

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Financial Commentary
January 2015

Recent Operating Issues

In December 2014, Maricopa County made the first payment to the Federal Government for the Transitional Reinsurance Fee which is required by the Affordable Care act. The amount of the payment was \$1,707,137. This amount was fully budgeted for in the plan rates established. This fee was established to stabilize premiums in the health marketplace for those with pre-existing conditions.

For the pay period ended 12/7/2014, a benefit holiday occurred in the amount of \$5,212,191 for the Medical Plan premiums for both employee and employer portion of the premium. This was budgeted and approved by the Board of Supervisors.

Maricopa County Trust Management worked with the management of both pharmacy plans to implement prior authorization controls on compound pharmacy prescriptions. This action was deemed necessary to reduce plan legal risks and plan costs related to this unregulated segment of the pharmaceutical market.

The Fiscal Year 2014 annual audit report was issued by our external auditor with a clean opinion. This essentially says that the financial statements are presented correctly. The auditors disclosed in their report a deficiency in internal controls that they considered to be significant as required by government auditing standards:

A medical provider was over paid for capitation charges by the health plan administrator during the years 2011 through 2014 which was charged to the Maricopa County Employee Benefit Trust. The amount was approximately \$1,000,000 for fiscal year 2014 and \$5,000,000 for previous years dating back to 2011. This was an error caught by the provider and reported to Maricopa County. The refund was paid to Maricopa County Employee Benefits Trust in September 2014. A plan should be developed to periodically check that these overcharges do not occur in the future.

This disclosure is required by auditing standards as it is a material correction to prior year financial statements.

To further explain this it should be noted that all outside plans which use the Cigna Medical Group (CMG) as part of the Cigna HMO have been overcharged. This charge did not appear as two charges on our invoices. One charge for capitation appeared as expense on our monthly statements. In addition, the rates the CMG set for their doctors included a capitation fixed cost which was effectively a duplication of the first charge. Only Cigna has access to the details included in their charge master as it is proprietary competitive information not disclosed to customers.

We have developed a plan to comply with this finding by requiring Cigna to provide a detailed report of the makeup of the capitation expense charged monthly.

December 2014 – Mid Year Review

The Benefit Trust lost \$846,877 for the six months ended December 31, 2014 (excluding the impact of the Benefit Holiday). The major plans are discussed below.

Six Months Year to Date 12/31/2014 - Excluding impact of Benefit Holiday

<u>Fund/Plan</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>
601-MEDICAL HMO	\$24,105,221	\$24,454,039	\$348,818
604-MEDICAL PPO	18,032,462	18,420,759	388,297
606-MEDICAL HDHP W HSA	12,003,404	11,869,037	(134,367)
Total Medical	54,141,088	54,743,836	602,748
608-COINSURANCE PHARMACY	\$9,038,876	\$7,074,832	(\$1,964,044)

The three medical plans booked a profit of \$602,748 for the six months ended December 31, 2014. While the annual goal is to break even on the plans, a profit is expected in the first half of the year as claims incurred normally run 45% to 47% (for the July to December period) of the annual total, thus putting more claims in the second half of the year. At this point in time, the trend is not of major concern.

The schedule below shows the Medical Plans paid claims for July to December 2014 versus the same period prior year. Paid claims are being presented as this omits errors due to accounting estimates. For the period July to December 2013 all three plans were managed by Cigna; for the period of July to December 2014 Cigna continued to manage the HMO plan while United Health Care was given the contract to manage the PPO and High Deductible Health Plan (HDHP). The changing of Health Plan Administrators makes it more difficult to estimate the liability for Incurred but not reported claims (IBNR) which affects the financial position of the trust. This is because 1) the new administrator has different terms and discounts than the old administrator; 2) Before the change occurs there is increased medical claim activity as members try to complete treatments before shifting to the new administrator. This is demonstrated in the month of July 2014 in which the adjudicated and paid claims jumped 39.6% in 2014 versus 2013. In line with this abnormal trend the Medical IBNR has been reduced by \$1,254,000 as of December 31, 2014 versus June 30, 2014 to get a close approximation of incurred claims for the first six months.

Medical Plan Paid Claims - July to Dec 2014 vs July to Dec 2013

	<u>HMO</u>	<u>PPO</u>	<u>HDHP</u>	<u>Total</u>	<u>Increase</u>
July-13	\$3,323,207	\$2,473,869	\$1,329,367	\$7,126,443	
August-13	3,749,733	3,323,443	1,341,881	8,415,057	
September-13	3,378,150	2,823,188	1,176,836	7,378,174	
October-13	3,873,071	3,348,126	1,686,606	8,907,803	
November-13	3,208,262	2,632,133	1,469,531	7,309,926	
December-13	2,894,491	2,991,420	1,645,879	7,531,790	
Total	20,426,915	17,592,178	8,650,099	46,669,193	
July-14	\$4,319,479	\$3,857,292	\$1,775,099	\$9,951,870	39.65%
August-14	3,655,956	2,867,572	1,316,231	7,839,760	-6.84%
September-14	3,339,088	3,089,835	1,355,460	7,784,383	5.51%
October-14	4,506,313	2,710,595	1,446,284	8,663,192	-2.75%
November-14	3,738,830	2,793,183	1,697,848	8,229,860	12.58%
December-14	3,221,761	2,511,255	2,114,713	7,847,729	4.19%
Total	22,781,426	17,829,732	9,705,636	50,316,793	7.82%
	11.53%	1.35%	12.20%	7.82%	

