

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, February 12, 2015; convening at 9:00 a.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 November 18, 2014**
- D. Pima County 2nd Quarter Financial Review (October-December 2014)**
- E. Aetna - Pima County Health Plan Review 2nd Quarter (October-December 2014)**
- F. Pima County Employee Insurance Rates – FY2015/16**
- G. Pima County –BID/Contract Updates - Discussion**
- H. Call to the audience**
- I. Next meeting date**
- J. 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 1:30 p.m. on Tuesday, November 18, 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

Absent: None

Also Present: Marchelle Pappas, Board Coordinator
Patrick McGee, Pima County Finance
Paul Guerrero, Pima County Finance
Cecilia Damron, Pima County Human Resources
Branson Cobb, Aetna
Paul Zucarelli, President, CBIZ, Consultant
Oscar Diaz, CBIZ, Consultant

1. PLEDGE OF ALLEGIANCE

All present joined in the pledge of allegiance.

2. Approve Meeting Minutes of August 14, 2014

It was moved by Henry Boice, seconded by Patricia Taylor and unanimously carried, to approve the minutes as corrected. [1:34:52 PM](#)

3. Pima County – FY2013/2014 Financial Audit [1:35:01 PM](#)

Paul Guerro presented the Health Benefit Trust Fund for FY end June 30, 2014 performed by Heinfeld, Meech & Co., P.C

Question rose inquiring as to the current cash position growing and when will the Trust pay back the loan from the County's general fund? Tom Burke

from Pima County Finance and Risk Management answered notifying the Board that the HBIT plan will be assessed at the end of FY14.15 and at that time decisions will be made.

Discussion followed.

4. Pima County – 1st Quarter Financial Review (July-Sept2014)

Paul Guerro presented the 1st quarter, July 2014 through September 2014 Pima County Financial Review. No discussion and No questions regarding presentation.

5. Aetna – Pima County Health Plan Review 1st Quarter (July-Sept2014)[1:49:34 PM](#)

Branson Cobb presented Pima County's Health Plan 1st Quarter review, prepared by Aetna.

Question rose regarding the Trust eventually being able to drop stop loss. The HIBT plan is to revisit and drop aggregate protection this FY on specific insurance 3000 with 1000 aggregated – Highest split plan years. Policy was structured for 90 days beyond previous plan year. The current goal is at the end of year 3 to move away from buying stop loss. Discussion continued.

ACP serves 39% of our employees and 40% serviced by primary care the Board questioned whether we should look at the cost of that percent of the population compared to the rest of employees. Market share is approximately 20% of Pima County. Discussion followed.

Information was presented regarding the merger with Banner and UMC – statement merger looking to be complete by end of January 2015. Create major changes to healthcare delivery in Pima County. Banner's model single signing authority is quick to market– Banner goes direct to Employers and its model is population based care. Discussion followed

6. CBIZ – Actuarial – Preliminary FY15/16 Premium Rates – Discussion[2:25:42 PM](#)

Recommending HSA and PPO employee premium rates be split as the cost disparity is significant compared to the minor amount the employee pays. It is the goal to offer PPO one more year and charge more for the plan as it costs the Trust more money. Once we reach 15% in the PPO we can drop that plan. We can then look at 1 or 2 HSA plans with preferred network providers vs. non preferred network.

Global premium margin vs. global expenses... increase in fund for July. Per employee per month costs are lower than any other within AZ. Pima County has 67% in HSA which keeps our costs lower.

Question rose as to what the County staff feels the reason keeping % of employees choosing the PPO plan. Staff feels the decision to stay with the PPO plan is fear based and a general non understanding of the HDHP plan. If we recommend that the rates will go up; this may drive more employees to enroll with the HSA. If we announce we will cancel this in the next benefit year; this should also drive employees to move to the HSA this next enrollment year.

The Board recommends staff to look into the employees enrolled in the PPO.

Discussion followed.

7. Pima County – Bid/Contract Updates - Discussion

Mr. Bulzomi informed the Board of the County's intention to go out to BID for Dental, Life and possibly the PBM. Pima County renewed CBIZ benefit consultant contract for another 3 years. Analysis into opening an employee downtown clinic; partnering with a Pharmacy and Nurse Practitioner groups and has been approached by others wishing on partnering with the County. Discussion followed.

8. Call to the audience

None –

9. Next meeting date

Next meeting is scheduled to be held on Thursday, February, 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.

10. Adjournment

As there was no further business, it was moved by Neil West and seconded by Janet Marcotte; unanimously carried meeting was adjourned.



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



FINANCIAL STATEMENTS AT DECEMBER 31, 2014



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

2

December 31, 2014

Assets

Current assets:

Cash and cash equivalents	\$ 28,364,220
Interest receivable	5,281
Accounts receivable	696,817
Total current assets	29,066,318

Total assets	29,066,318
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Liabilities

Current liabilities:

Accounts payable	574,953
Accrued employee compensation	24,988
Reported but unpaid losses, current portion	391,489
Incurred but not reported losses, current portion	4,208,511
Total current liabilities	5,199,941

Noncurrent liabilities:

Compensated absences payable	45,933
Loan payable	10,000,000
Reported but unpaid losses	8,511
Incurred but not reported losses	91,489
Total noncurrent liabilities	10,145,933

Total liabilities	15,345,874
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Net position

Restricted for:

Healthcare	13,720,444
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Total net position	\$ 13,720,444
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PIMA COUNTY HEALTH BENEFIT SELF-INSURANCE TRUST FUND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

3

Period Ended December 31, 2014

Operating revenues:

Charges for services	\$ 31,717,365
Other	691,756
	32,409,121

Operating expenses:

Employee compensation	430,048
Operating supplies	1,634
Medical claims	21,404,948
Insurance premiums	2,684,537
General and administrative	310,118
Professional services	1,418,292
	26,249,577

Operating income	6,159,544
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Nonoperating revenues:

Investment income	22,900
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Total nonoperating revenues:	22,900
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Change in net position	6,182,444
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Net position at beginning of period	7,538,000
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Net position at end of period	\$ 13,720,444
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PIMA COUNTY

HEALTH BENEFIT SELF-INSURANCE TRUST FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

MAJOR LINE ITEMS ANALYSIS

Period Ended December 31, 2014

	12/31/2014	% of Total	
Operating revenues:			
Charges for services	\$ 31,717,365	98%	1
Other	691,756	2%	2
Total operating revenues	32,409,121	100%	
Operating expenses:			
Employee compensation	430,048	2%	
Operating supplies and services	1,634	0%	
Medical claims	21,404,948	82%	3
Insurance premiums	2,684,537	10%	4
General and administrative	310,118	1%	
Professional services	1,418,292	5%	5
Total operating expenses	26,249,577	100%	
Operating income (loss)	6,159,544		
Nonoperating revenues:			
Intergovernmental revenue		100%	
Investment income	22,900		
Total nonoperating revenues:	22,900	100%	
Change in net position	6,182,444		
Net position at beginning of year	7,538,000		
Net position at end of the period	\$ 13,720,444		

