

Pima County Health Care Benefits Trust Board Meeting

Pursuant to A.R.S. §38-431.02, notice is hereby given that the Pima county Health Care Benefits Trust will hold a meeting open to the public on Tuesday, November 18, 2014; convening at 1:30p.m., in the Human Resources Training Room, located on the 4th floor, 150 W. Congress, Tucson, Arizona.

AGENDA

- A. Roll Call**
- B. Pledge of Allegiance**
- C. Approve Meeting Minutes of August 14, 2014**
- D. Pima County – FY2013/2014 Financial Audit**
- E. Pima County 1st Quarter Financial Review (July-Sept 2014)**
- F. Aetna - Pima County Health Plan Review 1st Quarter (July-Sept 2014)**
- G. CBIZ – Actuarial – Preliminary FY 15/16 Premium Rates - Discussion**
- H. Pima County –BID/Contract Updates - Discussion**
- I. Call to the audience**
- J. Next meeting date**
- K. Adjournment**

Should you require ADA accommodations, please contact Human Resources at (520) 724-2732. Requests should be made at least 36 hours before the meeting to facilitate the accommodation.

Pima County Health Care Benefits Trust Board Meeting Minutes

Health Care Benefits Trust met in regular session at their regular meeting place in the Human Resources Training Room, located on the 4th floor, 150 W. Congress, Tucson, Arizona at 9:00 a.m. on Thursday, August 14th, 2014.

Upon roll call, those present and absent were as follows:

Present: M. Allyn Bulzomi, Chairman
Dr. Neil West, Member
Patricia T, Member
Henry K. Boice, Member
Janet Marcotte, Member (late)

Absent: None

Also Present: Marchelle Pappas, Board Coordinator
Patrick McGee, Pima County Finance
Paul Guerrero, Pima County Finance
Ellen Moulton, Pima County Finance
Cecilia Damron, Pima County Human Resources
Paul Zucarelli, President, CBIZ, Consultant
Oscar Diaz, CBIZ, Consultant
Frank Benedetto, Aetna
Dave Madden, Aetna
Dr. James Krominga, Aetna

1. PLEDGE OF ALLEGIANCE

All present joined in the pledge of allegiance.

2. Approve Meeting Minutes of May 8, 2014

Neil West indicated an error in section 5 change the word *breaks* to breakout. It was moved by Henry Boice, seconded by Patricia Taylor and unanimously carried, to approve the minutes as corrected.

3. Nicotine Free Workforce Initiative

Memorandum to the Board of Supervisors from Mr. Huckleberry for a Nicotine Free Workforce was presented. Discussion followed. No action taken.

4. Pima County Health Plan Review Aetna

Dave Madden presented Pima County's Health Plan Year Review, prepared by Aetna. Frank Benedetto and Dr. James Krominga participated in the presentation. Discussion followed.

Neil West inquired whether Aetna statistically process control methodology to pick up trends and changes more quickly. Data points provide early heads up on change. Cobb Branson will check to see how statistical data is broken out.

Board request on the slide -Provider plans/top 25 – show also by dollar amount; top 10 lab codes and show differential between ACP to Sonoran.

5. Call to the audience

None –

6. Next meeting date

Next meeting is scheduled to be held on Thursday, November 13th, 2014 at 9:00 a.m. Allyn mentioned the meeting date may need to change due to a conflict in his schedule. No action taken.

7. Adjournment

As there was no further business, it was moved by Neil West and seconded by Janet Marcon; unanimously carried meeting was adjourned at 11:23 a.m.

2014

Health Benefit Trust Internal Service Fund



Pima County, Arizona
For the Fiscal Year Ended June 30, 2014

PIMA COUNTY, ARIZONA
Health Benefit Self Insurance Trust Fund
June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors
of Pima County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the Health Benefit Self Insurance Trust Fund, an internal service fund of Pima County, Arizona, as of and for the year ended June 30, 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Health Benefit Self Insurance Trust Fund, an internal service fund of Pima County, Arizona, as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1A, the financial statements present only the Health Benefit Self Insurance Trust Fund and do not purport to, and do not present fairly the financial position of Pima County, Arizona as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2014, on our consideration of Health Benefit Self Insurance Trust Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Health Benefit Self Insurance Trust Fund's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

October 14, 2014

PIMA COUNTY, ARIZONA
 Health Benefit Self Insurance Trust Fund
 Statement of Net Position
 June 30, 2014

Assets

Current assets:

Cash and cash equivalents	\$	21,627,651
Interest receivable		13,350
Accounts receivable		2,846,556
		24,487,557
Total current assets		24,487,557

Total assets		24,487,557
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Liabilities

Current liabilities:

Accounts payable		132,496
Accrued employee compensation		41,774
Due to other funds		29,354
Reported but unpaid losses, current portion		582,090
Incurred but not reported losses, current portion		5,917,910
		6,703,624
Total current liabilities		6,703,624

Noncurrent liabilities:

Compensated absences payable		45,933
Loan payable		10,000,000
Reported but unpaid losses		17,910
Incurred but not reported losses		182,090
		10,245,933
Total noncurrent liabilities		10,245,933

Total liabilities		16,949,557
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Net position

Restricted for:

Healthcare		7,538,000
		7,538,000

Total net position	\$	7,538,000
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PIMA COUNTY, ARIZONA
Health Benefit Self Insurance Trust Fund
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2014

Operating revenues:	
Charges for services	\$ 63,030,898
Other	1,271,951
	<u>1,271,951</u>
Total operating revenues	<u>64,302,849</u>
Operating expenses:	
Employee compensation	1,098,726
Operating supplies	108,714
Medical claims	47,160,898
Insurance premiums	5,213,631
General and administrative	1,018,071
Professional services	2,578,388
	<u>2,578,388</u>
Total operating expenses	<u>57,178,428</u>
Operating income	<u>7,124,421</u>
Nonoperating revenues:	
Investment income	59,362
	<u>59,362</u>
Total nonoperating revenues:	<u>59,362</u>
Income before transfers:	7,183,783
Transfers in	3,854,217
Transfers (out)	<u>(3,500,000)</u>
Change in net position	7,538,000
Net position, July 1, 2013	<u> </u>
Net position, June 30, 2014	<u><u>\$ 7,538,000</u></u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
 Health Benefit Self Insurance Trust Fund
 Statement of Cash Flows
 Year Ended June 30, 2014

Cash flow from operating activities:	
Receipts from other Pima County funds for goods and services	\$ 60,184,342
Receipts from miscellaneous operations	1,271,951
Payments to suppliers for goods and services	(7,774,781)
Payments to other Pima County funds for goods and services	(1,233,840)
Payments for medical claims	(40,460,898)
Payments to employees	(788,706)
	<hr/>
Net cash provided by operating activities	11,198,068
	<hr/>
Cash flows from noncapital financing activities:	
Transfers with other Pima County funds	354,217
Loans with other Pima County funds	10,029,354
	<hr/>
Net cash provided by noncapital financing activities	10,383,571
	<hr/>
Cash flows from investing activities:	
Interest received on investments	46,012
	<hr/>
Net cash provided by investing activities	46,012
	<hr/>
Net increase in cash and cash equivalents	21,627,651
Cash and cash equivalents, July 1, 2013	
Cash and cash equivalents, June 30, 2014	<hr/> \$ 21,627,651 <hr/>

