

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
JANUARY 24, 2014**

The following Consultants/Vendors were present:

Stephanie Calandro	Segal
Amy Girardo	Segal

The following Trustees were present and a quorum was met:

Bob Kuhn (Chairperson)	Flagstaff Unified School District
Josh Copley	City of Flagstaff
Allison Eckert	Coconino County
Jami VanEss	Coconino Community College

The following Alternate Trustees were present:

Mike Townsend	Coconino County
Rosa Logan	Coconino Community College
Jennifer Moore	Flagstaff Unified School District
Shannon Anderson	City of Flagstaff

The following guests were present:

Anthony Contente-Cuomo	Mangum, Wall, Stoops & Warden
Charlie Brown	Coconino Community College
Barbara Seckinger	Coconino Community College
Maxie Inigo	Coconino Community College
Katie Wittekind	Flagstaff Unified School District
Ginger Wischmann	Flagstaff Unified School District
Kyle Mickelson	Coconino County
Lisa Graham	Northern Arizona Intergovernmental Transportation Authority
Kevin Braley	NAPEBT Intern
Debbie Gangloff	City of Flagstaff
Sean Connery	Flagstaff Unified School District
Gayle Benton	Coconino Community College
Margaret Penado	Coconino County

- 1. CALL TO ORDER** **9:05 a.m.**
- 2. APPROVAL OF MINUTES** Trust Board Meeting November 22, 2013 and Retreat Meeting December 11 – December 12, 2013

Mike requested two changes to the December 12, 2013 meeting minutes. The first addition was to add a comment to the first bullet item of the reserve policy to reflect that the target reserve for IBNR is two (2) times the aggregate attachment point in addition to IBNR. The second modification was to add “- 2018” behind the 7% rate increase for 2017.

Unanimous approval of the Minutes with the requested modifications.

3. EXECUTIVE SESSION

The Board voted to go into Executive Session.

A. Appeal

The Board voted to go out of Executive Session.

4. ACTION ITEMS

A. Discussion and Possible Board Action to Approve the Appointment of an Independent Hearing Officer to Conduct a Denial of Benefits Appeal Hearing Trustees

Guest, Charlie Brown spoke. Charlie was an employee of FUSD for 20 years and is a current employee of CCC, where he has almost nine years of service. Barbara and Maxie are department chairs at CCC, and he explained he has great faculty support. Charlie feels he was misled by two HR people with two different interpretations of the retiree eligibility for healthcare on page 13 of the Administrative Manual. He feels the written policy is contradictory and the terminology is ambiguous. He has given 40 people the manual and 36 people interpreted it the same way that he did. CCC is the only entity that has this language with the word “or” in it. He does not feel he should be penalized. He thought he had earned the health coverage at CCC. He would not have left FUSD if he thought he was going to be snubbed.

Unanimous approval by the Board to authorize the Chair to appoint an independent hearing officer to conduct a denial of benefits hearing.

Bob will communicate with the Trustees when a hearing officer is appointed and will provide the Trustees with a timeline.

Bob will contact Gayle Benton at CCC with any needed information.

Anthony explained that the Board can override the Hearing Officer recommendation.

B. Discussion and Possible Board Action to Approve a Revision to Retiree Eligibility for Benefits Trustees

Jami explained that there are varying retiree eligibility policies among the employers and there are many inconsistencies that should be addressed. She explained that everyone is sharing in the same risk and that there should be a broader fairness and consistency among the policies. Allison expressed her concerns and feels there are a lot of complications in having several different policies. The Trust needs to come together on common language. As a result of any changes, there could be some financial considerations. There also may be some gift clause issues if the retiree eligibility is reduced to five years from the current 10 years. Some individuals may have issues if they have worked at an organization for a period of time and planned around their retirement. Bob recommended a change to a five years of service requirement for retiree health coverage. Mike suggested we may want to look at this as a long-term decision and we make changes using a phased in process. Anthony recommended a phased approach with grandfathering of policies. Picking the number of years of service will be difficult because it

