

**MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK**

**SPECIAL SESSION  
April 26, 2005**

The Board of Supervisors of Maricopa County, Arizona convened in Special Joint Session with the Maricopa Special Health Care District (SHCD) at 3:00pm, April 26, 2005, in the Board of Supervisors' Conference Room, 301 W. Jefferson, Phoenix, Arizona, with the following members present: Max Wilson, Chairman, District 4; Fulton Brock, District 1; Don Stapley, District 2; Andrew Kunasek, District 3. Absent: Mary Rose Wilcox, District 5. Also present Fran McCarroll, Clerk of the Board; Evelyn Bester, Executive Assistant; David Smith, County Administrator; and Paul Golab, Deputy County Attorney. Votes of the members will be recorded as follows: (aye-no absent-abstain). The following members were present from the Special Health Care District: Bil Bruno, District 1, Chairman, Paulina Morris, District 3, Vice Chairman, and Charlie Gail Hendricks, District 2; Absent: Gerald Cuendet, District 4 and James J. Chavez, District 5. Also present: Victoria Eaton, Clerk of the Board and Dr. Kennedy, Chief Executive Officer.

**COUNTY ASSISTANCE WORK ORDERS**

Item: Discussion regarding Maricopa County assistance with work orders pursuant to the resolution adopted by the Board of Supervisors on March 16, 2005. David Smith stated Maricopa County has offered a variety of task order to the District including assistance related to Finance, Human Resources, Technology, Budget Preparation Payroll, Capital Costs and Executive Recruitment. Each task order identifies the deliverables, a tentative schedule and key personnel who would work on the task. Chairman Wilson asked when the projection is that the work would be completed, to which Mr. Smith replied that the goal is to start on these tasks very quickly. Some could be completed in 90 days, but the target would be to complete all my November of 2005.

Dr. Kennedy stated that the District is grateful for the offer, but they would like to choose only some of the tasks as some of the items identified are already being worked on by District personnel. He submitted a list of items where the District would like specific help from the County. Discussion ensued on the advisability of choosing only some of the task orders as it had been designed as a complete package. It was determined that two Supervisors, Don Stapley and Mary Rose Wilcox, would meet with Mr. Smith and some members of the Board of Directors of the Special Health Care District in the near future to decide which task orders to move forward with and how to implement them.

The Board of Supervisors identified a completion date, December of 2005, to complete the all task order forms as well as all administrative orders. November 2005 was also noted as the deadline date for the line of credit.

The District Board of Directors considered an action to adopt a resolution regarding Maricopa County's Offer of Assistance. The Board of Supervisors did not participate in this discussion or action. (ADM2100-005)

**AMENDMENT TO THE EMPLOYEE IGA FOR LEAVE BALANCE TRANSFER**

Item: Consider amendment No. 1 to the Employee Intergovernmental Agreement between Maricopa County and the Maricopa County Special Health Care District to permit employees who transfer between the county and the district to carry over all accrued leave balances at the time of transfer. (C39050362)(C1804025201)(ADM4496)

Dr. Kennedy, M.D., MIHS CEO reported feedback from the SHCD employees regarding the transference of seniority and leave balances either from or to District and County employment. He conveyed that this provision was of great importance the employees.

Motion was made by Supervisor Stapley, seconded by Supervisor Kunasek, and unanimously carried (4-0-1) to approve amendment to the employee IGA for leave balances.

(The SHCD Board of Directors also voted on this Amendment.)

### **PROVISIONS OF THE MASTER IGA – TRANSFER OF THE HEALTH PLANS**

Item: Review provisions of the Master IGA between the Special Health Care District and Maricopa County relating to the transfer of the Health Plans and status update regarding the Health Plans. (C39050162)

*Chris Keller, County Counsel*

*James Kennedy, M.D., MIHS CEO*

*Phyllis Biedess, CEO, Maricopa Managed Care Systems*

Chris Keller, County Counsel, reported appraisals are being done on both the acute and long-term care plans. Any transfer of ownership require approval from AHCCCS. Any licensure requirements would probably be minimal and there would need to be agreement reached on the report of assets and liabilities. The funds transfer outlined in the IGA would go into effect, but the District would have to decide whether or not to accept the transfer. County Counsel is currently working on a mutual agreement between the District, Maricopa County and both of the Health Plans which could be used for a transfer of the Plans. Mr. Smith added that the AHCCCS Plan Year starts on October 1, so the timing regarding these decisions is crucial.

### **FINANCIAL IMPLICATIONS OF MARICOPA COUNTY RESOLUTIONS**

Item: Review financial implications and options available regarding the resolutions approved by the Board of Supervisors on April 20, 2005:

- **RESOLUTION TO NOVATE, CLOSE OR TRANSFER MEMBERSHIP IN THE MARICOPA HEALTH (AHCCCS ACUTE) PLAN.** Resolution authorizing and directing the County Manager to contact the Chief Executive Officer of the Maricopa County Special Health Care District and the Executive Director of the Arizona Health Care Cost Containment System to request approval to novate, close, or transfer the membership in the Maricopa Health (AHCCCS Acute) Plan on or before September 30, 2005. (C4905032600) (ADM2119)
- **RESOLUTION TO NOVATE, CLOSE, OR TRANSFER MEMBERSHIP IN THE MARICOPA COUNTY LONG TERM HEALTH PLAN.** Resolution authorizing and directing the County Manager to contact the Executive Director of the Arizona Health Care Cost Containment System to request approval to novate, close, or transfer the membership in the Maricopa County Long Term Health Plan on or before September 30, 2005. (C4905033600) (ADM2122)

