

ARIZONA LOCAL GOVERNMENT EMPLOYEE BENEFIT TRUST

Minutes of Telephonic Board of Trustees Meeting

FINAL

Thursday, November 12, 2015

1:30 p.m.

Trustees Present:

Terry Cooper Graham County (Chairman)
Kay Gale, Greenlee County
Delwin Wengert, Apache County
Don McDaniel, Gila County
Carlos Rivera, Santa Cruz County

Others Present:

Penny Adams, CSA
Cindy Norris-Blake, Graham County
Karla Anderson, Navitus Health Solutions
Brandy Rossiano, ECA
Erin Collins, ECA

Others Present via Teleconference:

Amanda Weaver, ECA

1. Call to Order

The meeting was called to order at 1:30 p.m. by Chairman, Terry Cooper.

2. Roll Call

Roll Call was taken by Amanda Weaver.

3. Approval of Meeting Minutes

Terry Cooper asked for approval of the following meeting minutes:

- July 16, 2015- Trust Meeting
- September 03, 2015- Trust Work Session Meeting
- October 07, 2015- Trust Work Session Meeting
- October 22, 2015- Trust Work Session Meeting

Don McDaniel made a motion to approve the minutes as presented. Kay Gale seconded the motion. **The motion was approved 5-0.**

4. Approval of Trust Financials

Amanda Weaver reported the Trust banked \$380,123 in cash in the first quarter of the Plan year, which included an RX Rebate in the amount of \$67,340 and prior year Stop Loss reimbursements in the amount of \$145,645. This brought the All Years Cash Position to \$12,906,851. The Estimated IBNR (Incurred But Not Reported) liability is reported at \$2,077,363, bringing the All Years Surplus/Deficit to \$10,829,488. The first quarter also included a gain of \$1,062 in LGIP reinvestment Income and \$3,887 in Claremont Capital reinvestment income.

Amanda also reported that medical claims were running under budget for the quarter at 92%. Pharmacy Claims also ran under budget for the quarter at 99% and Dental claims were running over budget at 106%.

General Operating was running over budget at 115%.

Large cases; The Trust was also informed that there were two (2) cases over \$100,000 totaling \$448,455. One (1) large case exceeded the Specific Stop Loss Retention level of \$200,000 and the Aggregating Specific Deductible of \$100,000 by \$34,190. Gilsbar is working to obtain reimbursement from the Stop Loss carrier, HM Life.

Delwin Wengert made a motion to approve the financials as presented. Carlos Rivera seconded the motion. **The motion was approved 5-0.**

5. RX Cost Disussion

Erin informed Trustees that he had requested that Navitus research the spike in the RX over the past few months. Karla Anderson with Navitus presented the Top 10 Drugs and the Therapeutic Category and reviewed with Trustees that the biggest cost driver was the Specialty medications being filled.

Karla suggested that increasing the copay of the Specialty medication may help with the increased utilization and dollar amount paid out by the Trust.

Erin discussed with Trustees that other than the Specialty medications that the RX is running well; however that one of the members on a Specialty medication will most likely hit the Stop Loss deductible.

6. Risk Management Plan (RMP)

Erin Collins began by noting that he attached a draft copy of the 2015-2016 Risk Management Plan for the AZLGEBT. This particular document, as required by State Statute, outlines the history of the Trust, the organizational structure, previous year's financial performance, 2015-2016 benefit offerings and changes, current premiums, and work goals for the upcoming Plan year. Erin outlined six (6) work goals that he identified for the upcoming year, as follows:

1. 6056 Reporting;
2. Continued Monitoring of Health Care Reform Impacts in General;
3. Wellness Program Re-Design;
4. Website makeover;

5. Trustee Annual Educational/Renewal Meeting; and
6. Trust Membership Renewals.

Erin added that this is by all means not an exhaustive list of projects ECA will be working on behalf of AZLGEBT throughout the year and noted that additional work goals can be added if anyone has any that they would like to have researched.

Kay Gale made a motion to approve the redistribution as presented. Delwin Wengert seconded the motion. **The motion was approved 5-0.**

7. Discussion Regarding Amendment to Trust Bylaws Creation of Investment Committee

Erin Collins discussed with Trustees that in order to amend the Bylaws, thirty (30) days notice has to be given.

