

**MARICOPA COUNTY  
EMPLOYEE BENEFITS TRUST FUNDS  
Financial Commentary  
October 2013**

**October 2013 Year-To-Date Results**

As of October 31, 2013, cash and cash equivalents were \$54,572,296 as compared to the June 30, 2013 balance of \$60,786,170; a decline of \$6,213,874. Cash not included in this account is shown in the prepaid insurance balance sheet account. This was \$536,637 as of October 31st versus a balance of \$2,606,982 on June 30, 2013; a decrease of \$2,070,345. Prepaid insurance consists of the funding the Trust transfers to outside bank accounts to pay for Cigna medical claims and the employer contribution to employee Health Savings Accounts via sweeps. The combined reduction in cash-like balances was \$8,284,219.

Net Margin on a year-to-date basis through October 2013 was \$1,513,850 which occurred primarily in the Medical and Pharmacy Plans. Net Margin was not in line with the decrease in cash-like balances of \$8,284,219. This \$9,798,069 difference (or reduction in cash versus net margin) is accounted for as follows: There was an increase in the receivable "Due from other Departments" of \$3,284,028. 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. The other major reason for the cash reduction is due to the payout of \$6,170,000 of the short-term disability rebate from August through October.

**Review of the Fund Balance Roll-Forward**

The three Medical Plans are showing Net Margin of \$855,953 through the four months ended October 2013. This favorable margin is expected in the summer months as claims traditionally are lower in the summer months and higher in the winter months. It should be pointed out that the HDHP plan - Choice Fund H.S.A has lost \$440,819 through October 2013. This is a reversal of the profit shown year-to-date in the prior month and was not expected. This plan will be more closely monitored as it appears that the increase in enrollment in Plan Year 2014 included a less healthy demographic group of members.

The Coinsurance Pharmacy Plan is showing net margin of \$414,821. This is a continuation of the trend and is due to the conservative approach having been taken to set premium rates for Plan Year 2014.

The Short-Term Disability Rebate of \$6,178,953 was paid in the months of August through October to plan members for Plan Years 2008 to 2011. The Short-Term Disability plans have lost \$270,626 on a year-to-date basis, and are forecasted to lose up to \$800,000 for the full year. A loss was expected for this plan year, however it was expected to be about half the current forecast. This annual loss will bring the short-term disability fund balances more in line with the recommended reserve levels.

**MARICOPA COUNTY**  
**EMPLOYEE BENEFITS TRUST FUND**  
**Statements of Revenues, Expenses, and**  
**Changes in Net Assets —Internal Service Funds**  
**YTD as of October 31, 2013**

11/15/2013

	YTD 10/31/2013	Full Year 6/30/2013	Full Year 6/30/2012	Full Year 6/30/2011
<b>Operating revenues:</b>				
Operating income	\$ 45,928,706	\$ 127,318,181	\$ 122,941,566	119,211,913
Other income				884
Investment income	68,390	284,792	443,209	498,476
<b>Total operating revenues</b>	<b>\$ 45,997,096</b>	<b>\$ 127,602,973</b>	<b>\$ 123,384,775</b>	<b>\$ 119,711,273</b>
<b>Operating expenses:</b>				
Losses and loss expenses	41,759,738	111,466,606	114,179,304	111,900,464
All other expenses	2,723,509	7,706,150	7,060,881	8,621,004
<b>Total operating expenses</b>	<b>\$ 44,483,246</b>	<b>\$ 119,172,756</b>	<b>\$ 121,240,185</b>	<b>\$ 120,521,468</b>
<b>Nonoperating revenues:</b>				
Capital contributions	0	0	0	49,990
Return of contributions	0	(6,178,953)		
Transfers to Other Funds	0	0	0	(1,380,291)
Short-Term Disability Rebate	0			
Loss on disposal of capital assets	0	0	0	(3,273)
<b>Total nonoperating revenues</b>	<b>\$ -</b>	<b>\$ (6,178,953)</b>	<b>\$ -</b>	<b>\$ (1,333,574)</b>
<b>Change in net assets</b>	<b>1,513,850</b>	<b>2,251,264</b>	<b>2,144,590</b>	<b>(2,143,769)</b>
<b>Total net assets - Beginning</b>	<b>45,418,987</b>	<b>43,167,723</b>	<b>41,023,133</b>	<b>43,166,902</b>
<b>Total net assets - Ending</b>	<b>\$ 46,932,836</b>	<b>\$ 45,418,987</b>	<b>\$ 43,167,723</b>	<b>\$ 41,023,133</b>

