

MARICOPA COUNTY SELF-INSURED TRUST

BOARD OF TRUSTEES MEETING

301 W. Jefferson Street, Suite 3200
North Conference Room, 3rd Floor, Maricopa County Administration Building
Tuesday, January 22, 2013
Open Meeting Time: 11:00 a.m.

OPEN SESSION

MINUTES

TRUSTEES PRESENT: Susan Strickler, Dan Robledo, Beverly Dupree, Brad Arnett,
Jim Steinkamp

TRUSTEES ABSENT: None

STAFF PRESENT: Meg Blankenship, Christopher Bradley, Dave Hansen,
Christine Stutz, Mary Ellen Sheppard, Curtia Hunter-Richard

GUESTS: None

Curtia Hunter-Richard distributed a presentation folder to each Trustee and Staff present. The folder included the meeting agenda, November 14, 2012 meeting minutes, and financial statements. The following presentations were also distributed:

- 1) Update: Analysis of Benefits Trust Documents from Other Entities
- 2) Independent Auditor's Report by Clifton Larson Allen (June 30, 2012)

The Open Session meeting was called to order by Chairperson Strickler at 11:03 A.M. A quorum was present.

Approval of Last Month's Meeting Minutes

Chairperson Strickler called for the approval of the November 14, 2012 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Robledo and seconded by Trustee Dupree. The minutes were unanimously approved.

Presentation and Discussion: Review of Financial Statements

Dave Hansen presented a review of the current assets and liabilities related to the Employee Benefits Trust Fund as reflected in the following financial reports:

- Statements of Revenues, Expenses, and Changes in Net Assets – YTD as of December 31, 2012
- Statements of Net Assets – December 31, 2012, December 31, 2011, June 30, 2011, and June 30, 2010
- Fund Balance Roll-Forward – Six Months Ended December 31, 2012
- Revenue & Expenses by Fund – Six Months Ended December 31, 2012
- Notes to Financial Statements – December 2012

As a comparison between Year-end June 2012 and mid-year December 2012, Total Assets have increased from Year-end by approximately \$800,000 to \$63,880,000 in December 2012. Liabilities have dropped from \$19,846,000 to \$17,526,000 due to a reduction in Reserve for Losses and Loss Expenses. Net Assets have gone up by approximately \$3 million. Claims expenses have been stable month-to-month and have been lower than anticipated. The \$3 million in Net Assets is expected to dissipate as claims increase due to the upcoming flu season; therefore, Net Assets are projected to break even by year-end 2013.

Cash and cash equivalents have dropped from \$60,636,000 at year-end to \$59,079,000 in December 2012, in spite of the \$3 million in Net Assets, primarily due to the implementation of the new payment method using a Cigna Imprest Account. . The Cigna Imprest Account funding balance required for medical claims was decreased by \$500,000 to \$2,633,000 due to renegotiations, and the imprest account balance required for dental was decreased from \$123,000 to \$96,000.

The question by Chairperson Strickler in reference to reports from Cigna on inpatient hospitalizations was addressed and clarified. The County receives reports from Cigna on a monthly basis and utilizes the reports to anticipate upcoming liabilities.

Discussion ensued in reference to the onsite Take Care Pharmacy and Clinic for which the County currently has financial responsibility. Year-to-date clinic operations reflect a \$166,000 loss which is primarily due to start-up expenses. The clinic is expected to break-even by year-end. There are “soft-savings” to the medical plans that can be identified and will be footnoted in future financial statements. For example, approximately \$50,000 in savings to the medical plans was identified due to the onsite Flu Shot Clinics this fall. Opportunities to further market the services available through the onsite pharmacy and clinic continue to be explored. .

The question by Chairperson Strickler in reference to the incentives offered to employees utilizing the onsite pharmacy and/or clinic was addressed and clarified. The County provides a \$10 discount on the medical copay for two of our plans and savings for pharmacy fills.

The questions by Trustee Arnett in reference to employee utilization of the onsite pharmacy and clinic was addressed and clarified. The clinic has been running at

approximately 50% capacity and it is too soon to know whether employees in close proximity to the Administration Building will use the clinic over other convenience care options.

The question by Trustee Robledo in reference to medical personnel at the onsite clinic was addressed and clarified. It was confirmed that a nurse practitioner provides care at the clinic and handles non-emergency health issues.

The questions by Trustee Steinkamp in reference to the potential revenue and risks of the onsite pharmacy and clinic versus the positive impact on employee morale was addressed and clarified. The Fund Balance Roll-Forward reflects \$746,219 in revenues which is an estimate based on six different sources. In addition to the savings with the flu shot events, the clinic provides a great opportunity to garner pure profit for the County, such as if it were to offer sports physicals.

The question by Chairperson Strickler in reference to whether detention officers (and other employees) can use the Correctional Health medical staff for medical services was addressed and clarified. Detention officers (and other employees) cannot get their care through Correctional Health.

The question by Chairperson Strickler in reference to opportunities for the onsite pharmacy and clinic staff to reach County employees working shifts outside of the general operating hours and/or other locations than the Administration Building was addressed and clarified. The County is exploring other opportunities for extending services to other County locations, such as the Durango complex.

The questions by Trustee Robledo in reference to the Independent Audit Report of the Trust Fund Financial Statements were addressed and clarified. This is a certified audit that validates the systems used for accounting; and tests the County payroll, benefits and all electronic systems. The auditors also reviewed general ledger records used to derive these financial statements. They are independent auditors that work in partnership with the Auditor General's Office which also tests our systems. Dave Hansen stated he was satisfied with the audit which did not reveal any significant findings or problems.

The question by Chairperson Strickler in reference to the State Auditor General's review of the County's financial statements was addressed and clarified. Every year the Auditor General does a review of the County's financial reporting as required by statute which could be contracted out to other auditors. Self-insured trusts are required by statute to have an external audit performed.

Presentation: Roles and Responsibilities of the Board of Trustees

Chris Bradley presented an update on the comparative analysis of Benefits Trust documents from various counties, cities and other entities in Arizona.

The question by Trustee Robledo in reference to trust documents included in the comparative analysis was addressed and clarified. It was confirmed that the comparative analysis would only include self-insured trust funds.

There was agreement to the request by Trustees Robledo and Steinkamp to present the final analysis in a matrix format comparing other entities' trust documents to the County's.

Call to Public

Chairperson Strickler made a Call to the Public. No one from the public was present.

Next Meeting

Meg Blankenship asked the Board of Trustees to meet January 28th to convene in Executive Session for time sensitive agenda items forthcoming from Cigna later this week. All future meetings of the Benefits Trust Fund Board of Trustees will be scheduled for the third Tuesday of the month; the next regularly scheduled meeting will be February 19, 2013 from 11am to 12 noon.

Motion to Adjourn

Chairperson Strickler called for a motion to adjourn. The motion to adjourn was made by Trustee Arnett and seconded by Trustee Steinkamp. The motion passed unanimously.

The meeting was adjourned at 11:50 A.M.