

MARICOPA COUNTY SELF-INSURED TRUST

**BOARD OF TRUSTEES MEETING**

301 W. Jefferson Street,  
Board of Supervisors Conference Room, 10<sup>th</sup> Floor  
Maricopa County Administration Building  
Wednesday, July 11, 2012  
Open Meeting Time: 11:00 a.m.

**OPEN SESSION**

**MINUTES**

TRUSTEES PRESENT: Dan Robledo, Beverly Dupree, Jim Steinkamp

TRUSTEES ABSENT: Susan Strickler, Brad Arnett

STAFF PRESENT: Meg Blankenship, Chris Bradley, Dave Hansen,  
Christine Stutz, Curtia Hunter-Richard

GUESTS: None

Curtia Hunter-Richard distributed a presentation folder to each Trustee and Staff present. The folder included the following meeting materials: meeting agenda, May 8, 2012 and May 1, 2012 meeting minutes, and the Employee Benefits Trust Fund Financial Statements as listed in the Review of Financial Statements Presentation. Prior to the opening of the meeting, a notice was posted at the entrance to the 3<sup>rd</sup> Floor North Conference Room to correct the public meeting location as posted in the Agenda and to redirect the public to the 10<sup>th</sup> floor Board of Supervisors' Conference Room.

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

**Approval of Last Meeting's Minutes**

Trustee Steinkamp called for the approval of the May 8, 2012 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Dupree and seconded by Trustee Robledo. The minutes were unanimously approved.

**Presentation and Discussion: Enrollment Numbers for FY 2013**

Chris Bradley presented the review of Open Enrollment 2012 results which featured the employee benefit plan elections for FY 2012-13 in comparison to FY 2011-12. The comparison is based on a benchmark right after the completion of Open Enrollment and does not include any new hired employees. The Total Benefit Eligible Employees did not change still approximately 12,600 with 99.1% of eligible employees participated in the "Active" Open Enrollment. Medical benefit plans, Wellness Incentive Participation, pharmacy, dental, vision,

Comment by Trustee Dupree regarding Choice Fund HSA enrollment: employees only see high deductible and not the benefits of the HSA, as people increase knowledge. See an increase every year.

The question by Trustee Dupree in reference to the source of the Health Assessment questions and whether the lifestyle questions differed from previous years was addressed and clarified. The Health Assessment questionnaire remains the same as previous years as generated by Cigna and the University of Michigan to allow for comparison of people's responses year-to-year. Feedback received by the Employee Benefits Division has been primarily employees concerned about how to complete the Health Assessment and when the premium reduction would be received.

The question by Trustee Steinkamp in reference to the increase of 8.2% for the Non-Tobacco User Incentive Participation was addressed and clarified. The increase has been attributed to employees taking the saliva test to qualify for the premium reduction on a prospective basis since they had not completed it during the previous year open enrollment. The new policy to provide the premium reduction based on the tobacco cessation wellness program participation had not gone into effect at the time of this review.

### **Presentation and Discussion: YMCA Wellness Partnership**

Meg Blankenship presented the highlights of the new YMCA Wellness Partnership which went into effect July 1, 2012 supports the wellness strategy to include the employee and their covered family members. The Wellness benefit provides discounted membership rates and programs; 220 County employees have registered to date.

The questions by Trustee Steinkamp in reference to rate structure of the YMCA Wellness Partnership was addressed and clarified. The individual membership rate charged by the YMCA for \$51 per month is reduced to \$24 per month, while the family rate of \$89 per month is reduced to \$51; and arranged as payroll deductions for participating employees. The partnership is designed to increase wellness through exercise and weight management of employees and their covered dependents enrolled in the County-sponsored medical plan. The County confirmed that the Wellness fund of the Benefits Trust is utilized to finance the YMCA discount benefit. In addition, further

opportunities are being explored to extend the YMCA benefit to employees who are not enrolled in the County-sponsored medical plan.

The question by Trustee Dupree in reference to how to identify the number of County employees who are not eligible to participate in the YMCA Wellness Partnership was addressed and clarified. The 11,309 of the 12,582 benefits-eligible employees may select the benefit since their premiums contribute to the Benefits Trust Fund that supports this wellness initiative; the remaining 1,273 benefits-eligible employees (approx 10.1%) who waived County medical benefits and are not contributing to the Wellness fund that is being utilized to support the Wellness initiative, so consequently are not eligible to participate.

The question by Trustee Steinkamp in reference to the difference between funding the Partnership through the County General fund as opposed to the Benefits Trust fund was addressed and clarified. It was confirmed that non-beneficiaries of the Trust could not receive the benefits of the Trust; and if funded through the General fund or any other source would alter the initiative and it would not be qualified to be designated as Wellness.