**Maricopa County**  
**Employee Benefits Trust Funds**  
**Statements of Net Assets - Internal Service Funds**  
**October 31, 2013, June 30, 2013, June 30, 2012, and June 30, 2011**

	10/31/2013	6/30/2013	6/30/2012	6/30/2011
<b>Assets</b>				
Cash and cash equivalents	\$ 54,572,296	\$ 60,786,170	\$ 60,636,639	\$ 57,181,449
Interest receivable	81,633	81,633	42,598	3,563
Accounts receivable	586,414	570,404	924,206	898,195
Due from Other Departments	2,060,086			
Prepaid insurance	536,637	2,606,982	1,411,102	852,807
Capital assets, net	0	0	0	0
	<b>\$ 57,837,066</b>	<b>\$ 64,045,189</b>	<b>\$ 63,014,545</b>	<b>\$ 58,936,014</b>
<b>Liabilities</b>				
Accounts payable	100,705	586,562	88,404	124,271
Accrued Liabilities	1,360,828	9,617,663	5,554,366	2,382,967
Employee compensation payable	130,585	135,030	3,268,085	3,290,574
Reserve for losses and loss expenses	9,312,111	8,286,947	10,935,968	12,115,069
<b>Total liabilities</b>	<b>\$ 10,904,229</b>	<b>\$ 18,626,202</b>	<b>\$ 19,846,823</b>	<b>\$ 17,912,881</b>
	46,932,837	45,418,987		
<b>Net Assets</b>				
Invested in capital assets	0	0	0	0
Unrestricted (deficit)	46,932,837	45,418,987	43,167,723	41,023,133
<b>Total net assets (deficit)</b>	<b>\$ 46,932,837</b>	<b>\$ 45,418,987</b>	<b>\$ 43,167,723</b>	<b>\$ 41,023,133</b>

**MARICOPA COUNTY**  
**EMPLOYEE BENEFITS TRUST FUNDS**  
**Fund Balance Roll-Forward**  
**Four Months Ended October 31, 2013**

**Self Insured Funds**

<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>Fund Balance 7/1/2013</u>	<u>Fund Balance 10/31/2013</u>
601-CMG MEDICAL	\$ 15,620,593	\$ 16,375,014	\$ 754,421	\$ 1,819,238	\$ 2,573,659
604-OAP MEDICAL	12,243,149	12,785,499	542,350	166,644	708,994
606-CHOICE FUND H.S.A.	7,186,672	6,745,853	(440,819)	874,392	433,573
<b>Total Medical &amp; BH</b>	<b>\$ 35,050,414</b>	<b>\$ 35,906,366</b>	<b>\$ 855,953</b>	<b>\$ 2,860,274</b>	<b>\$ 3,716,227</b>
608-COINSURANCE PHARMACY	4,673,593	5,088,415	414,821	20,582,799	20,997,620
619-ONSITE PHARMACY CLINIC *	603,450	512,562	(90,889)	(372,426)	(463,315)
620- BENEFITS ELIMINATIONS	(349,125)	(349,125)	0	0	0
<b>Total Pharmacy</b>	<b>\$ 4,927,918</b>	<b>\$ 5,251,851</b>	<b>\$ 323,932</b>	<b>\$ 20,210,373</b>	<b>\$ 20,534,305</b>
614-BEHAVIORAL HEALTH	528,826	561,981	33,155	5,181,294	5,214,449
629-SI DENTAL	1,426,514	1,509,498	82,985	5,122,174	5,205,159
623-VISION	587,878	567,148	(20,730)	54,126	33,396
615-WELLNESS	207,221	467,777	260,557	3,820,637	4,081,194
618-BENEFIT ADMINISTRATION	804,697	1,053,322	248,625	5,751,269	5,999,894
999-BENEFITS CLEARING		(0)	(0)		(0)
<b>Total Other</b>	<b>\$ 3,555,135</b>	<b>\$ 4,159,726</b>	<b>\$ 604,591</b>	<b>\$ 19,929,500</b>	<b>\$ 20,534,091</b>
<b>Grand Total</b>	<b>\$ 43,533,468</b>	<b>\$ 45,317,944</b>	<b>\$ 1,784,476</b>	<b>\$ 43,000,147</b>	<b>\$ 44,784,623</b>

