

MARICOPA COUNTY SELF-INSURED TRUST

BOARD OF TRUSTEES MEETING

301 W. Jefferson Street
Board of Supervisors Conference Room, 10th Floor
Tuesday, October 4, 2011
Meeting Time: 11:00 A.M.

OPEN SESSION

MINUTES

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

BOARD ABSENT: Jim Steinkamp

STAFF PRESENT: Christopher Bradley, Meg Blankenship, Brandon
Newton, Dave Hansen, Curtia Hunter-Richard

GUESTS: Ann Marie Janusek, Sallee Borneman, Kathy Hayden
(via telephone for her presentation only)

The Open Session meeting was called to order by Susan Strickler, Chairperson of the Board of Trustees at 11:04 A.M.

Curtia Hunter-Richard distributed a presentation folder to each Trustee containing the following meeting materials: meeting agenda, July 19, 2011 meeting minutes, Mercer's National Survey of Employer-Sponsored Health Plans 2010 presentation, ACS Subrogation Report, and FY2013 Employee Benefits Renewal Update. Financial Review documents distributed by Dave Hansen during the meeting are listed later in these minutes.

Roll Call

Chairperson Strickler conducted roll call, and noted Trustee Robledo as absent. Trustee Steinkamp responded via email that he would be unavailable to attend this meeting. At approximately 5 minutes into the meeting, Trustee Robledo arrived: therefore, five Trustees were present, as noted above.

Approval of Last Meeting's Minutes

Chairperson Strickler called for the approval of the July 19, 2011 meeting minutes. No changes were identified. Attorney Newton motioned for the

approval of the minutes. Trustee Arnett seconded the motion. The minutes were unanimously approved.

Presentation and Discussion:

The County versus Mercer's Government Book of Business (BOB)

Mercer representatives Ann Marie Janusek and Sallee Borneman presented 2010 benchmark survey information reflecting the status of Maricopa County as compared to other similarly sized government employers. It was noted that Mercer's survey does not include 2009 data, or other periods prior to working with Maricopa County Employee Benefits Division. Opportunities for future plan design that would impact the benefit costs for Maricopa County and employees were highlighted throughout the presentation.

A question from Trustee Robledo in reference to the process that allows for higher cost sharing between employers and employees within HMOs was addressed and clarified. Mercer explained that since faced with significant premium increases in 2011, employers shifted more cost sharing to employees, trying to change health care behavior and divert care choices to more appropriate settings, such as urgent care, or tele-medicine doctors, instead of emergency room visits.

A question from Trustee Wolcott in reference to reasons employee enrollment in the Choice Fund Medical Plan (Consumer Driven Health Plan) has been difficult to sell, was addressed. Discussion ensued relating to the lack of employee premium benefits, the high deductible, and the task of selling the plan to the medical providers. Though the County continues to educate employees on how the CDHP plan works, CIGNA has the direct responsibility for educating their contracted providers.

A question from Chairperson Strickler in reference to the status of the County's selection of disease management programs was addressed. The County reduced the number of CIGNA disease management programs during this plan year, preferring to focus on the issue of disease management through wellness initiatives. CIGNA has designed their disease management programs to be more holistic and manageable, with one key person addressing all of an individual's needs. CIGNA is also looking at different outreach methods, rather than relying solely on a phone call to the member. CIGNA's new program is being considered for inclusion in next year's plan design, should it be deemed a good return on investment.

A question from Trustee DuPree in reference to the relationship between Wellness Programs, such as smoking cessation and fitness center, and Disease Management Programs, was addressed and clarified. Wellness Programs are not always provided under the medical plans, but are also available through the pharmacy plan. These wellness programs are targeted to keep one from getting

sick based on an individual's potential health risks, and then there are disease management programs targeted to assist an individual once a disease has manifested itself.

A question from Trustee DuPree in reference to low employee enrollment in the voluntary benefits, as offered by the County this plan year, was addressed and clarified. Though the enrollment period was not as long as preferred, the short enrollment opportunity was controlled partly by the guarantee issue coverage amounts for the insurance plans. A similar offering is in review for Open Enrollment for the next plan year, which could increase employee participation.

