

MARICOPA COUNTY SELF-INSURED TRUST

BOARD OF TRUSTEES MEETING

301 W. Jefferson Street, Suite 3200
North Conference Room, 3rd Floor, Maricopa County Administration Building
Monday, November 17, 2014
Open Meeting Time: 11:00 A.M.

MINUTES

TRUSTEES PRESENT: Beverly Dupree, Frank Hinds, Dan Robledo
(Telephonically) Rex Jorgensen, Brad Arnett

TRUSTEES ABSENT: Jim Steinkamp

STAFF PRESENT: Meg Blankenship, Christopher Bradley, Dave Hansen,
MaryEllen Sheppard, Tawn Austin, Curtia Hunter-Richard

GUESTS: None

Curtia Hunter-Richard distributed a presentation folder to each Trustee and Staff member present. The folder included the meeting agenda, August 18, 2014 and October 20, 2014 meeting minutes, and the financial statements.

The Open Session meeting was called to order at 11:05 A.M. by Trustee Hinds who was the acting Chairperson. A quorum was present.

Approval of Meeting Minutes

Approval of the August 18, 2014 and October 20, 2014 meeting minutes was deferred to the next Board of Trustees meeting.

Presentation and Discussion – Review of Financial Statements

Dave Hansen presented a review of the current assets and liabilities related to the Employee Benefits Trust Fund as reflected in the following financial reports:

- Financial Commentary – October 2014
- Statements of Revenues, Expenses, and Changes in Net Assets – YTD as of October 31, 2014

- Statements of Net Assets – October 31, 2014, June 30, 2014, June 30, 2013, and June 30, 2012
- Fund Balance Roll-Forward – Four Month Ended October 31, 2014
- Balance Sheet Details – October 31, 2014, June 30, 2014 and June 30, 2013, and June 30, 2012
- Revenue and Expenses – Four Month Ended October 31, 2014

The question by Trustee Dupree in reference to the opportunity for corrective measures to manage the pharmacy plan losses was addressed and clarified. Corrective measures have already been implemented to manage the significant increase in expenses related to compound drug claims. Effective January 1, 2015, there will be limitations on compound products covered by the plan.

The question by Trustee Robledo in reference to the nature of compound drugs was addressed and clarified. Compound drugs are defined as drugs mixed at the pharmacy using their own formula. These types of products are not approved by the FDA. Sometimes compound pharmacies purchase chemicals in bulk; charge the plan for the high cost of the bulk chemicals; and then only use a portion of the chemical when producing a compound drug.

The questions by Trustee Hinds in reference to the County's efforts to control costs related to compound drugs were addressed and clarified. There will be a \$50 limit on coverage for a compound drug. Those costing more than \$50 will require a prior authorization

**Presentation and Discussion –
Health and Welfare Benefits for FY 2015-2016**

Chris Bradley distributed the *FY 2015-16 Benefits Plans for Maricopa County Self-Insured Benefits Trust* which was an overview of the health benefits and wellness programs recommended for FY 2015-2016, along with the premiums needed to support the programs.

The question by Trustee Dupree in reference to the definition of core benefits was addressed and clarified. Core benefits are defined as medical, pharmacy, behavioral health, dental and vision.

The questions by Trustee Hinds in reference to the increase in claims over \$50,000 were addressed and clarified. Claims trending information identifies an increase in cancer-related cases, representing 19 of the top 20 large claims. Other factors could be the aging workforce at the County or the additional dependents added who have health issues. It was agreed that the increase in health screenings could also factor in the increase of cancer-related cases.

The question by Trustee Dupree in reference to the increase in costs in the High Deductible Health Plan (HDHP) was addressed and clarified. The increase may be attributed to medical inflation; however, the design of the HDHP has been determined as the most significant factor contributing to the increase.

The questions by Trustee Arnett in reference to the benchmarking data used for the proposed health plan changes were addressed and clarified. Though benchmarking data for claims-trending was not included in the review, Mercer has provided a national survey on health plan deductibles and Out-of-Pocket (OOP) Maximums. Mercer's data has been included in the 'Additional Information' section of the presentation under HDHP Benchmarks – Public Sector and Private Sector.

The questions by Trustee Dupree in reference to the County's goal to maintain competitive benefits as part of the total compensation strategy were addressed and clarified. There are two factors at work to meet the County's goal: the richness of the health and welfare plans and the premiums charged to employees for their coverage. According to the benchmarking data, the County's contributions to health and welfare coverage have been richer than other employers, which compensates for any salary differential. As an employer, it is the County's intent to change the HDHP so that it is more in line with other public sector plans. With the implementation of the proposed plan changes, it was affirmed that the County would maintain its significant favorable position as a public sector employer which offers great benefits notwithstanding a subdued salary base.

The questions by Trustee Hinds in reference to future plan changes beyond FY 2016 were addressed and clarified. The proposed plan changes for FY 2016 are not a first step in a long-term plan to increase the OOP Maximums or Deductibles to align with other private or public sector benchmarks. The County intends to make the proposed changes for FY 2016 and then evaluate its position among other public sector entities for any future adjustments to premiums or plan designs.

The questions by Trustee Jorgensen in reference to the increases in the health premiums were addressed and clarified. The health premiums presented are reflected as Total Annual Premiums and the County decides the percentage it plans to subsidize. The presentation of the plan design changes to the Board of Supervisors is planned for early January as part of a total compensation review.

The question by Trustee Jorgensen in reference to a deductible buy-down option for employees was addressed and clarified. Though a deductible buy-down option to reduce the OOP Maximum on the HDHP is not offered to employees, the plan includes a low premium, front-loaded County contribution to a health savings account (H.S.A.) and the option to set aside pre-tax dollars to meet the OOP Maximum and Deductible. Employees also have the option to choose from two other health plans, the HMO and the PPO.

The question by Trustee Dupree in reference to the decrease in Delta Dental premiums was addressed and clarified. Delta Dental is a fully-insured product offering a savings in an attempt to be more competitive.

The question by Trustee Dupree in reference to the proposed prohibition of dual enrollment for employees was addressed and clarified. Dual enrollment has been defined as an employee married to another employee who is covered under the County benefit plans both as an employee and a dependent, or dependent children covered by both parents who are both County employees. It was confirmed that dual enrollment does not apply to coverage outside of the County coverage.

Call to Public

Trustee Hinds made a Call to the Public. There was no one from the public present.

Motion to Adjourn

Trustee Hinds called for a motion to adjourn. The motion to adjourn was made by Trustee Robledo and seconded by Trustee Dupree. The motion passed unanimously.

The meeting was adjourned at 11:56 A.M.