

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST
MEETING MINUTES
September 19, 2019**

A meeting of the board of trustees of the Northern Arizona Public Employees Benefit Trust (NAPEBT) was held on September 19, 2019 at 420 North San Francisco Street, Bright Angel Room, Flagstaff, AZ 86001.

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

| | |
|------------------|-----------------------------------|
| Shannon Anderson | City of Flagstaff |
| Bob Kuhn | Flagstaff Unified School District |
| Mike Townsend | Coconino County |
| Jami Van Ess | Coconino County Community College |

The following Alternate Trustees were present:

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

The following consultants/vendors were present:

| | |
|------------------|--------------------|
| Amy Girardo | Segal |
| Daljit Johl | Segal |
| Quentin Gunn | Segal (telephonic) |
| Jennifer Darnall | Ashton Tiffany |
| Garrett Mahoney | Ashton Tiffany |
| Marina Teach | Vera Whole Health |
| Craig Christian | Delta Dental |
| Ed Waisbrot | CVS |
| Kendall Nelson | CVS |
| Laura Henry | CVS |

The following guests were present:

| | |
|-------------------|-----------------------------------|
| Katie Wittekind | Coconino County (Wellness) |
| Amber Baker | Coconino County (Wellness) |
| Erika Philpot | Coconino County |
| Maggie Arellano | Coconino County |
| Dawn Anderson | Flagstaff Unified School District |
| Ginger Stevens | Flagstaff Unified School District |
| Dietrich Sauer | Coconino County Community College |
| Daniel Logan | City of Flagstaff |
| Danielle Tiedeman | City of Flagstaff |

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Jeanie Confer
Lauree Battice

Coconino County Accommodation School District
Northern Arizona Intergovernmental Transportation
Authority

1. CALL TO ORDER 9:07 a.m.

2. APPROVAL OF AGENDA

Unanimous approval of agenda items by the Trustees.

3. APPROVAL OF MINUTES August 22, 2019

A motion was made to approve the minutes.

Mike Townsend, 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—none

ii. Vera update

Ms. Teach presented the clinic update through August 31, 2019. The report included the clinic dashboard, appointment details (including automated reminders), clinic updates, service guidelines, communication material, patient satisfaction statistics, biometric screening schedules, cancellation and no-show rates, and some additional historical information.

iii. November retreat

No discussion. More information will be provided after the next committee meeting.

b. Finance Committee: Jami Van Ess

i. Committee minutes—September 2019; for review only

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ii. Budget procedures

Ms. Van Ess presented the budget procedures.

A motion was made to approve the budget procedures with the following changes:

- Under Expenditures, item #3, Clinic Expenses: Replace “Vera is contracted to provide clinic services” with “Clinic service are contracted”;
- Under Expenditures, item #5, Wellness Program: Replace “The Board approves new budget programs and expanded or pilot programs on an annual basis” with “The Board approves the budget and expanded or pilot programs on an annual basis”;
- a grammatical correction in the first paragraph under the Budget Control and Monitoring section;
- under Long-Term Forecasting, Ratio Analysis, final sentence: Replace “The NAPEBT ratios should be reviewed by the Board in comparison to similar trusts on an annual basis” with “The NAPEBT ratios should be agreed to by the Board in comparison to similar trusts on an annual basis.”

iii. July 31, 2019 interim financial statements

For review only.

c. Benefits Committee: Shannon Anderson

i. Committee minutes—August 2019, September 2019; for review only

Ms. Anderson highlighted the following items from the minutes:

- August 2019: The committee reviewed and discussed updates to the RFP for disability. The RFP will be issued in September and reviewed by the board in January, with intentions of coverage in place effective July 1, 2020.
- September 2019: The committee discussed items to be included in the November retreat (see below for more detail). The committee is recommending the Trust conduct an RFP process for consulting services due to the addition of Ashton Tiffany, the change in the landscape of the NAPEBT program, and having conducted an RFP process the previous two times. In addition, the committee discussed communication tools. Upon completion of the dashboard, the final

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document will be sent to each agency. The committee will then evaluate if additional communication is necessary.

d. Wellness Committee: Katie Wittekind

- i. Committee minutes—August 2019
- ii. Annual Wellness Review

Ms. Wittekind and Ms. Baker presented the Annual Wellness Review. The presentation focused on four primary areas:

- improving health;
- maintaining culture;
- maintaining reduced cost; and
- increasing participation.

All areas had favorable outcomes, with the exception of maintaining culture.

- iii. Strategic priority update for the retreat

Ms. Wittekind indicated that the focus will be on improving wellness culture, but that nothing specific is necessary for the November retreat.

e. Risk Management Committee: Dean Coughenour (absent)

No update.

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 July 31, 2019. Key observations from the report included the following:

- In July 2019, claims and expenses exceeded contributions (after stop loss reimbursements) by approximately \$356,000 or 14.2% of contributions.

