

MARICOPA COUNTY SELF-INSURED TRUST

**BOARD OF TRUSTEES MEETING**

301 W. Jefferson Street, Suite 3200  
North Conference Room, 3<sup>rd</sup> Floor, Maricopa County Administration Building  
Monday, December 7, 2015  
Open Meeting Time: 10:00am

**OPEN SESSION**

**MINUTES**

TRUSTEES PRESENT: Jim Steinkamp, Rex Jorgensen, Beverly Dupree, Helena Whitney, Brad Arnett

TRUSTEES ABSENT: None

STAFF PRESENT: Meg Blankenship, Dave Hansen, Tawn Thornton, MaryEllen Sheppard, Curtia Hunter-Richard

GUESTS: Mike Saavedra, Mercer

Curtia Hunter-Richard distributed a presentation folder to each Trustee and Staff member in attendance. The folder included the meeting agenda, October 19, 2015 meeting minutes, the financial statements, the 2016-17 Benefits Plans and Rates Presentation (December 2015) and an updated BOT Contact List.

The Open Session meeting was called to order by Chairperson Steinkamp at 10:05am. A quorum was present.

**Approval of Meeting Minutes**

Chairperson Steinkamp called for the approval of the October 19, 2015 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Whitney and seconded by Trustee Jorgensen. The October 19, 2015 minutes were unanimously approved.

**Presentation and Discussion – Review of Financial Statements**

Dave Hansen notified the Trustees that they may be contacted in the next few weeks by external auditors completing the financial audit. This is one of the steps in completing the audit.

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 2015
- Statements of Revenues, Expenses, and Changes in Net Assets – YTD as of October 31, 2015
- Statements of Net Assets – October 31, 2015, June 30, 2015, June 30, 2014, June 30, 2013 and June 30, 2012
- Fund Balance Roll-Forward – Four Month Ended October 31, 2015
- Balance Sheet Details – October 31, 2015, June 30, 2015, June 30, 2014, June 30, 2013 and June 30, 2012

The question by Chairperson Steinkamp in reference to the Net Loss October YTD 2015 status was addressed and clarified. It was confirmed that the October YTD 2015 deficit of \$340,932, as reported, is less than 1% of the budget.

The questions by Chairperson Steinkamp in reference to the budgeting process were addressed and clarified. It was confirmed that the County does not use different budgeting to adjust for unmet deductibles and out-of-pocket maximums at the start of the plan year. The rates remain the same in the budget, so therefore the revenues remain relatively the same for twelve months.

### **Presentation and Discussion – Stop-Loss Insurance**

Dave Hansen distributed the Projection of Stop-Loss Program report and presented an analysis of the potential cost to the Plan if related high-dollar claims would have been covered by Stop-Loss insurance between FY 2008-2015.

Discussion ensued regarding Stop-Loss coverage. The analysis reflects that the County saved approximately \$8 million over an eight year period by not having the Stop-Loss coverage and there have been sufficient Reserves to cover high dollar claims. In effect, any Stop-Loss insurance costs would far exceed the benefit of protection that this type of insurance would provide to the Benefits Trust Fund.

Chairperson Steinkamp recommended the continuous practice of reviewing the potential benefit of Stop-Loss insurance and encouraged the review to include claims at the \$500,000 level and above.

Chairperson Steinkamp called for the motion to approve Stop-Loss insurance set at zero for Plan Year 2016-2017. The motion was made by Trustee Arnett and seconded by Trustee Jorgensen. There was no further discussion and the motion was approved by unanimous vote.

### **Presentation and Discussion – Health and Welfare Benefits for Plan Year 2016-2017**

Meg Blankenship presented the overview of the health benefits and wellness programs being considered for Plan Year 2016-2017, along with the premiums needed to support the plans and programs.

The questions by Trustee Dupree in reference to the increases in dental premiums were addressed and clarified. The premium increase is in the Delta Dental plan only. The increase of 3.7% is based on what is agreed-upon by contract with Delta Dental. The Delta Dental contract is for a term of 3 years. The County confirmed that the Delta Dental option is a buy-up option, and coverage is very similar to that offered through the Cigna Dental PPO. There is also quite a bit of overlap in the provider networks between the two PPO dental plans.

Discussion ensued regarding the Delta Dental premium increases in relationship to the absence of salary increases for Maricopa County employees, but it's important to remember that this plan is a buy-up option.

The question by Trustee Jorgensen in reference to options Maricopa County employees have for dental elections was addressed and clarified. It was confirmed that County employees have two other options available (aside from Delta Dental) for dental coverage, and the other two plans are administered by Cigna - a DPPO and a DHMO.

The questions by Chairperson Steinkamp in reference to the change in the vision plan were addressed and clarified. It was confirmed that the change from Avesis to EyeMed was the result of the RFP process. The contract with Avesis was for 3 years and will expire June 30, 2016.

The question by Chairperson Steinkamp in reference to the "Value Formulary" for the Co-Insurance Prescription Plan was addressed and clarified. Though there is not a "grandfathering" option for members currently using prescription drugs impacted by the formulary change, a provider may work with Catamaran to determine if a prior

authorization may be issued for those who need to continue therapy using the same medications they are currently taking.