1 Charges for services

(A) ---Employer Health Premiums	20,264,960
---Employer Dental Premiums	295,513
---Employer HSA	2,751,049
(B) ---Employee Health Premiums	3,202,655
---Employee Dental Premiums	650,891
---Employee HSA	2,915,914
(C) ---Life Insurance Fee	846,159
(D) ---Accident Insurance Fee	337,559
(E) ---Short Term Disability Fee	176,952
(F) ---Vision Insurance Fee	151,733
(G) ---Other	123,980

31,717,365

2 Other

---Pharmacy rebates	470,024
---Other	221,732
	691,756

3 Medical Claims

--- Dental Services	738,602
(A) ---Outside Hospitals and Other Expenses	22,666,346
---IBNP/IBNR adjustment	(2,000,000)
	21,404,948

(A) **Outside Hospitals and Other Expenses**

Unit 2149 Medical Insurance HDHP	7,649,265
Unit 2148 Medical Insurance PPO	4,747,836
Unit 2250 HDHP Pharmacy	2,341,339
Unit 2255 PPO Pharmacy	1,862,815
	16,601,255

Other Expenses

Unit 2150 JP Morgan -HSA	5,982,229
Unit 2151 Flexible Spending	82,863
	6,065,092

(A) **Total**

22,666,346



PIMA COUNTY

HEALTH BENEFIT SELF-INSURANCE TRUST FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

MAJOR LINE ITEMS ANALYSIS

Period Ended December 31, 2014

	12/31/2014	% of Total	
Operating revenues:			
Charges for services	\$ 31,717,365	98%	1
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Nonoperating revenues:			
Intergovernmental revenue		100%	
Investment income	22,900		
Total nonoperating revenues:	22,900	100%	
Change in net position	6,182,444		
Net position at beginning of year	7,538,000		
Net position at end of the period	\$ 13,720,444		

4 Insurance Premiums

---Vision Premiums Unit 2154	149,324
---Dental Premiums (employers dental plan) Unit 2153	306,935
---Other Premiums	
Other Insurance (Humana life,Professional STD) Unit 2212	1,125,568
Stop Loss Unit 2156	395,004
AFLAC Insurance Unit 2211	432,262
Employee Assistance Program Unit 2157	61,002
Life Insurance Unit 2291	214,442
	2,684,537

5 Consultants and professional services

TPA Service Fees object 5124

Unit 2149 Aetna HDHP TPA	689,396
Unit 2148 Aetna PPO TPA	343,135
Unit 2250 Aetna HDHP Rx TPA	79,942
Unit 2255 Aetna PPO Rx TPA	40,015
Unit 2152 Ameritas TPA	37,535
Unit 2155 ASI COBRA TPA	3,663
Unit 2151 ASI Flex TPA	8,195
Unit 2150 JP Morgan - HSA fees - TPA	26,161
Unit 2156 Stop Loss Insurance TPA	5,750.00
Subtotal	1,233,792

Non-Medical Consultants

ADP HR/Benefits	141,727
CBIZ Benefits & Insurance	23,900
Lewis & Ellis	4,000
Heinfeld Meech & Co Auditing	14,850
Postage services	23
Subtotal	184,500
Total	1,418,292



**PIMA COUNTY
HEALTH BENEFIT SELF-INSURANCE TRUST FUND
BUDGET, ACTUAL AND FORECAST
MEDICAL INSURANCE AND PHARMACY UNITS**

PPO: Medical unit 2148, Pharmacy unit 2255 HDHP: Medical unit 2149, Pharmacy unit 2250

For the Period Ended December 31, 2014

	Fiscal Year 2014-15 Budget	Fiscal Year 2014-15 Actual	Fiscal Year 2014-15 Forecast	Variance (Forecast vs. Budget)
Operating revenues:				
Charges for services	49,947,106.00	22,781,083.29	45,052,000.00	(4,895,106.00)
Other		442,730.27	442,730.27	442,730.27
Total operating revenues	<u>49,947,106.00</u>	<u>23,223,813.56</u>	<u>45,494,730.27</u>	<u>(4,452,375.73)</u>
Operating expenses:				
Medical Claims	34,593,100.00	16,601,255.51	32,925,900.00	(1,667,200.00)
Consultants and professional services	2,165,845.00	1,152,488.79	2,410,000.00	244,155.00
Total operating expenses	<u>36,758,945.00</u>	<u>17,753,744.30</u>	<u>35,335,900.00</u>	<u>(1,423,045.00)</u>
Operating income	<u>13,188,161.00</u>	<u>5,470,069.26</u>	<u>10,158,830.27</u>	<u>(3,029,330.73)</u>
Income before capital contributions and transfers:	13,188,161.00	5,470,069.26	10,158,830.27	(3,029,330.73)



**PIMA COUNTY
HEALTH BENEFIT SELF-INSURANCE TRUST FUND
BUDGET, ACTUAL AND FORECAST
SELF FUNDED DENTAL INSURANCE UNIT 2152**

For the Period Ended December 31, 2014

	Fiscal Year 2014-15 Budget	Fiscal Year 2014-15 Actual	Fiscal Year 2014-15 Forecast	Variance (Forecast vs. Budget)
Operating revenues:				
Charges for services	1,874,816.00	968,381.66	1,922,000.00	47,184.00
Total operating revenues	<u>1,874,816.00</u>	<u>968,381.66</u>	<u>1,922,000.00</u>	<u>47,184.00</u>
Operating expenses:				
Medical Claims	1,500,000.00	722,669.08	1,508,000.00	8,000.00
Consultants and professional services	84,000.00	37,534.75	76,000.00	(8,000.00)
Total operating expenses	<u>1,584,000.00</u>	<u>760,203.83</u>	<u>1,584,000.00</u>	
Operating income	<u>290,816.00</u>	<u>208,177.83</u>	<u>338,000.00</u>	<u>47,184.00</u>
Nonoperating revenues:				
Investment earnings	<u>2,500.00</u>		<u>2,500.00</u>	
Total nonoperating revenues:	<u>2,500.00</u>		<u>2,500.00</u>	
Income before capital contributions and transfers:	293,316.00	208,177.83	340,500.00	47,184.00



**PIMA COUNTY
HEALTH BENEFIT SELF-INSURANCE TRUST FUND
COMPARATIVE D FORECAST
ADMINISTRATION UNIT 2147**

For the Period Ended December 31, 2014

	Fiscal Year 2014-15 Budget	Fiscal Year 2014-15 Actual	Fiscal Year 2014-15 Forecast	Variance (Forecast vs. Budget)
Operating revenues:				
Other	-	38,675.35	38,675.35	38,675.35
Total operating revenues	-	38,675.35	38,675.35	38,675.35
Operating expenses:				
Employee compensation	961,666.00	414,261.62	901,130.00	(60,536.00)
Operating supplies and services	12,100.00	1,225.00	12,100.00	
General and administrative	950,736.00	310,101.86	935,900.20	(14,835.80)
Consultants and professional services	544,500.00	151,803.45	496,850.00	(47,650.00)
Depreciation	8,333.00	-	-	-
Total operating expenses	2,477,335.00	877,391.93	2,354,313.20	(123,021.80)
Operating expense	(2,477,335.00)	(838,716.58)	(2,315,637.85)	161,697.15
Nonoperating revenues:				
Investment earnings	40,000.00	17,619.54	40,000.00	-
Total nonoperating revenues:	40,000.00	17,619.54	40,000.00	-
Income before capital contributions and transfers:	(2,437,335.00)	(821,097.04)	(2,275,637.85)	161,697.15