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- This loss is driven by higher-than-average claims, with July 2019 slightly lower than the prior month, but without the same level of stop loss reimbursement or a pharmacy rebate.
- The claims activity is related to large claimants under the individual stop loss deductible from the prior year. In addition, there was a decrease of 3.4% in enrollment, which negated the impact of the increase in contribution rates from the prior plan year to the current year.
- The plan's rolling medical and pharmacy trend are 12.0% and 8.9%, respectively.

ii. Compliance and industry changes and trends

Ms. Girardo presented guidance on coupons and out-of-pocket limits for non-grandfathered plans. She further stated that the issue does not currently apply to NAPEBT.

b. Delta Dental

i. Utilization Report

Mr. Christian presented the Delta Dental Management Report for the period from July 2018 through June 2019. Highlights include:

- 49.5% of paid claims were concentrated in preventive and diagnostic procedure categories;
- the average claim payment was \$155.09, compared to the previous year's average of \$160.04;
- the utilization rate, which measures the average number of claims filed annually, was 3.32 per subscriber, compared to the previous year's average of 3.38 (per member, the utilization rate was 1.91 compared to 1.98 in the previous year);
- the average age of the group was 39.1, compared to Delta Dental's average of 36.6;
- 97.6% of the procedures were performed by Delta Dental's network dentists;
- savings due to Delta Dental's cost management tools (reduction to maximum plan allowance, consultant review, optional procedures and eligibility verification, etc.) were 36.5% of billed charges;

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- the number of patients using the plan was 4,282, representing 72.3% of all members; and
- the turnover in the dental plan was 13.5%, compared to 12.2% in the previous year.

c. CVS Caremark

i. Utilization, including proposed clinical programs

CVS representatives presented the 2019 Annual Pharmacy Review. The report included a NAPEBT health update, strategic plan management and opportunities, and the annual RxInsights report.

The overall gross trend was 13.6%. Specialty trend was 28.2%, and non-specialty trend was 3.9%. Metrics were not net of rebates.

Both clinical and cost containment strategies were presented to the board and included:

- implementation of 510K pathway;
- exclusion of Arestin;
- enhanced specialty guideline management;
- implementation of Dermatological Bundle 2.0;
- exclusion of multivitamins/nutritional supplements; and
- implementation of a specialty starter fill program.

A motion was made to approve the clinical and cost containment strategies, as presented, and to make the changes as soon as possible (not wait until renewal).

Bob Kuhn, motioned
Mike Townsend, seconded
Motion passed

ii. Approval of 2020 CVS Caremark pharmacy formulary

This item was tabled to the next board meeting, as the formulary is not available until after September 30, 2019.

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

a. Develop list of each agency's top priorities

The following input was provided at the meeting:

Benefits Committee:

- Maintain plan design but look for different cost mechanisms. Committee members believe that current plans are good as is (although copays are getting too high, and premiums continue to be too high).
- Research supplemental programs (e.g., pet insurance).
- Discuss wellness incentive vs. lowering premiums.
- What was the intent at the beginning of the program, and what is the purpose now?
- Retiree insurance—continuing or ending retiree insurance has not been discussed with agencies, employee groups, and leadership yet. Are we complementing or competing with the ASRS coverage? Do we need legal advice on ending the retiree program if it was communicated during time of employment?

Flagstaff Unified School District:

- Explore reducing the cost for family coverage.
- Explore an independent evaluation of the Vera Clinic.
- Evaluate how retirees are impacting the plan.

Coconino County Community College:

- Evaluate wellness incentives.
- Re-evaluate a high HDHP with a material difference in premiums.

Coconino County Accommodation School District: No additional input.

Northern Arizona Intergovernmental Transportation Authority: No additional input.

b. Update on committee members and meeting schedule on project plan

Input was provided at the meeting, and the project plan will be updated.

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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.

b. Review of action items and timelines

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

- Ms. Teach will follow up with the board regarding flyers being issued to members for the Vera Clinic app.
- Ms. Teach will obtain net promoter scores from other clinics of comparable size to benchmark against NAPEBT clinic.
- Ms. Almond will provide dates for Vera Clinic sub-committee meetings to Ms. Anderson for discussion via email.
- Ms. Van Ess will make changes to the budget policy that were discussed during the meeting.
- Long-term forecasting documentation will be added to the project plan for the May strategic planning meeting.
- Ms. Wittekind will provide Ashton Tiffany with the wellness program full report and survey results to be posted to the NAPEBT website.
- Segal will build and provide a dashboard for the wellness program annual report data.
- CVS will provide the board with a revised metrics presentation slide to reflect data net of rebates.
- CVS will work with Segal to provide flyers to NAPEBT members for the CVS app.
- CVS will update the member formulary with current data and provide to Ms. Girardo.
- Ashton Tiffany will update the project plan to reflect changes discussed.
- Ashton Tiffany to follow-up on involvement in the annual stakeholder survey for the Vera Clinic.
- Mr. Kuhn will provide the Baker Tilly Vantagen contract renewal at October 17, 2019 board meeting.

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E. Special Committee Meeting

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

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| Mike Townsend | Coconino County |
| Jami Van Ess | Coconino County Community College |

The following Alternate Trustees were present:

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| Jennifer Caputo | City of Flagstaff |
| Rosa Mendoza-Logan | Coconino County Community College |

The following consultants/vendors were present:

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| Amy Girardo | Segal |
|-------------|-------|

The following guests were present:

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| Dawn Anderson | Flagstaff Unified School District |
| Daniel Logan | City of Flagstaff |
| Danielle Tiedeman | City of Flagstaff |
| Lauree Battice | Northern Arizona Intergovernmental Transportation Authority |

a. Consider Trust Structure

- Discussion about hiring a consultant to evaluate how the NAPEBT Trust operates in comparison to others and what is being paid for oversight.
- Ms. Anderson requested the consultant keep in mind the importance of each NAPEBT employer having a voice at the table.
- Mr. Kuhn will prepare a scope of work and budget justification for the next NAPEBT Trust meeting on October 17, 2019.

b. RFP or Cooperative Contracts

- Discussion about requesting a year extension on all contracts set to expire on June 30, 2020 to provide ample time to complete the evaluation of trust operations.

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- Ms. Anderson requested Amy Girardo with Segal Consulting reach out the vendors and request the extension for another year. This extension would also impact Segal Consulting and Ashton Tiffany services.

F. NEXT REGULAR MEETING: October 17, 2019

G. ADJOURNMENT: 2:40 p.m.