MARICOPA COUNTY SELF-INSURED TRUST

BOARD OF TRUSTEES MEETING

301 W. Jefferson Street,
Board of Supervisors Conference Room, 10th Floor
Maricopa County Administration Building
Wednesday, September 12, 2012
Open Meeting Time: 11:00 a.m.

OPEN SESSION

MINUTES

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

TRUSTEES ABSENT: Jim Steinkamp

STAFF PRESENT: Meg Blankenship, Chris Bradley, Dave Hansen, MaryEllen Sheppard, Christine Stutz, Curtia Hunter-Richard

GUESTS: None

Curtia Hunter-Richard distributed a presentation folder to each Trustee and Staff present. The folder included the following meeting materials: meeting agenda, July 11, 2012 meeting minutes, and financial information.

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

Approval of Last Meeting's Minutes

Chairperson Strickler called for the approval of the July 11, 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.

Introductions:

Chris Bradley introduced MaryEllen Sheppard, Assistant County Manager, who oversees the Human Resources departments for the County including Business Strategies and Health Care Programs which encompasses the Employee Benefits Division.

Presentation and Discussion: Plan Documents and Benefits Trust Document

Christine Stutz presented an update on the process and progress in updating the Trust Fund document, revising the benefits Plan documents, and working to clarify the Board of Trustees' roles and responsibilities. The process has involved the consolidation of four Plan documents; addressing discrepancies between the Plan documents and actual plan administration; and incorporating recent approvals by the Board of Supervisors.

The question by Chairperson Strickler in reference to the Board of Trustees' role and responsibilities was addressed and clarified. Though the Board of Supervisors has been briefed on the intent and need to clarify the roles and responsibilities of the Board of Trustees, Attorney Stutz outlined plans to discuss the staff recommendations with the Trustees at the October meeting. The Trustees will have the opportunity to provide feedback and input before final recommendations are presented to the Board of Supervisors for their approval.

The question by Trustee Robledo in reference to the staff recommendations on the role of the Board of Trustees was addressed and clarified. It was confirmed that the staff recommendations will be forwarded to each Trustee prior to the October meeting, allowing time to review the information and prepare questions or suggestions.

The question by Trustee Arnett in reference to the official title of the Trust Document was addressed and clarified. The title is The Maricopa County Self-Insured Benefits Trust Fund agreement.

Trustee Arnett recommended that the Chairperson of the Board of Trustees be invited to the meeting with the Board of Supervisors when the topic of approving the revised Trust Document and the Board of Trustees' roles and responsibilities is considered and approved.

The question by Trustee Dupree in reference to the existence of a benchmark or template to use when establishing the roles and responsibilities of the Board of Trustees was addressed and clarified. Though there are not other entities that exactly match the County, the City of Chandler offers self-insured benefits and has recently adopted a trust agreement. Attorney Stutz and staff have reviewed their information. In addition, the trust document must adhere to State statute in regards to the Trustees' obligations and who may serve on the Board.

The question by Trustee Robledo in reference to the Board of Trustees meeting to develop recommendations about their role and responsibilities was addressed and clarified. Chairperson Strickler confirmed that additional meetings of the Board of Trustees would be arranged adhering to the open meeting laws. Attorney Stutz advised Executive Sessions would need an attorney present if staff is not present.

Discussion ensued on the original intent of the Trust Fund document and the effective operation of the Board of Trustees in conjunction with the Board of Supervisors.

Chairperson Strickler summarized, as clarified by Trustee Dupree, the process for revising the roles and responsibilities of the Board of Trustees as follows:

1. The staff and Attorney Stutz will bring recommendations, research and support documentation to the next BOT meeting.
2. The Board of Trustees will convene in Executive Session to review staff recommendations and develop Trustee recommendations.
3. Chairperson Strickler will represent the Board of Trustees, along with Attorney Stutz and Chris Bradley, before the Board of Supervisors with final recommendations.

Presentation and Discussion: Update on Lien Resolutions

The question by Chairperson Strickler in reference to the need to convene to Executive Session for the presentation on Lien Resolutions was addressed and clarified. Attorney Stutz advised an Executive Session would only be required if the Trustees want to know the confidential details of each case. Since this presentation was intended to apprise the Board of the financial aspects of recent settlements, an Executive Session would not be required.

Meg Blankenship presented four (4) Lien Resolution cases that had been approved in August based on the level of authority defined in the Trust Fund document. Though these cases were outside the Board of Trustees' level of authority, this briefing occurred to keep Trustees appraised of the financials.

The question by Trustee Robledo in reference to under whose authority these cases were approved was addressed and clarified. The levels of authority were discussed.

The question by Trustee Arnett in reference to having the actual cases to review was addressed and clarified. The case numbers are outlined in the meeting agenda and more details could be provided in Executive Session if requested by the Board.

The first three cases where within the level of authority of the Trust Administrator; up to $50,000:

	Benefits Paid	Settlement Amount	Recovery Percentage
• Case # 12935349	$43,550.08	$7500.00	17%
• Case # 13808265	$ 3,896.46	$1948.23	50%
• Case # 13559291	$12,933.60	$9000.00	70%

The fourth case was within the Board of Supervisors' level of authority of over $100,000:

• Case # 13809933	$213,356.94	$20,000.00	9%

None of the lien resolution cases fell within the Board of Trustees' level of authority of $50,000 to $100,000.

