

## **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 Thursday, November 7, 2013, convening at 9:00 a.m., in the Human Resources Training Room, located on the 4<sup>th</sup> floor, 150 W. Congress, 4th Tucson, Arizona.

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### **AGENDA**

- A. Roll Call**
- B. Pledge of Allegiance**
- C. Introductions**
- D. Open Meeting Law Briefing - Discussion**
- E. Transition to Self-Insurance**
- F. Health Care Reform Compliance Study**
- G. Pima County Financial Review**
- H. Pima County Health Plan Review**
- I. Meeting Schedule**
- J. Adjournment**

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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.

# CBIZ HEALTH CARE REFORM (HCR) ANALYZER



# 2015

## Health Care Reform Financial Impact

ILLUSTRATIVE REPORT

Prepared For  
**Pima County**

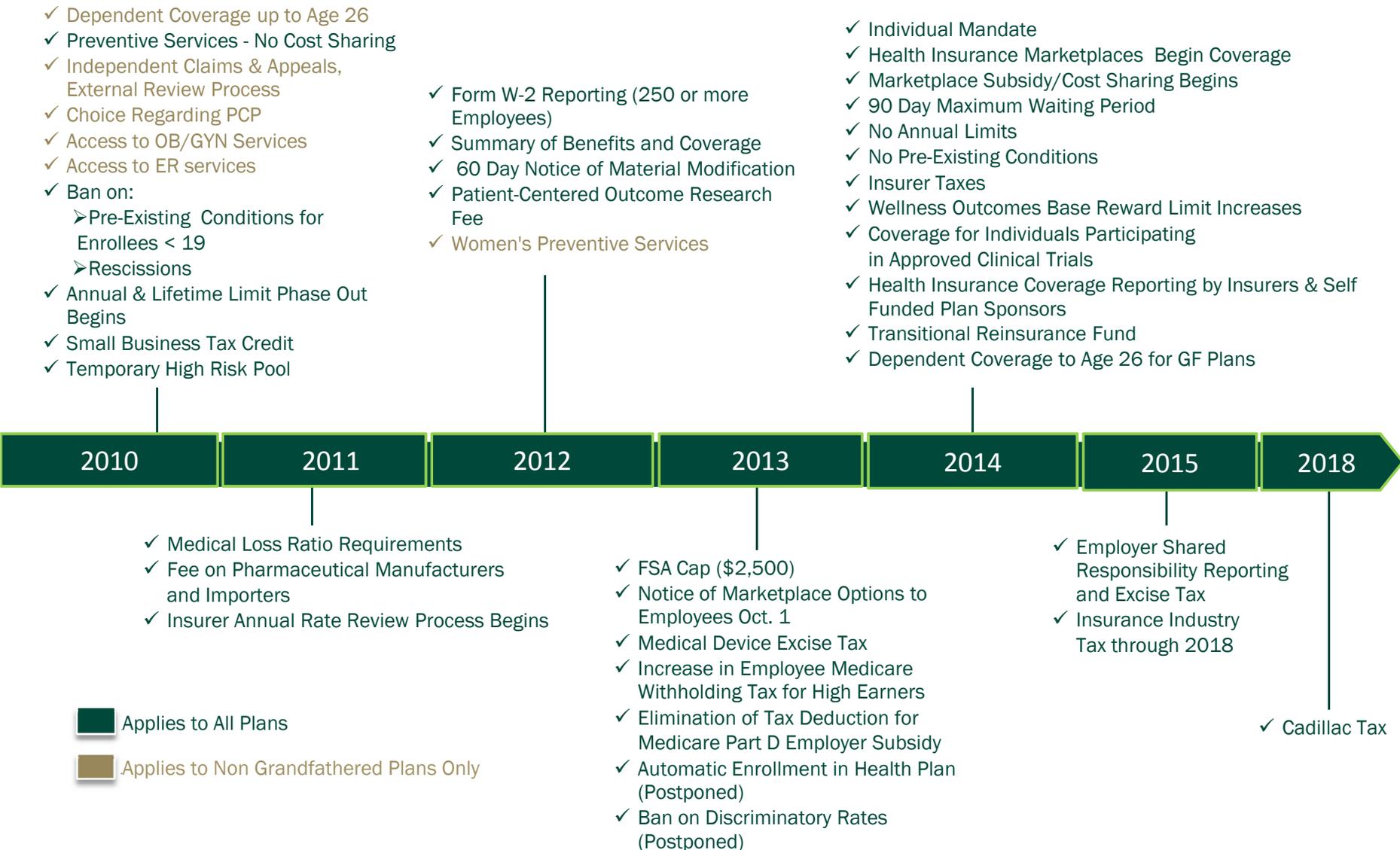


# Health Care Reform

the  
**changing**  
environment



# Affordable Care Act Timeline



# Today's Focus

## Shared Responsibility - The "Pay or Play" Employer Conundrum

**"Fair" Access** - Employees working on a regular basis of 30 or more hours per week, are deemed "eligible" for medical coverage under health care reform.

Part time and Variable employees are excluded.

"Variable employees" - use reasonable and good faith interpretation. Proposed regulations deem it to be employees working 120 days or less during the year.

**No Coverage Excise Tax Penalty** = Total number of full time employees less the first 30 multiplied by \$2,000 per year (calculated monthly)



**"Acceptable" Coverage - Bona fide plan:** one that meets the essential benefits and minimum out of pocket requirements.

**Plan Value:** The richest bona fide plan is evaluated at 100%, the leanest acceptable plan (following the out of pocket provisions) is 60%.

Current plans are actuarially valued.

If a bona fide plan is not offered Shared Responsibility penalties may be triggered (see below).

If the leanest bona fide benefit plan is offered to the employee for less than 9.5% of the employee's house hold income (HHI), the employer's plan is deemed **"Affordable"**.

Because HHI is not available to the Employer, as a "safe harbor", the employee's wages can be used to pass the test.

The affordability test is applicable to Single employee coverage (does not include dependent coverage).

**Unacceptable or Unaffordable Excise Tax Penalty** (if 1 or more employees receives a subsidy) = \$3,000 per employee receiving an Exchange subsidy up to a maximum of \$2,000 \* all full time employees less the first 30



# The HCR Analysis

what do  
the **numbers**  
tell **us**?



# The HCR Analyzer Process

## Introduction

The purpose of the health care reform financial impact study is to estimate the potential cost impact to Pima County. The results are an illustrative guide to assist Pima County in their preparation for the most significant Health Care Reform change - Shared Responsibility penalties. These changes will take place in calendar year 2015.

The CBIZ HCR Analyzer calculates the potential financial impact to Pima County under various scenarios. All scenarios compare the financial impact to Pima County relative to their baseline scenario. The baseline scenario is Pima County's current program trended forward to 2015. The alternative scenarios show potential action plans and their cost impact relative to the baseline.

## Process



### Data Diagnosis

CBIZ gathered pertinent information from Pima County to prepare a custom Health Care Reform Financial Impact Study for your organization.



### Comprehensive Analysis

The data was used to evaluate where the current health care package offered by Pima County stands in relation to the Health Care Reform benchmarks of Fair Employee Access, Acceptable Health Coverage, and Affordable Employee Contributions.



### Cost Impact Analysis - Report & Optimize

The cost to Pima County under multiple scenarios is summarized. There are multiple variables that can be adjusted thus enabling us to work with your organization to optimize your health care package. These variables include:

- |                |                         |                  |                   |
|----------------|-------------------------|------------------|-------------------|
| ▶Plan Value    | ▶Migration Assumptions  | ▶Waiting Periods | ▶Household Income |
| ▶Medical Trend | ▶Employer Contributions | ▶Pay Increases   | ▶Family Size      |

For example, if we set the variable whereby every eligible employee migrates to Pima County's health care plan, the costs to Pima County may be higher than if we assume only 80% of the employees migrate to Pima County's health care plan.