The pharmacy plan lost \$1,964,044 on a year-to-date basis through December 31, 2014. The two largest components of this loss were attributable to the launch of Hepatitis C pharmaceuticals and the surge in Compound Pharmacy usage. It should be noted that the schedule below shows that for Calendar Year 2014, the increase in pharmacy claim costs versus Calendar Year 2013 was about 27% on a per subscriber basis. It is estimated that the pharmacy plan will lose about \$4,000,000 for the full year.

The pharmacy plan indicators are being presented below on a full-year basis for the Calendar year ended 12/31/2014. This is because the two major impacts on plan costs started in the month of January 2014. The first impact on plan costs was the approval of Sovaldi (and later Harvoni) to cure Hepatitis C. Sovaldi was brought to market in December 2013, and, combined with Harvoni impacted claims by \$1,001,154 for which is 4.8% of total claims for the Calendar Year 2014. The month by month impact can be reviewed in the schedule below, and may indicate a slowing trend. The second major impact on plan costs was the acceleration of the use of compounding pharmacies. Total compounded pharmaceutical costs jumped to \$988,181, from less than \$180,000 in Calendar 2013. Going forward, the costs of compounded drugs have dropped to \$4,943 in January 2015 due to the controls put into place as described earlier. On an overall basis, plan costs for Calendar Year 2014 increased about \$3.3 million versus Calendar Year 2013 which is a 22.46% increase and a 26.93% increase per subscriber. These increases are mainly due to Hepatitis C treatments and Compounding Pharmacy costs.

Maricopa County Stand-Alone Pharmacy Plan

	<u>Calendar Year 2014</u> <u>1/1/2014 to</u> <u>12/31/2014</u>	<u>Calendar Year 2013</u> <u>1/1/2013 to</u> <u>12/31/2013</u>	<u>Increase</u>
Total RX Costs	\$20,687,940	\$17,395,089	
Less: Member Costs	2,699,378	2,706,222	
Net Plan Costs	<u>17,988,562</u>	<u>14,688,868</u>	22.46%
Subscribers	9,402	9,745	-3.52%
Cost Per Subscriber	1,913	1,507	26.93%

Maricopa County Coinsurance Pharmacy Plan
Calendar Year 2014 - Major Changes vs Prior Year

<u>Month</u>	<u>Compound Pharmacy</u>	<u>Sovaldi Hepatitis C</u>	<u>Harvoni Hepatitis C</u>	<u>Total Catamaran</u>	<u>Member Cost</u>	<u>Plan Cost</u>
2014-01	\$ 32,822	\$ 27,384		\$1,593,573	\$256,691	\$1,336,882
2014-02	34,718	82,152		1,512,753	219,921	1,292,833
2014-03	43,982	136,920		1,760,641	232,414	1,528,227
2014-04	48,493	109,536		1,772,430	226,628	1,545,802
2014-05	38,477	164,304		1,775,064	219,965	1,555,099
2014-06	57,457	109,536		1,770,552	212,977	1,557,575
2014-07	65,976	109,536		1,720,636	228,250	1,492,386
2014-08	78,311	55,742		1,725,634	229,362	1,496,272
2014-09	113,990	56,717		1,696,324	222,941	1,473,383
2014-10	125,801	28,358		1,696,324	222,941	1,473,383
2014-11	169,772	28,358	\$30,240	1,734,545	196,491	1,538,053
2014-12	178,382	0	62,370	1,929,463	230,797	1,698,666
Calendar '14	<u>988,181</u>	<u>908,544</u>	<u>92,610</u>	<u>20,687,940</u>	<u>2,699,378</u>	<u>17,988,562</u>
2015-01	4,943	0	96,390	1,832,025	228,223	1,603,802

The Short-Term Disability plan lost \$146,273 for the six months ended December 31, 2014. This is in line with the plan to increase rates gradually to reach an equilibrium point between premiums and claims for this 100% employee funded plan.

January 2015 Year-To-Date Results

As of January 31, 2015, cash and cash equivalents were \$ 43,519,349 as compared to the June 30, 2014 balance of \$45,855,346; a decrease of \$2,335,997. Cash that is not controlled directly by the County is shown in the prepaid insurance balance sheet account. This was \$1,305,515 as of January 31st versus a balance of \$2,748,710 on June 30, 2014; a decrease of \$1,443,195. Prepaid insurance consists of the money used to fund the Trust transfers to outside bank accounts to pay for Cigna and United Health Group medical claims as well as the employer and employee contributions to employee Health Savings Accounts via sweeps. The combined reduction in cash-like balances year-to-date was \$3,779,192.

