

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
September 17, 2015**

The following Consultants/Vendors were present:

Amy Girardo	Segal
Craig Christian	Delta Dental
Nathan Myrvold	CVS Caremark

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
Lynn Hill	NAIPTA
Drew Baecker	City of Flagstaff
Tasha Wilson	Coconino County

1. CALL TO ORDER 9:12 a.m.

Motion to move item D in front of B and C on the agenda.

Unanimous approval by the Trustees to change the Agenda and move item D in front of items B and C on the agenda.

2. APPROVAL OF MINUTES August 19, 2015

Erika Philpot needs to be moved to Alternate Trustee on the Meeting Minutes.

Unanimous approval of the Meeting Minutes with the one change of moving Erika Philpot as an Alternate Trustee.

3. EXECUTIVE SESSION

The Board voted to go into Executive Session.

- A. Appeals
- B. Hiring a Doctor by Vera

The Board voted to go out of Executive Session

4. ACTION ITEMS

A. Discussion and Possible Board Action on Denial of Benefits Appeal

Bob Kuhn

Unanimous denial of Appeal 2016-01 due to the employee's lack of reviewing the enrollment information sent to him or her and lack of attempt to access the benefits center to make an enrollment election.

Unanimous approval of Appeal 2016-02 because there was a documented effort by the employee to enroll in the HSA.

B. Discussion and Possible Board Action on Delta Dental Utilization Report

Craig Christian

Craig reviewed the Utilization report and commented that the utilization for NAPEBT is very stable from year to year with very little change and that the plan is running very well. Shannon asked if there are any trends in non-billable or non-standard services that the employers should consider adding to their plans. Craig suggested education with pre-determinations would be helpful for big ticket items such as crowns, bridges and implants so they will know how much services will cost them before having them performed.

No action was taken.

C. Discussion and Possible Board Action on CVS Caremark Utilization including any Proposed Clinical Programs

Nathan Myrvold

Nathan reviewed the utilization report with the Trustees. The pharmacy in Targets will become CVS branded pharmacies beginning in the first quarter of 2016. Minute Clinics will be opened in several Targets but one will not be opened in Flagstaff. There is not a Minute Clinic in the CVS in Flagstaff either.

There are 13 unique members impacted by the 2016 Formulary change. Letters will be sent to the members and their doctors notifying them of the changes. NAPEBT adopted the appeals process to the Formulary for 2016. Nathan commented that there are three levels of appeals. Nathan commented that if there is a medical necessity for the participant to take a drug it will typically be approved through the appeal process.

Nathan commented that Generic Step Therapy was implemented 7/1/2014 and NAPEBT's generic dispensing rate has increased in the last year. The cost of Specialty drugs to the plan have increased 81% year over year. If specialty drugs are removed from claims then the trend of non-specialty claims is 3.5%. The Trustees implemented the Advanced Control Specialty Formulary (ACSF) program which may help control the utilization and cost of Specialty drugs. Specialty medications are going to continue to come to the market and the drugs will be expensive. Under ACSF any new drug is excluded until it is reviewed by CVS and added with controls to the formulary.

Nathan recommended the Trust consider adding generic only drugs at a copay level for the High Deductible Health Plan. Nathan will provide the projected cost increase for adopting the addition of generic drugs at a copay for the High Deductible Health plan effective 7/1/16. Amy and Nathan pointed out that although some drugs are expensive their use and adherence to medications could be driving lower medical costs.

Rosa asked if Caremark could prepare a one page document that could be provided to employees explaining what is driving pharmacy trend. Margaret asked if something general could be prepared on drug spend and comment that without specialty drugs in the NAPEBT claims the trend would be 3.5%. The communication piece should point out that although some drugs are expensive their use could be driving lower medical costs. Also, the communication should point out that although some drugs are

expensive their use and adherence to medications could be driving lower medical costs. Shannon, Margaret and the Wellness Team would like to review a draft of the communication piece when it is developed.

No action was taken.