# Data Diagnosis

## STEP



### Pima County Current Census Data

**Total Employees on the Census 7418**

*Remove the following:*

Those in Employer Waiting Period Not to Exceed 90 Days	75
Those averaging <30 hrs/week *	982
Terminated Employees	156

**Final Employees Used in Analysis 6205**

Not Eligible Currently/Tested as Eligible 44

**Total Eligible Employees 6161**

Waived Coverage - Currently 928

**Total Enrolled 5233**

*By Plan:*

HDHP w HSA	3436
HDHP wo HSA	51
PPO	1746

*The Current Census Data shown is based upon the data provided to CBIZ by Pima County.*

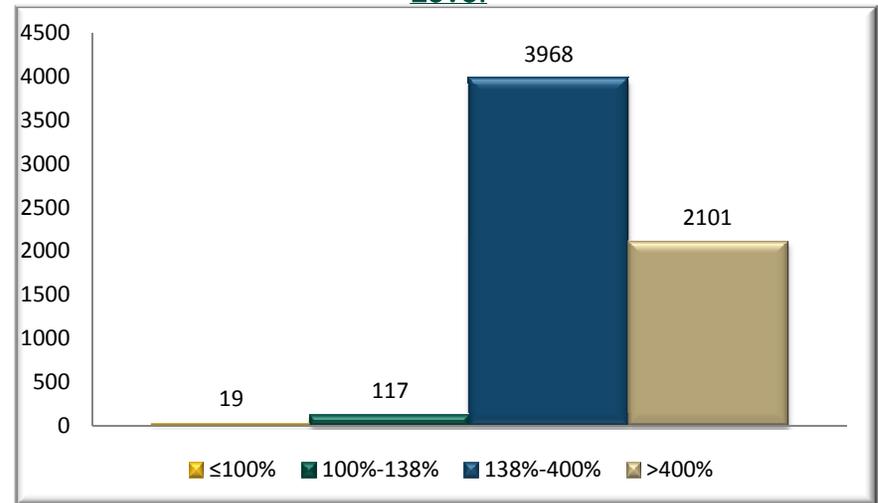
*\* Less than 20 hours if not designated as Temporary or Intermittent – EEs are eligible for coverage at 20 hours.*

### Pay Increase

Current pay is moved to 2015 at a rate of 2% per year.

**Total Pay Adjustment 1.02**

### Distribution of Current Employees by Federal Poverty Level



### Household Income as % of Federal Poverty Level (FPL)

		≤100%	100%-138%	138%-400%	>400%
Eligible For	Medicaid	Yes	Yes*	No	No
	Exchange Subsidy	No	No*	Yes**	No

\* Dependent upon whether Employee's state has chosen to expand Medicaid.

\*\* Eligible for Exchange Subsidy only if Employer plan does not meet the Shared Responsibility test.



# Pima County Current Plan In-Network Design

Plan	HSA/HRA Employer Contribution	Deductible	Coinsurance	Out of Pocket Max (Inc. Deductible)	Primary Care Office Visit	Emergency Room Visit	Inpatient Hospital	Prescription Drug
HDHP w HSA	\$1,000/\$2,000	\$2,000/\$4,000	90%	\$3,000/\$6,000	10% after deductible	10% after deductible	10% after deductible	10% after deductible
HDHP wo HSA	\$0.00	\$2,000/\$4,000	90%	\$3,000/\$6,000	10% after deductible	10% after deductible	10% after deductible	10% after deductible
PPO	\$0.00	\$1,000/\$2,000	80%	\$3,000/\$6,000	\$25 copay	\$125 copay	20% after deductible	\$10/\$30/\$50

# Pima County Current Monthly Premium Rates

Pima County Monthly Totals	
Total Premium	<b>\$4,019,256</b>
Employee Contribution	<b>\$525,114</b>
Employer Contribution	<b>\$3,494,143</b>
Enrolled	<b>5233</b>

Pima County Annual Totals	
Total Premium	<b>\$48,231,074</b>
Employee Contribution	<b>\$6,301,363</b>
Employer Contribution	<b>\$41,929,711</b>

**Contribution Notes:**

Current premiums rates do not include the employee discounts for wellness initiatives. These discounts represent an additional estimated cost to Pima County of \$800,460

		Enrollment	Total Premium Rate	Employee Contribution	Employee %	Employer Contribution	Employer %
<b>HDHP w HSA</b>	E	1392	\$387.76	\$43.33	11.2%	\$344.43	88.8%
	ES	514	\$863.25	\$63.92	7.4%	\$799.33	92.6%
	EC	504	\$845.01	\$63.92	7.6%	\$781.09	92.4%
	F	1026	\$1,158.11	\$102.27	8.8%	\$1,055.84	91.2%
	<b>Total:</b>	<b>3436</b>	<b>\$2,597,578</b>	<b>\$230,315</b>		<b>\$2,367,263</b>	
<b>HDHP wo HSA</b>	E	36	\$304.43	\$43.33	14.2%	\$261.10	85.8%
	ES	8	\$696.58	\$63.92	9.2%	\$632.66	90.8%
	EC	3	\$678.34	\$63.92	9.4%	\$614.42	90.6%
	F	4	\$991.44	\$102.27	10.3%	\$889.17	89.7%
	<b>Total:</b>	<b>51</b>	<b>\$22,533</b>	<b>\$2,672</b>		<b>\$19,861</b>	
<b>PPO</b>	E	802	\$421.18	\$93.02	22.1%	\$328.16	77.9%
	ES	308	\$963.74	\$196.63	20.4%	\$767.11	79.6%
	EC	249	\$938.50	\$192.16	20.5%	\$746.34	79.5%
	F	387	\$1,371.68	\$281.95	20.6%	\$1,089.73	79.4%
	<b>Total:</b>	<b>1746</b>	<b>\$1,399,145</b>	<b>\$292,127</b>		<b>\$1,107,018</b>	

# Comprehensive Analysis - Where You Are Today

## STEP



FAIR ACCESS	Enrolled	Waived	Not Eligible	Total
Employees	5,233	928	44	6,205
% of Total Eligible Under Reform	84%	15%	1%	100%

Must offer minimum essential coverage to at least 95% of full time employees.



ACCEPTABLE	HDHP w HSA	HDHP wo HSA	PPO
Actuarial Plan Value	88.5%	77.3%	82.1%

Minimum Actuarial Plan Value that is deemed Acceptable is 60%.