<u>Review of Cash</u>	<u>10/31/2014</u>	<u>6/30/2014</u>	Increase/ <u>(Decrease)</u>
Cash and cash equivalents	\$ 43,519,349	\$45,855,346	(\$2,335,997)
Prepaid insurance	1,305,515	2,748,710	(1,443,195)
Total Cash	<u>\$ 44,824,864</u>	<u>\$48,604,056</u>	<u>(\$3,779,192)</u>

A summary of major cash movements in the seven months ended 1/31/2015 are as follows:

	<u>Cash Flows</u>
Total Cash 6/30/2014	\$48,604,056
Cigna Refund for Capitation Overcharge	\$ 5,919,967
Premium Reduction due to Benefit Holiday	(5,212,191)
Transitional Reinsurance Fee Paid	(1,707,137)
Increase in Cost Allocation Receivable	(1,011,377)
Decrease in IBNR Reserve	(1,254,000)
Other Net Uses of Cash	(514,454)
Total Reduction in Cash	<u>(3,779,192)</u>
Total Cash 1/31/2015	\$44,824,864

Net Loss year-to-date January 2015 (excluding the impact of the benefit Holiday) was (\$1,039,947) This loss occurred primarily in the Pharmacy Plan (\$2,333,817) due to the unbudgeted Hepatitis C drugs claims including Sovaldi and a significant increase in compound pharmacy claims which totaled \$993,124 year to date. This loss in Pharmacy was partially offset in the HMO and PPO Medical Plans (\$87,681) and (\$700,148) and the Benefits Administration and Wellness funds (\$745,183). Net Loss (not excluding the impact of the Benefit Holiday) of \$6,252,109 was not in line with the decrease in cash-like balances of \$3,779,192. This \$2,472,917 difference (or decrease in cash versus negative net margin) is accounted for as follows: the liability, "Accrued Liabilities" consisting mainly of outstanding checks in the Cigna Prepaid Account, decreased by \$1,355,073; Accounts Payable decreased by \$233,708; and the IBNR Liability decreased by \$1,254,000. There was an increase in the cost allocation rate differential of \$1,011,377. This account is used to account for the difference between what departments are charged for benefits premiums and what the Benefit Trust records as revenues from the departments. Finally, Accounts Receivable decreased by \$6,307,645 as the \$5,919,967 capitation refund was received from Cigna.

<u>Cash Flow Analysis</u>	<u>YTD Jan 2015</u>
Decrease in Cash	- \$3,779,192
Decrease in IBNR Liability	1,254,000
Decrease in Accrued Liabilities	1,355,073
Decrease in Accounts Payable	233,708
Decrease in Accounts Receivable	-6,307,645
Increase in Cost Allocation Rate	1,011,377
Differential	
Other	-19,430
Difference - Cash Change vs Net Margin	<u>- \$2,472,917</u>
Net Loss	<u>- \$6,252,109</u>

Review of the Fund Balance Roll-Forward

This information is presented with the impact of the Benefit Holiday removed.

The three Medical Plans are showing a net profit of (\$723,272) year to date through January 2015. The UHC High Deductible Health Plan (HDHP) had a loss of \$64,557, while the Cigna HMO and the UHC PPO had positive net margins of (\$87,681), and (\$700,148), respectively. The UHC High Deductible Health Plan's results include the impact of the \$1,800,000 benefit trust contribution to the employee Health Savings Accounts in July. It appears that new medical vendor is adjudicating claims on a slightly fast basis, which would justify the lower IBNR liabilities which are booked as of January 31, 2015, but with limited historical trend it is difficult to determine whether the accrual should be higher which would reduce margins.

The Coinsurance Pharmacy Plan had a net loss of \$2,333,817 year-to-date January 2015 due to unbudgeted Hepatitis C drugs claims – for Sovaldi and Harvoni (\$371,322) and as the result of significant increases in compound pharmacy claims which totaled \$732,231 year-to-date. It should be noted that the previous full year of compound pharmacy was around \$300,000. As noted earlier, the pharmacy benefit manager implemented prior authorization controls on compound pharmacy prescriptions effective 1/1/2015 and this action resulted in compound pharmacy claims dropping to \$4,943 in January which is a significant reduction when compared to the \$178,382 for the month of December.

The Short-Term Disability plans lost \$115,198 year-to-date January 2015. With the 17% increase in premiums rates for Fiscal Year 2015, it appears that the rates set for the Short Term Disability plans may be approaching the level needed to fully cover claims after large losses in the previous year.

Full Year Forecast for Year ended June 2015

For the Fiscal Year ended 6/30/2015, the Benefit Trust operations are forecasted to lose \$7,881,406 which is very much in line with the Premium Deficiency Reserve of \$7,361,053 which was included in the Actuary's recommended reserve of \$22,008,604 (on a Financial Statements comparable basis). Losses are projected to occur in the Medical Plans \$4,211,081, the Coinsurance Pharmacy Plan \$3,718,346 and the onsite pharmacy \$551,354. These losses have been offset by gains in Benefits Administration and Wellness. These number have been presented excluding the impact of the Benefit Holiday.