D. Discussion and Possible Board Action to Review and Approve the Onsite Clinic:

Bob Kuhn

1. Property Insurance

Bob said he should have the contract finalized soon. He is having challenges with the companies understanding what needs to be done. He will bring this item to the Trustees in October for approval.

No action was taken.

2. Update on the Progress

Bob said the clinic is on schedule and he is not aware of any issues with the interior construction of the clinic. Once the sheet rock is done Bob commented that he will monitor the build-out of the clinic more carefully.

The County has been working with the College to determine the needs for Page employees and how to best meet them with the support of the clinic. Bob does not want to start with a clinic location in Page that is too expensive or does not meet NAPEBT's needs. Jami commented that Vera was going to originally rent a classroom full-time but now it looks like they are going to rent a classroom part-time as needed without stocking any supplies. Vera and the County are still working on licensing and insurance for the location. Bob said that once the medical staff are hired there may be an opportunity for them to be involved in the decision making process for how to provide services in Page. Mike would like an update on Page presented at the joint Supervisors meeting. Erika requested that Segal obtain claims data on the Page health plan participants to gain a better understanding of their service needs. Erika will send a data request to Amy.

Shannon will follow up with Vera to make sure they are touching base with all of the employers and keeping them updated on the clinic progress. Bob will spend a little time with Ryan from Vera on Monday or Tuesday next week to work through some details.

No action was taken.

E. Discussion and Possible Board Action on the Evaluation of the Wellness Program Manager

Bob Kuhn

Bob explained that he would prefer a committee evaluate the Wellness Program Manager position. Shannon commented that industry standard information could be built into the job description for the role and that an evaluation tool could be developed based on that job description. Bob said the District has a new job classification tool that can be used and he suggested that three Trust members could lead the evaluation and gather feedback. Erika, Bob and Shannon will lead the committee.

Shannon will forward the documents to Bob and Erika that were provided to her by Katie on industry standards for evaluating a Wellness Program Manager.

No action was taken.

F. Discussion and Possible Board Action on Retiree Insurance

Shannon Anderson

Shannon explained that there are two issues. First, there are some differences in the retiree eligibility language for benefits that need to be made consistent. Second, there are some questions about retirees

who return to work and then retire. Which insurance do they retire from, the current employer or former employer?

The employer where the employee met retirement and started drawing a retirement pension benefit from is the employer that an employee should return to within 31 days of the end of their active coverage for their NAPEBT retiree health benefit as long as they have continued to be covered under the NAPEBT health plans without a break in coverage of more than 31 days. If an employee is eligible to retire and receives a pension from multiple NAPEBT employers, they should apply for retiree health insurance with the most recent NAPEBT employer with whom they retired. The eligibility section of the Administrative Manual will be updated to reflect this language and reference the eligibility chart. Bob would like to add some legal language to the final policy.

Jami commented that the employers are administering retiree health eligibility inconsistently. Jami pointed out that the memo approved previously by NAPEBT indicated “Normal retirement” was recognized. Early retirement and medical retirement were not considered in the prior language adopted. The Trustees would like to add language that if a an employee is eligible for retirement benefits and they have met other NAPEBT retiree health benefits requirements they are eligible for the NAPEBT retiree health benefits. The College will make their change to the language at some point in time. Shannon will add a change to the College’s language in the Administrative Manual with a new effective date to adopt the change in eligibility at a future date.

Direction was provided by the Trustees to draft the language in the Administrative Manual discussed with a final approval of the Manual in the October Trust Board meeting.

No action was taken.

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

Shannon had a few questions on the Vantagen system language since the City is not using the system.

Page 2 - Rosa instructed that the language should remain as is currently documented.

Minnesota Life will change to Securian Life so the reference to Minnesota Life will be updated to include both names in the Manual. Vantagen will be also be updated in references in the Manual to Vantagen/Baker Tilly. Shannon will also contact Lynn at NAIPTA for their information on Paychex as the Online Benefits Center provider.

Page 12 – the Affordable Care Act (ACA) language will be reviewed by FUSD.

