

**NORTHERN ARIZONA PUBLIC EMPLOYEES BENEFIT TRUST  
MEETING MINUTES  
OCTOBER 17, 2019**

A meeting of the board of trustees of the Northern Arizona Public Employees Benefit Trust (NAPEBT) was held on October 17, 2019 at FUSD Administration, 3285 E. Sparrow Ave., 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

**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
Quentin Gunn	Segal
Nura Patani	Segal
Jennifer Darnall	Ashton Tiffany
Garrett Mahoney	Ashton Tiffany
Julie Almond	Vera Whole Health
Marina Teach	Vera Whole Health
Ed Waisbrot	CVS (telephonic)
Kendall Nelson	CVS (telephonic)
Laura Henry	CVS (telephonic)

**The following guests were present:**

Katie Wittekind	Coconino County (Wellness)
Amber Baker	Coconino County (Wellness)
Maggie Arellano	Coconino County
Dawn Anderson	Flagstaff Unified School District
Ginger Stevens	Flagstaff Unified School District
Dean Coughenour	City of Flagstaff
Lynn Hill	Northern Arizona Intergovernmental Transportation Authority



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documentation of policies and procedures.

**c. Benefits Committee: Shannon Anderson**

i. Committee minutes—October 2019

Ms. Anderson highlighted the following items from the October 2019 minutes:

- The committee is waiting on the final disability RFP.
- The Special Committee members decided to extend the benefits consultant contract for an additional year to allow time for the trustees to evaluate trust operations and services.
- Segal has agreed to assist with the gathering of performance measures in NAPEBT contracts.
- Feedback on the wellness dashboard was communicated directly to Katie Wittekind.
- ACA training will be provided on October 31, 2019.
- Ms. Anderson will forward the FSA questionnaire to each entity to complete the Heath Equity plan documents.

**d. Wellness Committee: Katie Wittekind**

i. Committee minutes—September 2019

Ms. Wittekind discussed the following items related to wellness:

- A sub-committee has been established to issue an RFP for the wellness site. Scott Richardson, purchasing manager at the county, will be assisting with the RFP. The anticipated release date is January 15, 2020.
- The new administrator vendor is up and running, is fixing errors, and is now responsible for uploading/terminating members, removing that responsibility from the HR departments.
- The health fair will be held on October 24, 2019 from 12:00 p.m. to 6:00 p.m.; leadership is encourage to attend.
- A more in-depth discussion regarding incentives will take place at the November retreat.

Ms. Baker further elaborated on the items detailed in the wellness minutes.

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The group discussed in greater detail the services associated with the mental health first aid program.

**e. Risk Management Committee: Dean Coughenour**

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

- In August 2019, claims and expenses exceeded contributions (after stop loss reimbursements) by approximately \$128,000, or 5.1% of contributions.
- This loss was a result of August 2019 claims being higher than average compared to the first six months of the prior year, compounded by lower than average enrollment.
- Enrollment has remained consistent with the July numbers, but is expected to increase.
- Based on paid claims and expenses (excluding stop loss reimbursements), the active buy-up and base plan and all of the retiree plans experienced operating deficits. Approximately 12.6% of all active employees and retirees enrolled in the buy-up plan, with 62.4% enrolled in the base plan and 25% enrolled in the high deductible health plan.
- In August 2019 there were no claimants with combined medical and pharmacy claims paid in excess of \$150,000 (50% of the individual medical and prescription drug stop loss deductible).
- The plan's rolling medical and pharmacy trend increased to 15.2% and 10.1%, respectively.

**ii. Incurred But Not Reported (IBNR) Certification**

Segal staff presented the IBNR as of June 30, 2019. The medical and prescription portions amounted to \$1,687,000 and \$7,000, respectively, for a total of \$1,694,000, a 68.5% increase over the prior year.

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**iii. Preliminary Medical Plan Budget Projection, Plan Design, and Contribution Discussion**

Segal staff presented a preliminary baseline projection for the period from July 1, 2020–June 30, 2021. The projections are developed using two years' historical claims per member (adjusted to NAPEBT's current plan designs), weighted based on enrollment in the most recent 12-month period, and trended to the appropriate number of midpoint months to each projected period. In addition, the projections are based on the following assumptions:

- 6.0% per annum medical claim trend,
- 7.5% per annum prescription drug claims trend, and
- IBNR adjustments.

Based on the assumptions, the non-wellness participant monthly contribution rates would need to increase 3.2% effective July 1, 2020 in order to generate no contribution surplus or deficit for the 2020/21 plan year.

**1. Unblended Active and Retiree Rates**

Segal staff presented the unblended active and retiree rates. In summary, for the plan year 2020/21 the percentage change from contributions at the current level is -3.4% for actives, and 103.7% for retirees.

**2. Loss Ratio**

Segal staff presented the loss ratio analysis by status and enrollment tier.

**3. Historical Claims Volatility**

Historical claims volatility was included on the multi-year reserve projection dashboard.

**4. Reserve Policy**

Segal staff presented the reserve policy. Based on the provisions of the policy and the trust's financial performance, the amortization factor will adjust the increase to 4.7% from the baseline projection of 3.2%.