Due to hiring Claremont Capital to handle investments and discussion with the Trust Attorney, it was discussed that the creation of an Investment Sub-Committee would be beneficial.

Erin presented the following changes to the Bylaws to be reviewed and approved by Trustees.

Section 2. Investments

A. Investment Committee

The Trustees may, at their discretion, create an Investment Committee comprised of no more than three (3) Trustees and/or Alternate Trustees which shall be charged with overseeing and reporting upon the investments of the Trust and such investment manager as may from time to time be retained by the Trust. The Investment Committee shall report results achieved not less than annually at the first meeting after the close of the then most recent fiscal year. Additional reports shall be at the discretion of the Investment Committee or upon request of a majority of the Board of Trustees.

B. Investment of Trust Assets

Investments of Trust cash assets not required for immediate operating expenses will be limited to investments authorized in the Trust's adopted Investment Policy as may be formally amended by the Trustees from time to time.

Terry Cooper asked for suggestions on how Trustees would like this handled. No one had any suggestions; therefore Erin stated that he would finalize the language so that an Investment Committee could be created and any changes could be made later in regards to who is on the Investment Committee, all of which will be discussed at the Annual Conference in February.

Don McDaniel verified that any action taken would continue to be voted on by Trustees; Terry and Erin both confirmed the Investment Committee is put into place to review how the assets are running and brought back to Trustees; however any changes would need to be approved by a vote.

7. Discussion Regarding the FitBit Portal Options

Brandy Rossiano informed Trustees of the progress being made for the FitBit Program which was proposed at the 2015-2016 Annual Trustee Conference. Brandy discussed with Trustees that, since the discussion in February, FitBit has changed their program from the purchase of 250 FitBit devices and free access to the portal to \$10,000 annually for basic portal use and a minimum increase of \$10,000 to upgrade.

Brandy reviewed with Trustees three (3) options of who to offer the program based on Health Risk Assessment results

1. Red Level-Members at high risk
2. Yellow Level- Members at moderate risk
3. Green level- All Members

Also discussed and presented to Trustees were the different cost options. Brandy noted that, if the program was open to all levels and had 100% participation it would impact the Wellness budget that was originally approved at \$77,500 by an additional \$170,000, bringing the needed Wellness budget to an estimated \$240,000 for the first fiscal year.

Terry Cooper asked whether the outlined costs were fairly accurate. Brandy verified they were, stating the numbers were based off of prior data and taking into consideration the lowest cost of the FitBit Portal option and devices. Brandy also noted that if a member had already purchased a FitBit prior to the program then they could still participate using that FitBit.

Don McDaniel asked where it is thought that the participation would come in at. Brandy and Erin both stated that they felt it would be around 50%; however they wanted to outline what the highest cost outcome could be for budgeting purposes.

Kay Gale stated that she felt it would be in the best interest to allow all levels to participate so no one group felt like they were being targeted or penalized. Kay also stated that it should be device cap of 999. Trustees discussed and agreed with Kay's suggestion.

Kay Gale made a motion to approve the FitBit Portal Program, offer it to all group levels and put a device cap of 999 on the program. Don McDaniel seconded the motion. **The motion was approved 5-0.**

Erin then stated that he and Brandy would be going onsite to each County to present the FitBit Program to the Board of Supervisors.

8. Wellness Update

Brandy Rossiano gave an overview of the following Wellness Programs:

- Sweet Savings Diabetes Program
- Skin Cancer Screenings
- Organ Screenings
- Cardiac Screenings
- Hydration Challenge
- Healthy Heart Blood Draw
- 5th Annual 5K
- Flu & Pneumonia Vaccinations
- Mammograms

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An overview of the following upcoming Wellness Programs was discussed:

- Health Risk Assessments
- Consultations

9. Administrative Update

Erin gave a brief overview of the following items with Trustees

- 6056 Reporting
- Follow-Up Training with SmartBen
- Beneficiary Satisfaction Survey
- Board of Supervisors Presentations related to the Wellness Program Restructuring
- 2016-17 Annual Trustee Conference Planning

10. Call to the Public

There was no response to the Call to the Public.

11. Adjournment

Terry Cooper adjourned the meeting at 2:55 p.m.

Respectfully submitted,

Amanda Weaver
Group Benefits Specialist