in a group for participants seeing a PCMH doctor and Blue Cross commented it is about 25-30% of the group.

No action was taken.

D. Discussion and Possible Board Action to Approve the Wellness Program Annual Review and Budget Discussion

**Katie Wittekind
Amanda House**

Amanda and Katie presented the results of the wellness incentive program. Total participation in the program was 1,740 plan participants for the 2014-2015 plan year. The results of the program are very positive.

Margaret suggested a magnet may be a good idea to hand out to employees to invite them to participate in disease management. The biggest concern from participants appears to be a concern about an invasion of their privacy. Blue Cross has an opt-in option for disease management with text messaging.

Katie and Drew presented the proposed wellness budget for 2016/2017. The request was made to increase the wellness budget by \$40,000. The Wellness budget will be discussed during the Retreat.

No action was taken.

E. Discussion and Possible Board Action to Consider the Williams Unified School District Request to Join NAPEBT

Bob Kuhn

Bob presented information on the desire of Williams School District to consider joining NAPEBT. The recommendation by Dean is to review the claims loss ratio for 3 years to determine whether or not to add them. Bob commented that the turnover in school districts in general is fairly high. Margaret asked if plan participants would come to Flagstaff for the near site clinic. The Trust made the decision that current employees of the Trust employers located in Williams would come to Flagstaff. Mike thinks that if they allow Williams School District to join all criteria of the Trust need to be reviewed not just the financials. Bob said Williams does not offer retiree health coverage. Bob said they could sit down with the Williams board and explain the details of the offer.

Gary commented we should drill down to the per member per month cost of the Williams claims. Segal will need to determine what data is available. Bob commented that Williams may be considered to join for 7/1/16 or 7/1/17. Shannon commented that the Trust reserves were used to start the clinic and that if Williams is brought in and has access to the clinic Williams may need to help fund a portion of the clinic up front or over time. Williams is currently in ASBAIT.

Jami wants to make sure that NAPEBT's policies and procedures are reviewed to determine whether or not there is a good fit beyond just the numbers.

Unanimous approval by the Trustees to review the financial implications for potentially adding Williams School District to the Trust.

F. Discussion and Possible Board Review Action on Modifying the Participant Cost for Preventative Generic Drugs under the HDHP Plan

Amy Girardo

Unanimous approval by the Trustees to move this item to the Retreat.

G. Discussion and Possible Approval of Preliminary Medical Plan and Budget Projection Plan Design and Contribution Discussion

**Gary Petersen
Nura Patani**

➤ **Onsite Clinic Expense**

Nura reviewed the monthly report through August 2015. Nura also reviewed the budget projection with the Trustees. The results of the projection indicate a 14.6% increase for 2016-2017 plan year is needed. A discussion with the Trustees took place.

Bob asked how much of the adjustment is driven by high cost pharmaceuticals. Dean suggested the percentage paid by the employee for coverage may need to be considered. Shannon reminded the Trustees that they would need to consider an opt-out option. Gary suggested the Trust could add \$250 to all of the plan deductibles for example to increase all plans and consistently reduce costs. Gary suggested introducing some additional cost sharing this year may help drive participants to the clinic. Bob agreed getting participants to the clinic is important. Dean believes the clinic will be over whelmed in 30-45 days after opening.

Mike wants to see the savings from the clinic modeled to be at a break-even point after two years and producing a positive ROI thereafter. The Trustees may consider charging more for non-clinic usage. Dean asked if for the Retreat Segal could add in the actual data from what happened vs. what we projected. The analysis should show revenue and expenses over the last few years. Dean asked that net cost to the plan for pcp, specialist, emergency, etc... be provided for the Retreat. Mike wants a long term look at the NAPEBT claims history trend.

Jami would like to review plan design changes that would bring the projection down to 8% from 10% while keeping reserves within policy for FY17. The Trustees want to incentivize participants to the clinic.

No action was taken.

H. Discussion and Possible Board Action to Review and Approve the Onsite Clinic: Bob Kuhn

1. Property Insurance Contract

Bob provided a copy of the clinic property insurance contract including cost to the Trustees.

Unanimous approval by the Trustees on the clinic property insurance contract.

2. Update on the Progress

Bob said the clinic is scheduled to be finished on Tuesday with the exception that the doors and store front glass are back ordered.

No action was taken.

I. Discussion and Possible Board Action on the Administrative Manual Shannon Anderson

Unanimous approval by the Trustees to move this item to the Retreat.

J. Discussion and Possible Board Action on Extending Dependent Eligibility to the End of the Month in which a Dependent Turns 26 for Dental and Vision Coverage Margaret Penado

Unanimous approval by the Trustees to move this item to the Retreat.

K. Discussion and Possible Board Action to Approve the Meeting Project Plan for 2015/2016

Amy Girardo

A few modifications will be made to the project plan.

No action was taken.

L. Discussion on the Review of Action Items and the Timeline

Amy Girardo

Kelly will check on the cost of the deferred compensation module and provide a due date for a decision by the employers for the IRS reporting for next year.

The Trustees would like to consider adding the Alex system to the budget during the Retreat.

Bob will talk with Katie about which entity she will report to, goals and a total compensation package will be reviewed effective 7/1/16 which will be discussed during the retreat.

Dean asked if there is a way to obtain data on emergency room usage from 7 a.m. to 7 p.m. in order to modify clinic hours appropriately. The day is recorded on a claim but the hour of the visit may not be available in the Blue Cross system. Blue Cross will check on what is available.

Items F, I and J will be moved to the Retreat.

Segal will review the financial impact of potentially adding the Williams Unified School District to the Trust.

Segal will model plan design changes that will produce a 2% savings. Segal will model the clinic at a break-even point after two years and producing a positive ROI thereafter. Segal will model charging more for participants who are non-clinic users through plan design incentives. Segal will create an exhibit for the retreat that displays the actual data from what happened in terms of the reserves historically including the final approved reserving from the February 2014 Trust Board meeting. Segal will show revenue and expenses over the last few years. Segal will obtain from Blue Cross and provide an exhibit displaying the net cost to the plan for pcp, specialist, emergency, etc. Segal will provide the Trust's claims history trend.

The audit report will be made available during the Retreat and included in the reserve discussion.

Katie will check to determine if Thornagers is available from 9 – 5 both days for the Retreat.

5. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None

6. NEXT REGULAR MEETING: November 18 -19, 2015

7. ADJOURNMENT 4:34 p.m.