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



Pima County Health Plan Review

2nd Quarter Utilization Review – 2014/2015

February 12, 2015



Reporting Parameters*

- Current Reporting Period = 7/1/14 – 12/31/14
- Prior Reporting Period = 7/1/13 – 12/31/13
- 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

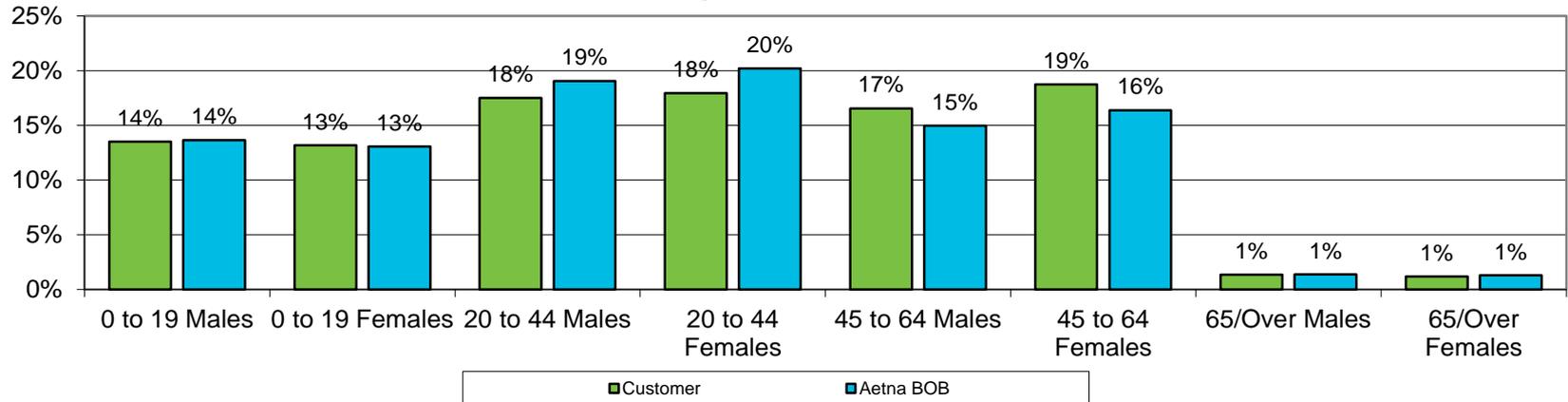
Current vs. Prior Period

	Employees (% Change)	Members (% Change)	Ratio of Members to Employees (% Change)	% Male Members (% Change)	% Female Members (% Change)	Average Age (% Change)
PPO	1,761 (-0.8%)	3,712 (1.5%)	2.1 (2.3%)	48.6% (-0.1%)	51.4% (0.1%)	35.0 (-1.6%)
HSA	3,370 (-3.2%)	7,729 (-3.2%)	2.3 (0.7 %)	49.4% (0.2%)	50.6% (-0.2%)	34.6 (0.2%)
HDHP	147 (164.3%)	204 (142.2%)	1.4 (-8.4%)	38.8% (-12.9%)	61.2% (12.9%)	49.2 (13.8%)
All	5,278 (-1.1%)	11,645 (-0.7%)	2.2 (0.4%)	48.9% (-0.1%)	51.1% (0.1%)	35.0 (0.2%)

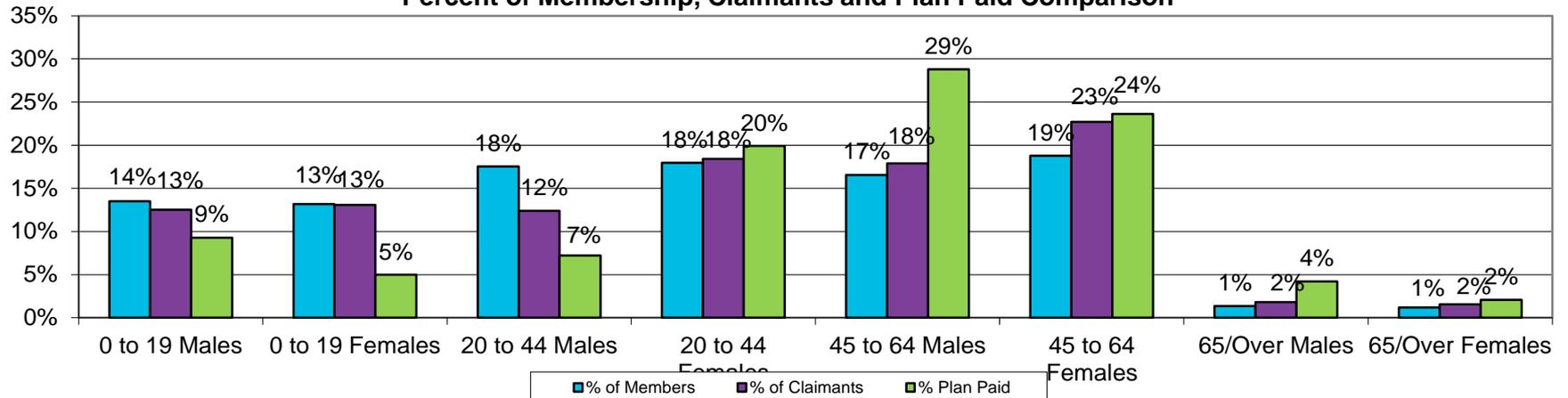
Claim Segmentation

Current

Pima County vs Aetna BOB Age/Gender Demographic Comparison



Pima County 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	\$9,379	\$18,758*	\$15,260	\$13,069
1 - 19	\$248	\$496	\$1,532	\$1,536
20 - 26	\$459	\$918	\$2,021	\$2,129
27 - 34	\$1,354	\$2,708	\$2,817	\$2,724
35 - 44	\$735	\$1,470	\$3,284	\$3,033
45 - 54	\$1,225	\$2,450	\$4,502	\$4,191
55 - 64	\$1,934	\$3,868	\$6,757	\$6,486
65+	\$2,623	\$5,246	\$7,469	\$6,247