(continued)

PIMA COUNTY, ARIZONA
Health Benefit Self Insurance Trust Fund
Statement of Cash Flows
Year Ended June 30, 2014

(continued)

**Reconciliation of operating income to net cash
provided by operating activities**

Operating income	\$ 7,124,421
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease (increase) in assets:	
Accounts receivable	(2,846,556)
Increase (decrease) in liabilities:	
Accounts payable	132,496
Reported but unpaid losses	600,000
Incurred but not reported losses	6,100,000
Other liabilities	<u>87,707</u>
Net cash provided by operating activities	<u><u>\$ 11,198,068</u></u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Health Benefit Self Insurance Trust Fund
Notes to Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Pima County (County) and its Health Benefit Self Insurance Trust Fund (Fund) conform to U.S. generally accepted accounting principles (GAAP) applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB) and the regulatory requirements of the State of Arizona. A summary of the County's significant accounting policies affecting the Fund follows.

A. Reporting Entity

The Fund is accounted for as an internal services fund of Pima County, Arizona, and the ultimate financial accountability for the Fund remains with Pima County. The Trust fund is a self-insured medical plan for Pima County employees and their dependents. The Fund is responsible for collecting employer and employee medical premiums through payroll deductions and reimbursing Aetna, acting as the Third Party Administrator, for the payment of the medical claims. The premiums collected include amounts for medical, dental, vision, short-term disability and life insurance coverage. A five member Board of Trustees is responsible to the Pima County Board of Supervisors for oversight of the Trust. The Board of Trustees meets quarterly.

The financial statements present only the Health Benefit Self Insurance Trust Fund as one of the funds of Pima County and are not intended to present the balances and activity of Pima County in its entirety.

B. Fund Accounting

The Fund's accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the Fund's available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

The Fund's financial transactions are recorded and reported as an internal services fund because its operations are financed and operated in a manner similar to private business enterprises. It is the intent of the Board of Supervisors that the costs and claims incurred by the Fund on a continuing basis be financed primarily through payroll deducted employee and employer medical insurance premiums.

C. Basis of Accounting

Basis of accounting relates to the timing of the measurements made, and determines when revenues, expenses and assets, deferred outflows of resources, liabilities and deferred inflows of resources are recognized in the accounts and reported in the financial statements. The financial statements of the Fund are reported using the economic resources measurement focus and are presented on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flow. When both restricted and unrestricted components of net position are available to finance Fund expenses, restricted resources are used before unrestricted resources.

D. Basis of Presentation

The financial statements include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

PIMA COUNTY, ARIZONA
Health Benefit Self Insurance Trust Fund
Notes to Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

A statement of net position provides information about the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the Fund at the end of the year. Assets and liabilities are classified as either current or noncurrent and deferred outflows and inflows of resources, when applicable, are separately reported on the statement of net position. Net position is classified according to external restrictions or availability of assets to satisfy the Fund's obligations. Net investment in capital assets represents the cost of capital assets, net of accumulated depreciation. Restricted net position encompasses grants, contracts, and other resources that have been externally restricted for specific purposes. Unrestricted net position includes the remaining component of net position, including the portion that has been designated by management to be used for other than general operating purposes.

A statement of revenues, expenses and changes in net position provides information about the Fund's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported including capital contributions and transfers. Generally, charges for services and other revenue for premium rebates, stop loss reinsurance and short-term disability insurance are considered to be operating revenues. Other revenues, such as investment income, are not generated from operations and are considered to be non-operating revenues. Operating expenses include medical claims, insurance premiums and consultants and professional services.

A statement of cash flows provides information about the Fund's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as operating, noncapital financing, capital and related financing, or investing.

E. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit with the Pima County Treasurer, investments with the State Treasurer, and deposits held in escrow accounts from both restricted and unrestricted sources. Unrestricted cash and cash equivalents consist of cash on hand, cash and investments held by the Pima County Treasurer in an investment pool, and investments with the State Treasurer. All investments are stated at fair market value.

F. Accounts Receivable

Accounts receivable consist primarily of medical premium amounts deducted from employee compensation, together with the employer contribution, not yet transferred to the fund from the payroll system.

G. Capital Assets

The Fund has no capital assets.

H. Compensated Absences

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered.

Employees may accumulate up to 240 hours of vacation depending upon years of services, but any vacation hours in excess of the maximum amount that are unused at year-end are forfeited. Upon termination of employment, all unused and un-forfeited vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

PIMA COUNTY, ARIZONA
Health Benefit Self Insurance Trust Fund
Notes to Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

Employees may accumulate up to 1,920 of sick hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Sick leave benefits do not vest with employees; however employees who are eligible to retire from County service into the Arizona State Retirement System, may request sick leave be converted to annual leave, on a predetermined conversion basis. An estimate of those retirement payouts is accrued as a liability.

Note 2 - Cash and Investments

Cash and cash investments consist of \$500 in a Chase HSA Reserve outside bank account used to transfer employee payroll contributions to individual employee accounts, and \$11,597,798 of cash on deposit with the County Treasurer and available on demand. The Treasurer pools these deposits with other County monies for investment within the County Treasurer's pool. The Fund's deposits are included in the Treasurer's investment pool but are not identified with specific investments. Additionally, there is \$10,029,353 in the State's LGIP Pool 500.

Credit Risk—Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy with respect to credit risk. The Pima County Treasurer's investment pool is unrated.

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The County does not have a formal investment policy with respect to interest rate risk. The Pima County Treasurer's investment pool had a weighted average maturity of 525 days and the State's LGIP Pool 500 had a weighted average maturity of 1.64 years at June 30, 2014.

Legal Provisions—Arizona Revised Statutes authorize counties to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; interest earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; and specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk—Statutes have the following requirements for credit risk:

1. Commercial paper must be rated P1 by Moody's investors service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures, and notes must be rated A or better by Moody's investors service or Standard and Poor's rating service.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk—Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

Concentration of credit risk—Statutes do not include any requirements for concentration of credit risk.

Interest rate risk—Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that public operating fund monies invested in securities and deposits have a maximum maturity of 3 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

PIMA COUNTY, ARIZONA
Health Benefit Self Insurance Trust Fund
Notes to Financial Statements
June 30, 2014

Note 2 - Cash and Investments (continued)

Foreign currency risk—Statutes do not allow foreign investments.

Note 3 - Claims, Judgments and Risk Management

The management of the Fund establishes claim liabilities from an annual actuarial report for Projected Unpaid Claim Liability. The actuarial report estimates the Incurred But Not Reported (IBNR) and the Incurred But Not Paid (IBNP) liabilities both current and noncurrent. The computations are made using a variety of actuarial methods and techniques including the exposure approach and completion factors. Adjustments to the claim liabilities are charged or credited to expense in the periods in which claims are made. The Fund has reinsurance (stop-loss) coverage for excessive medical claim losses.

