

MARICOPA COUNTY SELF-INSURED BENEFITS TRUST FUND

BOARD OF TRUSTEES MEETING

301 W. Jefferson Street
Board of Supervisors Conference Room, 10th Floor
Tuesday, June 7, 2011
Meeting Time: 10:00 A.M.

OPEN SESSION

MINUTES

TRUSTEES PRESENT: Brad Arnett, Dean Wolcott, Susan Strickler, Dan Robledo,
Beverly DuPree

TRUSTEES ABSENT: Jim Steinkamp

STAFF PRESENT: Christopher Bradley, Karen Hartman-Tellez, Pat Vancil,
Dave Hansen, Curtia Hunter-Richard

The Open Session meeting was called to order by Pat Vancil, Benefits Trust Administrator at 10:17 A.M.

Curtia Hunter-Richard distributed a binder to each Trustee containing meeting material that included the meeting agenda, Trustee and staff contact information, *Declaration of Trust for Maricopa County Self-Insured Benefits Trust Fund*, Self-Insured Benefits Overview PowerPoint presentation, *Risk Management and Employee Benefits Trust Report on Audit of Financial Statements* for FY09/10, Report of Financial Statements, and FY10/11 *Know Your Benefits* booklet.

Introductions:

Christopher Bradley, Director of the Maricopa County Business Strategies and Health Care Programs Department, presented the welcoming address, discussed the scope of departmental services, and introduced all in attendance.

Legal Obligations and Functions of the Board of Trustees:

Karen Hartman-Tellez, Attorney to Board of Trustees, explained the history of how the Benefits Trust Fund was previously part of the Risk Management Trust Fund with separate accounting of the benefit and risk management funds. The Board of Supervisors recently approved the creation of a separate Benefits Trust Fund with oversight by Trustees who have expertise with health care, benefit plan or health insurance administration, or financial analysis.

In addition, the following aspects of the Board's operation were reviewed:

1. The Declaration of Trust document, including the duties and responsibilities of the Board of Supervisors, the Board of Trustees and the Benefits Administrator;
2. Requirement that public meetings be conducted at least quarterly to review financial statements and conduct business;
3. Plan documents (Cafeteria Plan, Health Insurance Premium Plan, Health Care Plan and Dependent Care Plan) and the amendment process as required by federal law;
4. The legal requirements of Open Meeting law, including information as to how to avoid violations specifically through phone calls, discussions, or emails with other Trustees by directing ideas or concerns through the Administrator for placement on a future meeting agenda;
5. Conflict of interest rules, including the definition, the procedures for making any conflict of interest public, and the penalties related to a violation.

A question from Trustee Arnett, in reference to the existence of written policies, was addressed and clarified. Though there are presently no policies, written policies will be developed by the Administrator and presented to the Board for approval.

A question from Trustee Robledo, in reference to what legal counsel would represent prosecutorial cases on behalf of the Board or Administrator, was addressed and clarified. The County Attorney's Office or outside counsel, if deemed necessary, would be used for this purpose.

A question from Trustee Arnett, in reference to documentation from the Board of Supervisors in support of the separation from the Risk Management Trust Fund that established the Benefits Trust Fund, was addressed and clarified as a legal governance change as opposed to a financial change.

Any future questions on legalities of operating as a Board should be directed to Karen Hartman-Tellez, whose contact information will be disseminated to the members through an updated contact list.

Overview of Benefits Programs

Pat Vancil, Administrator, presented an overview of the Maricopa County self-insured benefits. She referenced the FY10/11 *Know Your Benefits* booklet as the current document available for employees. The Combined Rate Sheet, that reflects the employee's premium rates for medical, vision, behavioral health and pharmacy benefits for the upcoming plan year, and a list of procurements with new contract effective dates were also presented.

A question from Trustee Arnett, in reference to the procurements on the list reflecting June 30, 2010 dates, was addressed and clarified that all such procurements are not

agenda items for the Board of Trustees and have already been addressed by the Board of Supervisors.

A request was made by Trustee Strickler to provide the employee enrollment levels for each plan. This request will be addressed at the next meeting.

