

MARICOPA COUNTY SELF-INSURED TRUST

BOARD OF TRUSTEES MEETING

301 W. Jefferson Street
Board of Supervisors Conference Room, 10th Floor
Friday, February 10, 2012
Meeting Time: 11:00 a.m.

OPEN SESSION

MINUTES

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

TRUSTEES ABSENT: Brad Arnett

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

GUESTS:

The Open Session meeting was called to order by Susan Strickler, Chairperson of the Board of Trustees, at 11:07 A.M. and noted a quorum was present.

Curtia Hunter-Richard distributed a presentation folder to each Trustee and Staff present containing the following meeting materials: meeting agenda, Board of Trustees minutes reflecting the January 10, 2012 meeting, and the Benefit Plan & Program Adjustments for FY13 summary.

Approval of Last Meeting's Minutes

Chairperson Strickler called for the approval of the January 10, 2012 meeting minutes. The motion to approve the minutes was made by Trustee Steinkamp and seconded by Trustee Robledo. The minutes were unanimously approved.

Presentation and Discussion:

Adjustments to Benefit Plans/Programs Effective July 1, 2012

Meg Blankenship presented six recommendations for adjustments to the FY13 Benefit Plans and Programs, effective July 1, 2012, pending approval by the Board of Supervisors. (Please refer to Attachment)

Flexible Spending Cap

The question from Trustee Robledo in reference to IRS regulations for the Health Care Flexible Spending Account contributions was addressed and clarified. The Patient Protection and Affordable Care Act requires that employee contributions to a Health Care Flexible Spending Account be capped at \$2,500 effective January 1, 2013. The County's recommendation is to comply with the requirement six months early, effective July 1, 2012, to avoid a mid-year change.

Health Savings Account Cap

The question from Chairperson Strickler in reference to the current contribution cap into a Health Savings Account was addressed and clarified. The current annual caps are \$3,050 for an individual and \$6,150 for family coverage.

The question from Trustee Dupree in reference to the difference between the current cap and the scheduled IRS increase in January 2013 for the Health Savings Account was addressed and clarified. Confirmation was provided that the difference is only \$50 and \$100 respectfully for individual and family coverage. All changes discussed today are time sensitive in order for the County's benefit systems to be configured and in place to administer the changes during Open Enrollment.

Health Savings Account Funding

The question from Trustee Dupree in reference to employees who experience a marriage event during the plan year and how their Health Savings Account would be funded was addressed and clarified. Confirmation was provided that a marriage event during the plan year would not result in additional funding into the Health Savings Account at the family coverage level. If the employee was still married at the beginning of the next plan year and remained enrolled in the Choice Fund Medical Plan, the County would fund the Health Savings Account at the family coverage level (\$1,000) at that time.

The question from Trustee Steinkamp in reference to the history of the change in funding Health Savings Accounts based on Family Status Change events was addressed and clarified. Currently people change status without notifying the Benefits Division in a timely basis. The recommendation to fund based only on the initial enrollment and coverage level simplifies the process administratively and provides fairness to participants in the Health Savings Account.

The question from Trustee Dupree in reference to the requirement for employees to notify the Benefits Division of their marital status was addressed and clarified. Employees experiencing a Family Status Change are required to record their change online in the Benefit Enrollment System within 30 days of the event. The County will not change the funding into a Health Savings Account based on a Family Status Change.

The question from Trustee Steinkamp in reference to the legal opinion on the recommendation to change the practice of funding Health Savings Accounts was addressed and clarified. The recommendation has been reviewed by legal counsel and County benefits consultants. There is no legal requirement for the County to contribute anything to employees' Health Savings Accounts, and the recommendation makes sense administratively and protects the financial integrity of the Benefits Trust Fund.

Spouse's Open Enrollment and Qualifying Event

The question from Trustee Steinkamp in reference to the history and legalities of the elimination of a spouse's Open Enrollment period as Qualifying Event for FY12 was address and clarified. According to IRS standards, it's optional to consider a spouse's Open Enrollment period (and subsequent enrollment/disenrollment in coverage) as a qualifying event. Though permitted in previous years, the decision to view this type of change as a Qualifying Event was repealed for FY12. The recommendation is to reverse that decision.

Smoking Cessation Programs

The question from Trustee Robledo in reference to notifying those enrolled in the Quit Tobacco Program about the requirement to take and pass the saliva test as a condition for receiving the premium reduction was addressed and clarified. Employees will be provided with the full details of the program requirements prior to enrolling in the Quit Tobacco Program. Those enrolled will receive free smoking cessation products, and will be immediately eligible for the premium reduction. Once employees complete the classes, they will continue to receive the smoking cessation products and the premium reduction. Six months after they complete their classes, they will be required to take and pass the saliva test in order to continue receiving the premium reduction.

The question from Trustee Steinkamp in reference to the current enrollment of employees in the internal program was addressed and clarified. Though participation is currently very low, around 30 employees, the recommended changes may incentivize increased participation since employees will immediately benefit from the \$40 per month premium reduction.

The question from Trustee Robledo in reference to the legal opinion on saliva testing when an employee objects to participation was addressed and clarified. The premium reductions are a voluntary benefit. Since no disability status is associated with smoking or not smoking directly, saliva testing is acceptable according to legal counsel.

The questions from Trustee Robledo in reference to the saliva test were addressed and clarified. CIGNA On-Site is the vendor that performs saliva testing for the County. The test only detects the presence of tobacco and the

information received by the County is minimal; reporting is limited to whether an employee passed or failed the saliva test. Employees who do not qualify for the premium reduction based on the results of the test are allowed to retest after a six month waiting period.