Changes in the Fund's claims liability amount for the year ended June 30, 2014 is as follows:

	2014
Claims liability - beginning	
Current-year claims and changes in estimates	47,160,898
Claims payment	(40,460,898)
Claims liability balance - ending	6,700,000

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within 1 year
Incurred but not reported (IBNR)		46,560,898	(40,460,898)	6,100,000	5,917,910
Reported but unpaid losses (IBNP)		600,000		600,000	582,090
Total		47,160,898	(40,460,898)	6,700,000	6,500,000

The Fund is also exposed to various risks of loss related to torts; errors and omissions; injuries to employees; and natural disasters. The Fund is a participant in Pima County's self-insurance program, and in the opinion of the Fund's management, that program would cover any unfavorable outcomes from these risks. Accordingly, the Fund has no risk of loss beyond adjustments to future years' overhead payments to Pima County. All estimated losses for unsettled claims and actions of Pima County are determined on an actuarial basis and are included in the Pima County Comprehensive Annual Financial Report.

Note 4 - Related Party Transactions

Administrative and Fiscal Services—For the year ended June 30, 2014, the Fund incurred expenses from Pima County for a variety of administrative and fiscal services totaling \$1,233,841. Of that amount, \$222,314 was for inter-department salaries charged in, \$115 was for motor pool charges, \$1,000,000 was for the allocation of overhead, \$7,204 was for telephone, and \$4,208 was for printing and microfilming.

Note 5 - Due To/From Other funds

Due to other Pima County funds represents payables for interest earned on an interfund loan payable of \$10,000,000 from the Self Insurance Risk Fund. The loan is a reserve for the Health Benefit Self Insurance Trust Fund until it can

PIMA COUNTY, ARIZONA
 Health Benefit Self Insurance Trust Fund
 Notes to Financial Statements
 June 30, 2014

Note 5 - Due To/From Other funds (continued)

establish its own reserve and was deposited in the State’s LGIP Pool 500 account under the Trust’s name. However, all interest earned on the account is payable to the Self Insurance Risk Fund. At June 30, 2014, the due to other funds was \$29,354 in interest due to the Self Insurance Risk Fund.

Note 6 - Retirement Plan

Plan Description—The Fund contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing multiple employer defined benefit health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan administered by the *Arizona State Retirement System* (ASRS) that covers employees of the State of Arizona and employees of participating political subdivisions and school districts.

Benefits are established by state statute and generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retiree’s average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee’s monthly compensation. Health insurance premium benefits are generally paid as a flat dollar amount per month towards the retiree’s health care insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her spouse. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

Funding Policy—The Arizona State Legislature establishes and may amend active plan members’ and the County’s contribution rates. For the year ended June 30, 2014, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.30 percent for retirement and 0.24 percent for long-term disability) of the members’ annual covered payroll and the County was required by statute to contribute at the actuarially determined rate of 11.30 percent (10.70 percent for retirement, 0.60 percent for health insurance premium) and 0.24 percent for long-term disability of the members’ annual covered payroll.

The County’s contributions for the current and first year, which are equal to the required contributions, were as follows:

<u>Years ended June 30,</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2014	\$ 65,191	\$ 3,655	\$ 1,462

The financial statements for the ASRS plan can be obtained by contacting ASRS at:

3300 N. Central Avenue
 Phoenix, AZ 85012
 P.O. Box 33910
 Phoenix, AZ 85067-3910
 (602) 240-2000 or 1-800- 621-3778
www.azasrs.gov

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

The Board of Supervisors
of Pima County, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the of Health Benefit Self Insurance Trust Fund, an internal service fund of Pima County, Arizona, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Health Benefit Self Insurance Trust Fund's basic financial statements, and have issued our report thereon dated October 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Health Benefit Self Insurance Trust Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Health Benefit Self Insurance Trust Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Health Benefit Self Insurance Trust Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Health Benefit Self Insurance Trust Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

October 14, 2014

**PIMA COUNTY
HEALTH BENEFIT SELF-INSURANCE TRUST FUND**



FINANCIAL STATEMENTS AT SEPTEMBER 30, 2014



PIMA COUNTY HEALTH BENEFIT SELF-INSURANCE TRUST FUND STATEMENT OF NET POSITION

2

September 30, 2014

Assets

Current assets:

Cash and cash equivalents	\$ 25,227,267
Interest receivable	5,882
Accounts receivable	<u>1,578,275</u>
Total current assets	<u>26,811,424</u>

Total assets	<u>26,811,424</u>
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Liabilities

Current liabilities:

Accounts payable	198,314
Accrued employee compensation	21,382
Reported but unpaid losses, current portion	391,489
Incurred but not reported losses, current portion	<u>4,208,511</u>

Total current liabilities	<u>4,819,696</u>
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Noncurrent liabilities:

Compensated absences payable	45,933
Loan payable	10,000,000
Reported but unpaid losses	8,511
Incurred but not reported losses	<u>91,489</u>

Total noncurrent liabilities	<u>10,145,933</u>
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Total liabilities	<u>14,965,629</u>
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Net position

Restricted for:

Healthcare	<u>11,845,795</u>
Total net position	<u>\$ 11,845,795</u>



PIMA COUNTY HEALTH BENEFIT SELF-INSURANCE TRUST FUND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

3

Period Ended September 30, 2014

Operating revenues:	
Charges for services	\$ 15,799,905
Other	179,110
Total operating revenues	15,979,015
 Operating expenses:	
Employee compensation	204,939
Operating supplies	433
Medical claims	9,281,772
Insurance premiums	1,338,447
General and administrative	155,125
Professional services	701,229
Total operating expenses	11,681,945
Operating income	4,297,070
 Nonoperating revenues:	
Investment income	10,725
Total nonoperating revenues:	10,725
Change in net position	4,307,795
Net position at beginning of period	7,538,000
Net position at end of period	\$ 11,845,795



PIMA COUNTY

HEALTH BENEFIT SELF-INSURANCE TRUST FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

MAJOR LINE ITEMS ANALYSIS

For the Period Ended September 30, 2014

	Actual 9/30/2014	% of Total	
Operating revenues:			
Charges for services	\$ 15,799,905	99%	1
Other	179,110	1%	2
Total operating revenues	15,979,015	100%	
Operating expenses:			
Employee compensation	204,939	2%	
Operating supplies and services	433	0%	
Medical claims	9,281,772	79%	3
Insurance premiums	1,338,447	11%	4
General and administrative	155,125	1%	
Professional services	701,229	6%	5
Total operating expenses	11,681,945	100%	
Operating income (loss)	4,297,070		
Nonoperating revenues:			
Investment income	10,725		
Total nonoperating revenues:	10,725		
Change in net position	4,307,795		
Net position at beginning of year	7,538,000		
Net position at end of the period	\$ 11,845,795		

1 Charges for services

(A) ---Employer Health Premiums	10,316,707
---Employer HSA	1,377,602
(B) ---Employee Health Premiums	1,889,656
---Employee HSA	1,463,494
(C) ---Life Insurance Fee	385,680
(D) ---Accident Insurance Fee	155,746
(E) ---Short Term Disability Fee	82,976
(F) ---Vision Insurance Fee	69,875
(G) ---Other	58,169
	15,799,905