**Employee Self Insured Funds**

611-60 PERCENT STD	814,646	512,872	(301,774)	413,038	111,264
612-50 PERCENT STD	108,102	115,680	7,578	1,242,786	1,250,364
613-40 PERCENT STD	27,030	50,600	23,570	763,016	786,586
<b>Total STD</b>	<b>\$ 949,778</b>	<b>\$ 679,152</b>	<b>\$ (270,626)</b>	<b>\$ 2,418,840</b>	<b>\$ 2,148,214</b>
<b>Total Self-Insured Ex Rebate</b>	<b>\$ 44,483,246</b>	<b>\$ 45,997,096</b>	<b>\$ 1,513,850</b>	<b>\$ 45,418,987</b>	<b>\$ 46,932,837</b>
Short-Term Disability Rebate	0		0		
<b>Total Self-Insured</b>	<b>\$ 44,483,246</b>	<b>\$ 45,997,096</b>	<b>\$ 1,513,850</b>	<b>\$ 45,418,987</b>	<b>\$ 46,932,837</b>

**Fully Insured (Agency) Funds**

<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>Fund Balance 7/1/2013</u>	<u>Fund Balance 10/31/2013</u>
607-FI DENTAL PPO	\$ 1,735,458	\$ 1,736,788	\$ 1,330	\$ 77,525	\$ 78,855
625-FI PREPAID DENTAL	76,316	77,084	768	109,386	110,154
<b>Total Dental</b>	<b>\$ 1,811,775</b>	<b>\$ 1,813,873</b>	<b>\$ 2,098</b>	<b>\$ 186,911</b>	<b>\$ 189,009</b>
621-FLEX SPENDING HEALTH	1,041,794	786,592	(255,202)	0	(255,202)
622-FLEX SPENDING DEP CARE	153,551	292,576	139,025	0	139,025
<b>Total FSA</b>	<b>\$ 1,195,345</b>	<b>\$ 1,079,167</b>	<b>\$ (116,177)</b>	<b>\$ -</b>	<b>\$ (116,177)</b>
626-FI LIFE AND AD AND D	130,926	131,319	393	40,664	41,057
627-SUPPLEMENTAL LIFE	1,145,587	1,150,490	4,904	238,311	243,215
630-DEPENDENT LIFE	116,449	115,976	(473)	9,889	9,416
<b>Total Life and AD&amp;D</b>	<b>\$ 1,392,963</b>	<b>\$ 1,397,786</b>	<b>\$ 4,823</b>	<b>\$ 288,864</b>	<b>\$ 293,687</b>
628-EMPLOYEE ASSISTANCE	129,235	129,609	375	1,051	1,426
631-VOLUNTARY BENEFITS	309,950	310,303	352	3,952	4,304
632-CIGNA FOR SENIORS	175,925	202,154	26,229	73,236	99,465
<b>Total Others</b>	<b>\$ 615,110</b>	<b>\$ 642,066</b>	<b>\$ 26,956</b>	<b>\$ 78,239</b>	<b>\$ 105,195</b>
<b>Total Agency Funds</b>	<b>\$ 5,015,192</b>	<b>\$ 4,932,892</b>	<b>\$ (82,300)</b>	<b>\$ 554,014</b>	<b>\$ 471,714</b>