The questions by Chairperson Steinkamp in reference to the co-insurance percentage on the PPO medical plan were addressed and clarified. The co-insurance for the PPO medical plan is currently 10% for In-Network and 50% for Out-of-Network.

The question by Trustee Arnett in reference to the percentage of benefits-eligible employees that participate in the PPO medical plan was addressed and clarified. The participation in the PPO medical plan is made up of approximately 30% of benefits-eligible employees; 20% in the HDHP medical plan and 50% in the HMO medical plan.

The question by Chairperson Steinkamp in reference to core buy-up pricing was addressed and clarified. The County pays the same premium amount, by tier level, for the employer portion of premiums on all three medical plans.

The question by Chairperson Steinkamp in reference to the PPO medical plan changes was addressed and clarified. It was confirmed that the changes to the PPO medical plan deductible and out-of-pocket maximums were required to try to maintain a low increase in the premiums for employees.

The question by Trustee Arnett in reference to the communication plans to update employees on benefit changes was addressed and clarified. Once the Board of Supervisors approves the changes, plans for communicating the changes to employee will be deployed.

The questions by Trustee Dupree in reference to the increase in the HDHP medical plan in-network co-insurance percentage were addressed and clarified. The increase for the in-network co-insurance percentage from 10% to 15% has been recommended in order to manage the impact of rising health care costs. The low premiums and the County contributions to the HSA make the HDHP medical plan more financially favorable to employees than the other two medical plans.

The question by Trustee Jorgensen in reference to the County matching contributions to the HSA was addressed and clarified. The County contributions to the HSA are \$500 for individual coverage and \$1,000 for family coverage.

The questions by Chairperson Steinkamp in reference to the HDHP were addressed and clarified. The in-network deductible for the HDHP medical plan is \$1,500 for

individual coverage and \$3,000 for family coverage. The County contribution to the HSA is made one time per plan year.

Discussion ensued on the benefit of the HDHP for low and high utilizers, the incentive of the County contribution to the HSA, and the benchmark range for co-insurance ranging around 80% for other entities offering HDHP medical plans.

The questions by Trustee Dupree in reference to the benefits of the OptumRx Specialty Pharmacy for the HDHP medical plan were addressed and clarified. The Specialty Pharmacy will be doing "Medical Necessity" reviews and will dispense drugs directly from the Specialty Pharmacy. Usually, a retail pharmacy cannot fill a Specialty prescription because many times they don't keep these types of medications in stock. Retail pharmacies would have to order a Specialty drug and have it shipped to their store in order to fill the prescription. This can take longer and cost more than it would if handled through the Specialty Pharmacy.

The question by Chairperson Steinkamp in reference to the rates increase was addressed and clarified. It was confirmed that the County's intent is to minimize rate increases. The 2016-2017 rate increase recommendations come in under the 4% range.

The questions by Trustee Arnett in reference to the change in the Benefits Effective Date were addressed and clarified. The Benefits Effective Date will change to the first day of the month after hire. The current benefits effective date is the first day of the third pay period after hire.

The question by Chairperson Steinkamp in reference to the change of coverage for newborns was addressed and clarified. It was confirmed that currently the deductible and out-of-pocket maximum of the mother apply to the newborn for the first 30 days.

The questions by Trustee Arnett in reference to the Open Enrollment Confirmation Statements were addressed and clarified. Two Open Enrollment Confirmation Statements will be mailed and the cost will be built in to the overall Open Enrollment costs.

The questions by Trustee Whitney in reference to the availability of FSAs were addressed and clarified. The County offers the Health Care FSA, the Dependent Care FSA, and for enrollees in the HDHP it offers the Limited Scope FSA. Employees are provided with information on how to use FSAs. The minimum annual contribution is

\$240, and the decision to contribute to an FSA is a personal choice because these are “use it or lose it” accounts.

The request by MaryEllen Sheppard to explain the review process for the recommended changes to the PPO medical plan was addressed and clarified. Other options were considered for the PPO medical plan. Option B included lower deductibles, higher out-of-pocket maximums, and the premiums increased. The recommended option would keep the premiums low for all participants electing the PPO medical plan.

The questions by Trustee Arnett in reference to the comparison of the HDHP medical plan with the State of Arizona were addressed and clarified. Benchmarking with City of Phoenix and the State of Arizona was reviewed in the process of making the recommendations. Currently, both are grandfathering some of their plans. While they may not be making changes every year, there will be point in which a major change will be required to keep up with the changes in the industry. That would be more dramatic to their employees than the gradual changes the County’s benefits staff is recommending

Discussion ensued regarding the plan to communicate these changes to County management to get their feedback on the changes.

The question by Trustee Arnett in reference to the participation of the Board of Supervisors in the review of benefit plan changes was addressed and clarified. It was confirmed that the Board of Supervisors will be briefed on the proposed changes and their feedback and questions will be welcomed.

### **Call to Public**

Chairperson Steinkamp made a Call to the Public. No one from the public was present.

### **Motion to Adjourn**

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

The meeting was adjourned at 10:45am.