

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 18, 2013
Open Meeting Time: 11:00 A.M.

MINUTES

TRUSTEES PRESENT: Beverly Dupree, Brad Arnett, Dan Robledo,
Rex Jorgensen (telephonically)

TRUSTEES ABSENT: Susan Strickler, Jim Steinkamp

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

GUESTS: Sallee Borneman, Julie Garcia

Curtia Hunter-Richard distributed a presentation folder and an updated contact list to each Trustee and Staff member present. The folder included the meeting agenda, October 21, 2013 meeting minutes, and the financial statements.

The Open Session meeting was called to order by Trustee Robledo, in the absence of Chairperson Strickler, at 11:10 A.M. A quorum was present.

Approval of Meeting Minutes

Trustee Robledo called for the approval of the October 21, 2013 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Robledo and seconded by Trustee Dupree. The October 21, 2013 meeting minutes were unanimously approved.

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:

- o Statement of Revenues, Expenses, and Changes in Net Assets – YTD as of October 31, 2013

- Statement of Net Assets – October 31, 2013, June 30, 2013, June 30, 2012, and June 30, 2011
- Fund Balance Roll-Forward – Four Months Ended October 31, 2013
- Balance Sheet Details – October 31, 2013, June 30, 2013, June 30, 2012 and June 30, 2011
- Revenue & Expenses – Four Months Ended October 31, 2013
- Financial Commentary – October 2013

The question by Trustee Dupree in reference to the charge to County departments for benefits was addressed and clarified. It was confirmed that the benefit costs charged to each department have not increased in conjunction with the PY 2014 benefits premiums yet each month the Due from Other Departments increases by \$800,000.

The question by Trustee Dupree in reference to the impact of the County practice to set conservative rates for the Co-insurance Pharmacy Plan was addressed and clarified. It was confirmed that the Co-insurance Pharmacy Plan's net value increases due to the County's practice to set the rates at a conservative level.

The question by Trustee Arnett in reference to any needed follow-up action for the short-term disability fund balance was addressed and clarified. The reserve is more in line with the level recommended by Mercer, given the PY 2014 benefit plan changes and the short-term disability rebate. Recommendations for further action will be presented later in this meeting.

Presentation and Discussion – Health and Welfare Benefits for FY 2014-2015

Chris Bradley distributed the report titled “FY 2014-15 Employee Benefits Plans and Rates (Employee Benefits and Health November 2013)” and presented an overview of the changes to:

- the health benefit plans and wellness programs being recommended for FY 2014-15, and
- the premiums needed to support the health benefit plans and wellness programs for FY 2014-15.

The question by Trustee Robledo in reference to the level of employee participation in employer subsidized benefits was addressed and clarified. It was confirmed that the participation levels in employer subsidized benefits (health, dental, vision, basic life and AD&D) have remained the same throughout the past several years.

The questions by Trustee Arnett in reference to the projected utilization and cost of bariatric surgery were addressed and clarified. Cigna has indicated that individuals would need the excess skin removal procedure at 2 years post-surgery. The County anticipates about half of the current bariatric surgery candidates would be at the point of needing the excess skin removal surgery during the next plan year at a projected cost of \$100,000 for the year.

The question by Trustee Dupree in reference to the Out-of-Pocket (OOP) Maximums was addressed and clarified. It was confirmed that the Affordable Care Act requirement is for medical copays, co-insurance and deductibles to be applied to the OOP Maximums for Plan Year 2014-15. Not until the following fiscal year, starting July 1, 2015, will the pharmacy and behavioral health, copays, coinsurance, and deductibles also need to be included.

The question by Trustee Dupree in reference to the Annualized Reinsurance Fee required by the Affordable Care Act was addressed and clarified. The \$0.89 million Annualized Reinsurance Fee is a charge to 3rd party administrators for self-insured plans. Overall, changes required by the Affordable Care Act represent 2% of health care premiums.

The question by Trustee Dupree in reference to the proposed change to discontinue benefits coverage for employees who work less than 30 hours per week was addressed and clarified. It was confirmed that this proposed change would simplify the administrative process for the County's benefit plans and would only impact a couple of dozen employees. Many of the employees who presently work less than 30 hours per week are return-to-work retirees. The employer subsidy for affected part-time employees is half the amount provided for employees who work 30 or more hours per week, so these individuals likely have more affordable coverage options through their retirement system or through the Health Insurance Marketplace. Continuing to offer benefits to part-time employees could negatively affect their ability to obtain a tax credit for health care premiums.

The question by Trustee Jorgensen in reference to the notification to the Board of Supervisors on the proposed changes in benefits eligibility and administration was addressed and clarified. All proposed changes in benefits eligibility and administration will be voted on by the Board of Supervisors at the December 11, 2013 formal meeting.

Trustee Arnett stated that he supported the proposed benefit plans and rates, but noted that the County provides generous benefits. Mr. Arnett recommended that the Board of Supervisors be informed that benefit plans provided by many private-sector organizations are significantly less generous. He requested benchmark comparisons with the private sector.

The recommendation was made by Trustee Arnett to make any adjustments or any drastic changes that may be needed in the next 5-10 years since the current County benefit plans are very rich and performing well.

Trustees Arnett, Dupree, and Robledo indicated that they supported the FY 2014-15 Employee Benefits Plans and Rates as presented.

Call to Public

Trustee Robledo made a Call to the Public. There was no response.

Motion to Adjourn

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

The meeting was adjourned at 11:58 A.M.