could impact each employer differently. There may be phased programs for each entity. Anthony suggested a three-year phase-in for the change. The changes could cause push back in the agencies. However, the eligibility changes could be done in a way to limit liability. The Trustees also want to build in language to the policy that would allow the Trustees to have some flexibility. They need to consider possible age discrimination issues. Health Reform may impact the decisions as well. The framework the Trustees will need to provide to Anthony to research include the phase-in time, the number of years from retirement for the phase-in, date for implementation, etc. Anthony will provide Bob a framework of the questions he will need the Trustees to answer in order to review and provide advice. The Trustees may want to base changes on date of retirement and not on date of hire. This will alleviate the age discrimination issue. The City needs to be cognizant of their recruitment and they will need to be careful how the changes are made. Allison thinks five years with NAPEBT helps because it counters the issue that you must be at one entity for the full five years. For recruitment purposes, five years might make sense at the City, too, so there may be a way to compromise in that direction. Allison feels that the County is a large organization and they only get 12–15 retirees per year. FUSD has about 30-40 retirees per year. Bob recommended that each entity send its thoughts to him in order to work toward a compromise. Bob will take the recommendation to Anthony for review. The recommendation is to move to five years of service with a single NAPEBT employer. Gayle suggested we consider whether or not the five years is consecutive and that each agency review its reinstatement policies. The Trustees recommendation is five consecutive years of service with a single NAPEBT employer in order to be eligible for retiree health care under NAPEBT.

No action was taken.

C. Discussion and Possible Board Action to Approve a Waiver of NAPEBT Health Coverage for Health Insurance Exchange Coverage **Amy Girardo**

Amy explained the option of allowing employees to waive NAPEBT coverage if an employee has Exchange or Marketplace coverage. Exchange coverage is individual coverage.

No action was taken.

D. Discussion and Possible Board Action to Approve the 2014-2015 Medical Rates **Stephanie Calandro**

Stephanie reviewed the rate tiering scenarios requested by the Trustees during the retreat. She also reviewed the implications of buying down family rates if the rates were to increase as a result of moving from a two tier to a three or four tier structure.

Unanimous approval to adopt Scenario A rates for the two tier structure and Scenario B rates for the three tier structure, with the understanding that NAIPTA and CCC will use the three tier rates effective 7/1/14 and all other agencies will keep the two tier structure. The Trustees will review the rate tiers annually.

E. Discussion and Possible Board Action to Approve the Five-Year Plan for Draw Down of Financial Reserves **Stephanie Calandro**

Amy reviewed the final Trust Reserves projection that was modeled during the retreat. The Trustees felt comfortable that the Exhibit reflected their recommendations.

No action was taken.

F. Discussion and Possible Board Action to Approve the Trust Vendor Renewals **Amy Girardo**

Amy reviewed the renewals with the Trustees. She explained that the dental and vision coverages are currently being bid.

If dental and vision contracts are not awarded during the February 28, 2014 Trust Board meeting, a phone conference call will be scheduled in the second week of March 2014 to award the dental and vision contracts.

Unanimous approval of renewals including the increase to a \$200,000 individual stop loss deductible.

G. Discussion and Possible Board Action to Approve Modifications to the Retiree Health Plans Offered **Bob Kuhn**

Bob would like to check with Anthony on whether or not the Trust can limit the health plan options offered to retirees.

No action was taken.

H. Discussion and Possible Board Action to Approve the Expenditure for the Development of a Par Course **Jami VanEss**

Unanimous approval to move this item to the next meeting.

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

Unanimous approval to move this item to the next meeting.

J. Discussion and Possible Board Action to Approve High Deductible Health Plans to be Offered in Future Years (seeding Health Savings Accounts) **Bob Kuhn**

Bob discussed the offering of high deductible plans only in the future. If NAPEBT increases the wellness incentives, enrollment in the High Deductible Health Plan may increase as a result. This item will be moved to the next meeting because it may tie to the wellness incentive program. Shannon will invite Mike Hensley to join a conference call during the next meeting to discuss offering a minimum value medical plan (High Deductible Health Plan).