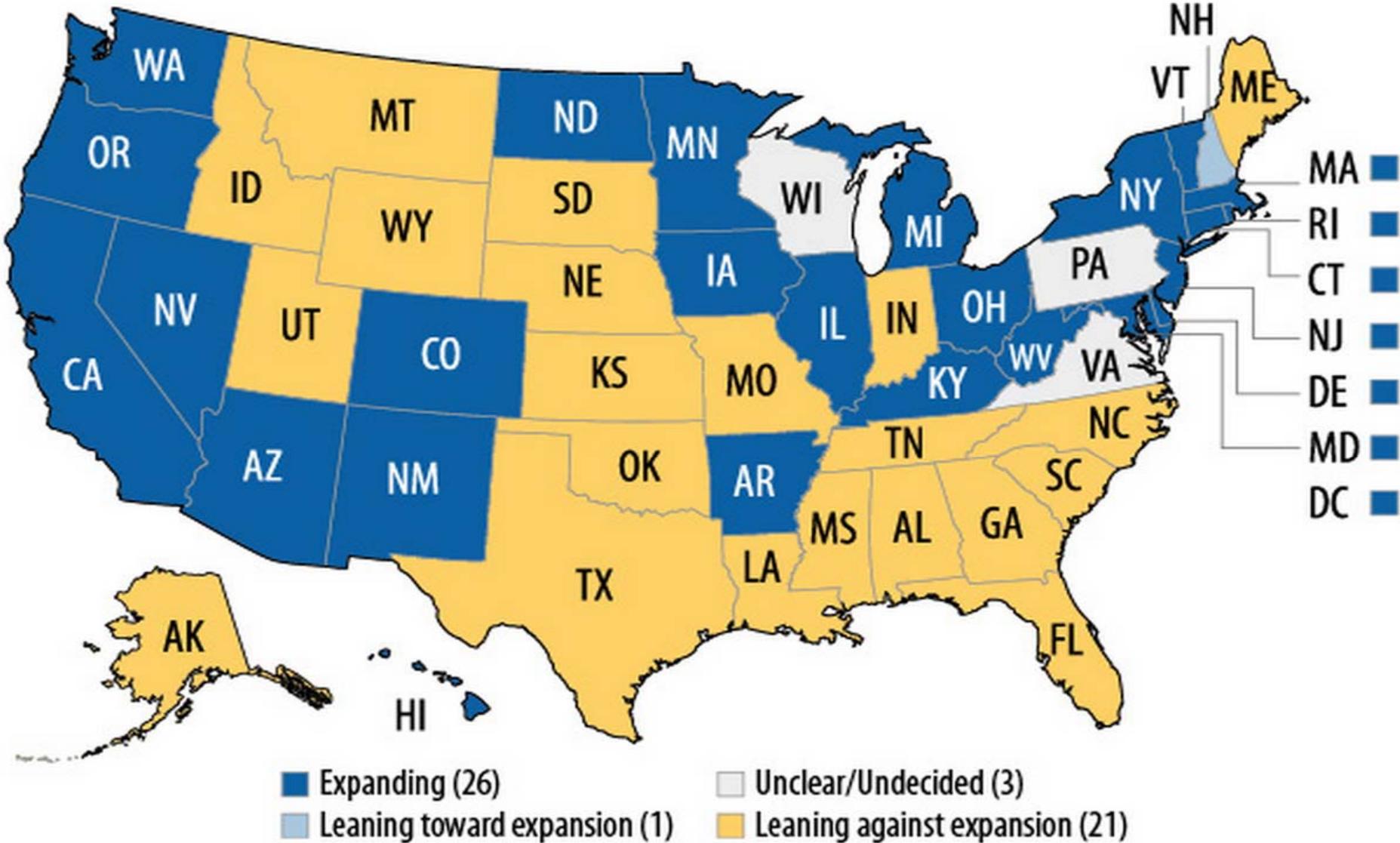
AFFORDABLE	
2015 Pay Trigger	\$6,149
100% of Federal Poverty Level (Household of 1)	\$11,490
Pay Trigger as % of FPL	53.5%

Coverage is generally deemed Affordable if the 2015 Pay Trigger does not exceed 200% of the Federal Poverty Level.

# Appendix

# Status for Medicaid Expansion 2014

As of October 30, 2013



Source: "Status of the ACA Medicaid Expansion after Supreme Court Ruling", Center on Budget and Policy Priorities

# The Public Exchange

## ▼ Product Values (Richness of Benefits) are designed using four tiers:

- ↳ Platinum Plan (Actuarial Value of 90%)
- ↳ Gold Plan (Actuarial Value of 80%)
- ↳ Silver Plan (Actuarial Value of 70%)
- ↳ Bronze Plan (Actuarial Value of 60%)

## ▼ Actuarial Value

- ↳ On average a Platinum Plan covers 90% of all essential benefit expenses, Gold 80%, etc.

## ▼ Premium Rates vary by:

- ↳ Plan, Area, Family Size and Age (NOT GENDER and NOT HEALTH STATUS!)
- ↳ Only health factor is tobacco use (premium rate cannot exceed 1.5X non tobacco user rate)

## ▼ Premium Rates for Older Individuals cannot be more than 3X's that of a Younger Individual .

- ↳ If the Younger Individual rate is \$100, the maximum rate for an Older Individual is \$300.

## ▼ Premium Subsidies

- ↳ If an individual's household income is below 400% and above 100% of the Federal Poverty Level (FPL) they may be eligible for premium subsidies

## ▼ No Pre-Existing Condition Exclusions

## Subsidy Rules

- ▼ Must purchase coverage at the Public Exchange to receive a subsidy
- ▼ If Employer offers health insurance AND it is affordable to the Employee:
  - ↳ Employee (and Family Members) are NOT eligible for premium subsidies AND His/Her Employer is not subject to Shared Responsibility penalties
    - ▶ Employer must offer a bona-fide plan meeting essential benefits and out of pocket limits.
    - ▶ Leanest Plan has a 60% Actuarial Value Plan
    - ▶ Cost to employee must be less than 9.5% of their household income.
- ▼ If Employer's Plan is bona-fide but not affordable to the Employee:
  - ↳ Employee (and Family Members) ARE eligible for premium subsidies
  - ↳ Employer is charged an annual penalty of \$3000 per Employee that goes to the Exchange and receives a premium subsidy. (There is an Employer Penalty Maximum of \$2000 multiplied by the number of Full Time Employees Less the first 30).
  - ↳ Penalty is NOT tax deductible
- ▼ If Employer does not offer health insurance (or does not offer a bona-fide plan):
  - ↳ Employee IS eligible for premium subsidies
  - ↳ Employer Penalty equals \$2000 multiplied by the number of Full Time Employees less the first 30 and is not tax deductible.
- ▼ If Full Time Employee is not eligible for the Employer's Plan:
  - ↳ Employee IS eligible for premium subsidies
  - ↳ Employer is not penalized for employees who are not deemed full time.
    - ▶ A Full Time Employee works on average 30 hours or more per week
    - ▶ Special rules apply to temporary workers (working < 120 days)
    - ▶ Variable hour employees have a stability/measurement period to achieve and maintain eligibility

# Federal Poverty Level

Federal Poverty Level Chart for 2013 (Excludes HI and AK)

Household size	100%	138%	150%	200%	300%	400%
1	\$11,490	\$15,856	\$17,235	\$22,980	\$34,470	\$45,960
2	15,510	\$21,404	\$23,265	\$31,020	\$46,530	\$62,040
3	19,530	\$26,951	\$29,295	\$39,060	\$58,590	\$78,120
4	23,550	\$32,499	\$35,325	\$47,100	\$70,650	\$94,200
5	27,570	\$38,047	\$41,355	\$55,140	\$82,710	\$110,280
6	31,590	\$43,594	\$47,385	\$63,180	\$94,770	\$126,360
7	35,610	\$49,142	\$53,415	\$71,220	\$106,830	\$142,440
8	39,630	\$54,689	\$59,445	\$79,260	\$118,890	\$158,520

Premium credit is determined in order for the Exchange Premium to not exceed the below percentages:

Defined percentage of household income is a sliding scale determined by the Federal Poverty Level (FPL) of the family involved:

- Up to 133% FPL: 2.0% of income
- 133-150% FPL: 3.0% – 4.0% of income
- 150-200% FPL: 4.0% – 6.3% of income
- 200-250% FPL: 6.3% – 8.05% of income
- 250-300% FPL: 8.05% – 9.5% of income
- 300-400% FPL: Capped to 9.5% of income (PPACA §§ 1401, 10105; HCERA § 1001; IRC § 36B)

“Adjusted monthly premium” is for the second-lowest-cost Silver plan for the rating area where the taxpayer resides. The premium is adjusted for age as allowed under ACA. If a state is participating in a wellness discount pilot project, the premium, for purposes of determining the tax credit, is determined without regard to any of the discounts offered through the pilot program.