**5. Healthcare Trends**

Mr. Gunn presented Segal's Health Plan Cost Trend Survey. General

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observations included:

- medical and Rx trends for 2020 are projected to be 7 percent;
- price inflation, not utilization, continues to be the driver of trend;
- the specialty drug trend remains in the double digits;
- reimbursement rates for hospital networks are projected to increase at a higher rate than physician claims; and
- actual medical and Rx trends for 2018 were significantly lower than projected for that same year.

**iv. Compliance and Industry Changes and Trends**

Ms. Girardo provided an update regarding federal agencies' issuance of guidance and enforcement of the Mental Health Parity and Addiction Equity Act.

**b. Blue Cross Blue Shield**

**i. Benchmark Utilization Report**

BCBS presented the annual benchmark review, which included an executive summary, demographics overview, medical utilization overview, and data on population health.

**c. CVS Caremark**

**i. CVS Formulary Change Discussion**

Ms. Henry presented the formulary changes effective January 1, 2020, which included:

- removal of 32 drugs, and 3 existing removals being added back to coverage, with more than 99 percent of members unaffected by changes;
- quarterly review of all formulary drugs and potential removal, a more flexible approach that helps clients stay ahead of the rapidly changing pharmaceutical landscape; and
- Tier 1 approach for preferred placement to whichever drug—brand or generic—is the lowest net cost option, inclusive of rebates, and adjudication with a corresponding Tier 1 member copay or coinsurance.

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**ii. Approval of 2020 CVS Caremark Pharmacy Formulary**

A motion was made to approve the CVS Caremark Pharmacy Formulary effective January 1, 2020

Jennifer Moore, moved  
Jamie Van Ess, seconded  
Motion passed

**iii. Update on PCSK9i inhibitor drug notices**

Ms. Anderson stated that there was an upcoming change regarding proprotein convertase subtilisin/kexin type 9 (PCSK9i) inhibitor drugs, including Repatha and Praluet. These drugs are used to lower low density lipoprotein (LDL) cholesterol in patients with a genetic predisposition to high cholesterol or who cannot tolerate first-line therapy. Effective 11/29/19, CVS will no longer dispense PCSK9i inhibitors via the formulary. Members will have greater access as a result of this change, as they will be able to receive these medications through an in-network retail pharmacy of their choice, which may include CVS retail locations.

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

**a. Baker Tilly Vantagen Contract**

This item was not available for discussion. A motion was made to table the discussion.

Shannon Anderson, moved  
Jami Van Ess, seconded  
Motion passed

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

**a. 2019/2020 meeting project plan**

Ms. Darnall presented the 2019/20 meeting project plan and noted modifications for the next meeting based on board discussion.

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

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

- Segal to verify NCQA metrics presented by Vera in its quarterly report, and follow-up on validity.
- Vera to break out the nurse line portion of the clinic services cost in the Variable Clinic Cost Report, and also provide the NAPEBT board with the utilization data for the Vera nurse line.
- Segal, Vera, and Ms. Van Ess to coordinate a discussion regarding Vera clinic costs with respect to the NAPEBT budget (e.g., tie-outs, what is included in different cost categories, etc.).
- Vera to provide dates/times for discussion regarding engagement of a third-party evaluation of the Vera clinic, which will include Segal, the clinic committee, and at least one member of the NAPEBT board.
- Ms. Anderson to forward the FSA questionnaire to NAPEBT members.
- All NAPEBT members to provide Ms. Wittekind with contact information for a designated trainer for a “train the trainer” program.
- Segal to provide a comparison of the blended/unblended rates to the ASRS rates for board retreat.
- Future agenda item to be added to the Benefits Committee to discuss mental health parity opt-out options.
- Blue Cross Blue Shield to undertake the following:
  - provide reports that consider individual stop loss thresholds;
  - provide report that breaks out emergency room, urgent care, and primary care physician visits;
  - provide report for subscribers to Blue Care;
  - contact Ms. Almond to set up discussion to compare Vera data to BCBS data, then follow up with NAPEBT board;
  - provide information to NAPEBT board as to whether the drug Octagam can be purchased directly from CVS Caremark;
  - explore having Vera as a resource for BCBSAZ care management, then follow up with NAPEBT board;
  - coordinate meeting with Segal, Ms. Wittekind, and Ms. Almond to discuss case and condition management;
  - confirm criteria for “attributed member” and research whether an indicator is available that could be included in the SHAPE data to easily identify attributed members;
  - provide report of PCMH vs. non-PCMH metrics with dollar amounts;
  - provide reporting for value-based programs;
  - research possible provider expansion in Flagstaff, and follow up

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- with NAPEBT board; and
- provide reporting with average age of primary members for benchmarking purposes.
- Vera to follow up with members regarding worksite ergonomic evaluations.
- Ms. Anderson to send email to Ms. Almond for NPS request.
- Segal to distribute dental renewal information.

**E. Special Committee Meeting**

There was no Special Committee meeting held.

**F. EXECUTIVE SESSION**

The board voted to go into executive session as noted in the agenda.

**G. NEXT REGULAR MEETING:** November 20 & 21, 2019

**H. ADJOURNMENT:** 3:00 p.m.