K. Discussion and Possible Board Action to Approve 7/1/14 and 7/1/15 Wellness Incentive Plans **Katie Wittekind**

Katie presented the wellness incentive program for 2014 – 2015. The wellness committee wants to add a partial discount to annual medical premiums for partial participation. 8 points = \$120 discount on annual medical premiums. 14 points = \$240 discount on annual medical premiums. 22 points = \$240 annual medical discount to premiums plus \$240 cash reward (FSA, HSA,

taxable cash). Total 22 points = \$480 incentives total. The County has checked with its wellness committee and it is supportive of this new program. The tax implications and administrative issues were discussed. An option discussed was to pay an additional \$120 cash reward for the 22 points effective 7/1/15 and another \$120 cash reward in a future year instead of providing \$240 in the first year. The City is going to consider giving the incentive to each new hire employee, and then the new hire can continue earning the incentive by participating after he or she are hired. Kyle would like to review the payroll implications of the plans. Shannon asked if Level Two of the wellness incentive plan could be moved to 15 points. Level Three in the plan includes screenings in addition to the biometric screenings. Blue Cross can administer the program. Direction was provided to Katie to move forward with the \$120 additional cash incentive option beginning 7/1/14 for the new incentives effective 7/1/15. Bob and Katie will check with a tax attorney on the tax implications.

No action was taken.

- L. **Discussion and Possible Board Action to Approve the Blue Cross Report on Mental Health Services Utilization** **Amy Girardo**

The report on mental health services utilization was reviewed by the Trustees.

No action was taken.

- M. **Discussion and Possible Board Action to Approve the Onsite Health Clinic Request For Proposal** **Bob Kuhn**

The next committee meeting is Tuesday, February 4th.

Unanimous approval to move this item to the next meeting.

- N. **Discussion and Possible Board Action to Approve Timeline for Implementation of the Online Enrollment System** **Bob Kuhn**

The next committee meeting is scheduled for Monday, December 27, 2013.

No action was taken.

- O. **Discussion and Possible Board Action to Approve the Flexible Spending Account (FSA) Plan Changes Allowed Due to New Regulations** **Amy Girardo**

The new regulations on FSAs were discussed with the Trustees. CCC is going to adopt the \$500 rollover option.

No action was taken.

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

Segal Performance Review: Katie will create a survey monkey questionnaire and distribute to one Trustee at each voting agency entity. All voting entities will participate by filling out one survey per entity, and the results will be discussed in an Executive Session at the February 28, 2014 Trust Board meeting.

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

Unanimous approval by the Board to authorize the Chair to appoint an independent hearing officer to conduct a denial of benefits hearing. Bob will communicate with the Trustees when a hearing officer is appointed and will provide the Trustees with a timeline. Bob will contact Gayle Benton at CCC with any needed information.

Bob will work with Anthony on the changes to eligibility for Retiree Healthcare under NAPEBT, with a recommendation that five consecutive years of service at a single NAPEBT employer be one eligibility provision. All entities are going to send questions or plan design options to Bob.

An annual review of the contribution rates will be done next year as it is done every year.

If dental and vision contracts are not awarded during the February 28, 2014 Trust Board meeting, a phone conference call will be scheduled in the second week of March 2014 to award the dental and vision contracts.

Bob will check with Anthony on whether or not the Trust can limit the health plan options offered to retirees.

Shannon will invite Mike Hensley to join a conference call during the next meeting to discuss offering a minimum value medical plan (High Deductible Health Plan).

Direction was provided to Katie to move forward with the \$120 additional cash incentive option effective 7/1/14 for the incentives effective 7/1/15. Bob and Katie will check with a tax attorney on the implications.

Future Agenda Item: Review Health Equity and its FSA administration. Amy will discuss issues that continue to cause concern with the administration of the Health Savings Account and Flexible Spending Account integration.

Segal Performance Review: Katie will create a survey monkey questionnaire and distribute to one Trustee at each voting agency entity. All voting entities will participate by filling out one survey per entity, and the results will be discussed in an Executive Session at the February 28, 2014 Trust Board meeting.

5. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS - None

6. NEXT REGULAR MEETING – February 28, 2014

7. ADJOURNMENT – 1:33 p.m.