

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
JANUARY 23, 2020**

A meeting of the board of trustees of the Northern Arizona Public Employees Benefit Trust (NAPEBT) was held on January 23, 2020 at the FUSD Administration Office, 3285 E. Sparrow Avenue, Flagstaff AZ 86004.

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

Shannon Anderson	City of Flagstaff
Jami Van Ess	Coconino County Community College
Erika Philpot	Coconino County
Bob Kuhn	Flagstaff Unified School District

The following Alternate Trustees were present:

Jennifer Caputo	City of Flagstaff
Jennifer Moore	Flagstaff Unified School District
Rosa Mendoza-Logan	Coconino County Community College

The following consultants/vendors were present:

Amy Girardo	Segal
Quentin Gunn	Segal
Nura Patani	Segal
Jennifer Darnall	Ashton Tiffany
Garrett Mahoney	Ashton Tiffany
Lori Jundt	Ashton Tiffany
John Ashton	Ashton Tiffany
Julie Almond	Vera Whole Health
Tyler Anderson	Vera Whole Health
Marina Teach	Vera Whole Health
Madeline Zobel	BCBSAZ (telephonic)
Nathan Olson	BCBSAZ (telephonic)
Jean Dietrich	CliftonLarsonAllen (telephonic)
Kelly Deutsch	Baker Tilly Vantagen (telephonic)

The following guests were present:

Daniel Logan	City of Flagstaff
Dawn Anderson	Flagstaff Unified School District
Ginger Stevens	Flagstaff Unified School District
Katie Wittekind	Coconino County (Wellness)
Amber Baker	Coconino County (Wellness)

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Jeanie Confer
Margaret Penado
Maggie Arellano
Dietrich Sauer
Danielle Tiedeman
Lynn Hill

Coconino County Accommodation School District
Coconino County
Coconino County
Coconino Community College
City of Flagstaff
Northern Arizona Intergovernmental Transportation
Authority

1. CALL TO ORDER 9:21 a.m.

2. APPROVAL OF AGENDA

The agenda for January 23, 2020 was approved by the board.

3. MINUTES

A motion was made to approve the minutes for December 12, 2019.

Jamie Van Ess, moved
Bob Kuhn, seconded
Motion passed

4. ACTION ITEMS

A. Discussion and Possible Board Action/Approval on Vendor Items

a. BCBSAZ 24-hour nurse line

Madeline Zobel and Nathan Olson presented an overview of the 24-hour nurse line through BCBSAZ.

B. Discussion and possible board action/approval on committee updates

a. Clinic Committee: Bob Kuhn

i. Committee minutes—none

ii. Vera update

Ms. Almond provided an overview of Vera's nurse line. The board discussed and agreed to transition from Vera's nurse line to BCBSAZ and to send communication materials to the membership regarding the change and new process.

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Ms. Almond presented an update on Vera Clinic through January 23, 2020, including:

- new account manager,
- clinic updates,
- contact lists,
- clinic dashboard,
- performance guarantees,
- 3rd party evaluation institute,
- communication materials,
- strategic priorities, and
- member engagement.

Ms. Almond stated NAPEBT would be receiving a \$40,000 credit for performance guarantee on overall engagement.

b. Finance Committee: Jami Van Ess

i. Committee minutes—December 2019 and January 2020

Ms. Van Ess indicated that the minutes stand as written. She further stated the minutes have not been approved yet due to no quorum.

A question was raised regarding other agencies having a limit in their procedure that prohibits an employee from extending voluntary separation to stay on the medical plan. Supervisors started allowing employees to burn sick and vacation for extended periods which keeps the employee on the medical plan longer. Ms. Anderson stated she would add it to the agenda for the benefit committee to address.

ii. June 30, 2019 Independent Auditors Report

Jean Dietrich of CliftonLarsonAllen presented the June 30, 2019 Independent Auditors Report. A motion was made to approve the audit as presented.

Jamie Van Ess, moved
Bob Kuhn, seconded
Motion passed

iii. Authority Matrix

Lori Jundt presented the proposed authority matrix for NAPEBT. A motion was

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made to approve the authority matrix as presented.

The board further agreed to add Trust contract details. Ms. Anderson stated she would take lead on this item and bring back a revised authority matrix for board consideration at a future board meeting.

Jami Van Ess, moved
Shannon Anderson, seconded
Motion passed

c. Benefits Committee: Shannon Anderson

i. Committee minutes—January 2020

Ms. Anderson presented the highlights of the minutes.

ii. Enrollment Brochure

a. Wellness Addition

The board discussed options for including wellness information in the enrollment brochure. A final decision will be made during the Benefits Committee meeting on February 11, 2020 to meet the deadline.

b. Pictures

The board discussed options for pictures to be included in the enrollment brochure. A concern was raised that the current options did not have enough diversity to represent the demographic of NAPEBT members. The board collectively agreed on several images and agreed to send additional samples with greater diversity for the benefits committee to consider. A final decision will be made during the Benefits Committee meeting on February 11, 2020 to meet the deadline.

d. Wellness Committee: Katie Wittekind

i. Committee minutes—December 2020

Ms. Wittekind presented the highlights of the minutes. In addition, Ms. Wittekind updated the board on the status of recouping funds from the marketing vendor that was previously terminated. She indicated NAPEBT has been unsuccessful and has spent approximately \$2,593 in legal fees to recoup \$5,100. The board agreed to cease efforts in the recoupment of funds. Ms.