2 Other

---Pharmacy rebates	151,914
---Other	27,196
	179,110

3 Medical Claims

--- Dental Services	404,975
(A) ---Outside Hospitals and Other Expenses	10,876,797
---IBNP/IBNR adjustment	(2,000,000)
	9,281,772

(A) Outside Hospitals and Other Expenses

Unit 2149 Medical Insurance HDHP	3,666,530
Unit 2148 Medical Insurance PPO	2,145,800
Unit 2250 HDHP Pharmacy	1,056,250
Unit 2255 PPO Pharmacy	926,058
	7,794,638

Other Expenses

Unit 2150 JP Morgan -HSA	3,004,445
Unit 2151 Flexible Spending	77,714
	3,082,159

(A) Total

10,876,797



PIMA COUNTY
HEALTH BENEFIT SELF-INSURANCE TRUST FUND
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Net position at end of the period	\$ 11,845,795		

4 Insurance Premiums

---Vision Premiums	74,512
---Dental Premiums(employers dental plan)	153,917
---Other Premiums	
Other Insurance	661,610
Stop Loss Unit	198,120
AFLAC Insurance	219,191
Employee Assistance Program	31,097
	<u>1,338,447</u>

5 Consultants and professional services

TPA Service Fees

Unit 2149 Aetna HDHP TPA	344,370
Unit 2148 Aetna PPO TPA	171,567
Unit 2250 Aetna HDHP Rx TPA	40,159
Unit 2255 Aetna PPO Rx TPA	20,007
Unit 2152 Ameritas TPA	18,838
Unit 2150 JP Morgan -HSA fees	10,448
Unit 2155 ASI COBRA TPA	1,557
Unit 2151 ASI Flex TPA	1,505

Non-Medical Consultants

ADP HR/Benefits	80,603
CBIZ Benefits & Insurance	11,175
Lewis & Ellis	1,000

Total

701,229

Quality health plans & benefits
Healthier living
Financial well-being
Intelligent solutions



Pima County Health Plan Review

1st Quarter Utilization Review – 2014/2015

November 18, 2014



Reporting Parameters*

- Current Reporting Period = 7/1/14 – 9/30/14
- Prior Reporting Period = 7/1/13 – 9/30/14
- Processed Date
- High Cost Claimants (HCC) = \$100,000+
- Aetna's Book of Business (BoB) results include HCCs and are annualized using the most recent 12 months of incurred data with a two month lag

*Unless Otherwise Noted

Demographics

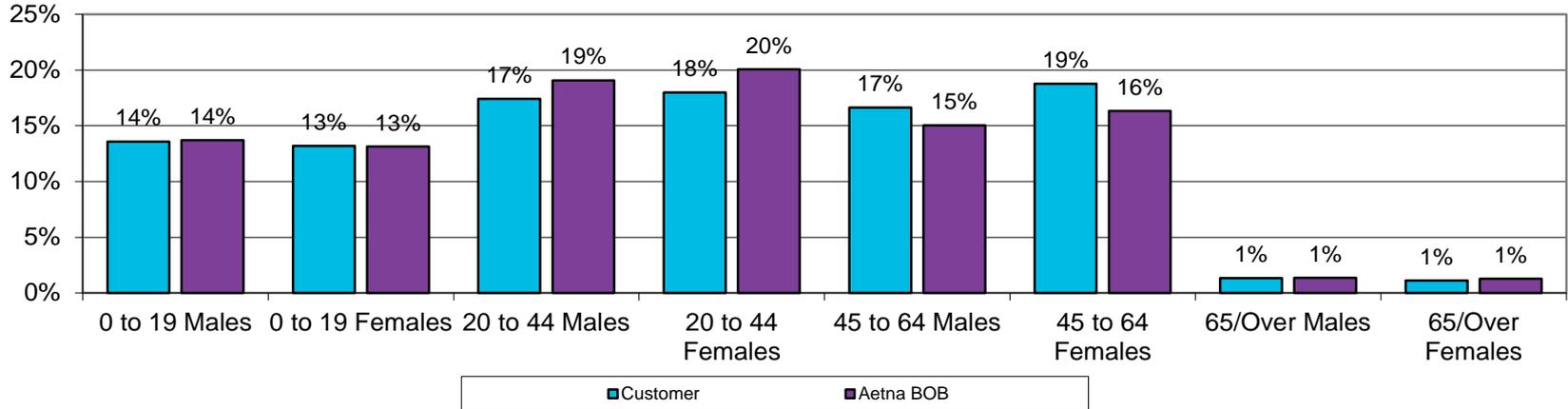
Current vs. Prior Period

	Employees (% Change)	Members (% Change)	Ratio of Members to Employees (% Change)	% Male Members (% Change)	% Female Members (% Change)	Average Age (% Change)
PPO	1,758 (-1.3%)	3,709 (1.2%)	2.1 (2.6%)	48.7% (0.0%)	51.3% (0.0%)	35.0 (-1.5%)
HSA	3,378 (-4.4%)	7,761 (-3.4%)	2.3 (1.0%)	49.3% (0.1%)	50.7% (-0.1%)	34.6 (0.3%)
HDHP	150 (165.7%)	209 (141.5%)	1.4 (-9.1%)	39.8% (-11.3%)	60.2% (11.3%)	49.4 (15.1%)
All	5,286 (-1.6%)	11,679 (-0.9%)	2.2 (0.7%)	48.9% (-0.1%)	51.1% (0.1%)	35.0 (0.3%)