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Fund Balance Roll-Forward with Impact of Benefit Holiday Removed
Seven Months Ended January 31, 2015

<u>Self Insured Funds</u>				Fund Balance	Fund Balance
<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>7/1/2014</u>	<u>1/31/2015</u>
601-MEDICAL HMO	\$ 28,478,538	\$ 28,566,219	87,681	\$ 5,785,722	5,873,403
604-MEDICAL PPO	20,852,130	21,552,278	700,148	(5,458,154)	(4,758,006)
606-MEDICAL HDHP W HSA	13,899,610	13,835,053	(64,557)	(3,903,464)	(3,968,021)
Total Medical & BH	\$ 63,230,278	\$ 63,953,550	\$ 723,272	\$ (3,575,896)	\$ (2,852,624)
608-COINSURANCE PHARMACY	10,598,960	8,265,143	(2,333,817)	18,889,457	16,555,640
619-ONSITE PHARMACY CLINIC	1,185,761	882,500	(303,261)	(759,524)	(1,062,785)
620-BENEFITS ELIMINATIONS	(628,155)	(628,155)	0	0	0
Total Pharmacy	\$ 11,156,566	\$ 8,519,488	\$ (2,637,078)	\$ 18,129,933	\$ 15,492,855
614-BEHAVIORAL HEALTH	905,104	1,012,748	107,645	5,281,514	5,389,159
629-SI DENTAL PPO	2,542,583	2,631,579	88,996	5,628,959	5,717,955
623-VISION	952,990	1,010,223	57,232	420,480	477,712
615-WELLNESS	501,385	832,820	331,434	4,178,042	4,509,476
618-BENEFIT ADMINISTRATION	1,434,872	1,838,621	403,750	6,251,224	6,654,974
999-BENEFITS CLEARING	0	(0)	(0)	(0)	(0)
Total Other	\$ 6,336,934	\$ 7,325,991	\$ 989,057	\$ 21,760,219	\$ 22,749,276
Grand Total	\$ 80,723,777	\$ 79,799,028	\$ (924,749)	\$ 36,314,256	\$ 35,389,507

Employee Self Insured Funds

611-60 PERCENT STD	1,437,359	1,151,083	(286,275)	(432,963)	(719,238)
612-50 PERCENT STD	131,287	265,244	133,956	1,226,932	1,360,888
613-40 PERCENT STD	71,372	108,493	37,121	791,150	828,271
Total STD	\$ 1,640,018	\$ 1,524,820	\$ (115,198)	\$ 1,585,119	\$ 1,469,921
Total Self-Insured	\$ 82,363,795	\$ 81,323,848	\$ (1,039,947)	\$ 37,899,375	\$ 36,859,428

Impact of Benefit Holiday

(5,212,162)

Actual Self-Insured with Benefit Holiday**\$ (6,252,109)****Fully Insured (Agency) Funds**

<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	Fund Balance	Fund Balance
				<u>7/1/2014</u>	<u>1/31/2015</u>
607-FI DENTAL PPO	\$ 2,833,112	\$ 3,081,012	\$ 247,899	\$ 76,633	\$ 324,532
625-FI PREPAID DENTAL	130,566	130,443	(123)	109,976	109,853
Total Dental	\$ 2,963,678	\$ 3,211,455	\$ 247,776	\$ 186,609	\$ 434,385
621-FLEX SPENDING HEALTH	1,424,432	1,278,712	(145,720)	0	(145,720)
622-FLEX SPENDING DEP CARE	347,422	516,034	168,613	732	169,345
Total FSA	\$ 1,771,854	\$ 1,794,747	\$ 22,893	\$ 732	\$ 23,625
626-FI LIFE AND AD AND D	243,974	244,964	991	41,731	42,722
627-SUPPLEMENTAL LIFE	2,176,796	2,245,433	68,637	235,984	304,621
630-DEPENDENT LIFE	221,195	226,917	5,722	8,037	13,759
Total Life and AD&D	\$ 2,641,965	\$ 2,717,315	\$ 75,350	\$ 285,752	\$ 361,102
628-EMPLOYEE ASSISTANCE	237,800	237,832	32	2,398	2,430
631-VOLUNTARY BENEFITS	400,200	399,854	(346)	1,511	1,165
632-Senior Select	0	0	0	40,500	40,500
Total Others	\$ 638,000	\$ 637,686	\$ (315)	\$ 44,409	\$ 44,094
Total Agency Funds	\$ 8,015,498	\$ 8,361,202	\$ 345,704	\$ 517,502	\$ 863,206

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Fund Balance Roll-Forward
Seven Months Ended January 31, 2015