The question by Trustee Arnett in reference to the recommended recovery percentage was addressed and clarified. ACS Recovery is the administrator for recovery settlements. Though ACS attempts 100% recovery, a 50% recovery is considered successful. Anything below 50% normally involves other extenuating circumstances.

Discussion ensued on the process for approval of settlements; what cases are presented to the Board of Supervisors for approval; and the option to convene to Executive Session to review the confidential details of cases presented. Attorney Stutz recommended an Executive Session be added to the October meeting agenda to review the details of these cases, along with an additional case that was approved in September by the Board of Supervisors. Attorney Stutz provided clarification on the current Trust document which does not have a provision to invite the Board of Trustees to convene in Executive Session for briefings of settlements that are within the Board of Supervisor's level of authority. Attorney Stutz provided counsel on the potential effect on negotiation timing should more levels of approval be required in order for the County to resolve future settlements.

Presentation and Discussion: Review of Financial Information

Dave Hansen stated financial statements would be presented at the next Board meeting. The following financial information was provided:

- Total Subscribers - Two Months Ending August 31, 2012
- Total Members – Two Months Ending August 31, 2012
- Medical Enrollment and Revenue Comparison
- Pharmacy Enrollment and Revenue Comparison

Plan changes effective July 1, 2012 delayed the data collection of financial information for the months of July and August. Instead of presenting incomplete financial statements, financial statistics reflecting employee enrollment in medical and pharmacy plans from 2010 through 2013 were presented. Membership has remained constant, though large variances in budgeted amounts against actual results reflect membership movement into the HMO and the HDHP at a higher rate than anticipated.

The question from Trustee Arnett in reference to the increased movement into the High Deductible Health Plan (HDHP) was addressed and clarified. The County attributes the increase to plan design changes; co-insurance was added to the OAP medical plan; and more employers are offering HDHPs so this type of benefit option is not new to many employees.

The question from Chairperson Strickler in reference to the demographics of the County workforce enrolled in the HDHP was addressed and clarified. The membership is comprised of healthier, low-utilizers of services, or high-utilizers. The County made a concerted effort to educate the workforce by offering one-on-one counseling sessions to review all benefit options and empower employees to make informed decisions. The average age of County employees last year was 44.15 and has remained constant.

There has been an increase in word-of-mouth communication among employees about the HDHP.

The Total Subscribers Report, which includes members plus dependents, was impacted by the 2011-12 increase due to coverage of dependents up to age 26 as required by Health Care Reform. The Medical Plan Summary reflects subscribers by tier and by plan, and compares Actual 2012 with the 2013 Revenue Forecasts premiums from the medical plans of $96,273,000 in 2012. The County is forecasting 2013 revenues of $101,242,000 which is a 4% rate increase year-to-year. This is slightly different from the County budget. Though the Consumer Choice pharmacy plan was eliminated due to significant administrative costs, the Total Revenues reflected in the Co-Insurance Pharmacy plan have remained at the same level year-to-year; around $12,600,000 and are currently forecasted at $12,345,000 for 2013.

The question by Chairperson Strickler in reference to the cause of a significant drop in the Biometric Screening Income reflected in FY2013 Income was addressed and clarified. The drop of 247 reflects the reduction in the number of employees being penalized for not taking the Biometric Screening; more employees are taking the Biometric Screening in order to qualify for the Premium Reduction. This is good news. The percentage of employees taking the Biometric Screening increased from 76% last year to 79% this year.

The question from Trustee Arnett in reference to any anticipated anomalies caused by the change of administration of the onsite Take Care Pharmacy and Clinic from Walgreens to County management was addressed and clarified. Though concerned with the rising costs of medications, the County anticipates start-up costs will be less than anticipated. The County's administrative success depends on employee utilization of these services.

The question from Chairperson Strickler in reference to employee perception of the onsite Take Care Pharmacy and Clinic administration change was addressed and clarified. To employees, the change has been mostly seamless. The name still reflects "Walgreens". The hours of operation have been shortened slightly. Another issue has been the change in technology, losing the touch-screen check-in system for the clinic and requiring the use of manual registration. The County has voiced concern to the vendor and is anticipating this issue to be resolved in the near future. A benefit to employees is the expanded list of services offered.

The question from Trustee Arnett in reference to the location of the onsite Take Care Pharmacy and Clinic was addressed and clarified. The clinic is in the Administration building, on the 2nd floor, available to approximately 5200 County employees in the downtown area. The County is reviewing other opportunities to expand the service to other worksite locations; the next biggest location is the Durango Complex with about 3000 employees and possibly an extension of services at the complex in Mesa.

The question from Chairperson Strickler in reference to extrapolating data about the onsite Take Care Pharmacy and Clinic from a cost benefit analysis perspective was addressed and clarified. Walgreens will provide a return-on-investment analysis and report to the County the number of people using the clinic and pharmacy. Assumptions in reductions in absenteeism will be made based on estimations of employee salary levels.

The question from Trustee Arnett in reference to providing the Board of Trustees with the Benefits Survey results was addressed and clarified. The most recent Benefits Survey will be shared with the Board of Trustees.

The question from Trustee Dupree in reference to the onsite pharmacy's connection with the Walgreens' national network was addressed and clarified. The onsite pharmacy is part of the national network.

Call to the Public

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

Motion to Adjourn

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

The meeting was adjourned at 12:07 P.M.