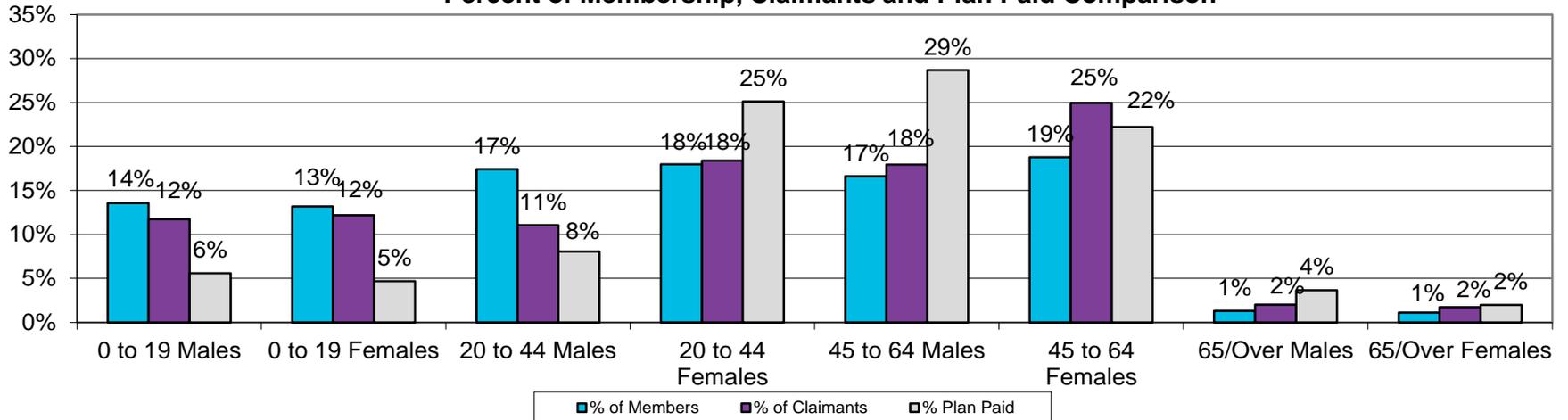
Claim Segmentation

Current

Customer Current vs Aetna BOB Age/Gender Demographic Comparison



Customer Current Percent of Membership, Claimants and Plan Paid Comparison



Age Band Claim Segmentation

Age Band	Pima County	Pima County Annualized	Aetna BOB	Industry BOB
Less than 1	\$3,002	\$12,008	\$15,073	\$15,068
1 - 19	\$393	\$1,572	\$1,501	\$1,497
20 - 26	\$434	\$1,736	\$2,061	\$2,638
27 - 34	\$523	\$2,092	\$2,812	\$2,621
35 - 44	\$805	\$3,220	\$3,210	\$2,578
45 - 54	\$865	\$3,460	\$4,534	\$3,702
55 - 64	\$1,580	\$6,320	\$6,656	\$5,215
65+	\$789	\$3,156	\$7,154	\$6,209

Financial Summary

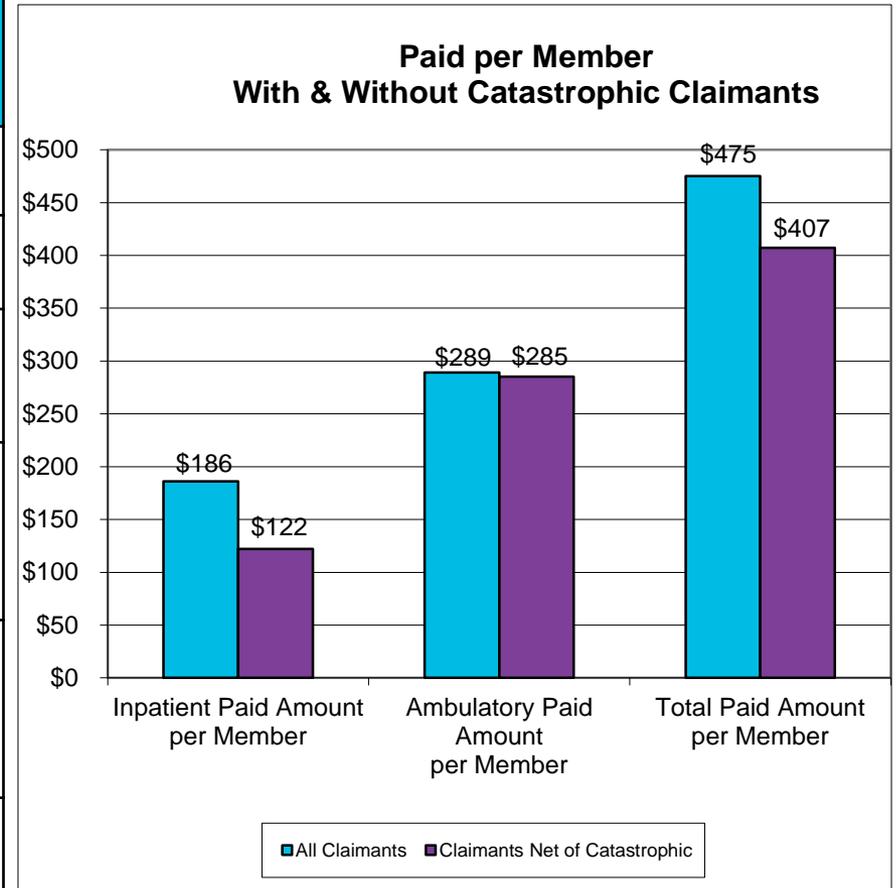
Key Financial Metrics	Prior	Current	% Change	W/O HCC	Aetna BoB*	PPO	HSA/HDHP
Total Medical and Pharmacy Paid Amount	\$4,805,905	\$7,438,882	54.8%	\$6,645,649	N/A	\$3,096,231	\$4,342,651
Total Pharmacy Paid Amount	\$1,390,490	\$1,889,551	35.9%	\$1,889,551	N/A	\$945,953	\$943,598
Pharmacy Paid Amount per Employee	\$259	\$358	38.2%	\$358	N/A	\$538	\$268
Pharmacy Paid Amount per Member	\$118	\$162	37.1%	\$162	\$885	\$255	\$118
Total Medical Paid Amount	\$3,415,415	\$5,549,331	62.5%	\$4,756,098	N/A	\$2,150,278	\$3,399,053
Medical Paid Amount per Employee	\$636	\$1,050	65.1%	\$900	N/A	\$1,223 w/ HCC \$1,223 w/o HCC	\$963 w/ HCC \$738 w/o HCC
Medical Paid Amount per Member	\$290	\$475	64.0%	\$407	\$3,654	\$580 w/ HCC \$580 w/o HCC	\$426 w/ HCC \$326 w/o HCC
Total Medical/Pharmacy Paid Amount per Employee	\$895	\$1,408	57.3%	\$1,258	N/A	\$1,761 w/ HCC \$1,761 w/o HCC	\$1,231 w/ HCC \$1,006 w/o HCC
Total Medical/Pharmacy Paid Amount per Member	\$408	\$637	56.1%	\$569	N/A	\$835 w/ HCC \$835 w/o HCC	\$544 w/ HCC \$444 w/o HCC
Inpatient Paid Amount per Member	\$71	\$186	161.5%	\$122	\$1,245	\$167	\$195
Ambulatory Paid Amount per Member	\$219	\$289	32.2%	\$285	\$2,409	\$412	\$232

*Aetna BoB = financial Book of Business result are product specific and adjusted to Pima County's region, age and gender mix. All BoB metrics are based on the most recent 12 month incurred time frame period with a two month lag.