<u>Self Insured Funds</u>				Fund Balance	Fund Balance
<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>7/1/2014</u>	<u>1/31/2015</u>
601-MEDICAL HMO	\$ 28,478,538	\$ 26,676,512	(1,802,026)	\$ 5,785,722	3,983,696
604-MEDICAL PPO	20,852,130	19,910,428	(941,702)	(5,458,154)	(6,399,856)
606-MEDICAL HDHP W HSA	13,899,610	12,819,242	(1,080,368)	(3,903,464)	(4,983,832)
Total Medical & BH	\$ 63,230,278	\$ 59,406,182	\$ (3,824,096)	\$ (3,575,896)	\$ (7,399,992)
608-COINSURANCE PHARMACY	10,598,960	7,672,861	(2,926,099)	18,889,457	15,963,358
619-ONSITE PHARMACY CLINIC	1,185,761	882,500	(303,261)	(759,524)	(1,062,785)
620-BENEFITS ELIMINATIONS	(628,155)	(628,155)	0	0	0
Total Pharmacy	\$ 11,156,566	\$ 7,927,206	\$ (3,229,360)	\$ 18,129,933	\$ 14,900,573
614-BEHAVIORAL HEALTH	905,104	940,236	35,133	5,281,514	5,316,647
629-SI DENTAL PPO	2,542,583	2,631,579	88,996	5,628,959	5,717,955
623-VISION	952,990	1,010,223	57,232	420,480	477,712
615-WELLNESS	501,385	832,820	331,434	4,178,042	4,509,476
618-BENEFIT ADMINISTRATION	1,434,872	1,838,621	403,750	6,251,220	6,654,970
999-BENEFITS CLEARING	0	(0)	(0)		(0)
Total Other	\$ 6,336,934	\$ 7,253,479	\$ 916,545	\$ 21,760,215	\$ 22,676,760
Grand Total	\$ 80,723,777	\$ 74,586,866	\$ (6,136,911)	\$ 36,314,252	\$ 30,177,341

Employee Self Insured Funds

611-60 PERCENT STD	1,437,359	1,151,083	(286,275)	(432,963)	(719,238)
612-50 PERCENT STD	131,287	265,244	133,956	1,226,932	1,360,888
613-40 PERCENT STD	71,372	108,493	37,121	791,150	828,271
Total STD	\$ 1,640,018	\$ 1,524,820	\$ (115,198)	\$ 1,585,119	\$ 1,469,921
Total Self-Insured	\$ 82,363,795	\$ 76,111,686	\$ (6,252,109)	\$ 37,899,371	\$ 31,647,262

Fully Insured (Agency) Funds

<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	Fund Balance	Fund Balance
				<u>7/1/2014</u>	<u>1/31/2015</u>
607-FI DENTAL PPO	\$ 2,833,112	\$ 3,081,012	\$ 247,899	\$ 76,633	\$ 324,532
625-FI PREPAID DENTAL	130,566	130,443	(123)	109,976	109,853
Total Dental	\$ 2,963,678	\$ 3,211,455	\$ 247,776	\$ 186,609	\$ 434,385
621-FLEX SPENDING HEALTH	1,424,432	1,278,712	(145,720)	0	(145,720)
622-FLEX SPENDING DEP CARE	347,422	516,034	168,613	732	169,345
Total FSA	\$ 1,771,854	\$ 1,794,747	\$ 22,893	\$ 732	\$ 23,625
626-FI LIFE AND AD AND D	243,974	244,964	991	41,731	42,722
627-SUPPLEMENTAL LIFE	2,176,796	2,245,433	68,637	235,984	304,621
630-DEPENDENT LIFE	221,195	226,917	5,722	8,037	13,759
Total Life and AD&D	\$ 2,641,965	\$ 2,717,315	\$ 75,350	\$ 285,752	\$ 361,102
628-EMPLOYEE ASSISTANCE	237,800	237,832	32	2,398	2,430
631-VOLUNTARY BENEFITS	400,200	399,854	(346)	1,511	1,165
632-Senior Select	0	0	0	40,500	40,500
Total Others	\$ 638,000	\$ 637,686	\$ (315)	\$ 44,409	\$ 44,094
Total Agency Funds	\$ 8,015,498	\$ 8,361,202	\$ 345,704	\$ 517,502	\$ 863,206

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUND
Statements of Revenues, Expenses, and
Changes in Net Assets —Internal Service Funds
YTD as of January 31, 2015

	YTD 1/31/2015	Full Year 6/30/2014	Full Year 6/30/2013	Full Year 6/30/2012
Operating revenues:				
Operating income	\$ 76,015,810	\$ 127,869,594	\$ 127,318,181	\$ 122,941,566
Other income	8,112	3,479,437		
Investment income	87,764	15,139	284,792	443,209
Total operating revenues	\$ 76,111,686	\$ 131,364,170	\$ 127,602,973	\$ 123,384,775
Operating expenses:				
Losses and loss expenses	75,438,092	134,052,986	111,466,606	114,179,304
All other expenses	6,925,703	6,362,562	7,706,150	7,060,881
Total operating expenses	\$ 82,363,795	\$ 140,415,548	\$ 119,172,756	\$ 121,240,185
Nonoperating revenues:				
Capital contributions		0	0	0
Return of contributions		(3,415,266)	(6,178,953)	
Transfers to Other Funds		0	0	0
Short-Term Disability Rebate				
Loss on disposal of capital assets		0	0	0
Total nonoperating revenues	\$ -	\$ (3,415,266)	\$ (6,178,953)	\$ -
Change in net assets	(6,252,109)	(12,466,644)	2,251,264	2,144,590
Total net assets - Beginning	37,899,371	45,418,987	43,167,723	41,023,133
Open Fund Balance Adjustment		4,947,028		
Total net assets - Ending	\$ 31,647,262	\$ 37,899,371	\$ 45,418,987	\$ 43,167,723