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Wittekind will absorb most of the marketing efforts into the administrative contract.

ii. Representatives for Wellness Site RFP

Ms. Wittekind requested the agencies to provide the name of the representatives that wish to participate in the Wellness Site RFP process.

e. Risk Management Committee: Dean Coughenour

i. Committee minutes—none

C. Discussion and possible board action/approval on vendor items

a. BCBSAZ Follow Up

Ms. Anderson provided an overview of the various BCBSAZ follow-up items.

b. CVS Flyers on CVS App

Ms. Anderson indicated this was a follow-up item from a previous board meeting and sample flyers were included in the board materials for the board's reference.

c. Segal

i. Monthly medical/pharmacy report

Mr. Gunn presented the medical/pharmacy report through November 30, 2019.

Due to an issue with the time period the claims were reflecting, the October 2019 pharmacy claims and associated administrative expenses were updated, with the net effect increasing total cost by approximately \$12,000. Not all the entities recorded their wellness participation at the time of this report. As a result, the contributions and wellness participation figures are subject to being restated once the enrollment has been reported.

In November 2019, contributions exceeded claims and expenses (after stop loss reimbursements) by approximately \$250,000 or 9.6% of contributions. There was no stop loss reimbursement or pharmacy rebate in November 2019.

The year-to-date surplus is now approximately \$84,000 or 0.7% of contributions.

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Based on paid claims and expenses (excluding stop loss reimbursements), the Active and Retiree Buy-Up and Base plans experienced operating deficits. Approximately 12.4% of all active employees and retirees are enrolled in the Buy-Up plan, with 61.6% enrolled in the Base plan, and 26.0% enrolled in the High Deductible Health Plan.

Through November 2019, average enrollment has decreased 1.3% over the prior plan year's average.

In November 2019, there were four claimants with combined medical and pharmacy claims paid in excess of \$150,000 (50% of the individual medical and prescription drug specific stop loss deductible). Two of the claimants appeared for the first time on the report in November.

As of November 30, 2019, the plan's rolling net medical trend decreased to 17.5% and the plan's rolling net pharmacy trend increased to 8.0%. The medical trend is higher than market observations.

Four entities have had a lump sum wellness payout for a total of approximately \$85,000 through November. NAPEBT wellness level 1 and 2 participants earned a total of approximately \$238,000 in wellness incentives.

ii. Trust Renewals of Health and Welfare Plans

Mr. Gunn presented the renewal report effective 7/1/20-6/30/21.

- Blue Cross Blue Shield of Arizona (BCBSAZ) originally proposed a combined 10.8% increase in Administrative and Stop Loss fees. However, Segal was able to negotiate with BCBSAZ to reduce the combined increase to 6.3% by securing a lower individual stop loss renewal. The reduction of 5.5% equates to an estimated annual savings of approximately \$107,000. There were no changes to the stop loss individual specific deductible and aggregating deductible from the previous year.
- There has been no change to the HealthEquity HSA fee from the previous year. Additionally, there were no changes to the FSA fees.
- Discovery Benefits has extended the rate for another year, entering a fourth-year of rate guarantee with a fee of \$0.45 per employee per month through June 30, 2021 for COBRA administration.
- CVS – Employers Health, the Trusts' Pharmacy Benefits Manager (PBM) contract is entering into year two of a three-year rate guarantee.

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- The Vision renewal through VSP has been extended another year, entering a seventh-year of rate guarantee through June 30, 2021.
- The Dental renewal is in year two of a two-year rate guarantee.
- The Life renewal through Minnesota (Securian) Life is in the third year of a three-year rate guarantee through June 30, 2021.

iii. 2020/2021 Self-Funded Budget Projection and Contribution Rate Setting, Plan Design and Reserves

Mr. Gunn presented the 2020/2021 self-funded projection summary. In summary, the baseline rate increase was 5.71%, and 7.38% with the overall contribution reserve increase.

Each agency provided input and the board collectively agreed a 5.79% rate increase (previously discussed), effective July 1, 2020, was reasonable. In addition, the board discussed the need to reduce expenses for the upcoming year. Options to consider included:

- Vera expenses,
- elimination of Vera nurse line;
- wellness expenses;
- stop loss alternatives; and
- modifications to investment interest income.

iv. HDHP Incentives

Ms. Girardo and Mr. Gunn presented the following HDHP incentive options:

- increasing employer HSA funding equal to the deductible;
- increasing the HDHP coinsurance;
- moving the plan year from the current 7/1-6/30 period to a 1/1-12/31 period;
- reducing the HDHP premium; and
- reviewing of preventive care services for chronic conditions (pharmacy and medical).

