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# MEMORANDUM

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Date: September 28, 2016

To: The Honorable Chair and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator

A handwritten signature in black ink, appearing to read "C.H. Huckelberry", is written over the typed name and title.

Re: **Pima County Medical and Health Self-Insurance Program**

Attached is a draft Aetna Case Study regarding our transition to a self-insurance model for medical and health insurance benefits for employees.

This document will be finalized and published nationwide by Aetna in the near future. It reaffirms the positive benefits for our employees, as well as Arizona taxpayers, when transitioning from the purchased fully-insured model to self-insurance.

We are no longer subject to double-digit rate increases in our health insurance premiums and these costs have stabilized. We have avoided over \$44 million in health costs during the first three years of this transition. Today, the County has a net positive Trust Fund reserve of over \$21 million as of December 2015. I expect this positive Trust Fund reserve will substantially grow by the next reporting period.

Most importantly, our employees, through Health Savings Accounts (HSAs), now have more funds for their future health maintenance costs. The employee fund balance for all HSAs has grown to \$16 million. These are funds that can be used by individual employees to pay for plan deductibles, coinsurance and other qualifying expenses. The County has also provided significant incentives in the area of HSAs by our contributions. We will continue to encourage employees to make equal or greater contributions to these accounts in the future. HSAs are fully owned by employees and can be used tax-free for any qualified medical expenses throughout their life.

More importantly, the educational program undertaken to encourage our employees to become critical health and medical consumers has resulted in improved health outcomes. Employees have engaged in aggressive disease management programs and reduced a number of diseases that can be very costly if not managed aggressively. The disease management program allows our employees to manage these diseases before they become critical.

This national recognition of our program reinforces the benefits of transitioning from the traditional insurance model to a consumer-driven self-insurance model that saves taxpayers money and improves employees' health outcomes.

CHH/anc  
Attachment

c: Tom Burke, Deputy County Administrator for Administration  
Allyn Bulzomi, Director, Human Resources