Maricopa County
Employee Benefits Trust Funds
Statements of Net Assets - Internal Service Funds
January 31, 2015, June 30, 2014, June 30, 2013, and June 30, 2012

	1/31/2015	6/30/2014	6/30/2013	6/30/2012
Assets				
Cash and cash equivalents	\$ 43,519,349	\$ 45,855,346	\$ 60,786,170	\$ 60,636,639
Interest receivable	70,893	70,893	81,633	42,598
Accounts receivable	394,902	6,702,547	570,404	924,206
Due from Other Departments	423,456	0		
Prepaid insurance	1,305,515	2,748,710	2,606,982	1,411,102
Capital assets, net	5,927	5,927	0	0
Total assets	\$ 45,720,042	\$ 55,383,423	\$ 64,045,189	\$ 63,014,545
Liabilities				
Accounts payable	913,451	1,147,159	586,562	88,404
Accrued Liabilities	2,547,153	4,490,147	9,617,663	5,554,366
Employee compensation payable	178,880	159,446	135,030	3,268,085
Reserve for losses and loss expenses	10,433,296	11,687,296	8,286,947	10,935,968
Total liabilities	\$ 14,072,780	\$ 17,484,048	\$ 18,626,202	\$ 19,846,823
Net Assets				
Invested in capital assets	0	0	0	0
Unrestricted (deficit)	31,647,262	37,899,375	45,418,987	43,167,723
Total net assets (deficit)	\$ 31,647,262	\$ 37,899,375	\$ 45,418,987	\$ 43,167,723

**Employee Benefits Trust Funds
Balance Sheet Details**

2/19/2015

January 31, 2015, June 30, 2014, June 30, 2013, and June 30, 2012

	<u>1/31/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
<u>Accounts receivable</u>				
<i>COBRA Receivable</i>	\$ 29,474	\$ 60,052	\$ 61,592	\$ 164,058
<i>Cigna HMO</i>	0	5,916,967	1,057	1,154
<i>Dental</i>			1,154	1,057
<i>Wellness</i>		238,540		
<i>Catamaran Rebate</i>	365,428	486,988	506,600	757,936
Total Accounts receivable	\$ 394,902	\$ 6,702,547	\$ 570,403	\$ 924,205
<u>Prepaid insurance</u>				
<i>STD</i>	\$ 131,947	\$ 131,947	\$ 87,530	\$ 94,567
<i>Vision</i>	0	0	0	4,989
<i>Dental</i>	398,486	99,851	17,190	
<i>Medical</i>	775,082	2,516,912	2,502,262	1,311,547
Total prepaid insurance	\$ 1,305,515	\$ 2,748,710	\$ 2,606,982	\$ 1,411,103
<u>Accounts Payable</u>				
<i>Medical</i>	\$ 6,630	\$ 26,649	\$ -	\$ -
<i>Behavioral Health</i>	0	0	65,355	38,030
<i>Vision</i>	36,050	67,670	280,230	
<i>Pharmacy</i>	749,559	751,753		
<i>STD</i>	0	19,266	13,978	11,929
<i>614-BEHAVIORAL HEALTH</i>			0	5,754
<i>618-Benefits Administration</i>	17,936	106,849	0	23,474
<i>615-WELLNESS</i>	12,881	55,576	18,399	9,218
<i>619-ONSITE PHARMACY CLINIC</i>	90,395	119,395	208,601	
Total accounts payable	\$ 913,451	\$ 1,147,158	\$ 586,563	\$ 88,405
<u>Accrued Liabilities</u>				
<i>Medical</i>	\$ 2,070,919	\$ 3,760,742	\$ 1,664,741	\$ 2,846,956
<i>Pharmacy</i>			524,517	625,425
<i>Behavioral Health</i>	0	0	355	
<i>Vision</i>	100,000	0	(132,683)	0
<i>Dental</i>	141,484	141,484	157,837	139,519
<i>STD</i>	17,499	0	6,178,953	
<i>Accrued Employee Rebate</i>				
<i>618-BENEFITS ADMINISTRATION</i>	89,250	0		
<i>619-ONSITE PHARMACY CLINIC</i>	128,000	0		
<i>999-BENEFITS CLEARING</i>	0	587,921	1,223,942	1,942,466
HEALTH SELECT SI TRUST				
Total Accrued Liabilities	\$ 2,547,152	\$ 4,490,147	\$ 9,617,662	\$ 5,554,366
<u>Employee compensation payable</u>				
<i>Consumer Choice Pharmacy Employee Allowance</i>	\$ -		\$ 6,609	\$ 3,122,217
<i>618-Employee compensation payable</i>	130,687	117,960	128,422	145,869
<i>615-Employee compensation payable</i>	48,193	41,485		
Total Employee Comp Accrual	\$ 178,880	\$ 159,445	\$ 135,031	\$ 3,268,086
<u>Reserve for losses and loss expenses -IBNR Details</u>				
<i>Medical- HMO</i>	\$ 3,602,145	\$ 3,507,145	\$ 2,832,087	\$ 5,226,188
<i>Medical - PPO</i>	3,104,380	4,227,380	2,583,203	3,738,425
<i>Medical - HDHP</i>	2,274,096	2,500,096	1,580,489	823,806
<i>Behavioral Health</i>	226,157	226,157	293,592	231,766
<i>Vision</i>	143,530	143,530	161,597	107,576
<i>Dental</i>	553,998	553,998	466,041	484,345
<i>STD</i>	528,990	528,990	369,937	323,861
Total Reserve for losses and loss expenses	\$ 10,433,296	\$ 11,687,296	\$ 8,286,946	\$ 10,935,967