Pima County  
Health Benefit Self-Insurance Trust Fund  
September 30, 2013 Financial Statements

# STATEMENT OF NET POSITION

September 30 , 2013

	Health Benefit Trust Fund
<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 20,879,953.15
Total current assets	<u>20,879,953.15</u>
 Total assets	 <u>20,879,953.15</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	\$ 61,894.06
Employee compensation	18,981.15
Loans Payable-current	3,500,000.00
Current portion reported but unpaid losses	12,000.00
Current portion incurred but not reported losses	<u>104,000.00</u>
Total current liabilities	<u>3,696,875.21</u>
Noncurrent liabilities:	
Loans Payable-non current	10,000,000.00
Reported but unpaid losses	588,000.00
Incurred but not reported losses	<u>5,096,000.00</u>
Total noncurrent liabilities	<u>15,684,000.00</u>
 Total Liabilities	 <u>19,380,875.21</u>
<b><u>Net position</u></b>	
Unrestricted	<u>1,499,077.94</u>
 Total net position	 <u><u>\$ 1,499,077.94</u></u>

# STATEMENT OF REVENUES , EXPENSES AND CHANGES IN NET POSITION

**For the Period Ended September 30 , 2013**

	Health Benefit Trust Fund
Operating revenues:	
Charges for services	\$ 16,464,287.46
Other	639,304.72
Total operating revenues	<u>17,103,592.18</u>
Operating expenses:	
Employee compensation	266,205.26
Operating supplies and services	2,096.09
Utilities	2,058.63
Medical Claims	13,189,420.94
Insurance premiums	1,325,814.91
General and administrative	253,232.79
Consultants and professional services	568,925.02
Total operating expenses	<u>15,607,753.64</u>
Operating income	<u>1,495,838.54</u>
Nonoperating revenues:	
Investment earnings	3,239.40
Total nonoperating revenues:	<u>3,239.40</u>
Income before transfers:	<u><u>1,499,077.94</u></u>

# MAJOR LINE ITEMS ANALYSIS- STATEMENT OF REVENUES , EXPENSES AND CHANGES IN NET POSITION

## For the Period Ended September 30, 2013

	Actual 9/30/2013	% of Total	
Operating revenues:			
Charges for services	\$ 16,464,287	96%	<b>1</b>
Other	639,305	4%	<b>2</b>
Total operating revenues	<u>17,103,592</u>	<u>100%</u>	
Operating expenses:			
Employee compensation	266,205	2%	
Operating supplies and services	2,096	0%	
Utilities	2,059	0%	
Medical Claims	13,189,421	85%	<b>3</b>
Insurance premiums	1,325,815	8%	<b>4</b>
General and administrative	253,233	2%	
Consultants and professional services	568,925	4%	<b>5</b>
Total operating expenses	<u>15,607,754</u>	<u>100%</u>	
Operating income	<u>1,495,838</u>		
Nonoperating revenues:			
Investment earnings	3,239	100%	
Total nonoperating revenues:	<u>3,239</u>		
Income before transfers:	<u><u>1,499,077</u></u>		

### 1 Charges for services

---Employer Health Premiums	12,119,966
---Employee Health Premiums	3,411,875
---Life Insurance Fee	426,730
---Post Tax Employee Prem	186,428
---Accident Insurance Fee	179,528
---Other	139,760
	<u><u>16,464,287</u></u>

### 2 Other

---United Health Insurance Premium Rebate	724,754
---Employees portion rebate	(85,449)
	<u><u>639,305</u></u>

### 3 Medical Claims

---Pima County Dental Ameritas	255,713
(A) ---Outside Hospitals Clinics	7,133,708
---IBNP/IBNR adjustment	5,800,000
	<u><u>13,189,421</u></u>

### (A) Outside Hospitals Clinics OBJ 5134

Unit 2148 Medical Insurance PPO	1,551,279
Unit 2149 Medical Insurance HDHP	1,373,470
Unit 2150 JP Morgan -HSA	3,042,852
Unit 2151 Flexible Spending	47,401
Unit 2250 HDHP Pharmacy	497,189
Unit 2255 PPO Pharmacy	621,517
	<u><u>7,133,708</u></u>

# MAJOR LINE ITEMS ANALYSIS- STATEMENT OF REVENUES , EXPENSES AND CHANGES IN NET POSITION

## For the Period Ended September 30, 2013

	Actual 9/30/2013	% of Total	
Operating revenues:			
Charges for services	\$ 16,464,287	96%	1
Other	639,305	4%	2
Total operating revenues	<u>17,103,592</u>	<u>100%</u>	
Operating expenses:			
Employee compensation	266,205	2%	
Operating supplies and services	2,096	0%	
Utilities	2,059	0%	
Medical Claims	13,189,421	85%	3
Insurance premiums	1,325,815	8%	4
General and administrative	253,233	2%	
Consultants and professional services	568,925	4%	5
Total operating expenses	<u>15,607,754</u>	<u>100%</u>	
Operating income	<u>1,495,838</u>		
Nonoperating revenues:			
Investment earnings	3,239	100%	
Total nonoperating revenues:	<u>3,239</u>		
Income before transfers:	<u><u>1,499,077</u></u>		

## 4 Insurance Premiums

---Vision Premiums	63,795
---Dental Premiums(employers dental plan)	153,121
---Other Premiums	
Stop Loss	218,430
Employee Assistance Program	30,407
AFLAC Insurance	196,539
Other Insurance Humana	663,523
	<u><u>1,325,815</u></u>

## 5 Consultants and professional services

### TPA Service Fees

Unit 2148 Aetna PPO TPA	159,350
Unit 2149 Aetna HDHP TPA	319,708
Unit 2150 JP Morgan -HSA fees	11,000
Unit 2151 ASI Flex TPA	1,707
Unit 2152 Ameritas TPA	19,000
Unit 2155 ASI COBRA TPA	3,678
Unit 2250 Aetna HDHP Rx TPA	33,557
Unit 2250 Aetna PPO Rx TPA	16,725

### Non-Medical Consultants

	4,200
<b>Total</b>	<u><u>568,925</u></u>

# BUDGET, ACTUAL AND FORECAST – MEDICAL INSURANCE PPO/HDHP UNIT 2148/2149

## For the Period Ended September 30, 2013

	Fiscal Year 2013/2014 Budget	Fiscal Year 2013/2014 YTD Actual	Fiscal Year 2013/2014 Forecast	Variance (Forecast v.s. Budget)
Operating revenues:				
Charges for services	\$ 44,222,400	\$ 11,653,886	44,936,694	\$ 714,294
Total operating revenues	<u>44,222,400</u>	<u>11,653,886</u>	<u>44,936,694</u>	<u>714,294</u>
Operating expenses:				
Medical Claims	33,897,808	8,724,749	33,897,808	-
Consultants and professional services	<u>1,847,328</u>	<u>479,058</u>	<u>2,076,231</u>	<u>(228,903)</u>
Total operating expenses	<u>35,745,136</u>	<u>9,203,807</u>	<u>35,974,039</u>	<u>(228,903)</u>
Operating income	<u>8,477,264</u>	<u>2,450,079</u>	<u>8,962,655</u>	<u>485,391</u>
Income before transfers:	<u><u>8,477,264</u></u>	<u><u>2,450,079</u></u>	<u><u>8,962,655</u></u>	<u><u>485,391</u></u>

*Note: Medical claims for PPO/HDHP are combined here since the IBNP/IBNR liabilities are not broken out by the actuary for the first quarter of FY2013-14. We have requested this breakout for the second quarter.*

# BUDGET, ACTUAL AND FORECAST – PHARMACY PPO/HDHP UNIT 2255/2250

## For the Period Ended September 30, 2013

	Fiscal Year 2013/2014 Budget	Fiscal Year 2013/2014 YTD Actual	Fiscal Year 2013/2014 Forecast	Variance (Forecast v.s. Budget)
Operating revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Other	-	-	500,000	500,000
<b>Total operating revenues</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>500,000</b>
Operating expenses:				
Medical Claims	1,889,676	1,118,705	1,889,676	-
Consultants and professional services	201,372	50,282	201,130	242
<b>Total operating expenses</b>	<b>2,091,048</b>	<b>1,168,987</b>	<b>2,090,806</b>	<b>242</b>
<b>Operating income</b>	<b>(2,091,048)</b>	<b>(1,168,987)</b>	<b>(1,590,806)</b>	<b>500,242</b>
<b>Income before transfers:</b>	<b>(2,091,048)</b>	<b>(1,168,987)</b>	<b>(1,590,806)</b>	<b>500,242</b>

Note: 1) No DOE currently exists to segregate to employee/employer paid revenues for pharmacy. All pharmacy revenues are captured via medical DOE.