A question from Trustee Arnett, in reference to inappropriate utilization of emergency and urgent care, was addressed. Discussion ensued in reference to preventive health care, wellness and other cost containment strategies in place to drive health care services to the appropriate level of care. Specific wellness programs and cost containment strategies will be addressed in future meetings.

A current summary report of aggregate Biometric Screening and Health Assessment results was requested for review by Trustee Strickler. The report for the most recently completed initiative is not currently available. When the report becomes available, the results will be presented to the Board.

A question from Trustee Arnett, in reference to benefit and actuarial consultation, was addressed. Mercer is currently the company providing both of these services to the County.

Overview of Trust Fund Financial Structure

Dave Hansen, Benefits Finance Manager, presented a financial review of the Trust Fund, which included the following:

1. *Risk Management and Employee Benefits Trust Report on Audit of Financial Statements* for Fiscal Year ending June 30, 2010;
2. Comparison of Fiscal Year ending June 30, 2010 with 9 months of Fiscal Year 2011 (as of March 31, 2011);
3. Third quarter Report of Net Assets; Statement of Revenue and Expenses, and Statement of Revenue and Expenses – Budget to Actual.

Dave Hansen explained that the next quarter's financial statements will show a reduction of approximately \$5.5 million due to refunded benefit premiums to individuals and departments. Christopher Bradley further explained that the Benefits Trust Fund has unnecessarily high reserve levels because the plans have performed better than expected. Although premiums were set to break even, the Fund balance has continued to grow. The goal is for the Fund to be structurally balanced so that premiums are sufficient to cover the expenses. If there is an excess reserve amount, the preference is to liquidate the excess without undermining the overall funding of the program. Discussion regarding the premium refund and financial statements ensued and clarifications were provided.

Prior Settlements

Pat Vancil presented an overview of prior recovery settlements that impact the Benefits Trust Fund.

Thirteen settlements occurred between December 23, 2008 and January 6, 2011. These settlements will be taken to Board of Supervisors for retroactive approval at the August 3, 2011 Formal meeting.

These settlements are regarding claims for individuals covered by a County-sponsored medical plan who were involved in motor vehicle accidents where they were not at fault. Their claims were paid by the Benefits Trust Fund. CIGNA's sub-contractor, ACS, subrogated the claims to recover as much third-party funds as possible. CIGNA is authorized, per its contract with Maricopa County, to accept settlements when at least 50 percent of the value of the paid claims is offered. All of the 13 settlements sent to Maricopa County for settlement offered less than 50 percent of paid claims. Many of these settlements did not have sufficient third-party coverage to pay Maricopa County enough to cover the 50 percent or more for the paid claims. Many of the settlements involve uninsured or under-insured motorist coverage, however, Maricopa County does not have subrogation rights to first-party proceeds from such coverage per ARS§ 12-962.

Discussion regarding the settlements ensued and clarifications were provided.

A list of the settlements was requested by Trustee Dupree. The list follows the meeting minutes.

A request by Trustee Strickler was made for CIGNA's recovery group to present their scope of services to the Board at a future meeting. A presentation by ACS will be included on a future meeting agenda.

Future Meeting Dates & Agenda Items

Pat Vancil requested input from the Board of Trustees for future meeting dates, and recommended the Board meet soon in order to get the structure set. Dates of availability in July will be sent to Administrator via email.

Future agenda items discussed and/or requested during the meeting were summarized:

- Elect Chairperson
- Review draft FY10/11 financial results
- Review utilization dashboards by place of service (emergency room, urgent care, etc.)
- Review departmental strategic goals
- Present overview of the Wellness Program
- Provide Biometric Screening and Health Assessment aggregate results

- Present overview of CIGNA's subrogation process
- Review cost-containment strategies
- Provide population-specific demographics and enrollment information
- Execute delegation of authority to Administrator

Call to the Public

Pat Vancil made the Call to the Public. No response was forthcoming.

Motion to Adjourn

Pat Vancil called for a motion to adjourn the meeting. Susan Strickler, Trustee made the motion to adjourn, which was seconded by Beverly DuPree, Trustee. The motion passed.

The meeting was adjourned at 11:45 am.