



**MARICOPA COUNTY  
SELF-INSURED BENEFITS TRUST FUND  
BOARD OF TRUSTEES**

**GENERAL SESSION**

**MEETING MINUTES**

**February 26, 2018**

**Benefits North Conference Room**

**301 W. Jefferson Street, 3rd Floor, Ste. 3200, Phoenix,  
AZ 85003**

**1. Call to order**

Trustee Rex Jorgensen, acting Chairman, convened the Benefits Trust Fund Board of Trustee's General Session at 11:03 a.m. Trustee Rex Jorgensen, Trustee John Lewis, Trustee Helena Whitney, and Christine Stutz, Benefits Trust Fund Legal Counsel were present telephonically. Also present: Jan Plank, Human Resources Director, Charlotte Marz, Benefits Deputy Director; Elizabeth Schafer, Employee Benefits Administration Manager; Dave Hansen, Finance Manager; and Mary Pack, HR Associate.

**2. Approval of the November 30, 2017 Trustee General Session meeting minutes**

Trustee Rex Jorgensen, acting Chairman, called for a motion to approve the November 30, 2017 General Session meeting minutes. Trustee Whitney made a motion to approve the November 30, 2017 General Session meeting minutes as submitted. Trustee Lewis seconded the motion. Motion carried unanimously with three (3) ayes and zero (0) nays.

**3. Administrative Procedures**

Charlotte Marz, Benefits Deputy Director lead a discussion regarding administrative procedures for taking minutes and open meeting laws. Ms. Marz stated that with the transition of the department along with the change in leadership and addition of the new employees in Employee Benefits, there was a decision to review the procedure on how to document the Benefits Board of Trustees meetings. After obtaining suggestions from legal counsel, Ms. Marz would like to propose putting some of the administrative processes in writing. She stated that this can be done one of two ways. The first option would be to create a Bylaw document that would be used solely for the Benefits Board of Trustees meetings. The second option would be to amend the Restated Declaration of Trust, which would then require Board of Supervisors approval. Ms. Marz suggested that the Restated Declaration of Trust be amended and presented to the Benefits Board of Trustees at the next meeting for review and approval. Trustee Jorgensen and Trustee Lewis both agreed with this suggestion.

Chairman Jim Steinkamp arrived and took over the meeting at 11:09 a.m.

#### **4. Mid-Year Financial Review**

Dave Hansen, Benefits Finance Manager presented information regarding the FY 2017 financial audit, recent operating issues, and the semi-annual review of the FY 2018 financial statements. Mr. Hansen requested to present agenda items 4, 5, and 6 as one item. Chairman Steinkamp approved this request.

Mr. Hansen passed out the Audit report to those in the room and explained that there is no new information, however, we were given a clean opinion on the audit and the information presented throughout the year was determined to be correct. Trustee Jorgensen and Trustee Lewis both asked questions regarding distributing the audit report to members and posting it online. Ms. Stutz stated that there was no requirement to post on line, but there were no restrictions to prevent Mr. Hansen from doing so either. Ms. Stutz also suggested that Mr. Hansen scan the document as a PDF and distribute to members for review, prior to the next meeting. Trustee Jorgensen and Trustee Whitney both requested a copy of the report.

Mr. Hansen presented information on the available assets to recover reserve, large claims cost per plan, expenditures v. prior year and budget, expense per subscriber, and change of net position.

Mr. Hansen presented information on January 2018 year-to-date results of cash and cash equivalents, the difference in the balance between the previous years along with the current cash balance. Mr. Hansen asked if there were any questions. As there were none, Mr. Hansen then presented information on operating results which includes the surcharge to help cover cost.

Chairman Steinkamp stated that it appeared the difference was of lower/high claims vs last year. Mr. Hansen stated that that was correct. He stated that both the 3.9 million that came from the United Healthcare medical high deductible health plan and 2.8 million that came from the coinsurance prescription plan, contributed to the favorable net margin. Chairman Steinkamp asked if they were conservative in the budget estimate of the new contract. Mr. Hansen replied that they were but that there was also several rebates included in the net margin.

Mr. Hansen presented information on medical claims paid. He stated that although we are showing a reduction in high claims from the previous year, the large claims are becoming a larger portion of the total claims that are paid. Chairman Steinkamp asked if there was another adjustment made for FY2018 when Mercer did the forecasting due to extra ordinary circumstances of FY2017. Mr. Hansen stated he had no knowledge of how they came up with their numbers.

