

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
February 28, 2019**

**The following consultants/vendors were present:**

Amy Girardo	Segal
Nura Patani	Segal (telephonic)
Garrett Mahoney	Ashton Tiffany
Mallory Esquibel	Ashton Tiffany
Lori Jundt	Ashton Tiffany
Julie Almond	Vera Whole Health (telephonic)
John Ashton	Kairos Health Arizona
Tara Zika	Kairos Health Arizona

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

Mike Townsend	Coconino County
Jami Van Ess	Coconino County Community College
Bob Kuhn	Flagstaff Unified School District

**The following Alternate Trustees were present:**

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

**The following guests were present:**

Erika Philpot	Coconino County
Tasha Smith	Coconino County
Katie Wittekind	Coconino County (Wellness)
Amber Baker	Coconino County (Wellness)
Dietrich Sauer	Coconino County Community College
Jennifer Caputo	City of Flagstaff
Dean Coughenour	City of Flagstaff
Margaret Penado	City of Flagstaff
Ginger Stevens	Flagstaff Unified School District
Scott Walmer	Flagstaff Unified School District
Jeanie Confer	Coconino County Accommodation School District
Sam Mossman	Kachina Village Improvement District
Heather Dalmolin	NAIPTA
Lynn Hill	NAIPTA

**1. CALL TO ORDER**

**9:02 a.m.**

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**2. APPROVAL OF AGENDA**

**Unanimous approval of agenda items by the Trustees**

**3. APPROVAL OF MINUTES            January 24, 2019**

Ms. Van Ess advised that a correction should be made on the January minutes: "Mr. Mendoza" should be changed to "Ms. Mendoza."

**Mike Townsend made a motion to approve the minutes with the noted correction; Jami Van Ess seconded, motion approved.**

**4. EXECUTIVE SESSION**

**A. Wellness program manager evaluation (tabled until next meeting)**

**5. ACTION ITEMS**

**A. Kairos Health Arizona presentation**

**John Ashton**

Mr. Ashton presented two pool options for the Kairos Health Arizona benefits program: a self-insured option and a shared risk pool option. Mr. Ashton then presented a financial projection indicating an approximately \$1 million dollar savings if NAPEBT were to join Kairos Health Arizona, Inc.

Mr. Townsend expressed concerns related to the potential impact to employees and the limited amount of information the board had been presented. Mr. Townsend stated that he would like more time and more detailed information regarding the Kairos program options.

Mr. Coughenour expressed concern that closing the clinic, if required, would be a bad idea. He noted that he would like to see the pharmacy options and prices stay the same to avoid disruption with employees.

Mr. Ashton explained that the current pharmacy system is "a game," and that CVS does not fully pass through all pharmacy rebates.

Ms. Girardo expressed concern that there are other pricing components to pharmacy contracts, networks, formulary, etc. to consider, and that no analysis had been undertaken.

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Mr. Ashton assured the board that all savings would be guaranteed under either pool option as part of the pharmacy contract. He further noted that Kairos counsel reviews all contracts.

Ms. Penado reminded the board that it has the option to delay the transition to next fiscal year in an effort to minimize the impact on members.

Mr. Coughenour requested the opportunity to review the membership agreement and suggested that legal counsel review it as well.

Mr. Townsend indicated that he would like more time to evaluate the options and invited the other agencies to weigh in.

Ms. Van Ess stated that the college does not have the luxury *not* to consider some of the efficiencies, and although the financial components are attractive, she would like to learn more about the pharmacy piece.

Ms. Dalmolin stated that this is the first time she has heard about the Kairos program and she would also like more time to assess.

Mr. Kuhn expressed his confidence and trust in Kairos and stated that he believes change to Kairos is the best move for NAPEBT.

Ms. Stevens noted that the process through which this potential change was being handled was not the standard method. She suggested that further due diligence was needed.

Ms. Caputo read a text message from Ms. Anderson in which Ms. Anderson stated that City of Flagstaff would only be in favor of the transition to Kairos for the efficiencies and cost savings, and that Flagstaff would like to maintain the current plan designs. The City would like an outside party or Segal to validate the numbers that Mr. Ashton presented.

Ms. Van Ess suggested that the group create a list of questions to send to Kairos.

Ms. Mendoza-Logan asked how a possible change might affect Coconino Community College's (CCC) open enrollment and its contract with Baker Tilly, which expires June 30, 2019. Mr. Ashton advised that it will not have a negative effect; the college may keep its contract with Baker Tilly if it chooses to do so.

