

MARICOPA COUNTY SELF-INSURED TRUST

BOARD OF TRUSTEES MEETING

301 W. Jefferson Street
Board of Supervisors Conference Room, 10th Floor
Tuesday, November 1, 2011
Meeting Time: 11:00 A.M.

OPEN SESSION

MINUTES

BOARD PRESENT: Susan Strickler, Brad Arnett, Dean Wolcott,
Beverly DuPree, Jim Steinkamp

BOARD ABSENT: Dan Robledo

STAFF PRESENT: Chris Bradley, Meg Blankenship, Brandon Newton,
Dave Hansen, Curtia Hunter-Richard

GUESTS: None

The Open Session meeting was called to order by Susan Strickler, Chairperson of the Board of Trustees at 11:06 A.M.

Curtia Hunter-Richard distributed a presentation folder to each Trustee and Staff present, containing the following meeting materials: meeting agenda, Board of Trustees minutes reflecting the October 4, 2011 meeting, and FY2013 Employee Benefits Update. Financial Review documents distributed by Dave Hansen during the meeting are listed later in these minutes.

Roll Call

Trustee Dan Robledo was not present.

Approval of Last Meeting's Minutes

Chairperson Strickler called for the approval of the Oct. 4, 2011 meeting minutes. No changes were identified. The motion to approve the minutes was made and seconded. The minutes were unanimously approved.

Presentation and Discussion: Financial Review

Dave Hansen, Benefits Finance Manager, presented a review of the following:

1. Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds YTD as of September 30, 2011 and Statement of Net Assets – Internal Service Funds, September 30, 2011, June 30, 2011, and June 30, 2010
2. Fund Balance Roll-Forward, Three Months Ended September 30, 2011

The Change in Net Assets (profit) for YTD 9/30/2011 stands at \$757,626 as compared to August 2011 YTD, which reflected a loss of \$1.3million. The difference month-to-month as reported reflects a change by the Actuary of the Reserves for losses and loss expense which has been increased by \$2.5million, and is not considered to be an improvement. The County had some large dollar claims paid out July through September, though incurred January through June, which were included in the Actuary's numbers therefore the County liability was increased and the profit was reduced by a loss of \$2.1million last year. The profit was shifted effectively from last year into this year by increasing the liability reserve. These large claims have been designated as a one-time aberration in numbers, as opposed to a possible trend of higher expenses; the implication gained for FY 2012/13 planning is that the medical plans and fund reserve levels are in good shape.

A discussion ensued regarding the process and nature of the large claims experienced in January through June of 2011, their impact on the financials reported from FY 2010/2011 and the notification from CIGNA on similar claims in the future. The recommendation made by Chairperson Strickler involved requesting CIGNA to report on similar large claims in the future as they reach the Review Committee threshold, in order that Maricopa County may anticipate the impact on the Benefits Trust Fund and financial reporting.

The question from Trustee Steinkamp in regards to the reporting on the financial status of the Trust Fund reserve levels was addressed and clarified. Trust Fund reserve levels are reported on the Statement of Net Assets (September 30, 2011, June 30, 2011 and June 30, 2010) as "Reserve for losses and loss expenses"; reserve for June 30, 2011 at \$12,115,069 and dropped that reserve in September 30, 2011 to \$9,436,189 which was projected by the Actuaries and matches the funds normal basis.

Dave Hansen noted that on the Fund Balance Roll-Forward Three Months Ended September 30, 2011 there were no significant issues to address.

Presentation:
FY 2013 Employee Benefits Renewal Update

Chris Bradley, Director of Business Strategies and Health Care Programs, presented an update to the timeline and process for launching the Health and Welfare Benefits for fiscal year 2012-2013, building on the presentation from the October 4, 2011 meeting. This included medical plan design, new directions for incentives, and the impact on other benefits.

A discussion ensued regarding accessing and reviewing the plan design changes made by the State of Arizona for their current Open Enrollment; the sustainability of maintaining the zero premium incentive strategy for the Choice Fund Medical Plan; the pros and cons of the default medical plan provisions; and the opportunity to educate employees electing the Choice Fund Medical Plan.

The question from Chairperson Strickler regarding the County conducting an independent focus group to assess employee medical plan interests or needs was addressed and clarified. Maricopa County has utilized an employee benefits satisfaction survey in the past, but not necessarily focus groups.

A discussion ensued regarding obesity medical coverage; its long range potential for lowering health costs for MC; and ability to address a key wellness issue for County employees. Chairperson Strickler requested a presentation on the details of the coverage for the next meeting; to include the comorbidity and criteria associated with the surgery.

An independent Geo Access analysis for Urgent Care Centers which could impact the County's level of co-pays and efforts to re-direct usage from emergency rooms to other care centers was recommended by Chairperson Strickler.

A question from Trustee Steinkamp regarding the targeted reduction amount of baseline cost increases for medical and pharmacy within the plan design changes was addressed and clarified. The County is still under fiscal pressure to keep increases down and not create any budget items. Since there have not been pay increases for employees for the past 4-5 years, benefits account for some employee satisfaction, and plan design changes should ensure value to the employee.

A question from Chairperson Strickler regarding the contract status with CIGNA was addressed and clarified. The County has been with CIGNA for over a decade, prior to being self-insured. CIGNA has been the administrator since the County went self-insured 3-4 years ago, and the County just renewed the contract for service through 2014. It was also noted that over 40% of covered

employees are in the CMG network, a factor to be considered should the County make changes in the future.

A question from Trustee Wolcott regarding transferring funds between benefit plans was addressed and clarified. Each benefit plan is set up as an individual fund within the overall benefits trust fund; employee funded plans, such as the Short-term Disability plan, should not be used to cover an employer funded plan.

A question from Chairperson Strickler regarding the process for reducing the reserves of an employee funded plan, such as the Short-Term Disability plan was addressed and clarified. Reserves would be managed to benefit the employees who participated in the plan; possibly by providing a premium rebate to the employees who participated in building up the plan fund reserves.

A question from Chairperson Strickler regarding the timing of Maricopa County's Open Enrollment was addressed and clarified. It is usually April and May; this past year Open Enrollment was a 30-day period, April 18 - May 18, to accommodate adding dependents up to age 26, followed by a two-week cleanup period. July 1st was the new plan year.

A question from Chairperson Strickler regarding the potential to meet the same Open Enrollment time frame as last year was addressed and clarified. The goal is to meet the same Open Enrollment time frame, implementing any approved plan design and premium changes.

A recommendation from Chairperson Strickler involved future meetings to include benefit presentations from the State and other county and government organizations willing to share their issues, concerns and trends with Maricopa County.

Old Business

There was no old business conducted during the meeting.

New Business

There was no new business conducted during the meeting.

A recommendation from Trustee Wolcott regarding adjusting future meeting agendas and minutes to reflect the updated Open Meeting Law which disallows open ended agenda items was confirmed by Attorney Newton, and accepted by Chairperson Strickler. The categories of Old Business and New Business will be stricken from any future agendas for the Board of Trustees meetings.

Call to Public

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

Motion to Adjourn

Chairperson Strickler noted the next meeting will be scheduled for December and called for a motion to adjourn. The motion to adjourn was made and seconded. The motion passed unanimously.

The meeting was adjourned at 12:08 pm.