Impact of High Cost Claimants*

Current vs. Prior

High Cost Claimants			
	Prior	Current	% Change
Number of Claimants	1	3	200.0%
Claimants per 1,000 Members	0.1	0.3	N/A
Medical Paid Amount for these Claimants	\$103,208	\$793,235	668.6%
Average Paid Per Catastrophic Claimant	\$103,208	\$264,412	156.2%
% of Total Paid Amount	3.0%	14.3%	11.3%

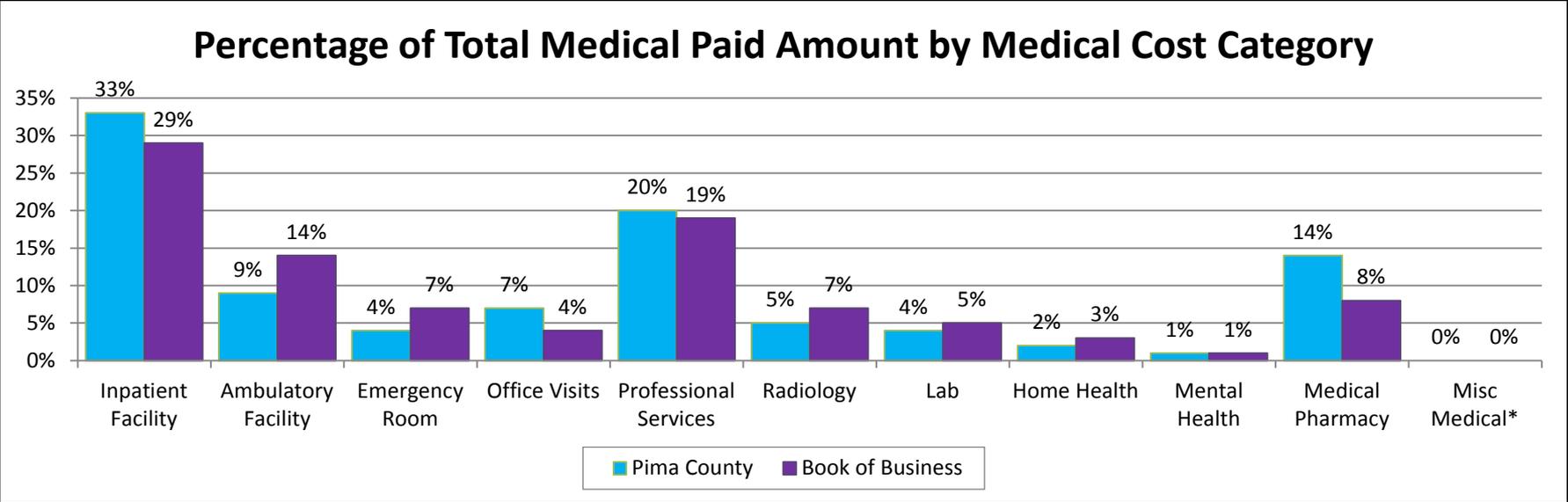


*All Plans, HCC = \$100,000

Claimants Exceeding \$100,000

Current Claimant	Relationship	Status	Medical Plan	Total Medical Paid Amount	Inpatient Paid Amount	Ambulatory Paid Amount	Diagnosis Code	Diagnosis Description
1	Dependent	Active	HSA	\$535,315	\$518,159	\$17,156	038.11	Multiple Organ Failure Problems
2	Employee	Active	HSA	\$134,608	\$133,291	\$1,318	652.21	Pregnancy (Pre-Term)
3	Spouse	Active	HSA	\$123,311	\$96,839	\$26,472	511.89	Hepatitis C, Alcoholism, Obesity, Depression
Total				\$793,235	\$748,289	\$44,946		

Paid Amounts by MCC – All Plans



Inpatient MDC Analysis

Major Diagnostic Categories (MDCs)	Admissions per 1,000			Average Paid Amount per Admission			Days of Care Per 1,000		
	Prior Period	Current Period	Aetna BOB	Prior Period	Current Period	Aetna BOB	Prior Period	Current Period	Aetna BOB
01 - Nervous System	0.3	0.8	2.6	\$5,690	\$11,117	\$32,572	3	2	16
02 - Eye	0.0	0.0	0	N/A	N/A	\$17,574	0	0	0
03 - Ear, Nose and Throat	0.3	0.0	0.4	\$4,333	N/A	\$21,439	1	0	1
04 - Respiratory System	0.3	0.7	3	\$4,200	\$12,231	\$25,741	0	2	18
05 - Circulatory System	0.5	0.9	3.7	\$14,918	\$15,485	\$37,033	2	5	16
06 - Digestive System	0.9	1.3	4.3	\$8,442	\$16,551	\$21,097	4	7	18
07 - Hepatobiliary Sys/Pancreas	0.1	0.7	1.7	\$5,611	\$9,136	\$26,345	0	2	8
08 - Musculoskeletal/Connective	0.8	1.1	5.5	\$13,762	\$14,905	\$38,334	2	6	20
09 - Skin, Subcutaneous, Breast	0.0	0.2	1.2	N/A	\$6,348	\$21,771	0	0	6
10 - Endocrine, Metabolic	0.4	0.3	1.8	\$9,254	\$2,775	\$20,812	3	0	7
11 - Kidney, Urinary Tract	0.2	0.2	1.4	\$5,906	\$9,219	\$18,582	0	0	6
12 - Male Reproductive	0.0	0.1	0.2	N/A	\$16,162	\$18,103	0	0	0
13 - Female Reproductive	0.2	0.1	1.2	\$15,337	\$14,379	\$16,132	1	0	3
14 - Pregnancy/Childbirth	1.3	2.5	11.3	\$5,533	\$10,589	\$10,666	3	12	31
15 - Newborns	1.0	2.6	10.3	\$3,391	\$4,493	\$9,997	2	6	36
16 - Blood/Organs	0.2	0.0	0.5	\$9,589	N/A	\$22,944	1	0	2
17 - Other Neoplasms	0.1	0.2	1.1	\$14,581	\$4,313	\$48,073	0	0	8
18 - Infectious-Parasitic	0.1	0.3	1.6	\$3,223	\$166,988	\$36,305	0	10	12
19 - Mental Disorders	0.4	0.4	2.4	\$3,792	\$4,280	\$8,771	2	2	21
20 - Substance Disorders	0.7	0.1	1.5	\$5,403	\$2,231	\$9,514	5	0	15
21 - Injury and Poisoning	0.6	0.8	2.1	\$11,347	\$17,864	\$31,982	2	4	12
22 - Burns	0.0	0.0	0	N/A	N/A	\$47,481	0	0	0
23 - Selected Factors*	0.6	0.5	1.1	\$11,526	\$14,544	\$24,585	9	7	18
Unclassifiable	0.0	0.0	0.1	N/A	N/A	\$49,997	0	0	1
Totals:	8.8	13.4	59	\$8,065	\$13,843	\$21,097	40	66	276

* Includes miscellaneous factors related to health status, illness or injury (preventive services, undiagnosed conditions, family history of disease, speech therapy, rehab, PT, vaccines, pulmonary, etc.).