The board collectively agreed to implement the preventive care services for chronic conditions for medical only, at a nominal cost. All other options will not be implemented at this time. The board will further discuss moving the plan year

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during the May strategic meeting, as this item requires a longer timeline and planning to implement.

v. Compliance and Industry Changes and Trends

Ms. Girardo provided an update on industry changes and trends, including:

- HSA-qualified HDHPs covering preventive care services for chronic conditions;
- latest court ruling on ACA;
- FDA Proposed guidance on Rx importation;
- proposed rule for transparency of cost-sharing and pricing information; and
- repeal of 40 percent excise tax on high-cost health plans and other regulatory changes.

vi. Stop Loss Strategy

Ms. Girardo stated there was opportunity for savings with the stop loss renewal, specifically related to changes to the stop loss individual specific deductible and aggregating deductible, and invited board members to participate in the negotiations. Dawn Anderson expressed interest, as well as Dean Coughenour (at a previous meeting).

vii. Surprise Billing Response from BCBS

Ms. Girardo presented an update to the board regarding BCBSAZ surprise billing practices.

D. Discussion and possible action/approval on other items

a. Conflict of interest statement for signature by the trustees

This item was tabled.

b. NAPEBT employer contribution strategies

Ms. Anderson stated that the individual NAPEBT employer contribution strategies had been included in the board book for reference.

c. NAPEBT trustees and alternates

Ms. Anderson presented an overview of the NAPEBT trustees and alternates. It

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was noted the alternate for Jennifer Caputo for City of Flagstaff needed to be updated.

E. Informational to/from

Ms. Anderson informed the board that Health Equity had been contacting the agencies directly requesting them to sign an agreement, but the agreement with Health Equity was between NAPEBT and BCBSAZ. She informed the board that Segal was assisting with this matter and requested the agencies to wait to respond until further notice.

F. Discussion and possible board action/approval on meeting wrap-up items

a. 2019/2020 meeting project plan

Ms. Darnall presented the proposed project plan for the upcoming February meeting.

b. Review of action items and timeline

Mr. Mahoney presented the list of action items, which included the following:

- Vera clinic team to explore a transition plan regarding the Vera 24-hour call center's move to Blue Cross Blue Shield's nurse triage line,
- Ms. Anderson to draft a NAPEBT vendor contract matrix,
- Finance committee to evaluate the use of the wellness coordinator's P Card to pay vendor invoices,
- Agencies to send Ms. Anderson high-resolution images to be evaluated for use in the NAPEBT brochure,
- Each agency to provide name of who will be presenting at the annual wellness awards banquet to Ms. Wittekind,
- Ms. Philpot to reach out to Ms. Wittekind to discuss the 2020/21 wellness program budget,
- A stop-loss team consisting of Mr. Coughenour, Ms. Dawn Anderson and Segal to reach out to Blue Cross Blue Shield to discuss current stop-loss terms/rates for 2020/21,
- If conversation discussed in previous action item does not yield favorable results, Segal will provide NAPEBT with options for changing its current stop-loss coverage,
- Mr. Mahoney to provide Ms. Van Ess with current LGIP Pool 5 interest income data for 2020/21 budget consideration,
- Ms. Girardo to provide NAPEBT Board members with conflict of interest statements.

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G. SPECIAL COMMITTEE MEETING

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

Shannon Anderson	City of Flagstaff
Jami Van Ess	Coconino County Community College
Erika Philpot	Coconino County
Bob Kuhn	Flagstaff Unified School District

The following Alternate Trustees were present:

Jennifer Caputo	City of Flagstaff
Jennifer Moore	Flagstaff Unified School District

The following guests were present:

Kim Aringdale	Flagstaff Unified School District
Daniel Logan	City of Flagstaff
Ginger Stevens	Flagstaff Unified School District
Katie Wittekind	Coconino County (Wellness)
Danielle Tiedeman	City of Flagstaff
Lynn Hill	Northern Arizona Intergovernmental Transportation Authority

1. CALL TO ORDER 2:32 p.m.

2. Schedule for Benefit & Trust RFP

- a. Pre-proposal meeting: February 12th, 1-2 p.m., at City Hall - Council Conference Room, phone number to dial in 1-877-820-7831 and guest passcode 451526#.
- b. RFP responses are due March 6, 2020.
- c. Evaluation Committee: send a list of who will be evaluating the RFP to Kim Aringdale at karingdale@fUSD1.org. Evaluation committee members will have from March 9th through April 10th to evaluate all responses.
- d. Evaluation Committee Initial Meeting: April 10th, 1-5 p.m., at FUSD Board Room to discuss responses, initial evaluation results and what we want to include in the presentation.
- e. Respondent Presentations: May 14th and 15th from 8:00 a.m. to 5:00 p.m. at FUSD Board Room. The presentation will include a list of up to twenty (20) questions.
- f. Award contract: June 10th during NAPEBT Board meeting.

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3. Action Items

- a. Shannon to send Kim minutes from meeting where agreed to do RFP
- b. Shannon to send appointments for all meetings described above to all in attendance

H. EXECUTIVE SESSSION - PERSONNEL

I. NEXT REGULAR MEETING: February 19, 2020

J. ADJOURNMENT: 5:05 p.m.

DRAFT