**Note:**

Onsite Pharmacy Clinic

\* Flu Shot Savings

Subrogation Cases Closed YTD

Subrogation Recoveries YTD

49,232

316,626

231,045

**MARICOPA COUNTY**  
**EMPLOYEE BENEFITS TRUST FUNDS**  
**Four Months Ended October 31, 2013**

**Self Insured Funds**

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Revenue</b>				
601-CMG MEDICAL	\$ 17,669,213	\$ 16,375,014	\$ (1,294,199)	-7.32%
604-OAP MEDICAL	11,949,560	12,785,499	835,939	7.00%
606-CHOICE FUND H.S.A.	5,150,683	6,745,853	1,595,170	30.97%
614-BEHAVIORAL HEALTH	583,264	561,981	(21,283)	-3.65%
<b>Total Medical &amp; BH</b>	<b>\$ 35,352,720</b>	<b>\$ 36,468,347</b>	<b>1,115,627</b>	<b>3.16%</b>
629-SI DENTAL	1,434,461	1,509,498	75,037	5.23%
<b>Total Dental</b>	<b>\$ 1,434,461</b>	<b>\$ 1,509,498</b>	<b>75,037</b>	<b>5.23%</b>
608-COINSURANCE PHARMACY	5,267,587	5,088,415	(179,173)	-3.40%
619-ONSITE PHARMACY CLINIC	578,668	512,562	(66,106)	-11.42%
620- BENEFITS ELIMINATIONS	(415,000)	(349,125)	65,875	-15.87%
<b>Total Pharmacy</b>	<b>\$ 5,431,255</b>	<b>\$ 5,251,851</b>	<b>(245,279)</b>	<b>-4.52%</b>
623-VISION	551,114	567,148	16,034	2.91%
<b>Total Vision</b>	<b>\$ 551,114</b>	<b>\$ 567,148</b>	<b>16,034</b>	<b>2.91%</b>
615-WELLNESS	454,268	467,777	13,509	2.97%
618-BENEFIT ADMINISTRATION	965,056	1,053,322	88,266	9.15%
<b>Total Other</b>	<b>\$ 1,419,324</b>	<b>\$ 1,521,099</b>	<b>101,775</b>	<b>7.17%</b>
<b>Grand Total</b>	<b>\$ 44,188,874</b>	<b>\$ 45,317,944</b>	<b>\$ 1,129,070</b>	<b>2.56%</b>

**Employee Self Insured Funds**

611-60 PERCENT STD	\$ 469,380	\$ 512,872	\$ 43,492	9.27%
612-50 PERCENT STD	101,520	115,680	14,160	13.95%
613-40 PERCENT STD	47,392	50,600	3,208	6.77%
<b>Total STD</b>	<b>\$ 618,292</b>	<b>\$ 679,152</b>	<b>60,860</b>	<b>9.84%</b>
<b>Total Revenue</b>	<b>\$ 44,807,166</b>	<b>\$ 45,997,096</b>	<b>1,189,930</b>	<b>2.66%</b>

**Expenses**

601-CMG MEDICAL	\$ 16,246,456	\$ 15,620,593	\$ 625,863	3.85%
604-OAP MEDICAL	12,315,976	12,243,149	72,827	0.59%
606-CHOICE FUND H.S.A.	4,790,249	7,186,672	(2,396,423)	-50.03%
614-BEHAVIORAL HEALTH	583,260	528,826	54,434	9.33%
<b>Total Medical &amp; BH</b>	<b>\$ 33,935,941</b>	<b>\$ 35,579,239</b>	<b>\$ (1,643,298)</b>	<b>-4.84%</b>
629-SI DENTAL	1,511,135	1,426,514	84,621	5.60%
<b>Total Dental</b>	<b>\$ 1,511,135</b>	<b>\$ 1,426,514</b>	<b>84,621</b>	<b>5.60%</b>
608-COINSURANCE PHARMACY	5,387,383	4,673,593	713,790	13.25%
619-ONSITE PHARMACY CLINIC	578,668	603,450	(24,782)	-4.28%
620- BENEFITS ELIMINATIONS	(415,000)	(349,125)	(65,875)	15.87%
<b>Total Pharmacy</b>	<b>\$ 5,551,051</b>	<b>\$ 4,927,918</b>	<b>623,133</b>	<b>11.23%</b>
623-VISION	727,378	587,878	139,500	19.18%
<b>Total Vision</b>	<b>\$ 727,378</b>	<b>\$ 587,878</b>	<b>139,500</b>	<b>19.18%</b>
615-WELLNESS	254,984	207,221	47,763	18.74%
618-BENEFIT ADMINISTRATION	908,046	804,697	103,349	11.38%
<b>Total Other</b>	<b>\$ 1,163,030</b>	<b>\$ 1,011,918</b>	<b>\$ 151,112</b>	<b>12.99%</b>
<b>Grand Total</b>	<b>\$ 42,888,535</b>	<b>\$ 43,533,468</b>	<b>\$ (644,933)</b>	<b>-1.50%</b>

**Employee Self Insured Funds**

611-60 PERCENT STD	\$ 6,669,380	\$ 814,646	\$ 5,854,734	87.79%
612-50 PERCENT STD	101,520	108,102	(6,582)	-6.48%
613-40 PERCENT STD	47,392	27,030	20,362	42.96%
<b>Total STD</b>	<b>\$ 6,818,292</b>	<b>\$ 949,778</b>	<b>\$ 5,868,514</b>	<b>86.07%</b>
<b>Total Self-Insured</b>	<b>\$ 49,706,827</b>	<b>\$ 44,483,246</b>	<b>\$ 5,223,581</b>	<b>10.51%</b>