2) No original budget was made for pharmacy; however, DA obtained a portion from the medical PPO/HDHP budget based on FY14 July expenditures straight-lined.

# BUDGET, ACTUAL AND FORECAST – SELF FUNDED DENTAL INSURANCE UNIT 2152

## For the Period Ended September 30, 2013

	Fiscal Year 2013/2014 Budget	Fiscal Year 2013/2014 YTD Actual	Fiscal Year 2013/2014 Forecast	Variance (Forecast v.s. Budget)
Operating revenues:				
Charges for services	\$ 1,840,000	\$ 510,551	\$ 2,042,205	\$ 202,205
Other	9,477	-	9,477	\$ -
Total operating revenues	<u>1,849,477</u>	<u>510,551</u>	<u>2,051,682</u>	<u>202,205</u>
Operating expenses:				
Medical Claims	1,840,000	255,713	1,764,001	75,999
Consultants and professional services	-	19,000	75,999	(75,999)
Total operating expenses	<u>1,840,000</u>	<u>274,713</u>	<u>1,840,000</u>	<u>-</u>
Operating income	<u>9,477</u>	<u>235,838</u>	<u>211,682</u>	<u>202,205</u>
Nonoperating revenues:				
Investment earnings	<u>2,218</u>	<u>-</u>	<u>2,218</u>	<u>-</u>
Income before transfers:	<u><u>11,695</u></u>	<u><u>235,838</u></u>	<u><u>213,900</u></u>	<u><u>202,205</u></u>

# BUDGET, ACTUAL AND FORECAST – ADMINISTRATION UNIT 2147

## For the Period Ended September 30, 2013

	Fiscal Year 2013/2014 Budget	Fiscal Year 2013/2014 YTD Actual	Fiscal Year 2013/2014 Forecast	Variance (Forecast v.s. Budget)
<b>Operating revenues:</b>				
Charges for services		\$ -	\$ -	\$ -
Other		639,305	639,305	639,305
<b>Total operating revenues</b>	<b>-</b>	<b>639,305</b>	<b>639,305</b>	<b>639,305</b>
<b>Operating expenses:</b>				
Employee compensation	1,056,376	266,205	1,067,386	(11,010)
Operating supplies and services	15,300	1,662	9,594	5,706
General and administrative	1,333,007	253,659	1,339,703	(6,696)
Consultants and professional services	362,000	4,200	350,000	12,000
<b>Total operating expenses</b>	<b>2,766,683</b>	<b>525,727</b>	<b>2,766,683</b>	<b>-</b>
<b>Operating income</b>	<b>(2,766,683)</b>	<b>113,578</b>	<b>(2,127,378)</b>	<b>639,305</b>
<b>Nonoperating revenues:</b>				
Investment earnings		3,239	(1,812)	(1,812)
<b>Income before transfers:</b>	<b>(2,766,683)</b>	<b>116,817</b>	<b>(2,129,190)</b>	<b>637,493</b>

# BUDGET, ACTUAL AND FORECAST – HR WELLNESS UNIT 2158

## For the Period Ended September 30, 2013

	Fiscal Year 2013/2014 Budget	Fiscal Year 2013/2014 YTD Actual	Fiscal Year 2013/2014 Forecast	Variance (Forecast v.s. Budget)
Operating revenues:				
Charges for services	\$ 1,745,000		\$ 139,000	\$ (1,606,000)
Total operating revenues	<u>1,745,000</u>	<u>-</u>	<u>139,000</u>	<u>(1,606,000)</u>
Operating expenses:				
Employee compensation	1,745,000			1,745,000
Operating supplies and services		434	139,433	(139,433)
General and administrative		276	276	(276)
Total operating expenses	<u>1,745,000</u>	<u>710</u>	<u>139,709</u>	<u>1,605,291</u>
Operating income	<u>-</u>	<u>(710)</u>	<u>(709)</u>	<u>(709)</u>
Income before transfers:	<u>-</u>	<u>(710)</u>	<u>(709)</u>	<u>(709)</u>

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

aetna<sup>SM</sup>

# Pima County

## Health Plan Review

Thank You For Your Business! *Dave*

November 7<sup>th</sup>, 2013



# Reporting Parameters\*

**Current Reporting Period = 7/1/13 – 9/30/13**

**Prior Reporting Period = N/A**

**Processed Data**

**High Cost Claimants (HCC) = \$50k+**

**Aetna's Book of Business (BoB) Results Include  
HCCs & Are Annualized Using the Most Recent  
12 Months of Incurred Data with Two month lag**

**\*Unless Otherwise Noted**

# In this Section

**Demographics**

**Claim Segmentation**

**Financial Summary**

**Impact of High Cost Claimants**

**Medical Cost Category Analysis**

**Medical Utilization Summary**

**Key Rx Metrics & Specialty Pharmacy**

# Demographics

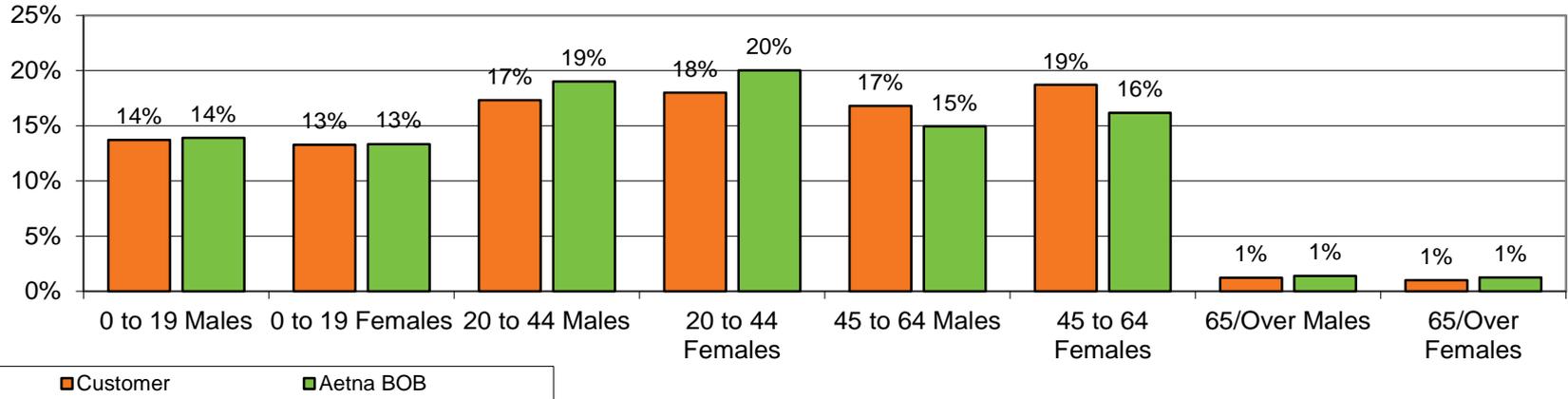
## Current vs. Prior Period

	Employees (% Change)	Members (% Change)	Ratio of Members to Employees (% Change)	% Male Members (% Change)	% Female Members (% Change)	Average Age (% Change)
PPO	1,782 (N/A)	3,665 (N/A)	2.1 (N/A)	48.7 (N/A)	51.3 (N/A)	35.5 (N/A)
HDHP w/ HSA	3,527 (N/A)	8,035 (N/A)	2.3 (N/A)	49.2 (N/A)	50.8 (N/A)	34.5 (N/A)
HDHP w/o HSA	58 (N/A)	90 (N/A)	1.6 (N/A)	51.3 (N/A)	48.7 (N/A)	43.6 (N/A)
All	5,388 (N/A)	11,833 (N/A)	2.2 (N/A)	49.0 (N/A)	51.0 (N/A)	34.9 (N/A)