Mr. Townsend stated that the county would like to consider July 2020 for the union of NAPEBT and Kairos.

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Ms. Van Ess expressed her concern over being in the same position next year. She indicated that she would like to structure a timeline for questions and answers earlier in the fiscal year.

Mr. Townsend suggested that this would be best done in the fall of 2019, and that the Trust attorneys and Segal could contribute to the analysis.

Mr. Townsend reiterated that FUSD is comfortable moving forward with Kairos; the county is not comfortable moving forward with Kairos at this time; and the city and community college would like to do more analysis before making any decisions.

Mr. Coughenour requested all entities to submit their questions within five days.

Ms. Zika and Ms. Girardo discussed providing copies of the CVS and Maxor contract requirements in order to provide further analysis as requested by the members. Ms. Girardo indicated that she was uncertain whether she would be able to release the CVS information but agreed to confirm.

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

**a. Clinic Committee**

**Bob Kuhn**

**i. Committee minutes (for review only)**

**ii. Vera update**

**Julie Almond**

Ms. Almond presented the clinic update, including hour changes, new providers, activity back-up, clinic dashboard, and comments left by clients.

Mr. Kuhn indicated that the lease for the clinic would be addressed in March 2019. Ms. Van Ess questioned whether the lease would affect the audit. Ms. Jundt stated that she does not believe it will affect the audit if the audit is approved at the next board meeting. Mr. Townsend indicated that sign-off would take place earlier than the next board meeting.

Ms. Van Ess reminded the board that there will not be a Finance Committee meeting in March.

Ms. Baker requested that committees email her regarding the best time for the health coaching to take place.

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No action was taken.

**b. Finance Committee**

**Jamie Van Ess**

**i. Committee minutes (for review only)**

**ii. Quarterly financial statement**

**Lori Jundt**

Ms. Jundt discussed the dashboard and attachments.

No action was taken.

**iii. Date payments received**

**Lori Jundt**

Ms. Jundt reminded attendees that the audit draft will be coming to completion next week, and that all outstanding payments need to be made as soon as possible.

**iv. Reserve policy**

**Mike Townsend**

Mr. Townsend provided an overview of the reserve policy and percentages shown in the board materials. The board discussed level options and Mr. Townsend reminded the board that this policy is a guide; it is not absolute. Ms. Van Ess recommended that the reserve policy remain at five levels to maintain reserve.

**Jami Van Ess motioned, Bob Kuhn seconded, motion approved for five-level reserve policy.**

**c. Benefits Committee**

**Jennifer Caputo**

**i. Committee minutes (for review only)**

**ii. Administrative manual**

**Jennifer Caputo**

Ms. Caputo presented the highlighted changes in the administrative manual.

**Jami Van Ess motioned, Bob Kuhn seconded, motion approved for all changes to be made in the administrative manual.**

**d. Wellness Committee**

**Katie Wittekind**

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Ms. Wittekind provide the committee minutes for review only. She reminded the board that the awards banquet will be held on April 14, 2019. She also requested help in getting the marketing, administrative, and dietician RFPs out. Mr. Townsend volunteered to have the county help with the process.

**No action was taken.**

**e. Risk Management Committee**

**Dean Coughenour**

Mr. Coughenour advised there were no committee minutes or anything additional to report at this time.

**No action was taken.**

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

**a. Monthly medical/pharmacy report**

**Nura Patani**

Ms. Patani presented an overview of NAPEBT's claims, expenses, and contributions for the period ending December 31, 2018. Key observations from the report included the following:

- Claims and expenses exceeded contributions by approximately \$222,000 for the month ending December 31, 2018.
- Through December, total enrollment has decreased 0.2% over the prior plan year's average.
- There were four claimants with incurred claims in excess of \$150,000, two of which appeared on the report for the first time.
- The plan's rolling net medical trend was -5.9% and the plan's rolling net pharmacy trend was 14.9%.
- Wellness payouts for the year were a total of approximately \$192,000.

**No action was taken.**

**a. Trust renewals of health and welfare plans**

**Amy Girardo**

Ms. Girardo provided a handout indicating that the monthly fee for the one-year pharmacy option and the three-year pharmacy option will change to \$1.00 beginning on July 1, 2019, if renewed.

Ms. Girardo recommended the one-year option. Ms. Van Ess requested that the CVS contract renewal be tabled for another month until the board has decided how

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to move forward with Kairos. Mr. Townsend agreed to table the contract until the March 28, 2019 board meeting.