**Employee Benefits Trust Funds  
Balance Sheet Details**

11/15/2013

**October 31, 2013, June 30, 2013, June 30, 2012, and June 30, 2011**

	10/31/2013	6/30/2013	6/30/2012	6/30/2011
<b><u>Accounts receivable</u></b>				
<i>COBRA Receivable</i>	\$ 26,927	\$ 61,593	\$ 164,058	\$ 109,355
<i>Vision</i>	1,954	1,057	1,057	1345
<i>Dental</i>	3,237	1,154	1,154	2652
	0	0		
<i>WHI Rebate</i>	554,296	506,600	757,936	784,843
<b>Total Accounts receivable</b>	<b>\$ 586,414</b>	<b>\$ 570,404</b>	<b>\$ 924,206</b>	<b>\$ 898,195</b>
<b><u>Prepaid insurance</u></b>				
<i>STD</i>	\$ 87,530	\$ 87,530	\$ 94,567	\$ 97,716
<i>Vision</i>	0	0	4,989	4,856
<i>Dental</i>	48,862	17,190		
<i>Medical</i>	400,245	2,502,262	1,311,547	750,235
<b>Total prepaid insurance</b>	<b>\$ 536,637</b>	<b>\$ 2,606,982</b>	<b>\$ 1,411,103</b>	<b>\$ 852,807</b>
<b><u>Accounts payable</u></b>				
<i>Medical</i>	\$ -	\$ -	\$ -	\$ -
<i>Behavioral Health</i>	22,832	65,355	38,030	32,500
<i>Vision</i>	0	280,230		300
<i>Dental</i>				
<i>STD</i>	(0)	13,978	11,929	13,007
<i>614-BEHAVIORAL HEALTH</i>	0	0	5,754	16,705
<i>616-CONTRACT ADMINISTRATION</i>	0	0	23,474	37,543
<i>615-WELLNESS</i>	12,831	18,399	9,218	24,217
<i>623-VISION</i>	65,042	105,707		
<i>619-ONSITE PHARMACY CLINIC</i>	0	102,894		
<b>Total accounts payable</b>	<b>\$ 100,705</b>	<b>\$ 586,562</b>	<b>\$ 88,405</b>	<b>\$ 124,272</b>
<b><u>Accrued Liabilities</u></b>				
<i>Medical</i>	\$ 417,771	\$ 1,664,741	\$ 2,846,956	\$ 1,470,817
<i>Pharmacy</i>	582,528	524,517	625,425	650,525
<i>Behavioral Health</i>	0	355	0	
<i>Vision</i>	0	(132,683)		0
<i>Dental</i>	195,230	157,837	139,519	261,625
<i>STD</i>	17,499	6,178,953		
<i>Accrued Employee Rebate</i>	0			
<i>618-BENEFIT ADMINISTRATION</i>	67,500	0		
<i>619-ONSITE PHARMACY CLINIC</i>	80,300			
	0			
<i>999-BENEFITS CLEARING</i>	0	1,223,942	1,942,466	
<i>HEALTH SELECT SI TRUST</i>				
<b>Total Accrued Liabilities</b>	<b>\$ 1,360,828</b>	<b>\$ 9,617,663</b>	<b>\$ 5,554,366</b>	<b>\$ 2,382,967</b>
<b><u>Employee compensation payable</u></b>				
<i>Consumer Choice Pharmacy Employee Allo</i>	\$ -	\$ 6,609	\$ 3,122,217	\$ 3,122,217
<i>618-Employee compensation payable</i>	121,108	128,422	145,869	124,553
<i>615-Employee compensation payable</i>	9,477			43,804
<b>Total Employee Comp Accrual</b>	<b>\$ 130,585</b>	<b>\$ 135,031</b>	<b>\$ 3,268,086</b>	<b>\$ 3,290,574</b>
<b><u>Reserve for losses and loss expenses -IBNR Details</u></b>				
<i>Medical</i>	\$ 7,980,944	\$ 6,995,779	\$ 9,788,419	\$ 10,991,704
<i>Pharmacy</i>				
<i>Behavioral Health</i>	293,592	293,592	231,766	178,642
<i>Vision</i>	161,597	161,597	107,576	91,554
<i>Dental</i>	466,041	466,041	484,345	409,517
<i>STD</i>	409,937	369,937	323,861	443,654
<b>Total Reserve for losses and loss exen</b>	<b>\$ 9,312,111</b>	<b>\$ 8,286,946</b>	<b>\$ 10,935,967</b>	<b>\$ 12,115,071</b>