Presentation and Discussion: Financial Review

Dave Hansen, Benefits Finance Manager, presented an executive summary of the Employee Benefits Trust Fund Financials for FY 2010 and FY 2011 utilizing the following reports:

1. Summary of Major Impacts on Employee Benefits Trust Margin for FY 2011
2. Statement of Net Assets as of June 30, 2011
3. Statement of Revenues, Expenses, and Changes in Net Assets for FY Ended June 30, 2011
4. Statement of Cash Flows for FY Ended June 30, 2011
5. Fund Balance Roll-Forward 12 months ended June 30, 2011
6. Statement of Revenues, Expenses, and Changes in Net Assets YTD as of August 31, 2011
7. Statement of Net Assets, August 31, 2011, June 30, 2011 and June 30, 2010
8. Fund Balance Roll-Forward Two months Ended August 31, 2011
9. Summary of Incurred Claims Plan Year 2011 vs. Plan Year 2010
10. Maricopa County Dashboards/ScoreCard June 30, 2011

This presentation and corresponding documents were in response to the request at the July 19, 2011 meeting from Trustee Steinkamp for a report that compares the current 12 month period to the previous 12 month period.

In fiscal year 2010, the fund margin was at a deficit of \$865K. This was improved to an increase in net assets, or fund margin, of \$535K for fiscal year 2011 due to seven major impact items as documented and presented.

A question from Trustee Wolcott in reference to the percentage of budget expenditures that are allocated to employee contributions was addressed and clarified. The revenue from employee premiums, as reflected on the Statement Revenues, Expenses, and Changes in Net Assets, are combined with County

departmental revenue; and though not separated on the statement, employee contributions are approximately 10-15% of the total.

The comparison of the Year-to-Date August 31, 2011 data with the Full Year 2010/2011 and Full Year 2009/2010 reflected a loss of \$1.3million; a Trust Fund drop to \$42.4 million, which has been identified as a significant trend reversal of the last year and a concern. The Fund Balance Roll-Forward for two months ending August 30, 2011 reflects issues of concern related to large claims which are currently in review.

A question from Trustee Wolcott in reference to the Trust Fund experiencing a substantial loss in July/August of 2011 based on large claims from January 2011 generated further discussion and clarification. The issue is currently in review, and being addressed proactively for any long-term solutions to mitigate or prevent large claims from re-occurring.

In addition, Dave Hansen presented a summary of the County Scorecard based on paid claims through June 30, 2011 versus paid claims through June 2010; reporting that the County has experienced a 10.6% increase in high claims, which equates to 29.8% compared to the norm of 28.2%. Under Pharmacy Management, the County has increased to 87.4% compared to the prior year of 85.6% for generic drug substitution, higher than the norm of 85%. Under the Plan Management of Physician Office Visits per 100, the County increased to 422 in the current year versus 413 the prior year, which is less than the norm of 461. Health Management reflected Joint Degeneration as the most costly condition, followed by Pregnancy with Delivery and Ischemic Heart Disease. These norms were clarified as based on the data from the Ingenix data base and not necessarily the same norm that CIGNA presented with their information.

Presentation:

Subrogation Report – ACS Recovery Services

Kathy Hayden (via telephone) presented the Subrogation Report reflecting the percentage of aggregate claims paid versus CIGNA's book of business from 2007 through 2011 year to date.

Presentation:

FY 2013 Employee Benefits Renewal Update

Christopher Bradley, Director of Business Strategies and Health Care Programs, presented the timeline and process for developing the 2012/2013 plan design.

A question from Chairperson Strickler in reference to the RFP for the medical plan was addressed and clarified. The County is self-insured and has extended the contract with CIGNA, as the ASO, for the next few years.

A question from Trustee DuPree in reference to working with CIGNA to close the gap between high and low enrollments in the six medical plan choices offered through the County was addressed. Other options and plans are currently being considered to address the enrollment differences, such as different employee co-pays, while still taking into consideration any administrative limitations CIGNA may have.

A question from Trustee DuPree in reference to accounting for the cost differential for the Choice Fund Medical Plan HSA was addressed and clarified. The County contribution to the employee HSA account of \$500 per individual and \$1000 per family is an expense for the plan and does account for the higher premium reflected in the presentation.

A question from Trustee DuPree, in reference to the role of the Board of Trustees in the preparation and development of the 2012-13 benefit plan design was addressed and clarified. Operating in an advisory role, the Board of Trustees will be provided with the plan design changes the County is planning and feedback from the Trustees is welcomed.

Old Business

There was no old business from the prior meeting.

New Business

There was no new business conducted during the meeting.

Future Agenda Items

Chairperson Strickler requested that “best options” recommendations for the FY 2013 Plan design be presented at the next meeting.

Call to Public

Chairperson Strickler made the Call to the Public. No response was forthcoming.

Motion to Adjourn

Trustee DuPree made the motion to adjourn. The motion was seconded. The motion passed unanimously.

The meeting was adjourned at 12:25 pm.