Ambulatory MDC Analysis

Major Diagnostic Categories (MDCs)	Claimants per 1,000			Average Paid Amount per Claimant		
	Prior Period	Current Period	Aetna BOB	Prior Period	Current Period	Aetna BOB
01 - Nervous System	32.8	39.2	104.9	\$168	\$479	\$1,302
02 - Eye	50.3	52.5	140.3	\$92	\$101	\$340
03 - Ear, Nose and Throat	71.3	79.9	306.3	\$88	\$137	\$405
04 - Respiratory System	29.0	32.3	147.3	\$152	\$159	\$487
05 - Circulatory System	53.5	59.3	168.6	\$256	\$294	\$1,062
06 - Digestive System	42.4	48.5	156.5	\$594	\$403	\$1,406
07 - Hepatobiliary Sys/Pancreas	6.7	7.7	20.1	\$836	\$1,235	\$2,305
08 - Musculoskeletal/Connective	99.1	124.6	306.9	\$186	\$229	\$1,421
09 - Skin, Subcutaneous, Breast	67.0	90.8	250.9	\$222	\$267	\$634
10 - Endocrine, Metabolic	79.8	88.2	213.3	\$77	\$89	\$402
11 - Kidney, Urinary Tract	28.5	37.5	92.9	\$579	\$574	\$1,394
12 - Male Reproductive	8.0	10.1	27.2	\$67	\$765	\$799
13 - Female Reproductive	47.7	62.0	196.2	\$218	\$235	\$584
14 - Pregnancy/Childbirth	7.9	10.2	24.9	\$541	\$506	\$1,660
15 - Newborns	0.9	1.3	6.0	\$49	\$101	\$422
16 - Blood/Organs	7.0	9.8	31.6	\$318	\$256	\$1,053
17 - Other Neoplasms	9.8	11.8	33.1	\$3,156	\$2,723	\$4,352
18 - Infectious-Parasitic	34.7	42.0	200.6	\$95	\$113	\$150
19 - Mental Disorders	32.0	42.0	98.5	\$118	\$150	\$597
20 - Substance Disorders	1.5	1.6	7.0	\$1,750	\$589	\$4,071
21 - Injury and Poisoning	17.7	22.3	75.0	\$352	\$327	\$815
22 - Burns	0.3	0.4	1.8	\$238	\$0	\$557
23 - Selected Factors*	169.3	192.1	506.0	\$190	\$200	\$462
Unclassifiable	1.1	3.6	2.7	\$732	\$48	\$836
Totals:	484.1	547.2	994.3	\$452	\$528	\$2,423

* Includes miscellaneous factors related to health status, illness or injury (preventive services, undiagnosed conditions, family history of disease, speech therapy, rehab, PT, vaccines, pulmonary, etc.).

Key Statistics - Pharmacy

Key Statistics	Prior	Current	% Change	Aetna BoB
Cost				
Total Script Cost	\$1,965,579	\$2,504,830	27.4%	-
Average Script Cost	\$68.21	\$81.60	19.6%	\$105.52
Average Member Out of Pocket Per Script	\$19.95	\$20.15	1%	\$16.50
Total Plan Cost	\$1,390,490	\$1,889,551	35.9%	-
Plan Cost PMPM	\$39.03	\$53.75	37.7%	\$77.52 / \$53.91*
Member Share	29.2%	24.7%	-15.6%	12.9% / 16.4%*
Total Specialty Script Cost	\$545,170	\$820,422	50.5%	-
Average Specialty Script Cost	\$2,330	\$3,217	38%	\$3,533
Total Plan Specialty Cost	\$431,242	\$688,922	59.8%	-
Plan Specialty Cost PMPM	\$12.10	\$19.63	62.2%	\$23.51
Member Share of Specialty	20.9%	16%	-23.4%	3.1%
Utilization				
Rx Count	28,832	30,790	6.5%	-
Claims Per Member	2.45	2.64	7.8%	3
Generic Utilization	83%	84.9%	2.3%	79.9% / 77.6%*
Mail Order Utilization	4.3%	3.3%	-23.7%	10.1% / 5.2%*
Demographics				
Average Age	34.9	35.0	0.3%	36
Average Eligible Member Count	11,785	11,679	-0.9%	-

* Industry BoB

Top 10 Drugs by Volume

Drug Label Name	Number of Utilizing Members	Number of Claims	Paid Amount	Drug Treatment
LISINOPRIL	565	1,375	\$3,560	High Blood Pressure
LEVOTHYROXIN	418	1,007	\$2,273	Hypothyroidism
SIMVASTATIN	339	776	\$2,924	Cholesterol
METFORMIN	334	733	\$3,331	Diabetes
HYDROCO/APAP	383	625	\$2,243	Pain Reliever
AMLODIPINE	228	554	\$1,798	High Blood Pressure
ATORVASTATIN	213	493	\$8,225	Cholesterol
FLUTICASONE	294	395	\$2,455	Allergies
LOSARTAN POT	162	394	\$2,852	High Blood Pressure
CITALOPRAM	170	390	\$126	Depression
Top 10 Drugs Total		6,742	\$29,788	

Top 10 Drugs by Cost

Drug Label Name	Number of Utilizing Members	Number of Claims	Calculated Ingredient Cost	Drug Treatment
ENBREL SRCLK	13	34	\$77,754	Rheumatoid Arthritis, Psoriasis
HUMIRA PEN	10	26	\$71,122	Rheumatoid Arthritis, Psoriasis
LANTUS	76	163	\$67,024	Diabetes
CRESTOR	146	318	\$62,831	Cholesterol
SOVALDI	1	2	\$54,495	Hepatitis C
COPAXONE	6	13	\$53,743	Multiple Sclerosis
ENBREL	6	17	\$47,319	Rheumatoid Arthritis, Psoriasis
REBIF	5	12	\$46,106	Multiple Sclerosis
OLYSIO	1	2	\$45,418	Hepatitis C
OXYCONTIN	30	81	\$35,952	Pain Reliever
Top 10 Drugs Total		668	\$561,763	

Top 10 Drugs by Unit Cost

Drug Label Name	Number of Utilizing Members	Number of Claims	Unit Cost per Member	Drug Treatment	Drug Type
ENBREL SRCLK	13	34	\$77,754	Rheumatoid Arthritis, Psoriasis	Specialty
HUMIRA PEN	10	26	\$71,122	Rheumatoid Arthritis, Psoriasis	Specialty
LANTUS	76	163	\$67,024	Diabetes	Brand
CRESTOR	146	318	\$62,831	Cholesterol	Brand
SOVALDI	1	2	\$54,495	Hepatitis C	Specialty
COPAXONE	6	13	\$53,743	Multiple Sclerosis	Specialty
ENBREL	6	17	\$47,319	Rheumatoid Arthritis, Psoriasis	Specialty
REBIF	5	12	\$46,106	Multiple Sclerosis	Specialty
OLYSIO	1	2	\$45,418	Hepatitis C	Specialty
OXYCONTIN	30	81	\$35,952	Pain Reliever	Brand
Top 10 Drugs Total		668	\$561,764		

Service Activity – All Plans

Customer Service Activity		
Contact Reason	Volume	% of Total
Benefit Payment	1,861	42.5%
Coverage Inquiry	1,068	24.4%
Eligibility	339	7.7%
Healthcare Access	290	6.6%
Misc.	163	3.7%
Self Service	655	15.0%
Total Events	4,376	

Personal Health Record (PHR)	Informed Health Line (IHL)
588	20

Aetna Navigator Registration & Access	1 st Quarter
New Subscribers Registered	325
Logons	21,313
Top 5 Logon Reasons	
Simple Steps	7,729
PHR Message	4,409
Claim Status	4,000
Profile Validation	1,866
e.EOB Inquiry	1,711

