

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, May 8, 2012
Open Meeting Time: 11:30 a.m.

OPEN SESSION

MINUTES

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

TRUSTEES ABSENT:

STAFF PRESENT: Meg Blankenship, Christopher Bradley, Dave Hansen,
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, April 3, 2012 meeting minutes, and the Employee Benefits Trust Fund Financial Statements as listed in the Review of Financial Statements Presentation.

The Open Session meeting was called to order by Chairperson Strickler at 11:34 A.M. A quorum was present.

Approval of Last Meeting's Minutes

Chairperson Strickler called for the approval of the April 3, 2012 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Dupree and seconded by Trustee Robledo. The minutes were unanimously approved.

Executive Session

Chairperson Strickler directed the board to convene an Executive Session to address the settlement offer for resolution of a stop-loss reimbursement claim: Case ID# 20111207-0005. The motion to convene to Executive Session was made by Trustee Robledo, seconded by Trustee Dupree and passed unanimously. The Executive Session convened at 11:35 A.M.

The Open Session meeting resumed at 12:13 P.M. immediately following the adjournment of the Executive Session.

Settlement of Stop-loss Reimbursement Claim on Case ID # 20111207-005

Chairperson Strickler called for the motion to approve the settlement as recommended by Attorney Stutz of Stop-loss Claim on Case #20111207-005; total amount paid by Symetra was \$207,473.52 ; the agreed recovery cost paid by the plan was \$51,868.38; the net payment to Symetra will be \$155,605.14. The motion to approve was made by Trustee Arnett, seconded by Trustee Steinkamp and passed unanimously.

Presentation and Discussion: Review of Financial Statements

Dave Hansen, Benefits Finance Manager, presented a review of the Employee Benefits Trust Fund Financial Statements as follows:

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

The Employee Benefits Trust Fund balance statement reflects cash as of the end of March at approximately \$62,314,000 as compared to end-of-year (June 30, 2011) at \$57 million; which is an increase in cash of about \$5 million. YTD Change in Net Assets (Profit) is \$3,354,960; which has remained at approximately the same since February. Reserve for losses and loss expenses was increased to \$12,155,000 (June 30, 2011) and currently has been reduced by about \$1 million as reflected in March at \$10,936,000.

Cigna in-patient hospitalization reports have been received and indicate that from July 1st through end of February (first 8 months of the plan year) there were 741 days of inpatient hospitalizations, as compared to 295 days of hospitalizations for the past two months. This is a significant increase in the number of in-patient hospitalization days which indicates a larger liability in the near future for the Benefits Trust Fund. The County anticipates an increase in expenses incurred for the next three months greater than exists currently YTD, therefore the reflected profit of \$3 million is expected to decrease significantly by the end of year (June 30, 2012). This would justify having a larger reserve for losses and loss expenses.

Chris Bradley presented a historical perspective of the YTD net income; change in net assets was up by \$7 million (March 30, 2011), but the plan year finished in the negative due to the premium rebate given to employees in FY 2010-11. Premium rebates reduced the account by \$5.5 million; yet the decision was warranted based on the

excess reserves at the time, which was prior to the large claims issues. It has been determined that premium rebates will not be repeated this plan year.

The question by Trustee Dupree in reference to the amount of the 2010-2011 premium rebates to employees was addressed and clarified. The premium rebate was \$5.5 million.

The question by Trustee Dupree in reference to the relevance, utilization and availability of the Cigna reports was addressed and clarified. It was confirmed that the reports were helpful for financial analysis and will continue to be provided by Cigna on a monthly basis.

The question by Trustee Steinkamp in reference to the utilization of the Cigna hospitalization reports to enhance financial analysis formulas and models was addressed and clarified. It was confirmed that the hospitalization data is utilized as subjective data that allows for greater relevance of the mathematical formulas used in financial analysis.

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 Robledo and seconded by Trustee Arnett. The motion passed unanimously.

The meeting was adjourned at 12:20 P.M.