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Seven Months Ended January 31, 2015

Self Insured Funds

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
Revenue				
601-MEDICAL HMO	\$ 27,282,350	\$ 26,676,512	\$ (605,838)	-2.22%
604-MEDICAL PPO	21,247,324	19,910,428	(1,336,896)	-6.29%
606-MEDICAL HDHP W HSA	11,425,474	12,819,242	1,393,768	12.20%
614-BEHAVIORAL HEALTH	978,606	940,236	(38,370)	-3.92%
Total Medical & BH	\$ 60,933,754	\$ 60,346,418	(587,336)	-0.96%
629-SI DENTAL PPO	2,472,477	2,631,579	159,102	6.43%
Total Dental	\$ 2,472,477	\$ 2,631,579	159,102	6.43%
608-COINSURANCE PHARMACY	7,939,454	7,672,861	(266,593)	-3.36%
619-ONSITE PHARMACY CLINIC	1,087,000	882,500	(204,500)	-18.81%
620- BENEFITS ELIMINATIONS	(675,493)	(628,155)	47,338	-7.01%
Total Pharmacy	\$ 8,350,961	\$ 7,927,206	(423,755)	-5.07%
623-VISION	995,323	1,010,223	14,900	1.50%
Total Vision	\$ 995,323	\$ 1,010,223	14,900	1.50%
615-WELLNESS	820,379	832,820	12,441	1.52%
618-BENEFIT ADMINISTRATION	1,781,908	1,838,621	56,713	3.18%
Total Other	\$ 2,602,287	\$ 2,671,441	69,154	2.66%
Grand Total	\$ 75,354,802	\$ 74,586,866	\$ (767,936)	-1.02%

Employee Self Insured Funds

611-60 PERCENT STD	\$ 1,134,336	\$ 1,151,083	\$ 16,747	1.48%
612-50 PERCENT STD	238,273	265,244	26,971	11.32%
613-40 PERCENT STD	94,066	108,493	14,427	15.34%
Total STD	\$ 1,466,675	\$ 1,524,820	58,145	3.96%
Total Revenue	\$ 76,821,477	\$ 76,111,686	(709,791)	-0.92%

Expenses

601-MEDICAL HMO	\$ 28,416,719	\$ 28,478,538	\$ (61,819)	-0.22%
604-MEDICAL PPO	22,571,160	20,852,130	1,719,030	7.62%
606-MEDICAL HDHP W HSA	11,302,006	13,899,610	(2,597,604)	-22.98%
614-BEHAVIORAL HEALTH	1,070,154	905,104	165,050	15.42%
Total Medical & BH	\$ 63,360,039	\$ 64,135,382	(775,343)	-1.22%
629-SI DENTAL PPO	2,651,566	2,542,583	108,983	4.11%
Total Dental	\$ 2,651,566	\$ 2,542,583	108,983	4.11%
608-COINSURANCE PHARMACY	8,467,458	10,598,960	(2,131,502)	-25.17%
619-ONSITE PHARMACY CLINIC	1,037,000	1,185,761	(148,761)	-14.35%
620- BENEFITS ELIMINATIONS	(675,493)	(628,155)	(47,338)	7.01%
Total Pharmacy	\$ 8,828,965	\$ 11,156,566	(2,327,601)	-26.36%
623-VISION	1,021,300	952,990	68,310	6.69%
Total Vision	\$ 1,021,300	\$ 952,990	68,310	6.69%
615-WELLNESS	538,144	501,385	36,759	6.83%
618-BENEFIT ADMINISTRATION	1,640,808	1,434,872	205,936	12.55%
Total Other	\$ 2,178,952	\$ 1,936,257	\$ 242,695	11.14%
Grand Total	\$ 78,040,822	\$ 80,723,777	\$ (2,682,955)	-3.44%