Network Summary

All Plans - Current vs. Prior Period

Provider Network Savings	Prior	Current	% Change	Current Network Discount Savings
Billed Network Charges (before discount)	\$12,284,851	\$19,326,406	57.3%	
Network Discount Savings				
Inpatient Facility	\$1,622,587	\$4,119,935	153.9%	67.3%
Ambulatory Facility	\$3,075,414	\$3,905,802	27.0%	69.8%
Physician/Other	\$3,100,373	\$4,391,713	41.7%	57.7%
Total	\$7,798,374	\$12,417,450	59.2%	64.3%
Per Employee	\$1,452	\$2,349	61.8%	
Per Member	\$662	\$1,063	60.7%	
Per Admission	\$15,753	\$26,753	69.8%	
Network Utilization Metrics				Aetna BOB
% Admissions in Network	99.0%	98.1%	-0.9%	97.3%
% Physicians Office Visits in Network	99.2%	99.0%	-0.2%	92.5%
% Claims Paid In Network	97.3%	95.0%	-2.3%	89.4%

Top 25 Providers

Provider Name	Provider Type	Number of Claims	Paid Amount
ACP AZ Community Physicians Lab	Independent Lab	1,509	\$180,184
Sonora Quest Laboratories	Independent Lab	1,021	\$44,525
University Physicians Healthcare - PCP	Physician	530	\$211,236
Chun Ho - Carondelet Medical Group	Physician	509	\$46,046
Radiology Ltd., P.L.C.,	Radiology Center	442	\$59,874
University Medical Center	Acute Short Term Hospital	287	\$1,295,871
Carondelet St. Joseph's Hospital	Acute Short Term Hospital	331	\$426,754
Northwest Medical Center	Acute Short Term Hospital	310	\$286,179
Christopher Andrew Sullivan - Genesis OB/GYN	Physician	262	\$68,891
Lori Ann Bryant - Tucson Orthopedic Institute	Physical Therapist	179	\$28,585
Northwest Allied Physicians, LLC	Urgent Care Center (non-HMO)	257	\$17,040
Labcorp	Independent Lab	252	\$6,226
Tucson VAMC	Acute Short Term Hospital	67	\$121,721
Tucson Medical Center	Acute Short Term Hospital	188	\$348,697
Robert L. Dean - Tucson ENT Associates	Physician	82	\$11,679
Guillermo Gonzalez-Osete - Arizona Oncology Associates	Physician	76	\$217,555
Nextcare Urgent Care- 43rd	Urgent Care Center (non-HMO)	203	\$8,404
Weimin Hu - Specialists in Dermatology	Physician	129	\$11,017
EyeMed Vision Care	Optometrist	210	\$8,723
Arizona State Radiology	Physician	165	\$6,802
Ajay Tuli - Pima Heart Physicians	Physician	107	\$17,244
James D. Gordon - Valley ENT	Physician	50	\$5,892
Body Central Physical Therapy	Physical Therapist	25	\$1,785
University Physicians Hospital at Kino	Acute Short Term Hospital	121	\$70,361
Robert C. Miller - Marana Health Center	Physician	81	\$9,446

Hospital Profile

Hospital Name	Total Medical Paid Amount	Inpatient Paid Amount	% of Total Inpatient Paid Amount	Ambulatory Paid Amount	% of Total Ambulatory Paid Amount
University Medical Center	\$1,286,978	\$848,745	46%	\$438,233	33%
Tucson Medical Center	\$344,045	\$197,260	11%	\$146,786	11%
Northwest Medical Center	\$268,490	\$124,996	7%	\$143,494	11%
Carondelet St. Mary's Hospital	\$235,816	\$163,947	9%	\$71,869	5%
Carondelet St. Joseph's Hospital	\$186,115	\$135,577	7%	\$50,538	4%
Mayo Clinic Hospital	\$144,912	\$104,565	6%	\$40,347	3%
Oro Valley Hospital	\$128,634	\$86,225	5%	\$42,409	3%
Tucson VAMC	\$118,239	\$16,464	1%	\$101,775	8%
Western Regional Medical Center	\$102,090	\$0	0%	\$102,090	8%
University Physicians Hospital at Kino	\$69,765	\$8,248	0%	\$61,517	5%
Healthsouth Rehabilitation Institute	\$31,257	\$30,570	2%	\$687	0%
St. John Hospital and Medical Center	\$21,373	\$21,373	1%	\$0	0%
The University of TX M.D. Anderson Cancer	\$18,395	\$0	0%	\$18,395	1%
Summit Healthcare Regional Medical Center	\$16,264	\$13,228	1%	\$3,036	0%
Sharp Coronado Hospital and Health Care	\$14,720	\$14,195	1%	\$525	0%
Kindred Hospital of Tucson	\$14,533	\$14,533	1%	\$0	0%
Camp Lowell Surgery Center, LLC	\$14,254	\$0	0%	\$14,254	1%
O.A.S.I.S Hospital	\$13,547	\$13,547	1%	\$0	0%
Chandler Regional Medical Center	\$13,319	\$0	0%	\$13,319	1%
Arizona Digestive Institute	\$9,403	\$0	0%	\$9,403	1%
Carondelet Foothills Surgery Center	\$9,332	\$0	0%	\$9,332	1%
Northwest Hospital	\$9,324	\$0	0%	\$9,324	1%
The Health Care Center at the Forum	\$8,280	\$8,280	0%	\$0	0%
Tucson Surgery Center	\$8,024	\$0	0%	\$8,024	1%
Sonora Behavioral Health Hospital	\$7,674	\$7,615	0%	\$59	0%
All Other Hospitals	\$87,650	\$33,610	2%	\$54,040	4%
Totals:	\$3,182,434	\$1,842,977	100%	\$1,339,457	100%

Cost Sharing

	Prior Period	Current Period	% Change	PPO	HSA/HDHP	HSA/HDHP including HSA Fund	Aetna BOB
Number of Employees	5,370	5,286	-1.6%	1,758	3,528	3,528	
Allowed Amount	\$5,730,043	\$8,064,255	40.7%				
Pima County HSA Contribution						\$1,451,319	
Coordination of Benefits (COB)	\$109,377	\$91,203	-16.6%	\$44,762	\$46,441	\$46,441	
Deductible	\$1,855,400	\$2,035,182	9.7%				
Copays	\$128,460	\$147,066	14.5%				
Coinsurance	<u>\$221,392</u>	<u>\$241,472</u>	9.1%				
Employee Paid Portion	\$2,205,251	\$2,423,720	9.9%	\$492,030	\$1,853,113	\$1,853,113	
Employee Paid Portion per Employee	\$411	\$458	11.7%	\$280	\$525	\$525	
Employer Plan Paid Portion	\$3,415,415	\$5,549,331	62.5%	\$2,150,278	\$1,858,682	\$3,310,001	
Employer Plan Paid Portion per Employee	\$636	\$1,050	65.1%	\$1,223	\$527	\$938	
Employer % Share Medical	59.6%	68.8%	9.2%	80.0%	63.2%	63.5%	82.0%
Employee % Share Medical	38.5%	30.1%	-8.4%	18.3%	35.9%	35.6%	16.1%
COB % Share Medical	1.9%	1.1%	-0.8%	1.7%	0.9%	0.9%	1.9%

Thank you



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