Page 14 – Life eligibility – Shannon will remove the reference to the employees to go to the Vantagen system for Evidence of Insurability. References to the life insurance benefits need to indicated that benefits vary by employer. The manual needs to indicate that at future annual open enrollments spouses may increase their life insurance coverage with evidence of insurability.

Pages 15-19, the retiree language will be updated.

Page 20 – Domestic Partner language – the affidavit can be scanned and uploaded on the online benefits center.

Page 34 – A modification needs to be made in the section that references employees moving from one NAPEBT employer to another. Some employees may not be allowed to start their employment on the first of the month due to administrative processes at the NAPEBT employer. The language in the Manual should be modified to indicate that if the employee is ready and eligible to work that the employee’s coverage would begin the first of the month without a gap in service when the employee can’t begin their new position yet due to a business reason such as an Orientation date. A question was raised on whether or not providing health coverage prior to a date of hire violates the

“gift clause.” Bob suggested Shannon check with an attorney on the gift clause and when it becomes a violation of the gift clause (e.g. 3 days before hire date, 10 days, etc.).

Shannon made a few other minor updates.

No action was taken.

H. Discussion and Possible Board Action on the Vantagen Contract

Bob Kuhn

Margaret explained that Vantagen/Baker Tilly has an interactive system that is available as an add-on to their current enrollment system called “Alex” that provides advice and education to help plan participants model options and make decisions during open enrollment. There is an additional cost to add this module to the system. Margaret asked if NAPEBT could fund the interactive system. Pricing is \$1.32 per employee per month for adoption of the add-on system by all of NAPEBT. Alternatively, the cost is \$1.35 per employee per month if the employers adopt this system separately. The County said they have a lot of people that call the Customer Service Center with questions. Bob suggested that the Trust review the system and possibly build the cost into the budget projection. Margaret will ask Vantagen to attend the October Trust Board meeting at 9:30 a.m. for 1 ¼ hours and also request that they provide their presentation prior to the meeting for the Trustees to review.

Shannon and Rosa would like to explore the Vantagen Affordable Care Act tracking system capabilities and cost for all of NAPEBT entities as well.

No action was taken.

I. Discussion and Possible Board Action to Approve the Meeting Project Plan for 2015/16

Amy Girardo

Amy reviewed the project plan and the Trustees requested a few modifications and updates be made. Amy will update the project plan.

No action was taken.

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

Amy Girardo

Nathan will provide the projected cost increase for adopting the addition of generic drugs at a copay for the High Deductible Health plan effective 7/1/16.

Amy will ask Caremark to prepare a one page document that could be provided to employees explaining what is driving pharmacy trend. Shannon, Margaret and the Wellness Team will review a draft of the communication piece when it is developed.

Bob will bring the property insurance contract to the October Trust Board meeting for final review.

Erika will send a request to Amy for plan participant claims data for employees residing in Page.

Shannon will follow up with Vera to make sure they are touching base with all of the employers and keeping them updated on the clinic progress.

Bob will spend a little time with Ryan from Vera on Monday or Tuesday next week to work through some details.

Bob, Shannon and Erika will head the committee for review of the Wellness Program Manager. Shannon will forward the documents to Bob and Erika that were provided to her by Katie on industry standards for evaluating a Wellness Program Manager.

Shannon will check with an attorney on the gift clause language.

Shannon will update the Administrative Manual with the retiree eligibility language and other edits discussed. The Administrative Manual will be reviewed and voted upon during the October Trust Board meeting.

The Trustees will review the Vantagen “Alex” system and ACA tracking capabilities. The Trustees will consider adding the cost of these add-on modules into the budget projection. Margaret will ask Vantagen to attend the October Trust Board meeting at 9:30 a.m. for 1 ¼ hours and also request that they provide their presentation prior to the meeting for the Trustees to review.

Bob and Shannon asked that the October Trust Board meeting be extended to 5:00 p.m. from 3:00 p.m.

5. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None

6. NEXT REGULAR MEETING: October 22, 2015

7. ADJOURNMENT – 1:52 p.m.

5388873v1/00721.001

DRAFT