Employee Self Insured Funds

611-60 PERCENT STD	\$ 1,308,259	\$ 1,437,359	\$ (129,100)	-9.87%
612-50 PERCENT STD	242,282	131,287	110,995	45.81%
613-40 PERCENT STD	103,694	71,372	32,322	31.17%
Total STD	\$ 1,654,235	\$ 1,640,018	\$ 14,217	0.86%
Total Self-Insured	\$ 79,695,057	\$ 82,363,795	\$ (2,668,738)	-3.35%

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Fund Balance Roll-Forward with Impact of Benefit Holiday Removed
Forecast for Full Year Ended June 30, 2015

<u>Self Insured Funds</u>	<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>Fund Balance</u> <u>7/1/2014</u>	<u>Fund Balance</u> <u>6/30/2015</u>
	601-MEDICAL HMO	\$ 50,095,906	\$ 49,945,195	(150,711)	\$ 5,785,722	5,635,011
	604-MEDICAL PPO	38,746,093	37,461,107	(1,284,986)	(5,458,154)	(6,743,140)
	606-MEDICAL HDHP W HSA	26,497,662	23,722,278	(2,775,384)	(3,903,464)	(6,678,848)
	Total Medical & BH	\$ 115,339,661	\$ 111,128,580	\$ (4,211,081)	\$ (3,575,896)	\$ (7,786,977)
	608-COINSURANCE PHARMACY	17,876,319	14,157,973	(3,718,346)	18,889,457	15,171,111
	619-ONSITE PHARMACY CLINIC	2,051,354	1,500,000	(551,354)	(759,524)	(1,310,878)
	620-BENEFITS ELIMINATIONS	(1,157,990)	(1,157,990)	0	0	0
	Total Pharmacy	\$ 18,769,683	\$ 14,499,983	\$ (4,269,700)	\$ 18,129,933	\$ 13,860,233
	614-BEHAVIORAL HEALTH	1,599,751	1,759,655	159,904	5,281,514	5,441,418
	629-SI DENTAL PPO	4,409,765	4,530,902	121,137	5,628,959	5,750,096
	623-VISION	1,388,213	1,735,717	347,504	420,480	767,984
	615-WELLNESS	1,235,522	1,433,760	198,238	4,178,042	4,376,280
	618-BENEFIT ADMINISTRATION	2,997,493	3,128,404	130,911	6,251,224	6,382,135
	Total Other	\$ 11,630,744	\$ 12,588,438	\$ 957,694	\$ 21,760,219	\$ 22,717,913
	Grand Total	\$ 145,740,088	\$ 138,217,001	\$ (7,523,087)	\$ 36,314,256	\$ 28,791,169

Employee Self Insured Funds

	611-60 PERCENT STD	2,562,384	1,976,958	(585,426)	(432,963)	(1,018,389)
	612-50 PERCENT STD	262,421	455,498	193,077	1,226,932	1,420,009
	613-40 PERCENT STD	152,535	186,565	34,030	791,150	825,180
	Total STD	\$ 2,977,340	\$ 2,619,021	\$ (358,319)	\$ 1,585,119	\$ 1,226,800
	Total Self-Insured	\$ 148,717,428	\$ 140,836,022	\$ (7,881,406)	\$ 37,899,375	\$ 30,017,969

Impact of Benefit Holiday

(10,424,324)

Actual Self-Insured with Benefit Holiday**\$ (18,305,730)****Fully Insured (Agency) Funds**

<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>Fund Balance</u> <u>7/1/2014</u>	<u>Fund Balance</u> <u>6/30/2015</u>
607-FI DENTAL PPO	\$ 5,109,732	\$ 5,299,556	\$ 189,824	\$ 76,633	\$ 266,457
625-FI PREPAID DENTAL	220,203	225,997	5,794	109,976	115,770
Total Dental	\$ 5,329,935	\$ 5,525,553	\$ 195,618	\$ 186,609	\$ 382,227
621-FLEX SPENDING HEALTH	2,163,430	2,178,651	15,221	0	15,221
622-FLEX SPENDING DEP CARE	875,804	873,395	(2,409)	732	(1,677)
Total FSA	\$ 3,039,234	\$ 3,052,046	\$ 12,812	\$ 732	\$ 13,544
626-FI LIFE AND AD AND D	418,392	419,529	1,137	41,731	42,868
627-SUPPLEMENTAL LIFE	3,808,469	3,871,236	62,767	235,984	298,751
630-DEPENDENT LIFE	384,043	388,519	4,476	8,037	12,513
Total Life and AD&D	\$ 4,610,904	\$ 4,679,284	\$ 68,380	\$ 285,752	\$ 354,132
628-EMPLOYEE ASSISTANCE	406,845	407,910	1,065	2,398	3,463
631-VOLUNTARY BENEFITS	684,511	683,838	(673)	1,511	838
632-Senior Select		0	0	40,500	40,500
Total Others	\$ 1,091,356	\$ 1,091,748	\$ 392	\$ 44,409	\$ 44,801
Total Agency Funds	\$ 14,071,429	\$ 14,348,631	\$ 277,202	\$ 517,502	\$ 794,704