



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

GENERAL SESSION

MEETING MINUTES

February 25, 2020

Benefits North Conference Room

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

1. Call to order

John Lewis, Chairperson, convened the Benefits Trust Fund Board of Trustee's General Session at 11:07 a.m.

- Trustees Present (telephonically): Rex Jorgensen, Helena Whitney, and Grif Hiatt.
- Trustees Present (person): Jim Steinkamp and John Lewis.
- Staff Present: Charlotte Marz, Deputy Director; Elizabeth Schafer, Benefits Administration Manager; Dave Hansen, Benefits Finance Manager; Tawn Thornton Kao, Benefits Trust Fund Legal Counsel; Jan Plank, Human Resources Director; and Nancy Johnson, Program Coordinator.
- Trustees Absent: Aaron Bacon.

2. Approval of October 11, 2019 Trustee General Session Meeting Minutes

Action taken: Trustee Steinkamp made a motion to approve the October 11, 2019 minutes. Trustee Jorgensen seconded the motion. Motion carried with five (5) ayes and zero (0) nays.

3. Approval of October 29, 2019 Trustee General Session Meeting Minutes

Action taken: Trustee Jorgensen made a motion to approve the October 29, 2019 minutes. Trustee Hiatt seconded the motion. Motion carried with four (4) ayes, zero (0) nays, one (1) abstain.

4. Presentation of Fiscal Year 2019 Audit Report

Materials distributed: Maricopa County Employee Benefits Trust Fund Financial Statements and Supplementary Information Year ended June 30, 2019.

Dave Hansen, Benefits Finance Manager, presented the Year ended June 30, 2019 audit which did not identify any problems with the financial statements.

5. Mid Year Financial Review – Presentation and Discussion

Materials distributed: Maricopa County Employee Benefits Trust Fund Dashboard – January 2020; Financial Commentary (January 2020), with Appendix A; Fund Balance Roll-Forward Seven Months Ending January 31, 2020; Statements of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds YTD as of January 31, 2020.

Mr. Hansen presented the January 2020 Dashboard, which included each of the following categories: assets available to cover recommended reserve, large claim cost over \$ 100,000, expenditures v. prior year and budget, expense per subscriber, and change in net position.

Mr. Hansen explained large claims increased 44.9% YTD and was mainly due to a significant increase in large claims and Out-of-Network claims related to pain management. Trustee Steinkamp asked about the Trusts current Out-of-Network reimbursement strategy. Ms. Marz explained one carrier has a shared savings safety net which is negotiated at a higher percent and this was reviewed with the Board of supervisors December 2019. Ms. Marz explained there is a change effective July 1, 2020 when Out-of-Network claims will be paid at the Medicare plus 10% rate, except in cases where the member has no control over their Out-of-Network usage.

6. Full Year 2020 Forecast – Presentation and Discussion

Materials distributed: Maricopa County Employee Benefits Trust Fund FY 2020 and FY 2021 Forecasts, with Appendix A.

Mr. Hansen presented the FY 2020 and FY 2021 Forecast, which included each of the following categories: Revenues, Expenditures, Ending Fund Balance, and Reserve Analysis.

Mr. Hansen explained the FY 2020 overall expenditure increase is projected at 12.4% and FY 2021 overall expenditure increase is projected at 5%, which would result in a net assets below the 100% estimated recommended reserve amount by \$ 6.7 million for FY 2021.

Trustee Steinkamp asked if the July 1, 2020 change in the reimbursement rate will be communicated to members. Ms. Marz explained there is targeted direct mailing to those members who have had Out-of-Network claims in the last 18 months.

Trustee Lewis explained the FY 2021 projected reserve of \$ 6.7 million below the 100% level will result in a big hit. Mr. Hansen explained the measures to be put in place should slow the Out-of-Network claims because it will be costly for employees to continue to use Out-of-Network services.

Trustee Steinkamp asked what the Board's position is on the reserve shortfall for FY 2021. Mr. Hansen explained the Trust documents state the General Fund will have to subsidize

the Trust Fund if the fund balance becomes a deficit. Ms. Marz reiterated the decision made to keep rates flat in previous years knowing the reserves would be drawn down, but this year incurred high cost claims and Out-of-Network claims.

Trustee Steinkamp asked about what message will be sent to the Board about reserve strategy in the future, since FY 2021 will be below the range agrees the recommended reserve range should be evaluated. Ms. Marz explained an item will be added to the April agenda to discuss the recommended reserve range and the message to be sent to the Board of Supervisors. She also explained that a Board of Supervisors agenda item will be needed following the April meeting to explain the variance from the FY 2020 budget.

7. **FY 2021 Budget Update – Presentation and Discussion**

Materials distributed: Maricopa County Proposed Budget for the Benefits Trust.

Charlotte Marz, Deputy Director, presented the FY 2021 proposed budget.

8. **Call to the Public**

Chairperson Lewis made a call to the public. No one from the public wished to speak.

9. **Motion to Adjourn**

Action taken: Trustee Steinkamp made a motion to adjourn the meeting. Trustee Jorgensen seconded the motion. The motion carried with five (5) ayes and zero (0) nays. The meeting was adjourned at 11:49 am.