Financial Summary

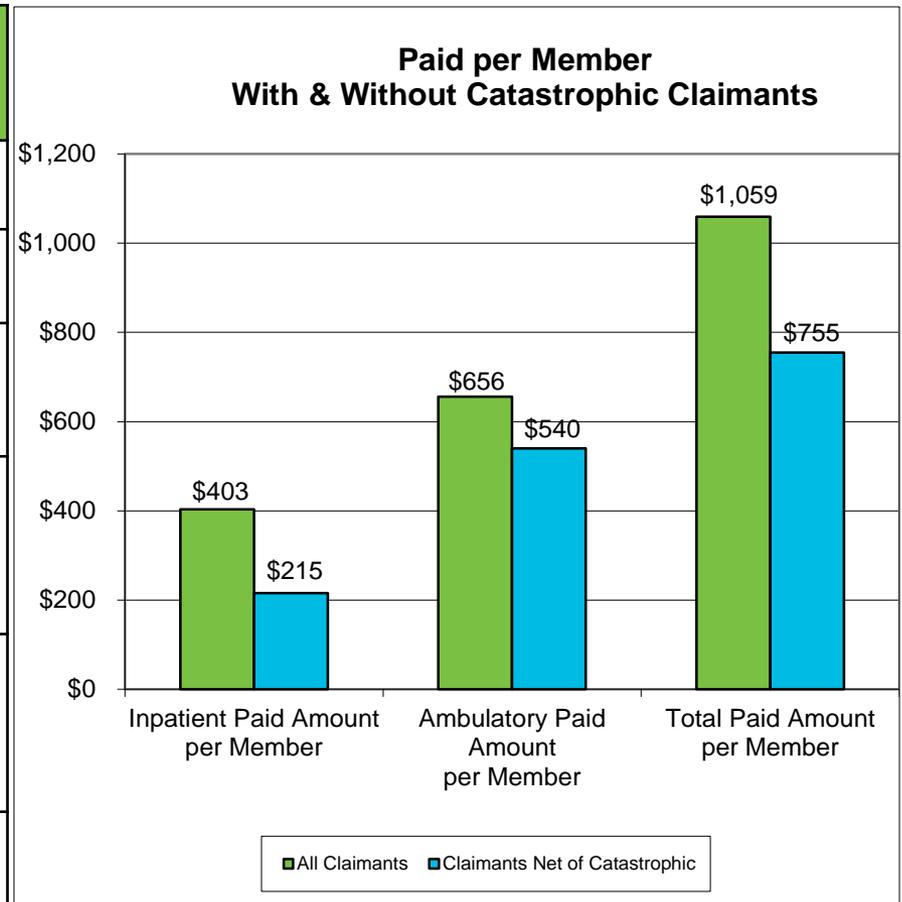
Key Financial Metrics	Prior	Current	% Change	W/O HCC	Aetna BoB*	PPO	HSA/HDHP
Total Medical and Pharmacy Paid Amount	\$11,898,650	\$16,585,076	54.8%	\$13,038,881	N/A	\$6,656,408	\$9,928,667
Total Pharmacy Paid Amount	\$3,196,573	\$4,248,268	35.9%	\$4,248,268	N/A	\$1,944,854	\$2,303,413
Pharmacy Paid Amount per Employee	\$599	\$805	34.4%	\$805	N/A	\$1,104	\$655
Pharmacy Paid Amount per Member	\$272	\$365	37.1%	\$365	\$919	\$523	\$290
Total Medical Paid Amount	\$8,702,077	\$12,336,808	62.5%	\$8,790,612	N/A	\$4,711,554	\$7,625,254
Medical Paid Amount per Employee	\$1,630	\$2,338	65.1%	\$1,666	N/A	\$2,676 w/ HCC \$2,285 w/o HCC	\$2,169 w/ HCC \$1,355 w/o HCC
Medical Paid Amount per Member	\$724	\$1,059	64.0%	\$755	\$3,690	\$1,269 w/ HCC \$1,084 w/o HCC	\$961 w/ HCC \$600 w/o HCC
Total Medical/Pharmacy Paid Amount per Employee	\$2,229	\$3,142	40.9%	\$2,470	N/A	\$3,780 w/ HCC \$3,389 w/o HCC	\$2,824 w/ HCC \$2,010 w/o HCC
Total Medical/Pharmacy Paid Amount per Member	\$1,014	\$1,424	40.4%	\$1,120	N/A	\$1,792 w/ HCC \$1,607 w/o HCC	\$1,251 w/ HCC \$890 w/o HCC
Inpatient Paid Amount per Member	\$214	\$403	88.3%	\$215	\$1,255	\$369	\$419
Ambulatory Paid Amount per Member	\$528	\$656	24.3%	\$540	\$2,435	\$901	\$542

*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	10	17	70.0%
Claimants per 1,000 Members	0.9	1.5	
Medical Paid Amount for these Claimants	\$1,239,823	\$3,546,196	186.0%
Average Paid Per Catastrophic Claimant	\$123,982	\$208,600	68.2%
% of Total Paid Amount	14.2%	28.7%	14.5%