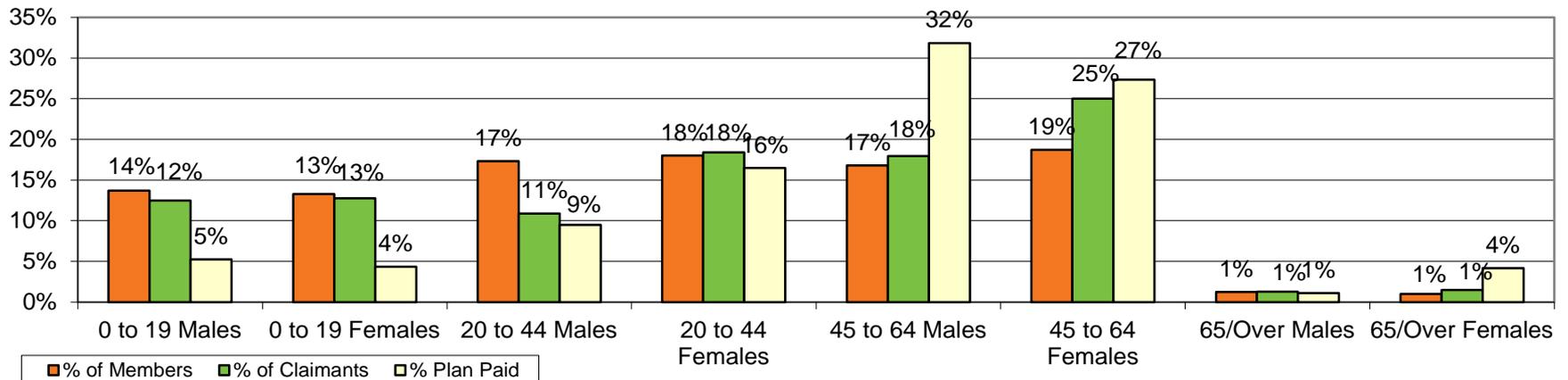
# Claim Segmentation – All Plans

## Current

Current vs Aetna BOB Age/Gender Demographic Comparison



Percent of Membership, Claimants and Plan Paid Comparison



# Financial Summary

## Current vs. Prior

Key Financial Metrics	Prior	Current	% Change	W/O HCC	Aetna BoB*	PPO	HDHP w/ HSA	HDHP w/o HSA
Total Medical and Pharmacy Paid Amount	N/A	\$4,823,176	N/A	\$4,259,500	N/A	\$2,519,160	\$2,263,231	\$40,785
Total Pharmacy Paid Amount	N/A	\$1,397,663	N/A	\$1,397,663	N/A	\$737,708	\$651,832	\$8,122
Pharmacy Paid Amount per Member	N/A	\$118	N/A	\$118	\$783	\$201	\$80	\$89
Total Medical Paid Amount	N/A	\$3,425,513	N/A	\$2,861,837	N/A	\$1,781,452	\$1,611,399	\$32,663
Medical Paid Amount per Employee	N/A	\$636	N/A	\$531	N/A	\$1,000	\$454	\$563
Medical Paid Amount per Member	N/A	\$289	N/A	\$241	\$3,437	\$486	\$199	\$362
Inpatient Paid Amount per Member	N/A	\$71	N/A	\$65	\$1,218	\$121	\$47	\$202
Ambulatory Paid Amount per Member	N/A	\$218	N/A	\$176	\$2,219	\$365	\$152	\$159

\*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.

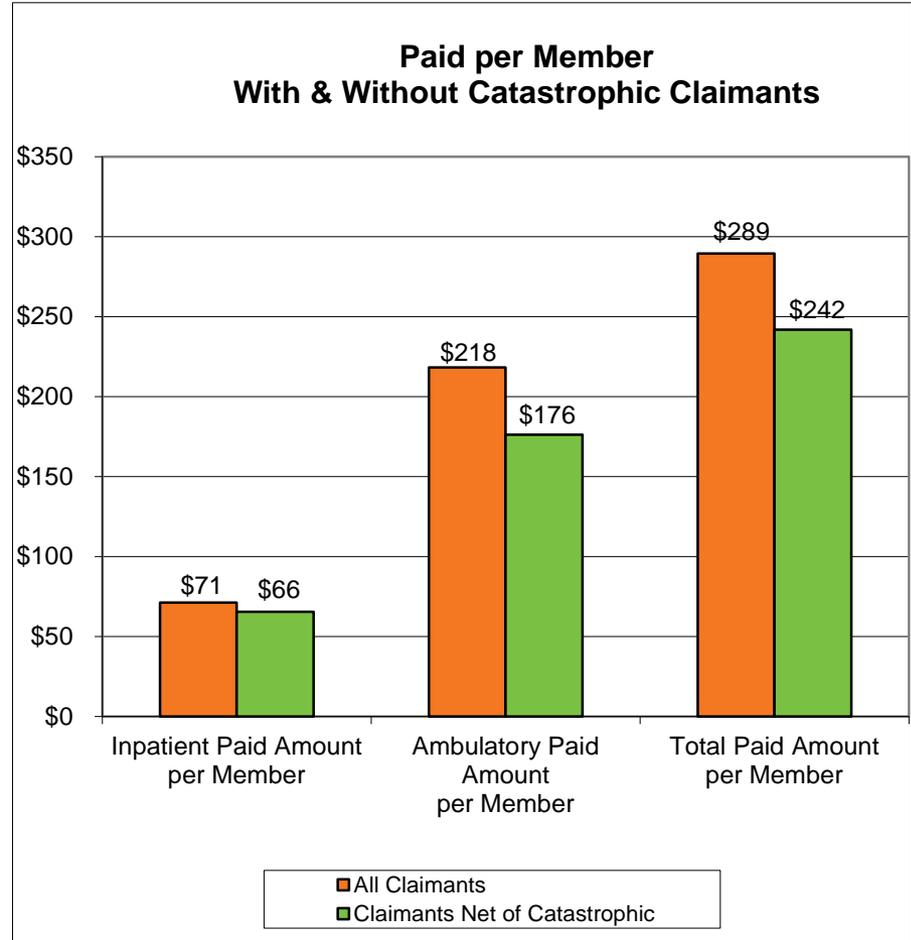
# Impact of High Cost Claimants\*

## Current vs. Prior

High Cost Claimants			
	Prior	Current**	% Change
Number of Claimants	N/A	8	N/A
Claimants per 1,000 Members	N/A	0.7	N/A
Medical Paid Amount for these Claimants	N/A	\$563,676	N/A
Average Paid Per Catastrophic Claimant	N/A	\$70,459	N/A
% of Total Paid Amount	N/A	16.5	N/A