Mr. Hansen presented information on co-insurance prescription plan claims stating that he put the pharmaceuticals in groups. The first group, Hepatitis C, shows a decrease over the last 2 years. The second group, Multiple Sclerosis, has stayed pretty consistent, with the exception of 2017 which shows a large decrease due to a refund that was issued. The third group, Rheumatoid Arthritis, shows a decrease from the last few years. Jan Plank asked if we could expect to receive more credits in the future, like the one received in 2017. Mr. Hansen stated that it was a onetime credit that was issued due to the new contract which started July 1, 2017.

Mr. Hansen continued with the fourth group, Diabetes, stating that it stayed relatively consistent over the past few years. Mr. Hansen reported that there are a few high dollar pharmaceuticals such as Advate used for Hemophilia and Firazyr used for Angioedema, both show an increase. There was an issue with Compound RX that was resolved quickly. Mr. Hansen stated that the challenge with pharmacy is there are a few specialty pharmaceuticals that are very costly and just one could take up 5% of your total spent, thus having multiple similar pharmaceuticals could create a problem.

Mr. Hansen then reviewed the Coinsurance Prescription Plan claims on a month by month basis which have been corrected manually so that the one time adjustment does not distort the presentation.

Mr. Hansen presented the Forecast including trust revenues, trust expenditures, trust net margin. As there were no questions from the Trustee's, Mr. Hansen continued with his presentation of the supplemental section of his report, which detailed the source of funding for the payment of claims for the FY16 and FY17 benefit year.

Mr. Hansen presented prescription claims by groups comparing costs from FY14 to FY2017.

Mr. Hansen then presented the productivity statements comparing FY2011 to FY2017. In his comparison, he found that that there was very little change of employees with medical plans and only a 3% decline to the benefit deductions in the County payroll system. Trustee Jorgensen asked for clarification regarding the reduction of the percent of general ledger transactions relating to benefits decreasing from 24% to 2% in 2017. Mr. Hansen stated that it was the result of rolling all employer side premiums into a single cost allocation.

Mr. Hansen presented information on the reduction of the number of groups, plans and rates. The time spent on audit deduction and reconciling health savings bank accounts has decreased showing the process is more efficient. Claim savings have also increased. The County has cut off the Out of Network medical providers, forcing the providers in the industry to come onto the network so they are available to employees at the

customary charge. Mr. Hansen stated that there was a significant workload increase due to the affordable care act. Mr. Hansen then asked if there were any questions regarding his presentation. As there were no questions, Chairman Steinkamp moved to the next item on the agenda.

**5. Financial Statements**

Dave Hansen, Benefits Finance Manager presented information regarding the Financial Statements of current assets and liabilities related to the Benefits Trust. Refer to summary of item number 4.

**6. Full Year 2018 Forecast**

Dave Hansen, Benefits Finance Manager presented information regarding the forecast for the 2018 Benefits Trust fund. Refer to summary of item number 4.

**7. FY 2019 Budget Update**

Charlotte Marz, Benefits Deputy Director presented information regarding the FY 2019 proposed Budget and briefly spoke about the plan design changes and the wellness incentive design proposal.

Trustee Jorgensen asked for clarification regarding the reduction in revenue for Benefits administration on the trust revenue side of the budget for 2018-2019. Mr. Hansen stated that it was the elimination of the cost allocation surcharge. Trustee Jorgensen then asked what makes up the 4% increase of benefits administration expenses. Mr. Hansen stated it is mostly salaries but it does include contract payments, such as computer systems, 1095c reporting, and the Mercer contract.

Chairman Steinkamp asked how long the wellness program has been in place. Ms. Marz stated that there has been a culture of wellness within the county since 1990's, however it has changed drastically over the years. She stated that the program that exists now started in 2014. Chairman Steinkamp asked if the County has looked at moving towards a more outcome based incentive program rather than an activity based program. Ms. Marz stated that it is something she has personally considered, but it appears the employers are holding off, because of the legislation and the compliance around the programs being tied to outcomes.

Ms. Plank stated that the \$60.00 per month wellness incentive is a very rich incentive in comparison to other organizations. Ms. Marz stated that she agrees with that on a local level within the public sector, however in a national comparison with the private sector, it is more average.

**8. FY 2018 Meeting Schedule**

Charlotte Marz, Benefits Deputy Director led a discussion regarding the FY 2018 Board of Trustees meeting schedule. There were no objections to the dates proposed. The approved dates for the 2018 Benefits Board of Trustees meetings will be posted.

**9. Call to the Public**

There were no members of the public present.

**10. Motion to Adjourn**

Chairman Steinkamp called for a motion to adjourn the meeting. Trustee Jorgensen made the motion. Trustee Lewis seconded the motion. The motion passed unanimously with four (4) ayes and zero (0) nays. The meeting was adjourned at 11:55 a.m.

The next meeting is scheduled to take place on Monday, April 23, 2018 at 11:00 a.m.

DRAFT