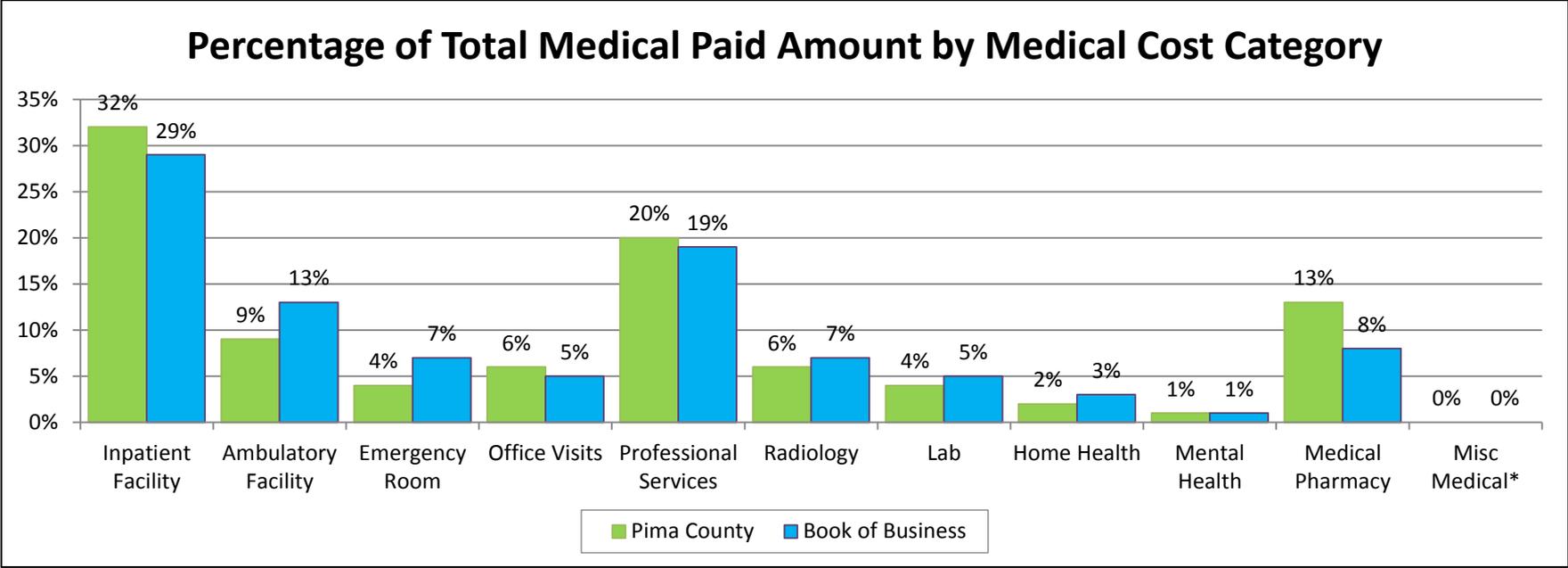


*All Plans, HCC = \$100,000

Claimants Exceeding \$100,000

Current Claimant	Relationship	Status	Medical Plan	Total Medical Paid Amount	Inpatient Paid Amount	Ambulatory Paid Amount	Diagnosis Description
1	Child	Active	HSA	\$708,647	\$665,926	\$42,721	ESRD, Infection
2	Child	Active	HSA	\$584,412	\$581,214	\$3,197	Extreme Prematurity
3	Spouse	Active	HSA	\$333,262	\$0	\$333,262	Lymphoma
4	Employee	Active	HSA	\$228,227	\$199,294	\$28,933	Cancer of Appendix and Ovary
5	Spouse	Active	HSA	\$171,684	\$160,794	\$10,890	Aneurysm
6	Employee	Active	PPO	\$156,262	\$23,763	\$132,499	Liver Transplant
7	Employee	Active	PPO	\$147,307	\$0	\$147,307	ESRD – Medicare Date of 12/28/15
8	Employee	Active	HSA	\$137,482	\$0	\$137,482	ESRD – Medicare Date of 6/20/16
9	Employee	Termed	HSA	\$135,365	\$133,291	\$2,074	Pregnancy
10	Spouse	Active	HSA	\$131,132	\$97,032	\$34,100	Respiratory Disease
11	Employee	Active	HSA	\$125,052	\$40,927	\$84,126	Pulmonary Hypertension
12	Spouse	Active	HSA	\$123,043	\$1,931	\$121,112	Esophageal Cancer
13	Spouse	Active	HSA	\$119,759	\$0	\$119,759	Breast Cancer
14	Employee	Active	PPO	\$118,680	\$0	\$118,680	ESRD – Medicare Date of 12/31/15
15	Employee	Active	PPO	\$111,431	\$111,162	\$269	Cervical Spinal Fusion
16	Child	Active	HSA	\$111,419	\$79,963	\$31,456	Rehab/Treatment
17	Employee	Active	PPO	\$103,031	\$93,156	\$9,875	Complication from surgery
Total				\$3,546,195	\$2,188,454	\$1,357,741	

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	0.9	1.4	2.6	\$17,921	\$11,026	\$32,497	10	3	16
02 - Eye	0.0	0.0	0.1	N/A	N/A	\$16,807	0	0	0
03 - Ear, Nose and Throat	0.3	0.2	0.4	\$4,445	\$8,463	\$21,737	1	0	1
04 - Respiratory System	1.0	1.0	3.0	\$20,101	\$14,725	\$26,803	6	3	18
05 - Circulatory System	1.2	1.7	3.6	\$15,089	\$27,709	\$37,611	5	15	16
06 - Digestive System	1.7	2.7	4.2	\$8,905	\$21,220	\$21,433	6	16	18
07 - Hepatobiliary Sys/Pancreas	0.3	0.9	1.7	\$8,230	\$10,985	\$27,113	1	2	8
08 - Musculoskeletal/Connective	1.8	2.4	5.4	\$15,055	\$16,100	\$38,886	5	10	20
09 - Skin, Subcutaneous, Breast	0.1	0.3	1.2	\$32,210	\$9,824	\$21,695	0	1	6
10 - Endocrine, Metabolic	0.6	0.4	1.8	\$8,733	\$7,819	\$20,939	3	1	7
11 - Kidney, Urinary Tract	0.3	0.5	1.4	\$6,102	\$9,169	\$19,320	0	2	6
12 - Male Reproductive	0.0	0.2	0.2	N/A	\$21,413	\$18,265	0	0	0
13 - Female Reproductive	0.3	0.3	1.1	\$12,460	\$11,705	\$16,467	1	0	3
14 - Pregnancy/Childbirth	3.7	4.7	11.2	\$7,870	\$8,230	\$10,730	10	22	31
15 - Newborns	3.0	4.7	10.3	\$2,473	\$15,030	\$10,209	7	27	36
16 - Blood/Organs	0.3	0.1	0.5	\$9,765	\$15,984	\$23,432	1	0	2
17 - Other Neoplasms	0.3	0.2	1.1	\$36,257	\$5,295	\$48,950	4	0	8
18 - Infectious-Parasitic	0.3	0.6	1.6	\$31,830	\$79,167	\$36,047	3	13	12
19 - Mental Disorders	1.4	0.9	2.5	\$4,125	\$4,577	\$8,653	10	4	21
20 - Substance Disorders	0.9	0.4	1.5	\$8,204	\$5,203	\$9,626	8	4	15
21 - Injury and Poisoning	1.2	1.4	2.1	\$11,205	\$16,748	\$32,772	3	6	12
22 - Burns	0.0	0.0	0.0	N/A	N/A	\$47,770	0	0	0
23 - Selected Factors*	0.8	0.6	1.0	\$14,203	\$15,719	\$25,774	12	9	18
Unclassifiable	0.0	0.1	0.1	N/A	\$28,854	\$49,338	0	1	1
Totals:	20.3	25.6	58.7	\$10,552	\$15,757	\$21,389	95	138	277

* 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	56.3	65.9	106.2	\$423	\$517	\$1,301
02 - Eye	91.9	90.2	140.2	\$107	\$137	\$342
03 - Ear, Nose and Throat	140.4	148.3	311.1	\$104	\$153	\$400
04 - Respiratory System	67.4	69.3	148.5	\$238	\$209	\$489
05 - Circulatory System	95.5	101.3	170.2	\$398	\$474	\$1,065
06 - Digestive System	74.1	81.4	157.6	\$766	\$555	\$1,421
07 - Hepatobiliary Sys/Pancreas	11.5	12.2	20.3	\$1,088	\$1,935	\$2,292
08 - Musculoskeletal/Connective	169.5	184.3	310.1	\$332	\$387	\$1,413
09 - Skin, Subcutaneous, Breast	126.2	146.6	251.2	\$278	\$329	\$640
10 - Endocrine, Metabolic	138.5	149.6	213.7	\$118	\$126	\$402
11 - Kidney, Urinary Tract	55.2	65.4	93.8	\$729	\$869	\$1,407
12 - Male Reproductive	13.8	16.1	27.0	\$107	\$758	\$816
13 - Female Reproductive	90.5	107.8	195.1	\$253	\$293	\$586
14 - Pregnancy/Childbirth	11.3	14.6	25.4	\$788	\$775	\$1,650
15 - Newborns	1.8	2.1	6.0	\$54	\$99	\$417
16 - Blood/Organs	13.0	18.1	31.8	\$279	\$184	\$1,062
17 - Other Neoplasms	16.2	19.2	33.0	\$3,533	\$4,123	\$4,356
18 - Infectious-Parasitic	219.6	242.5	221.6	\$60	\$59	\$144
19 - Mental Disorders	52.5	59.5	100.6	\$245	\$253	\$592
20 - Substance Disorders	2.6	2.7	7.2	\$3,545	\$588	\$4,304
21 - Injury and Poisoning	36.1	41.1	75.9	\$357	\$339	\$811
22 - Burns	0.7	0.7	1.8	\$135	\$244	\$550
23 - Selected Factors*	288.1	315.6	511.2	\$223	\$245	\$465
Unclassifiable	3.1	11.7	2.7	\$486	\$48	\$846
Totals:	705.6	752.2	1,032.1	\$748	\$872	\$2,359