The question by Trustee Steinkamp in reference to the payment of basic life insurance benefit for every employee at no cost to the employee as part of the Trust was addressed and clarified. The County confirmed that the Trust does pay for the basic life insurance of every employee through a different fully-insured fund. However, the Wellness program that provides flu immunizations would be a more accurate comparison for a Wellness initiative benefit.

Discussion ensued on the options to extend Wellness benefits to all County employees regardless of medical coverage. The County noted that negotiations are in progress with the YMCA to extend discount offers to all County employees and there may be future opportunity to explore alternative funding options.

### **Presentation and Discussion:**

#### **Engagement of Clifton Larson Allen as Independent Auditors for FY 2012**

Dave Hansen announced the engagement of Clifton Larson Allen as the selected Independent Auditors for FY2012. Each year Maricopa County is required to have all financial statements audited by the Auditor General. In addition, Arizona State Statute 11-981 requires self-insured trust fund to be audited by an external auditor. The Request for Proposal (RFP) process involved the receipt of an engagement letter from Clifton Larson Allen which was accepted by the County procurement department.

The question by Trustee Robledo in reference to status of the monthly financial statements as presented to the Benefits Trust Fund Board of Trustees and the board's obligation to the correctness of these financial statements was addressed and clarified. It was confirmed that the monthly financial statements are presented as "fact until

audited". The independent auditors will review and validate all financial statements, then present the Board with the annual audit report.

The question by Trustee Robledo in reference to the role and responsibilities of the external auditor in relation to the Board of Trustees was addressed and clarified. It was confirmed that the external auditor will present their results to the Benefits Trust Fund Board of Trustees. Further clarification was provided by Attorney Strickler as to the requirement by Arizona State Statute for all self-insured health benefits funds to have an audit performed by external auditors. The County's external auditor has been retained under the RFP process that previously existed and will present the audit to the Benefits Trust Fund Board of Trustees for review as part of the statutory obligation of the Trustees.

### **Presentation and Discussion: Review of Financial Statements**

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

The Employee Benefits Trust Fund balance statement reflects FY 2012 Cash and Cash Equivalents at \$60,580,000 which is an increase from last year (6/30/2011) of about \$3.5 million and up from FY 2010 by an additional \$1 million. This is not an indication of income of \$3.5 million but instead reflects the procedural change in the cost allocation of benefits charged back to each department per employee. There is a \$2 million liability being held in reserve that will be reduced by the end of next fiscal year as each department is paid based on the adjusted cost allocation of \$371 per employee.

The Fund Balance Roll-Forward reflects funds that made or loss money: for example, the CMG Medical lost \$2.2 million; the OAP IN made \$2.9 million while the OAP High lost money, so the OAP funds combined together made about \$2.5 million. In addition, the pharmacy plans lost \$2.3 million which was by design as the fund balance at the start of the year was too high at \$20 million. Consequently, a 17% rate decrease was programmed into the pharmacy plan design to adjust the fund balance for this fiscal year which was successful.

Discussion ensued regarding the following additional points of interest:

- Total Expenses remained flat when compared YTD;
- The impact of extra ordinary large claims on last year's Total Operating Expense increased it by a significant amount;

- The overall County benefits-eligible employee base did not change even though the number of dependents increased due to coverage of dependents up to age 26.

### **Presentation and Discussion:**

#### **Update on Defining Board of Trustees' Roles & Responsibilities**

Christine Stutz presented the progress involved in clarifying the definition of the roles and responsibilities of the Benefits Trust Fund Board of Trustees, such as the involvement in contract processes, decisions made about benefit plans, various issues related to subrogation, as well as administrative matters of the board. Attorney Brandon Newton, along with Chris Bradley, in the process of revising the Trust document and will present their recommendations for the Board to review and provide feedback on any changes and then the revised Trust document would be taken to the Board of Supervisors for their approval, discussion and recommendation. These preparations are being targeted to be included on the September agenda. In addition, Attorney Stutz, Chris Bradley and Meg Blankenship are in the process of reviewing all plan documents for changes that need to be updated and that have ties to the Board's roles and responsibilities. These will also be presented during the September meeting.

The question by Trustee Steinkamp in reference to trustee liability for decisions made by the Board was addressed and clarified. It was confirmed that Benefits Trust Fund Board of Trustees are covered under the County's liability coverage under the Risk Trust Fund as required by state law.

#### **Call to the Public**

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

#### **Motion to Adjourn**

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

The meeting was adjourned at 12:00 P.M.