**No action was taken.**

**b. 2019/2020 self-funded budget projection and contribution rate-setting, plan design, and reserves** **Amy Girardo**

Ms. Girardo presented the budget projection and contribution rate-setting, plan design, and reserves.

**No action was taken.**

**c. Summary of changes effective July 1, 2019** **Amy Girardo**

Ms. Girardo discussed the January 1, 2019 and July 1, 2019 changes provided in the board materials, that included the contribution rates for each agency, the budget projection by line item, and the final reserve dashboard.

Ms. Stevens requested that Segal present each entity with a copy of the larger spreadsheet for review with the current year vs. prior year rates. Ms. Girardo agreed to provide this information via email.

**No action was taken.**

**d. Securian life report** **Amy Girardo**

Ms. Girardo presented the Securian life report.

**No action was taken.**

**e. Dental RFP recommendation** **Amy Girardo**

Ms. Girardo indicated that Delta Dental would not provide a \$10,000 discount on its best and final offer after clarification from the Department of Insurance. Each agency may add orthodontics for children and adults with a lifetime maximum equal to their annual maximum benefit for other services if not already included in their plan. The rates are guaranteed for two years with rate caps of 5% for year three, and 8% for years four and five. Rates vary by agency based on claims experience.

Ms. Van Ess suggested that this contract be tabled until the next board meeting, due to the possibility of transitioning to Kairos.

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There was additional discussion of the program options and Mr. Kuhn recommended that the dental benefits renew July 1, 2019 under the NAPEBT program due to the lower rate structure.

**Bob Kuhn motioned, Jami Van Ess seconded, motion approved to renew the Delta Dental contract.**

**f. SHAPE renewal**

**Amy Girardo**

Ms. Girardo presented a two-year contract. The contract amount was \$26,000 annually, including wellness report, clinic report, and regular annual report. Ms. Girardo indicated that she assumed there will be no changes to the current vendor feeds. Due to the postponement of the decision on Kairos to the March meeting Ms. Girardo recommended deferring the decision to the March Trust Board meeting.

Ms. Mendoza-Logan also voiced concern about not having the appropriate time to send eligibility data to Baker Tilly for open enrollment. Ms. Stevens indicated that she would follow up with Baker Tilly.

**No action was taken.**

**g. Compliance and industry changes and trends**

**Amy Girardo**

Ms. Girardo reviewed the changes and trends presented in the board book. She pointed out that Segal had published redacted information about the NAPEBT wellness clinic in its national publication.

**No action was taken.**

**D. Discussion and possible board action/approval on other items**

**a. Ashton Tiffany evaluation and contract**

Tabled until the next meeting.

**b. Segal evaluation and contract**

Tabled until next meeting.

**c. Additional voluntary benefits for employees**

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Mr. Townsend asked whether or not NAPEBT should consider adding additional voluntary benefits to the NAPEBT program that would be 100% employee-paid. He also asked for input on other possible ideas for voluntary benefits. The board discussed multiple ideas.

Ms. Girardo stated that the benefits committee is in the process of developing an RFP for short-term disability coverage. Mr. Townsend thought it made sense to consider short-term disability before considering other options.

**No action was taken.**

**E. Discussion and possible board action/approval on meeting wrap-up**

**a. 2018/2019 meeting project plan** **Mallory Esquibel**

Ms. Esquibel presented the 2018/2019 meeting project plan and made modifications for the March meeting based on board discussion.

**b. Review of action items and timelines** **Garrett Mahoney**

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

- Ashton Tiffany will supply NAPEBT with the Kairos Membership Agreement for review.
- Ashton Tiffany will supply NAPEBT with the Maxor pharmacy benefit management contract.
- Segal will contact CVS to obtain approval to share the pharmacy benefit management contract with Ashton Tiffany.
- NAPEBT entities will submit lists of question for Kairos; Ms. Wittekind will compile questions and remove duplicates, and will forward the final list to Mr. Ashton. The proposed due date for questions is March 8, 2019.
- Segal will provide NAPEBT members with a multi-year budget spreadsheet.
- Mr. Kuhn will arrange for availability of the boardroom at Flagstaff Unified School District for the March meeting, from 9:00 a.m.–3:00 p.m.

**6. CURRENT EVENT SUMMARIES/ANNOUNCEMENTS: None**

**7. NEXT REGULAR MEETING: March 28, 2019**

**8. ADJOURNMENT: 11:53 p.m.**