* 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	\$4,195,504	\$5,318,765	26.8%	-
Average Script Cost	\$71.04	\$84.57	19.0%	\$105.12
Average Member Out of Pocket Per Script	\$16.89	\$16.95	0.03%	\$16.50
Total Plan Cost	\$3,197,739	\$4,248,268	32.8%	-
Plan Cost PMPM	\$45.43	\$60.86	34.0%	\$77.52 / \$63.00*
Member Share	23.8%	20.0%	-15.7%	13.3% / 14.2%*
Total Specialty Script Cost	\$1,239,294	\$1,757,520	41.8%	-
Average Specialty Script Cost	\$2,411	\$3,329	38.1%	\$3,533
Total Plan Specialty Cost	\$1,095,396	1,593,370	45.5%	-
Plan Specialty Cost PMPM	\$15.56	\$22.80	46.5%	\$23.51
Member Share of Specialty	11.6%	9.3%	-19.6%	2.2% / 2.4%*
Utilization				
Rx Count	59,055	62,891	6.5%	-
Claims Per Member	5.0	5.4	8.0%	5
Generic Utilization	83.1%	84.9%	2.2%	80.4% / 78.4%*
Mail Order Utilization	4.1%	3.3%	-19.1%	9.4% / 5.1%*
Demographics				
Average Age	34.9	35.0	0.2%	34.1
Average Eligible Member Count	11,731	11,645	-0.9%	-

* Industry BoB

Top 10 Drugs by Volume

Drug Label Name	Number of Utilizing Members	Number of Claims	Paid Amount	Drug Treatment
LISINOPRIL	639	2,758	\$7,121	High Blood Pressure
LEVOTHYROXIN	474	2,033	\$5,628	Hypothyroidism
SIMVASTATIN	361	1,511	\$5,706	Cholesterol
METFORMIN	379	1,470	\$6,949	Diabetes
HYDROCO/APAP	625	1,176	\$5,458	Pain Reliever
AMLODIPINE	264	1,152	\$3,660	High Blood Pressure
ATORVASTATIN	256	1,012	\$17,066	Cholesterol
FLUTICASONE	502	853	\$6,439	Allergies
LOSARTAN POT	181	794	\$5,780	High Blood Pressure
HYDROCHLOROT	210	766	\$3,119	High Blood Pressure
Top Ten Drugs Total		13,525	\$66,927	

Top 10 Drugs by Cost

Drug Label Name	Number of Utilizing Members	Number of Claims	Calculated Ingredient Cost	Drug Treatment
SOVALDI	2	6	\$169,476	Hepatitis C
ENBREL SRCLK	14	65	\$166,371	Rheumatoid Arthritis, Psoriasis
HUMIRA PEN	10	51	\$148,754	Rheumatoid Arthritis, Psoriasis
LANTUS	88	333	\$139,734	Diabetes
COPAXONE	7	30	\$137,686	Multiple Sclerosis
CRESTOR	164	647	\$126,594	Cholesterol
REBIF	5	24	\$109,726	Multiple Sclerosis
ENBREL	6	34	\$105,869	Rheumatoid Arthritis, Psoriasis
OXYCONTIN	35	175	\$85,516	Pain Reliever
OLYSIO	1	3	\$68,378	Hepatitis C
Top 10 Drugs Total		1,368	\$1,258,104	

Top 10 Drugs by Unit Cost

Drug Label Name	Number of Utilizing Members	Number of Claims	Unit Cost per Member	Drug Treatment	Drug Type
SOVALDI	2	6	\$84,738	Hepatitis C	Specialty
OLYSIO	1	3	\$68,378	Hepatitis C	Specialty
TRACLEER	1	6	\$41,506	Multiple Sclerosis	Specialty
AUBAGIO	1	7	\$34,506	Multiple Sclerosis	Specialty
HARVONI	1	1	\$31,930	Hepatitis C	Specialty
STELARA	2	6	\$30,960	Plaque Psoriasis and Psoriatic Arthritis	Specialty
SPRYCEL	1	4	\$30,642	Leukemia	Specialty
TECFIDERA	2	9	\$22,668	Multiple Sclerosis	Specialty
REBIF	5	24	\$21,945	Multiple Sclerosis	Specialty
COPAXONE	7	30	\$19,669	Multiple Sclerosis	Specialty
Top 10 Drugs Total		96	\$386,942		

Service Activity – All Plans

Customer Service Activity		
Contact Reason	Volume	% of Total
Benefit Payment	10,247	38.3%
Coverage Inquiry	6,672	25.0%
Eligibility	2,216	8.3%
Healthcare Access	4,015	15.0%
Misc.	673	2.5%
Self Service	2,917	10.9%
Total Events	26,740	

Personal Health Record (PHR)	Informed Health Line (IHL)
883	30

Aetna Navigator Registration & Access	1 st Quarter	2 nd Quarter	YTD Totals
New Subscribers Registered	325	101	426
Logons	21,313	10,816	32,129
Top 5 Logon Reasons			
Simple Steps	7,729	3,772	11,501
PHR Message	4,409	2,331	6,740
Claim Status	4,000	2,063	6,063
Profile Validation	1,866	2,014	3,880
e.EOB Inquiry	1,711	1,551	3,262

Network Summary

All Plans - Current vs. Prior Period

Provider Network Savings	Prior	Current	% Change	Current Network Discount Savings
Billed Network Charges (before discount)	\$29,280,529	\$31,954,175	9.1%	
Network Discount Savings				
Inpatient Facility	\$4,995,018	\$7,103,333	42.2%	66.8%
Ambulatory Facility	\$6,880,520	\$6,333,573	-7.9%	69.6%
Physician/Other	\$7,013,519	\$7,094,766	1.2%	58.0%
Total	\$18,889,057	\$20,531,671	8.7%	64.3%
Per Employee	\$3,538	\$3,891	10.0%	
Per Member	\$1,610	\$1,763	9.5%	
Per Admission	\$21,165	\$24,243	14.5%	
Network Utilization Metrics				Aetna BOB
% Admissions in Network	99.2%	98.3%	-0.8%	97.2%
% Physicians Office Visits in Network	99.0%	98.7%	-0.3%	92.4%
% Claims Paid In Network	97.0%	94.0%	-3.0%	89.4%

Top 25 Providers

Provider Name	Provider Type	Number of Claims	Paid Amount
ACP AZ Community Physicians Lab	Independent Lab	7,958	\$370,835
Sonora Quest Laboratories	Independent Lab	5,147	\$124,814
University Physicians Healthcare - PCP	Physician	2,880	\$406,322
Radiology Ltd., P.L.C.,	Radiology Center	1,372	\$136,280
Christine C. Donnelly - Carondelet Medical Group	Physician	1,330	\$88,760
Safeway Inc. – Flu shots	Other Medical Provider	1,206	\$28,566
University Medical Center	Acute Short Term Hospital	1,195	\$2,620,998
Carondelet St. Joseph's Hospital	Acute Short Term Hospital	980	\$830,988
Northwest Medical Center	Acute Short Term Hospital	888	\$729,690
Christopher Andrew Sullivan – Genesis OBGYN	Physician	808	\$135,077
Lori Ann Bryant – Tucson Orthopedic Institute	Physical Therapist	736	\$62,791
Tucson Medical Center	Acute Short Term Hospital	700	\$963,676
Labcorp	Independent Lab	667	\$12,432
Tucson VAMC	Acute Short Term Hospital	654	\$215,858
Northwest Allied Physicians, LLC	Urgent Care Center (non-HMO)	631	\$39,226
Michael A. Boxer - Arizona Oncology Associate	Physician	508	\$388,355
Nextcare Urgent Care- 43rd	Urgent Care Center (non-HMO)	482	\$20,212
Paul E. Bejarano - Pima Heart Physicians	Physician	417	\$49,158
Robert L. Dean – Tucson ENT Associates	Physician	417	\$17,700
MinuteClinic Diagnostic of Arizona, LLC	Nurse Practitioner	412	\$8,683
Arizona State Radiology	Physician	406	\$10,801
Weimin K. Hu – Specialists in Dermatology	Physician	393	\$32,050
Lili A. Jordan - El Rio Santa Cruz Neighborhood Health Center	Physician	379	\$35,323
EyeMed Vision Care	Optometrist	349	\$14,361
Apria Healthcare	Independent Durable Medical Equipment	339	\$19,495