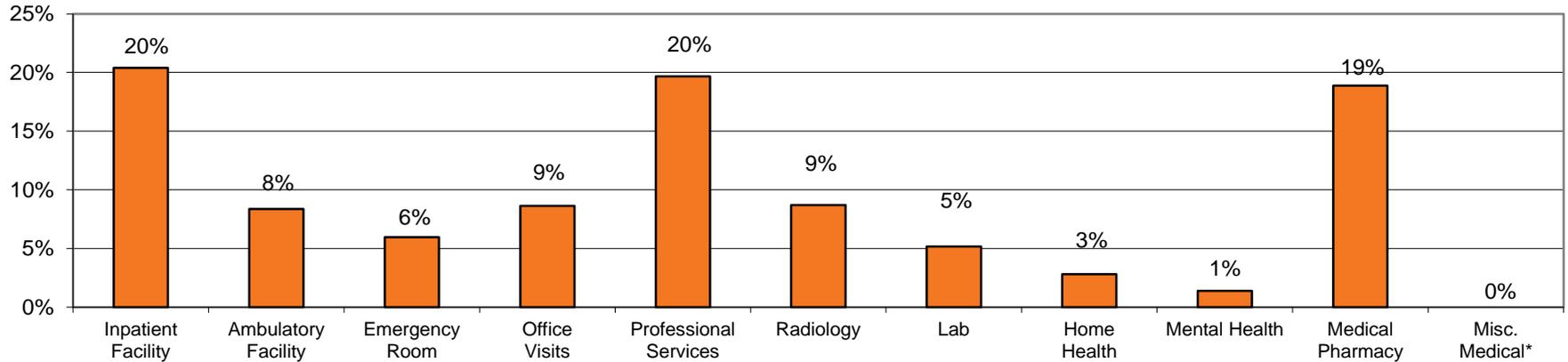
\*All Plans, HCC = \$50k+

\*\*4 HCC on PPO Plan (@\$260k); 4 HCC on HDHP w HSA (@\$300k)

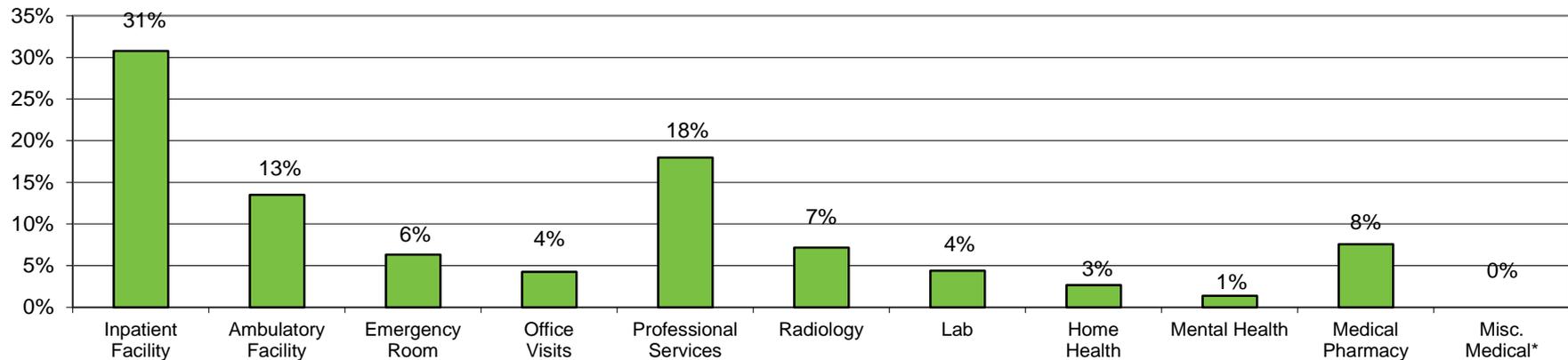


# Paid Amounts by MCC – All Plans

## Percentage of Total Medical Paid Amount by Medical Cost Category



## Aetna BOB Percentage of Total Medical Paid Amount by Medical Cost Category



# Medical Utilization Summary

## Current vs. Prior

Key Utilization Metrics	Prior	Current	% Change	W/O HCC	Aetna BoB*	PPO Current	HDHP w/ HSA	HDHP w/o HSA
Admissions Per/K	N/A	10	N/A	9	57	14	8	11
Days of Care Per/K	N/A	40	N/A	37	246	58	32	11
Average Length of Stay	N/A	4.1	N/A	4.0	4.3	4.3	4.1	1.0
Total Surgeries Per/K	N/A	104	N/A	103	599	117	96	210
Inpatient Surgeries Per/K	N/A	6	N/A	6	41	9	4	22
Ambulatory Surgeries Per/K	N/A	98	N/A	98	558	109	92	188
Office Visits Per/K	N/A	632	N/A	628	3,459	734	587	520
ER Visits Per/K	N/A	33	N/A	33	147	42	29	0

\*Aetna BoB = utilization 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.

# Key Statistics - Pharmacy

Key Statistics	Prior	Current	% Change	Aetna BoB
Cost				
Total Script Cost	N/A	\$1,965,563	N/A	-
Average Script Cost	N/A	\$69	N/A	\$104
Average Member Out of Pocket Per Script	N/A	\$20	N/A	\$16
Average Plan Cost Per Rx	N/A	\$49	N/A	\$88
Total Plan Cost	N/A	\$1,389,352	N/A	-
Plan Cost PMPM	N/A	\$39	N/A	\$75
Member Share	N/A	29%	N/A	15%
Utilization				
Rx Count	N/A	28,671	N/A	-
Claims Per Member	N/A	2.4	N/A	3.3
Generic Utilization	N/A	83%	N/A	78%
Mail Order Utilization	N/A	4.3%	N/A	6.8%
Demographics				
Average Age	N/A	34.9	N/A	35.7
Average Eligible Member Count	N/A	11,833	N/A	-

# Key Statistics – Specialty Pharmacy

Key Statistics	Prior	Current	% Change	Aetna BoB
Cost				
Total Script Cost	N/A	\$388,734.75	N/A	-
Average Script Cost	N/A	\$2,557	N/A	\$2,463
Average Member Out of Pocket Per Script	N/A	\$536	N/A	\$109
Average Plan Cost Per Rx	N/A	\$2,021.77	N/A	\$2,354
Total Plan Cost	N/A	\$307,309.55	N/A	-
Plan Cost PMPM	N/A	\$8.66	N/A	\$16
Member Share	N/A	21%	N/A	4.4%
Utilization				
Rx Count	N/A	152	N/A	226,857
Claims Per Member	N/A	-	N/A	-
Generic Utilization	N/A	-	N/A	-
Mail Order Utilization	N/A	N/A	N/A	N/A
Demographics				
Average Age	N/A	51.9	N/A	-
Average Eligible Member Count	N/A	11,833	N/A	5,388

# In This Section

Service Activity

Network Summary

Top 25 Providers

Hospital Profile

Cost Sharing

# Service Activity

Customer Service Activity		
Contact Reason	Volume	% of Total
Benefit Payment	1,426	23.2%
Coverage Inquiry	1,586	25.8%
Eligibility	644	10.5%
Healthcare Access	1,264	20.5%
Misc.	236	3.8%
Self Service	996	16.2%
<b>Total Events</b>	<b>6,152</b>	

Personal Health Record (PHR)
971

Informed Health Line (IHL)
12

Aetna Navigator Registration & Access	7/1/13 – 9/30/13
New Subscribers Registered	2,604
Logons	22,737
Top 5 Logon Reasons	
	Simple Steps
	PHR Message
	Claim Status
	Who is Covered?
	Benefits Used/Remain

# Network Summary

## Current vs. Prior Period

Provider Network Savings	Prior	Current	Current Network Discount Savings
Billed Network Charges (before discount)	N/A	\$12,688,952	
<b>Network Discount Savings</b>			
<i>Inpatient Facility</i>	N/A	\$1,730,759	71.4%
<i>Ambulatory Facility</i>	N/A	\$3,127,921	69.2%
<i>Physician/Other</i>	N/A	\$3,222,906	56.1%
<b>Total</b>		\$8,081,586	63.7%
<i>Per Employee</i>	N/A	\$1,500	
<i>Per Member</i>	N/A	\$683	
<i>Per Admission</i>	N/A	\$15,316	
<b>Network Utilization Metrics</b>			<b>Aetna BOB</b>
<i>% Admissions in Network</i>	N/A	98.3%	98.1%
<i>% Physicians Office Visits in Network</i>	N/A	99.2%	91.0%

