

**DULUTH JOINT POWERS ENTERPRISE TRUST  
BOARD OF TRUSTEES MEETING MINUTES  
Wednesday, July 11, 2012**

**Board Members Present:** Rick Ball, David Montgomery, Randy Overby, Dan Russell

**Others Present:** Barb Akervik, Amy Diedrich, Keely Downs, Terri Nowak, Cookie Gilmore, Kim Hall, Steve Hanke, Wayne Parson

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Chair Montgomery called the meeting to order at 10:48 a.m. and welcomed Randy Overby who will be serving as interim Trustee due to Brian Ryks' departure.

**Approval of Minutes:** The May 23, 2012, Minutes were approved (4-0). Ball/Russell

**Treasurer's Report**

- Parson stated June claims were low, putting year-to-date claims at 17%.
- There is an 8% increase in drug claims.

**Analysis of Claims by CBIZ**

- Diedrich clarified that at the previous meeting, claims were being discussed on a paid basis. The reports today are on an incurred basis paid through April, incurred through May.
- Diedrich then reviewed the executive summary of the CBIZ report.

**ClearScript Claims**

- Gary Gustafson of ClearScript indicated increases have been flat to negative over the past four years, primarily due to the change to generics.
- The Pool's drug cost per day is one of the lowest of their clients.
- There has been an increase in specialty drug claims this year, going from a 12% increase to 18% increase. The reasons include: cost shifts from medical to pharmacy, one very expensive hepatitis drug, and new cancer drugs.
- There is no prior authorization in place at this time for specialty drugs which can help curb unprescribed uses, though Gustafson stated there is not a lot of this in our plan.

**Health Partners Claims**

- Chris Parrucci of Health Partners stated they have identified high case claims as the reason for the recent spike in claims.
- Parrucci stated our claims are quiet, and that is a good sign. Human Resources has also been pleased with the transition from BCBS to Health Partners.

- Dr. McGrail, Health Partners medical director, referenced factors of age, gender, and risk in which the City of Duluth indicates a significantly greater risk than other groups.
- 2011 and 2012 cost increases were driven by the highest 10 cases which have involved complex case management.
- The highest cost is orthopedics which is reflected in the age of the participants. However, increased costs are reflective of lifestyle factors as well. Our participants have a high rate of smoking, for example. Russell asked if the City can limit hiring to non-smokers; Hall indicated state statute would prevent such a policy (documentation attached).
- Wellness programs that are successful offer incentives to plan participants to effect culture change.
- Parrucci urged the Trustees to get ahead of the curve with preventative care. McGrail advised that Health Partners is doing this by reaching out to and engaging with high risk participants.
- Health assessments will be conducted and will allow Health Partners to see where the risks are. These assessments are completely confidential.
- VirtuWell is an online diagnosis tool that can be used by participants, though apparently most people do not know about it.

### **Wellness Program Update**

- Lisa Larson, CBIZ Wellness Expert, presented the proposed 2012-2014 Strategic Plan. The program, Bridge to Wellness, is voluntary and will take some time to reflect a return on investment.
- The survey results will guide the committee on which issues need to be addressed. The majority of respondents were retirees.
- The budget is \$150,000 for 2012 and 2013 from Health Partners and will include marketing, biometrics, health assessments, online programs, and community wellness day. The 2014 budget includes contingencies for adding spouses to the program.
- Russell likes the proposal and advocated for additional resources for communications. Hall confirmed the rollout and program has an organized communications plan.
- Maida asked what the incentive is, other than a gift card, for employees to participate. A discussion of how to truly affect change ensued.
- Notifying the community at-large of the group's efforts was discussed.
- Motion by Russell with second by Ball to accept the plan with idea of revisiting 2014 budget at a later time. Passed unanimously.

### **Resolution re Payment of Trust Expenses**

- A resolution was presented to the Trustees to authorize payment of trust expenses from its account at North Shore Bank of Commerce. Motion by Ball with second by Russell to approve. Passed unanimously.

### **2011 Audit Report**

- Parson stated the 2011 Trust activities have been included with the City of Duluth audit, which was verified as adequate by the Department of Commerce. Parson recommends this structure moving forward as well.
- Montgomery supports this but requests a pro forma statement broken out separately from the audit for the Trust. Parson confirmed.

Next meeting: The next meeting may be rescheduled from September 12, 2012. The Trust would like to hold two meetings prior to the rate-setting deadline.

The meeting adjourned at 12:41 p.m.

Minutes respectfully submitted by,  
Terri Nowak  
Executive Assistant  
City of Duluth