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	\$2,602,469	\$1,684,183	42%	\$918,286	29%
Tucson Medical Center	\$958,235	\$552,358	14%	\$405,877	13%
Northwest Medical Center	\$681,335	\$342,091	8%	\$339,245	11%
Carondelet St. Joseph's Hospital	\$419,989	\$308,257	8%	\$111,732	4%
Carondelet St. Mary's Hospital	\$401,033	\$252,115	6%	\$148,918	5%
Western Regional Medical Center	\$350,769	\$0	0%	\$350,769	11%
The University of TX M.D. Anderson Cance	\$255,146	\$179,599	4%	\$75,547	2%
Mayo Clinic Hospital	\$234,143	\$123,044	3%	\$111,098	4%
Tucson VAMC	\$204,604	\$16,464	0%	\$188,140	6%
Oro Valley Hospital	\$178,156	\$90,505	2%	\$87,651	3%
University Physicians Hospital at Kino	\$151,708	\$17,929	0%	\$133,780	4%
CHI St. Luke's Health Baylor College of	\$129,554	\$129,554	3%	\$0	0%
Kindred Hospital of Tucson	\$109,714	\$109,714	3%	\$0	0%
Healthsouth Rehabilitation Institute of	\$36,643	\$35,322	1%	\$1,321	0%
Camp Lowell Surgery Center, LLC	\$36,435	\$0	0%	\$36,435	1%
University of Washington Medical Center	\$26,663	\$26,663	1%	\$0	0%
Tucson Surgery Center	\$24,205	\$0	0%	\$24,205	1%
Summit Healthcare Regional Medical Cente	\$21,635	\$13,228	0%	\$8,407	0%
Arizona Orthopedic Surgical Hospital	\$21,545	\$21,545	1%	\$0	0%
St. John Hospital and Medical Center	\$21,373	\$21,373	1%	\$0	0%
Sonora Behavioral Health Hospital	\$18,812	\$18,753	0%	\$59	0%
Arizona Digestive Institute	\$18,800	\$0	0%	\$18,800	1%
Sharp Coronado Hospital and Health Care	\$14,720	\$14,195	0%	\$525	0%
Cottonwood de Tucson Inc	\$13,913	\$2,363	0%	\$11,551	0%
O.A.S.I.S Hospital	\$13,547	\$13,547	0%	\$0	0%
All Other Hospitals:	\$225,526	\$63,889	2%	\$161,637	5%
Totals:	\$7,170,674	\$4,036,691	100%	\$3,133,983	100%

Cost Sharing

	Prior Period	Current Period	% Change	PPO w/o HCC	HSA/HDHP w/o HCC	HSA/HDHP including HSA Fund	Aetna BOB
Number of Employees	5,338	5,278	-1.1%	1,761	3,517	3,517	
Allowed Amount	\$13,178,659	\$16,943,031	28.6%	\$4,986,050	\$8,316,341	\$8,316,341	
Pima County HSA Contribution						\$2,683,616	
Coordination of Benefits (COB)	\$152,616	\$113,322	-25.7%	\$54,901	\$58,422	\$58,422	
Deductible	\$3,538,834	\$3,708,753	4.8%				
Copays	\$279,276	\$281,738	0.9%				
Coinsurance	<u>\$505,855</u>	<u>\$502,410</u>	-0.7%				
Employee Paid Portion	\$4,323,965	\$4,492,901	3.9%	\$907,056	\$3,491,401	\$3,491,401	
Employee Paid Portion per Employee	\$810	\$851	5.1%	\$515	\$993	\$993	
Employer Plan Paid Portion	\$8,702,077	\$12,336,808	41.8%	\$4,024,094	\$4,766,519	\$7,450,135	
Employer Plan Paid Portion per Employee	\$1,630	\$2,338	43.4%	\$2,285	\$1,356	\$2,118	
Employer % Share Medical	66.0%	72.8%	6.8%	80.7%	57.3%	67.73%	81.9%
Employee % Share Medical	32.8%	26.5%	-6.3%	18.2%	42.0%	31.74%	16.3%
COB % Share Medical	1.2%	0.7%	-0.5%	1.1%	0.7%	0.53%	1.9%

Thank you



aetna[®]



Board of Supervisors Memorandum

February 10, 2015

Medical Insurance for County Employees – Fiscal Year 2015-16

Introduction

It has been 18 months since Pima County transitioned to self-insurance for employee medical coverage. This transition has proven to be a sound financial decision, as Pima County has avoided significant cost increases that had been anticipated due to double-digit rate increases under the fully insured model. Overall costs have been lower than we experienced in a fully insured environment. Attachment 1 to this memorandum provides an analysis of previous fiscal years under the fully insured model with UnitedHealthcare and our self-insured model. As you will see, we avoided over \$5.5 million in additional healthcare costs by moving to a self-insured model.

In addition, aggregate claims data can now be reviewed to develop projections for the best course of action for future years. This data is regularly reviewed and analyzed by Aetna and CBIZ (the County's benefits consultant). Now that we have claims data for an 18-month period, we are able to lay out our strategic plan for the future.

Strategic Plan

Preferred Provider Organization versus High Deductible Health Plan

As reported last year, the Preferred Provider Organization (PPO) plan continues to cost employees and the County significantly more than the High Deductible Health Plans (HDHP). Because the HDHP is typically more advantageous to the employee and County, Human Resources staff have conducted numerous educational meetings to encourage PPO members to transition to the HDHP. There has been some marginal success in this effort.

Currently, 33.6 percent of County employees are insured in the PPO; however, the claims of that group represents 41 percent of total claims cost. This is not necessarily based on the health of the members of the PPO; it is more a matter of the PPO plan design, which pays a portion of each office visit and prescription drug claim, which are not subject to deductible. The result is the County is bearing a substantial portion of the cost of the PPO plan. Based on a per employee per month (PEPM) basis, this represents \$935,000 to \$1.4 million of additional cost to Pima County.

The current premium rate structure practice of the County subsidizes a higher amount for the PPO plan compared to the HDHP. County premiums for the PPO are \$668 PEPM and \$581 PEPM for the HDHP. The County is paying \$86 PEPM more each month toward the PPO in addition to paying a portion of each claim for those enrolled in the PPO. Employees

in the HDHP must satisfy the deductible (Single \$2,000/Family \$4,000) before the plan will begin to pay.

