

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
August 22, 2019**

A meeting of the board of trustees of the Northern Arizona Public Employees Benefit Trust (NAPEBT), was held on August 22, 2019 at 420 North San Francisco Street, Bright Angel Room, Flagstaff, AZ 86001.

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

Mike Townsend	Coconino County
Shannon Anderson	City of Flagstaff
Bob Kuhn	Flagstaff Unified School District

The following Alternate Trustees were present:

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

The following consultants/vendors were present:

Amy Girardo	Segal
Melissa Krumholz	Segal
Quentin Gunn	Segal (telephonic)
Oscar Davila	Segal (telephonic)
Jennifer Darnall	Ashton Tiffany
Garrett Mahoney	Ashton Tiffany
Lori Jundt	Ashton Tiffany
Julie Almond	Vera Whole Health (telephonic)
Marina Teach	Vera Whole Health

The following guests were present:

Katie Wittekind	Coconino County (Wellness)
Amber Baker	Coconino County (Wellness)
Lynn Hill	NAIPTA
Dean Coughenour	City of Flagstaff
Dawn Anderson	Flagstaff Unified School District
Ginger Stevens	Flagstaff Unified School District
Brianna Lorents	Coconino County Community College
Erika Philpot	Coconino County
Maggie Arellano	Coconino County

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1. CALL TO ORDER **9:05 a.m.**

2. APPROVAL OF AGENDA

Unanimous approval of agenda items by the Trustees.

3. APPROVAL OF MINUTES **June 13, 2019**

Julie Almond noted that Vera had intended to conduct further evaluation of the data validation compared to Segal's findings and that revisions will be provided to the board at a future meeting.

A motion was made to approve the minutes, as amended.

Shannon Anderson, moved
Bob Kuhn, seconded
Motion approved

4. ACTION ITEMS

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

a. Clinic Committee: Bob Kuhn

- i. Committee minutes—June 2019; for review only
- ii. Vera update

Ms. Almond presented the clinic update through July 31, 2019. The report included the clinic dashboard, monthly appointments (by type), clinic updates, service guidelines, communication material, patient satisfaction statistics, biometric screening schedules, and some additional historical information.

b. Finance Committee: Mike Townsend

- i. Committee minutes—June 2019, July 2019, August 2019; for review only
- ii. Interim FY2019 financial statements

Ms. Jundt presented the preliminary financial dashboard and financial statements for the period ending June 30, 2019. Total assets were \$10,929,348, consisting primarily of cash and cash equivalents. Total

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liabilities were \$4,432,025. Total net assets as of June 30, 2019 were \$6,497,323. The increase in net assets for the year ended June 30, 2019 was \$537,772.

iii. Capitalization policy

Mr. Townsend presented the proposed capital asset policy to the board. Ms. Jundt added that it is good practice for the board to adopt a policy.

A motion was made to approve the capitalization policy as presented.

Bob Kuhn, moved
Rosa Mendoza-Logan, seconded
Motion passed

iv. Budget policy

Mr. Townsend presented a draft of the budget policy. Ms. Jundt added that it is good practice for the board to adopt such a policy. Ms. Girardo stated that she is reviewing the document and will provide additional recommendations for board consideration. Ms. Wittekind requested that the reference to wellness coordinator expenses be updated to wellness program personnel.

c. Benefits Committee: Shannon Anderson

i. Committee minutes—May 2019, June 2019, July 2019; for review only

Ms. Anderson highlighted the following items from the minutes:

- May 2019: The committee reviewed the pros and cons of switching from a plan year to a calendar year. Ultimately, the committee decided there was no compelling reason to make a change.
- June 2019: The committee has not yet received the Health Equity plan documents that will need to be approved by the Trust, as well as each agency.
- July 2019: Segal is updating all the BA agreements and will provide a copy to each agency. HIPAA training is scheduled for September 12, 2019 at City Hall. The training will be recorded, which will replace the existing training materials on CDs.

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d. Wellness Committee: Katie Wittekind

- i. Committee minutes—July 2019
- ii. General update

Ms. Baker and Ms. Wittekind presented an overview of the wellness program.

- iii. Yearly budget review

Ms. Wittekind presented the budget and actual numbers for the wellness program for the period from July 1, 2018 through June 30, 2019. Ms. Wittekind stated that a digital copy of the detailed expense log is available upon request.

e. Risk Management Committee: Dean Coughenour

Mr. Coughenour indicated that there was nothing new to report.

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

a. Segal

- i. Monthly medical/pharmacy report

Mr. Gunn presented an overview of NAPEBT's claims, expenses, and contributions for the period ending June 30, 2019. Key observations from the report included the following:

- The 2018/2019 plan year resulted in a projected surplus of approximately \$417,635, not including investment income.
- June 2019 was the highest paid claims month in the plan year, primarily due to large claims.
- There were Rx rebates of \$351,528; Segal expects similar amounts in the next two months.
- There were 19 large claimants with a total paid amount of \$4,787,415, making up 19% of total claim spend.
- Medical trend for NAPEBT was 9.7% and Rx trend was 13%, both a little higher than industry average.

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- The increase in contributions for 18/19 covered the increase in claims expense.

ii. SHAPE report on Vera clinic

Ms. Krumholz presented the Segal analysis of the Vera clinic value for the period from December 2017–November 2018 (incurred). She noted that Segal’s methodology differs from Vera’s, which yields different outcomes. Key findings from the report included the following:

- per-member, per-month costs (PMPM) for clinic users worsened in Year 3 compared to Year 2; risk-adjusted PMPM for clinic users is less than 0.5% lower than for non-users;
- savings are estimated at \$1.24 PMPM, and result in a gross savings of < \$50K;
- utilization patterns indicate favorable trends for inpatient and emergency room utilization for clinic users;
- diabetic care gaps: a three-year snapshot indicated that clinic users worsened on compliance as compared to previous years; for continuous clinic users there was a lower compliance rate than for non-users; and
- clinic users had higher screening compliance rates vs. non-users, but there was an overall reduction for preventive cancer screens for both groups.