The question from Chairperson Strickler in reference to the cost of saliva testing was addressed and clarified. It was confirmed that the County pays the full cost of the saliva testing.

Discussion ensued regarding employee concerns about the saliva test, along with the benefits realized by the County. Chris Bradley explained that saliva testing did have a significant impact on the success of the program. Previously, the County used the honor system for employees to identify themselves as non-tobacco users. As a result of the testing, 3.5% - 4% of employees who had previously received the premium reduction no longer qualified.

Trustee Robledo stated that some people may be concerned that the saliva test could be used for DNA purposes. A person would object to the testing unless told it was for the voluntary benefit purposes only and not available for DNA. The County reiterated that the saliva test is not used for DNA purposes.

Trustee Dupree stated that though assurances are in place, some non-smokers felt like the testing was an intrusion on their privacy. The testing was declined by some employees last year on principle, even with the assurances provided by the County. People were concerned about where their information was going and who was going to have access to the information later. Trustee Dupree expressed that employees may believe that their information or property is supposed to be secure and then it's not.

Trustee Steinkamp stated that the trend now is for further testing of employees, and that some employers' policy is to not hire smokers. Trustee Steinkamp stated he was okay with saliva testing and thinks it is an aggressive stance. Some people believe it is an invasion of privacy when employers require any personal information. There will always be a percentage of the population that does not want to give out any information.

The County will continue saliva testing, but only require employees who passed the test last year to retest every three years. The County will continue to require saliva testing for those who have been tobacco users, have quit, and would like the premium reduction. The County will not provide the premium reduction without validation of an employee's non-tobacco use status, as the County's position is that there needs to be accountability.

Trustee Dupree stated that some employees are occasional tobacco users, so they opted not to take the saliva test since they wouldn't pass the test. Others

have expressed concerns about obesity and the health issues related to that which cost the County money.

The County is not trying to punish people for being tobacco users; instead the intention is to encourage employees not to use tobacco and to show care and concern about their health. The tobacco cessation program is being enhanced to encourage the commitment to stop using tobacco products.

The County is also looking for ways to encourage people to control their weight. In the future, the County hopes to be able to provide incentives to encourage better behavior and control lifestyle factors that lead to obesity.

Diabetes Management Programs

The question from Trustee Dupree in reference to the recommendation to enhance the County's Diabetes Management Program was addressed and clarified. This recommendation benefits employees and results in a cost savings to the County.

Trustee Dupree moved for the Board of Trustees to support all the recommended adjustments to the FY13 Benefits Plans and Programs as presented. Trustee Steinkamp seconded the motion. The recommendation was unanimously approved.

Motion to Adjourn

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

The meeting was adjourned at 11:35 a.m.

Attachment

BENEFIT PLAN & PROGRAM ADJUSTMENTS FOR FY13

Benefit or Program	Change	Reason	County Effective Date
Health Care Flexible Spending Account	Reduce the cap for the Health Care Flexible Spending Account contributions to \$2,500. The current cap is \$5,200. This change includes the General Purpose and Limited Purpose Flexible Spending Accounts.	To comply with a change required under the Patient Protection and Affordable Care Act which is effective January 1, 2013	07/01/2012
Health Savings Account	Increase the cap for contributions into a health savings account (for those enrolled in the HDHP – high deductible health plan) to \$3,100 for employee-only coverage and \$6,250 for all other coverage levels.	To conform with IRS regulations effective for calendar year 2012	07/01/2012
Health Savings Account	Set the total annual County contribution into health savings accounts (for those enrolled in a HDHP) to \$500 for employee only coverage and \$1,000 for all other coverage levels based on the employee's coverage level at the start of the plan year. Prorate the total annual County contribution for new enrollees starting coverage after July 1, 2012 based on the number of days covered in the Plan year.	To not provide additional funding throughout the Plan year if the employee experiences a family status change and goes from individual coverage to family coverage	07/01/2012
Qualifying Event	Consider a spouse's Open Enrollment period (and resulting enrollment/disenrollment in coverage) as a Qualifying Event, thus permitting an employee to drop coverage through the County to enroll in coverage through a spouse, or permitting	To prevent employees from having duplicate coverage or a gap in coverage due to Open Enrollment periods that differ from the County's Open Enrollment period	07/01/2012

	an employee to enroll in coverage through the County if dropped from coverage by the spouse during the spouse's Open Enrollment.		
Healthful Living Smoke Free Program	Discontinue the Healthful Living Smoke Free Program administered by Catalyst Rx and enhance the County's Quit Tobacco Program. Enhance the Quit Tobacco Program by providing the medical premium reduction when employees enroll and participate in the classes and otherwise meet eligibility requirements. Continue to provide the premium reduction if they successfully complete the program and pass the saliva test six months thereafter.	Discontinuance – due to low enrollment and some duplication between the two programs Enhancement – provide a greater incentive for employees to join the program and quit smoking	07/01/2012
Walgreens Optimal Wellness (WOW) Program and Diabetes Management Program	Discontinue the WOW Program administered by Catalyst Rx and enhance the County's Diabetes Management Program. Modify the Diabetes Management Program by asking participants to meet with their pharmacist for a medication review, and enhance the program by reimbursing participants for up to four diabetes-related office visit copays.	Discontinuance – minimal program requirements and no evidence-based outcomes that support the \$500 per participant fee Enhancement – provide a greater incentive for employees to join the program and manage their diabetes	07/01/2012