After reviewing this disparity, I am recommending the County's premium contribution be the same for the HDHP as the PPO. Employees who wish to remain in the PPO would pay the higher premium associated with the actual cost of that plan. Table 1 below shows projected rates and contributions based on the most recent actuarial funding projection actuarial analysis conducted by CBIZ. In addition, I am recommending the PPO be discontinued as of June 30, 2016. At that time, a second HDHP with a different plan design will be introduced. Human Resources will notify PPO enrollees of the change and provide education as needed. Fiscal Year (FY) 2015/16 will be the last year for the PPO, and remaining PPO members will need to transition to one of two HDHPs.

Proposed Rate Contributions

The funding projections are also based on a migration of PPO members to the HDHP plan for next year. The PPO and HDHP are rated separately and contributions have been increased to achieve those projections. County contributions are based on the calculated contribution for the HDHP. In previous years, the contribution ratios have varied between levels of coverage. For next year, ratios have been standardized to 85/15 for employee only and 90/10 for all other levels.

Table 1: Projected Rates and Contributions – FY 2015/16.

			Current Biweekly Rates FY 2014/15		Proposed Biweekly Rates FY 2015/16		
Plan	Level of Coverage	# of Ees Enrolled	Ee Portion	County Portion	Ee Portion	County Portion	Ee change
PPO	Ee Only	802	\$ 45.07	\$159.04	\$108.68	\$134.19	\$ 63.61
	Ee + Spouse	298	95.28	371.76	230.62	325.11	135.34
	Ee + Child(ren)	260	93.12	361.69	224.59	316.59	131.47
	Ee + Family	395	136.63	528.11	328.26	462.72	191.63
HDHP	Ee Only	1,420	21.00	126.53	23.67	134.19	2.67
	Ee + Spouse	531	30.97	306.60	36.11	325.11	5.14
	Ee + Child(ren)	488	30.97	297.76	35.18	316.59	4.21
	Ee + Family	992	49.56	430.91	51.41	462.72	1.85

PPO to HDHP Transition

As discussed above, typically, the HDHP is more advantageous to the employee than the PPO. When the employer Health Savings Account (HSA) contribution is factored in to offset the deductible variance between the two plans, and the variance in the employee contributions is calculated, the HDHP is a prudent financial choice for employees. The HDHP also encourages employees to become informed consumers when it comes to their healthcare services.

Table 2 below shows the biweekly payroll savings an employee would experience if they chose to transition from the "current" PPO to the "proposed" HDHP with HSA. The employee would pay less per pay period at each level of coverage for the HDHP than they are paying today. In addition, they will receive County HSA contributions.

Table 2: Biweekly Payroll Savings, Transition from the Current PPO to the Proposed HDHP.

PPO		Biweekly Current PPO to Proposed HDHP			
Level of Coverage	Number of Employees	Current PPO	Proposed HDHP	Premium Savings	HSA ER
Ee Only	802	\$45.07	\$23.67	\$21.40	\$38.46
Ee + Spouse	298	95.28	36.11	59.17	76.92
Ee + Children	260	93.12	35.18	57.94	76.92
Ee + Family	395	136.63	51.41	85.22	76.92

Table 3 below details the biweekly payroll savings between the "proposed" PPO and the "proposed" HDHP with HSA. The savings would be even more significant based on the projected contributions for next year.

Table 3: Biweekly Payroll Savings, Proposed PPO and the Proposed HDHP.

PPO		Biweekly Proposed PPO to Proposed HDHP			
Level of Coverage	Number of Employees	Proposed PPO	Proposed HDHP	Premium Savings	HSA ER
Ee Only	802	\$108.68	\$23.67	\$85.01	\$38.46
Ee + Sp	298	230.62	36.11	194.51	76.92
Ee + Children	260	224.59	35.18	189.41	76.92
Ee + Family	395	328.26	51.41	276.84	76.92

Self-Insurance Trust Fund Reserves

Proposed rates are sufficient to continue to grow the fund reserves. As reported last year, the goal is to have enough reserves after the first five years to eliminate the need to purchase stop loss insurance. We are not only on track to achieve that goal, we are on track to begin repaying the \$10 million startup loan from the General Fund. The first payment is scheduled for the end of FY 2015/16.

Healthy Lifestyle Premium Discount

Employee engagement continues to be an integral component of managing healthcare costs. The Healthy Lifestyle Premium Discount (HLPD) program has tremendous participation. Employee Wellness surveys continue to reflect positive responses to various programs and events held each year. Participation in new programs also continues to grow regularly. Last year was the first year where Employee Wellness confirmed that health assessments and preventive exams were completed, as well as ensuring the employee earned at least 100 Healthy Lifestyle Activity Points (HLAPs) prior to awarding discounts.

With the implementation of ADP, this process will be streamlined. The reporting period for HLPDs is March 1, 2014 through February 28, 2015. In March, employees will certify their eligibility in the benefits system; and in early April, Employee Wellness will validate the data and load the audited information back into the benefits system. This means that at the time of annual open enrollment, the employee will already know which discounts they are eligible to receive. Table 4 below is a breakdown of the numbers of employees receiving a \$5 discount per pay period in each category.

**Table 4: Employees Receiving a \$5 Discount
Per Pay Period, by Category.**

Tobacco Free	3,540
On-Line Health Assessment	2,764
Preventive Exam or Screening	2,799
100+ Healthy Lifestyle Activity Points (Exercise tracking or wellness programs)	1,607

Health Savings Accounts (HSA)

For active employees enrolled in the HDHP with HSA, Pima County makes biweekly HSA contributions in the amount of \$38.46 for single coverage and \$76.92 for those insuring dependents. Annualized, \$1,000 for Employee only and \$2,000 for Employee plus

The Honorable Chair and Members, Pima County Board of Supervisors
Re: **Medical Insurance for County Employees FY 2015/16**
February 10, 2015
Page 5

help offset the higher out-of-pocket costs when enrolled in the HDHP, since the employee is responsible for 100 percent of medical costs before satisfying the deductible.

Pima County employees' HSA balances continue to grow each year. As of January 1, 2015, 66 percent of our insured employees have an HSA; and the combined cash and investment balance in all our employees' accounts is approximately \$11 million. Additionally, total contributions by employees are higher each pay period than the contribution by the County. This plan continues to be a cost savings benefit for our employees. Very few employees choose to switch to the PPO or cancel coverage. I recommend maintaining the same funding level as we have had for the past several years to help encourage more PPO participants to migrate to the HDHP.

Recommendation

I recommend the Board of Supervisors approve the medical rates shown in Table 1 above along with continuing the current County Health Savings Account funding strategy and Healthy Lifestyle Premium Discounts.

Respectfully submitted,



C.H. Huckelberry
County Administrator

CHH/mjk – **AMENDED January 30, 2015***

Attachment

c: Allyn Bulzomi, Director, Human Resources

*Amendment occurs in Table 1, Proposed FY 2015/16 Biweekly Rates for the HDHP Plan, and are as follows:

HDHP Plan	Previous Ee Change	Amended Ee Change
Ee + Spouse	\$6.61	\$5.14
Ee + Child(ren)	5.68	4.21
Ee + Family	4.21	1.85