*Sandi Wilson, Deputy County Manager*

*Phyllis Biedess, CEO, Maricopa Managed Care Systems (MMCS)*

Sandi Wilson, Deputy County Manager, along with Phyllis Biedess, CEO, MMCS, discussed and presented slides outlining the implications and options available regarding the resolutions approved by the Board of Supervisors on April 20, 2005. Ms. Wilson stated that the June 30, 2004 fiscal year has not yet been closed out because some of the historical data has not yet been fully compiled or verified. Combined Health Plans cash balances have declined by \$55.6 million this fiscal year. Much of the high-end IBNR estimate has been paid, but the final impact is not yet clear. Her recommendation was to "Reserve General Fund balances for health plan transition costs: approve no new capital projects."

Ms. Wilson presented another slide which outlined in more detail the financial impact on Maricopa County of the various health plan deficits. The figures showed both an optimistic and pessimistic projection of the losses for FY 2005-06: Pessimistic: \$39,492,121 and Optimistic \$20,066,249. Cumulative (Yrs 03-06) Pessimistic projection was \$153,073,404 and Optimistic at \$133,647,532.

The resolutions passed by the Board will both require formal approval by the Board of Supervisors before any final action to novate, close, or transfer the membership in either Plan.

Ms. Wilson and Ms. Biedess then outlined three scenario's regarding possible action with the Health Plans. They are 1) SHCD assumes both the Maricopa Health Plan (MHP) and the Maricopa Long Term Care Plan (MLTCP); 2) SHCD assumes MHP and the County terminates the MLTCP; and 3) the County terminates both plans.

In response to a question from Supervisor Kunasek Ms. Biedess explained that intermediate management of the Plans was critical, but even more so was the need to "grow" the Plans. She added that the expectation is that AHCCCS will remove the cap on membership after their next review.

Ms. Wilson made it clear that the intent of the resolutions is that Maricopa County will divest itself of the Plans in one way or another. The District must decide if they want to "pick up" the Plans based on their own analysis. Ms. Beidess also explained that the SHCD would want to consider the Plans a different line of business if they decided to receive the transfer of the Plans. This is because the goals of the hospital and the Plans differ greatly. The hospital wants to have full beds while the Plans want to do as much case as possible on an outpatient basis. She add that AHCCCS requires certain staff to be completely separate, dedicated to the Plans only.

#### **NEXT STEPS AND TIMELINE HEALTH PLANS**

Ms. Biedess discussed and presented slides outlining Key Actions and Timeframes for the Health Plans Decision. The timeline marked key dates in the process including a final decision date of June 1, 2005. Ms. Biedess also offered a list of "contracted firms" which the District may want to use in their decision-making processes.

Ms. Wilson explained that the County's actions regarding the plans would depend on the District's decision. She again pointed out the criticalness of the timing of these events in order to meet AHCCCS deadlines.

Several members of the SHCD expressed concern over having to make such a large decision so quickly. They questioned the ability of even a seasoned consulting firm to thoroughly evaluate the Plans in such a short time. Ms. Beidess told them that many firms could very quickly study these types of situations and provide advice. However, she added that the first decision is to see if the management of the plans fits with the strategic 5-year long term plans. Secondly, they would need to decide the financial feasibility and thirdly, make the "how-to manage" decisions.

Supervisor Stapley urged MIHS to move forward in the completion of this timeline to ensure a successful, quick solution. (ADM2122)(ADM2119)

SPECIAL SESSION  
April 26, 2005

**ENVIRONMENTAL ISSUES – SPECIAL HEALTH CARE DISTRICT PROPERTIES**

Bil Bruno reported MIHS is putting together a total list of environmental concerns including the water damage to the MRI machine and building, asbestos abatement and a classroom which is unusable because of water and mold damage. They have determined that certain repairs could be approximately 1.5 million. Tom Manos, Chief Financial Officer, is putting together reports detailing the cost of these environmental repairs. This report will be delivered to the Board of Supervisors within a week. Bill Sims, counsel for the District, added that they are expecting the final environmental reports on the last of the District properties to be delivered within the next few days.

**EXECUTIVE SESSION**

Pursuant to A.R.S. 38-431.03, motion was made by Supervisor Stapley, seconded by Supervisor Kunasek, and unanimously carried (4-0-1) to recess and reconvene in Executive Session to consider items listed on the Executive Agenda dated April 26, 2005, and listed below.

**Legal Advice; Contracts Subject to Negotiations and Potential Litigation ARS §§ 38-431.03(A)(3) and 38-431.03(A)(4)**

**Baxter Claim**

*Steve Ellis, MIHS Director Materials Management*

*Martin Demos, County Counsel*

*David Cantelme, Board Counsel*

*Chris Keller, Deputy County Counsel*

**MEETING ADJOURNED**

After discussion on the above-matters and there being no further business to come before the Board, the meeting was adjourned.

\_\_\_\_\_  
Max W. Wilson, Chairman of the Board

ATTEST:

\_\_\_\_\_  
Fran McCarroll, Clerk of the Board