# Top 25 Providers

Provider Name	Provider City & State	Provider Type	Number of Claims	Paid Amount
ACP Camp Lowell Medical Specialists	Tucson,AZ	Radiology Center	3,308	\$154,994
Sonora Quest Laboratories	Rock Springs,WY	Independent Lab	2,103	\$44,018
Maria Proytcheva	Chicago,IL	Physician	1,177	\$116,193
Michael L. Beals	Tucson,AZ	Physician	716	\$38,016
Radiology Ltd., P.L.C.,	Tucson,AZ	Radiology Center	567	\$43,870
University Medical Center	Tucson,AZ	Acute Short Term Hospital	507	\$599,993
Carondelet St. Joseph's Hospital	Tucson,AZ	Acute Short Term Hospital	475	\$260,000
Labcorp	Portland,OR	Independent Lab	415	\$7,569
Northwest Allied Physicians, LLC	Bullhead City,AZ	Urgent Care Center (non-HMO)	390	\$18,955
Northwest Medical Center	Tucson,AZ	Acute Short Term Hospital	328	\$285,872
Raymond Taetle	Tucson,AZ	Physician	322	\$335,882
Christopher Andrew Sullivan	Tucson,AZ	Physician	304	\$34,689
Steven A. Shapiro	Tucson,AZ	Physician	291	\$23,903
Tucson Medical Center	Tucson,AZ	Acute Short Term Hospital	256	\$221,442
EyeMed Vision Care	Mason,OH	Optometrist	226	\$9,474
Nextcare Urgent Care- 43rd	Glendale,AZ	Urgent Care Center (non-HMO)	216	\$9,628
Arizona State Radiology	Tucson,AZ	Physician	186	\$2,899
Paul E. Bejarano	Tucson,AZ	Physician	176	\$16,064
Gregory L. Labenz	Tucson,AZ	Physician	162	\$2,738
Robert L. Dean	Tucson,AZ	Physician	153	\$4,381
Take Care Health Arizona, P,C.	Tucson,AZ	Nurse Practitioner	138	\$2,695
David J. Friedman	Oro Valley,AZ	Physician	133	\$3,509
MinuteClinic Diagnostic of Arizona, LLC	Glendale,AZ	Nurse Practitioner	128	\$2,238
James D. Gordon	Tucson,AZ	Physician	126	\$3,882
Mobile On-Site Mammography	Tempe,AZ	Portable Xray Supplier	125	\$12,399

# Hospital Profile

Hospital Name	City, State	Total Medical Paid Amount	Inpatient Paid Amount	% of Total Inpatient Paid Amount	Ambulatory Paid Amount	% of Total Ambulatory Paid Amount
University Medical Center	Tucson, AZ	\$597,322	\$91,870	13%	\$505,452	53%
Northwest Medical Center	Tucson, AZ	\$271,662	\$109,934	16%	\$161,728	17%
Tucson Medical Center	Tucson, AZ	\$211,846	\$105,629	15%	\$106,218	11%
Carondelet St. Joseph's Hospital	Tucson, AZ	\$177,089	\$136,388	20%	\$40,701	4%
Oro Valley Hospital	Oro Valley, AZ	\$96,503	\$69,460	10%	\$27,043	3%
Carondelet St. Mary's Hospital	Tucson, AZ	\$77,906	\$53,182	8%	\$24,723	3%
Kindred Hospital of Tucson	Tucson, AZ	\$31,252	\$31,252	4%	\$0	0%
Healthsouth Rehabilitation Institute of	Tucson, AZ	\$25,275	\$24,837	4%	\$437	0%
University Physicians Hospital at Kino	Tucson, AZ	\$22,213	\$525	0%	\$21,688	2%
The Treatment Center of the Palm Beaches	Lake Worth, FL	\$17,968	\$17,968	3%	\$0	0%
Sibley Memorial Hospital	Washington, DC	\$12,690	\$12,690	2%	\$0	0%
Palo Verde Mental Health Service	Tucson, AZ	\$8,495	\$8,495	1%	\$0	0%
Pueblo Springs Rehabilitation Center	Tucson, AZ	\$8,154	\$8,154	1%	\$0	0%
Sonora Behavioral Health Hospital	Tucson, AZ	\$8,025	\$8,025	1%	\$0	0%
Tuscon VAMC	Tucson, AZ	\$7,207	\$0	0%	\$7,207	1%
The River Source Treatment Center	Casa Grande, AZ	\$7,064	\$5,174	1%	\$1,890	0%
Arizona Digestive Institute	Tucson, AZ	\$6,140	\$0	0%	\$6,140	1%
Life Care Center of Tucson	Tucson, AZ	\$5,800	\$5,800	1%	\$0	0%
Carondelet Foothills Surgery Center	Tucson, AZ	\$5,659	\$0	0%	\$5,659	1%
Prescott Detox Center, LLC	Prescott, AZ	\$5,198	\$5,198	1%	\$0	0%
Desert Sun Surgery Center, LLC	Tucson, AZ	\$4,682	\$0	0%	\$4,682	0%
Tucson Gastroenterology Institute, LLC	Tucson, AZ	\$3,708	\$0	0%	\$3,708	0%
John C. Lincoln Hospital - North Mountai	Phoenix, AZ	\$3,364	\$0	0%	\$3,364	0%
Mercy Hospital Springfield	Springfield, MO	\$2,872	\$0	0%	\$2,872	0%
Allegiance Health	Jackson, MI	\$2,668	\$0	0%	\$2,668	0%
All Other Hospitals:		\$32,490	\$3,954	1%	\$28,536	3%
<b>Totals:</b>		<b>\$1,653,253</b>	<b>\$698,535</b>	<b>100%</b>	<b>\$954,718</b>	<b>100%</b>

# Cost Sharing

## *Current vs. Prior Period*

	Prior Period	Current Period	% Change	Aetna BOB
Number of Employees	N/A	5,388	N/A	
Allowed Amount	N/A	\$5,751,453	N/A	
Coordination of Benefits (COB)	N/A	\$109,377	N/A	
Deductible	N/A	\$1,862,454	N/A	
Copays	N/A	\$128,485	N/A	
Coinsurance	N/A	\$225,624	N/A	
Employee Paid Portion	N/A	\$2,216,562	N/A	
Employee Paid Portion per Employee	N/A	\$411	N/A	
Employer Plan Paid Portion	N/A	\$3,425,513	N/A	
Employer Plan Paid Portion per Employee	N/A	\$636	N/A	
Employer % Share Medical	N/A	59.6%	N/A	82.7%
Employee % Share Medical	N/A	38.5%	N/A	15.6%
COB % Share Medical	N/A	1.9%	N/A	1.8%

# Thank you



**aetna**<sup>SM</sup>

# **Pima County Healthcare Benefits Trust Board**

## **Meeting Schedule**

The Pima County Healthcare Benefits Trust Board will hold re-occurring meetings on a quarterly basis.

The first Meeting of the Board will be held:

Date: Thursday, November 7<sup>th</sup>  
Time: 09:00 am to 10:30 am  
Location: Pima County Human Resources  
150 W. Congress, 4<sup>th</sup> Floor  
Human Resources Training Room

Subsequent meetings will reoccur on the Second (2<sup>nd</sup>) Thursday of every 3rd month beginning February 13th, 2014.

Time: 09:00 am to 10:30 am  
Location: Pima County Administration West  
150 W. Congress, 4<sup>th</sup> Floor  
Human Resources Training Room