Ms. Krumholz suggested the following for future evaluations:

- usage of an alternative member identification period;
- selection of common metrics;
- consideration of non-numeric aspects (i.e., provider access, member satisfaction); and
- evaluation of impact of BCBS/CVS condition management and NAPEBT wellness programs.

Ms. Almond stated that she was in agreement with Segal’s recommendation.

iii. Trustee interview report executive summary

Ms. Girardo presented an overview of the Trustee interview report. She stated that NAPEBT employers continue to be concerned with leadership and staffing changes, retirements, employee recruitment and retention, budgets, the

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diversity of their varying needs, and rising medical costs. In addition, she indicated that the Trustees have more positive comments about NAPEBT, in general, than concerns.

iv. Segal stewardship report

Ms. Girardo presented the Segal stewardship report. The report included Segal's relationship and history with NAPEBT, what has been accomplished, services provided, a legislative, regulatory, and health forecast, and additional information about Segal.

v. Pharmacy claims audit results

Mr. Davila presented Segal's audit of the pharmacy benefit program administered by CVS Health (CVS) for the 12-month period from July 1, 2017 through June 30, 2018. The audit included CVS's performance of drug pricing guarantees, including AWP discounts, dispensing fees, generic dispensing rate, and minimum rebates.

In summary, the audit identified \$50,041.41 in credits as a result of CVS excluding single-source generic (SSG) drugs from its calculations. An amount of \$1,997.74 will be credited to the claims invoice at the end of August, and the remaining payment of \$48,043.67 will be issued after the audit is considered closed.

A motion was made to approve the pharmacy claim audit results as presented.

Bob Kuhn, moved
Mike Townsend, seconded
Motion passed

vi. Comparison of NAPEBT and ASRS PPO medical networks

Mr. Gunn presented the comparison of NAPEBT and ASRS PPO medical networks. Overall, UHC has 97% of facilities/providers matched by the allowed claim totals, compared to BCBSAZ, which had a 98% match of providers/facilities. While UHC did not have as many providers in-network as BCBSAZ, the providers not in-network did not have significant allowed claim amounts. This indicates that there may be some disruption from lesser-used facilities or providers. However, it does not appear that transitioning retirees under the age of 65 currently on the NAPEBT plan to ASRS would result in significant member disruption based on current utilization patterns.

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vii. Compliance and industry changes and trends

Ms. Girardo presented an overview of the following topics:

- HSA-qualified plans and preventive care services for certain chronic conditions;
- comparison of FSAs, HRAs, and HSAs;
- Affordable Care Act dollar amounts and percentages;
- federal agencies' action plan for importation of prescription drugs; and
- House bill to repeal the Affordable Care Act's excise tax.

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

a. Update from special committee to consider future Trust structure and contracts

Mr. Kuhn indicated that the special committee will start meeting following the September board meeting. The committee will be made up of the trustees and alternate trustees.

b. RFPs and cooperative contracts

The need for various RFPs will be contingent upon the special committee's discussions, decisions, and direction based on Item C.a above.

c. Trust chair vote

Mr. Townsend stated that Trust chair seat rotates among the four voting agencies, and the city was next up in the rotation. He recommended Shannon Anderson as Trust chair.

A motion was made to appoint Shannon Anderson as Trust chair.

Bob Kuhn, moved
Mike Townsend, seconded
Motion passed

d. Request for a list of each agency's top priorities

Ms. Anderson requested that each agency provide their top priorities in preparation for the annual retreat at the next meeting.

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

a. 2019/2020 meeting project plan

Ms. Darnall presented the 2019/2020 meeting project plan and noted modifications for the next meeting based on board discussion.

A request that each committee review the members names and meeting information included on the project plan and provide updates at next meeting.

b. Review of action items and timelines

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

- Segal to make edits to the budget policy; policy to be brought back to the September board meeting for another review and possible adoption;
- Segal to perform analysis of claims losses to prepare for renewal of stop-loss policy; retention level adequacy will be considered based on analysis;
- Segal to compare NAPEBT's demographics to other pools (How does NAPEBT measure up? Is NAPEBT healthier than comparable pools?);
- Segal to examine large claimants and determine how many are clinic users;
- Segal to revise stewardship report to move Dietrich Sauer's name to the College's contact list and add Dawn Anderson's name to FUSD's contact list;
- Segal to notify CVS to close the claims audit and issue NAPEBT's refund;
- all agencies to compile lists of top priorities for the upcoming year for discussion at the board retreat and bring to the September board meeting;
- Clinic Operations Committee to develop a recommended timeframe to align SHAPE report data that utilizes single-approach metrics and assumptions to reduce data distortion and bring back to board meeting for final adoption;
- Benefits Committee to provide communication tools for members; and
- language change to be made in the budget and budget policy to replace "wellness coordinator expenses" with "wellness program personnel"; this will make the line item more generic to accommodate multiple employees.

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- All committees review the committee members names and meeting information included on the project plan and provide updates at September board meeting
- Benefits Committee to provide Section 125 Plan Document for board adoption upon receipt from Health Equity

E. NEXT REGULAR MEETING: September 19, 2019

F. ADJOURNMENT: 12:55 p.m.