

MARICOPA COUNTY SELF-INSURED TRUST

BOARD OF TRUSTEES MEETING

301 W. Jefferson Street
Board of Supervisors Conference Room, 10th Floor
Tuesday, April 3, 2012
Meeting Time: 11:00 A.M.

OPEN SESSION

MINUTES

BOARD PRESENT: Susan Strickler, Dan Robledo, Beverly DuPree, Brad Arnett
BOARD ABSENT: Jim Steinkamp
STAFF PRESENT: Chris Bradley, Meg Blankenship, Dave Hansen, Christine Stutz, Curtia Hunter-Richard
GUESTS: Steven Schramm

Curtia Hunter-Richard distributed a presentation folder to each Trustee and Staff present containing the following meeting materials: the meeting agenda, Board of Trustees minutes reflecting the March 6, 2012 meeting, Employee Benefits Trust Fund Financial Statements as listed in the Review of Financial Statements Presentation, and MIHS Benefits Strategy Opportunities Presentation.

The Open Session meeting was called to order by Chairperson Strickler at 11:03 A.M. A quorum was present.

Chairperson Strickler directed the board to convene an Executive Session to address Case ID# 14780700. Trustee Arnett moved to convene to Executive Session and the motion was seconded by Trustee Dupree. The motion passed unanimously. The Executive Session convened at 11:04 A.M.

The Open Session meeting resumed at 11:25 A.M. immediately following the adjournment of the Executive Session.

Settlement of Case ID # 14780700

Chairperson Strickler called for the motion to approve the settlement offer on Case ID# 14780700. The motion to approve the \$7,500 settlement offer on Case ID #14780700 was made by Trustee Arnett and seconded by Trustee Dupree. The motion to approve the settlement offer for Case ID #14780700 was unanimously passed. The settlement offer agreement for Case ID #14780700 was signed by Chairperson Strickler.

Discussion ensued and the request was made to have ACS Recovery and Cigna meet with the Board of Trustees to discuss the recovery/settlement process.

Approval of Last Meeting's Minutes

Chairperson Strickler called for the approval of the March 6, 2012 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Robledo and seconded by Trustee Dupree. The minutes were unanimously approved.

Presentation and Discussion:

City of Phoenix – Emerging Trends in Employee Benefit Costs

Steven Schramm, Founder and Managing Director of Optumas, a national healthcare purchasing strategies consulting firm, presented information on his firm's work with the City of Phoenix and the State of Arizona and methods used to assist in identifying, quantifying and managing the risk of their health benefits programs.

By invitation of Chairperson Strickler, Steven Schramm presented insights to benefits and wellness strategies as featured in the handout titled MIHS Benefits Strategy Opportunities; promoting the customization of health care and wellness programs based on data-driven policy and program decisions; along with the need to actively engage the employee population base to participate in wellness programs by applying behavioral economics principles. Recommendations made included:

- Shift employee participation from passive to active participation in wellness programs.
- Use purchaser leverage to manage vendors for increased support of customized healthcare and wellness strategies.
- Use data-mining in real-time as an essential tool to direct the benefit plan design.
- Unbundle benefit plans to increase competition between vendors and provide increased leverage and control.
- Use a targeted approach to wellness coaching, nutritional counseling and fitness opportunities. Wellness strategies should be rooted in sound wellness behavioral economics; which would increase employee participation and reduce healthcare costs.

The question by Meg Blankenship in reference to incentives offered for targeted wellness initiatives by large employers was addressed and clarified. Large employers continue to offer employees incentives for wellness screening participation. For example, at the City of Phoenix employees receive an incentive to participate and a penalty if they do not participate in the health risk assessment (HRA) and/or biometric screening.

The question by Chris Bradley in reference to other methods used beyond incentives to increase employees' participation rate in wellness initiatives was addressed and

clarified. Other opportunities to increase the employee participation rate include targeting; i.e. - taking the tools and resources for HRA and biometric screenings directly to the worksite of employees to assist in completion of the screening at times and locations convenient to the employees.

The question by Chris Bradley in reference to who is contracted to complete the biometric screening for the City of Phoenix was addressed and clarified. The City of Phoenix uses two vendors - Blue Cross Blue Shield (BCBS) and Cigna - to complete biometric screenings; using two slightly different biometric screen panels. BCBS has prepared a custom design for a wellness coaching program just for the City; co-branded with the City and targeted for specifically what the City has asked for in vendor support and assistance. Cigna has agreed to give funds to the City based on the City not utilizing the Cigna standardized wellness coaching program, thus providing the City with the opportunity to purchase a third party program with Cigna money.

The question by Meg Blankenship in reference to the preferred qualifications of a data-miner was addressed and clarified. A data-miner needs to know healthcare claims; specifically in-patient claims and ambulatory claims. In addition, the data-miner would need to have the ability to gather claims on a standardized basis and match them to an eligibility file. A data-miner has the ability to identify trends that are independent of changes in population volume or number of people enrolled (basic actuarial concepts of utilization on a per 1,000 basis).

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 February 29, 2012
- Statements of Net Assets – February 29, 2012, June 30, 2011, and June 30, 2010
- Fund Balance Roll-Forward Eight Months Ended February 29, 2012
- Revenue & Expenses by Fund – Eight Months Ended February 29, 2012
- Balance Sheet Details – February 29, 2012, June 30, 2011, and June 30, 2010
- Notes to Financial Statements – January 2012

The Employee Benefits Trust Fund balance statement reflects cash in February of approximately \$61,506,000. This is slightly higher than fiscal year end (2011) at \$57 million and the prior fiscal year end (2010) at \$56 million. Claims are being processed more expeditiously; consequently the County anticipates a reduction in the cash balance to be reflected in future monthly statements. The change in Net Assets YTD reflects a positive margin of \$3,356,310; expect the number to remain the same for the month of March as the County is anticipating to break even.

Dave Hansen advised that Cigna has provided the requested reports on length of stay and number of employees hospitalized for February. Reports for previous months and the upcoming months have been requested; which would allow the County to anticipate where the actual costs would be reflected in future financial statements.

The question by Trustee Dupree in reference to Cigna hospital claim reports that would be provided was addressed and clarified. Cigna hospital claim reports would provide the number of individuals that are hospitalized, the admission dates, discharge dates, and the claim category. With this information, the County can project the total in-patient care costs for upcoming months.

The question by Trustee Dupree in reference to the basis of the Cigna report on hospitalization was addressed and clarified. It was confirmed that the Cigna hospitalization report is based on the concept that anyone who would have a significant claim would have been hospitalized; care for pre-term babies or anyone admitted to ICU are examples of high cost claims.

Chairperson Strickler noted the next Benefits Trust Fund Board meeting will be scheduled for May 8, 2012 and requested Cigna to present on the subrogation process.

Call to Public

Chairperson Strickler made the Call to the Public. No response came from the public.

Motion to Adjourn

Chairperson Strickler called for a motion to adjourn. The motion to adjourn was made by Trustee Arnett and seconded by Trustee Dupree. The motion passed unanimously.

The meeting was adjourned at 12:14P.M.