Pursuant to A.R.S. § 38-431.02, notice is hereby given that the Pima County Health Care Benefits Trust held a meeting open to the public on Thursday, February 13, 2020, at 9:00 a.m. The meeting was in the Human Resources Training Room located on the 4th floor of 150 W. Congress, Tucson, Arizona.

MINUTES

A. Roll Call

Present

Mr. Keith Dommer, Chair, Board Member
Ms. Daisy Jenkins, Board Member
Dr. Francisco Garcia, Board Member
Ms. Ellen Wheeler, Board Member

Absent

[None]

Also Present

Marchelle Pappas, Board Coordinator
Cathy Bohland, Pima County, Human Resources
Gayl Zambo, Pima County, Human Resources
Jennifer Billa, Pima County, Human Resources
Erin Higdon, Pima County, Human Resources
Debbie Knutson, Pima County, Human Resources
Toni Parkhurst, Pima County, Human Resources
Eric Rustand, CBIZ
Ana Roth, CBIZ
Jessica Velasquez, CBIZ
Matt Weel, CVS Health
Taylor Nervo, Employers Health
Casey Lawton, Ameritas
Ray Eveleth, Aetna
Karen Peters, Aetna
Meredith Litton, Pima County, Finance
Len Baldazo, Pima County, Finance
Mandy Armenta. Pima County, Finance
Xavier Rendon, Pima County, Finance
Anthony Batchelder, Pima County, Finance

Meeting was called to order at 9:01 a.m.
B. Pledge of Allegiance

- All present joined in the pledge of allegiance.

C. Approval of August 8, 2019 and November 21, 2019 Meeting Minutes

- Moved by Ms. Wheeler, seconded by Ms. Jenkins, approved 4:0.

D. Human Resources Items

Follow up items from prior meeting

Ms. Bohland reviewed meeting format changes effective this meeting. Presentation times during the meeting will be cut in half and presenters will provide a summary sheet. Trust members will be given a chance to review the deck prior to the Trust meeting. The new format will allow for an informational session at each meeting. Finance Department will have the same amount of time to present their information.

Mr. Dommer questioned if the format will allow for the same level of detail as in a verbal presentation and if it will be as precise. Mr. Dommer also asked if the Board would have the opportunity to ask questions. Ms. Bohland confirmed yes to both questions.

Mr. Dommer recommended there be a consistent data metric collection, i.e. neutral/no comment, negative or positive/add comments.

Pima County Health Care Benefits Trust document, Section 4

- Section 4.1, Template of the Annual Report for submission to the Board of Supervisors (CBIZ – Eric Rustand)

Plan Year Summary: July 1, 2018 – June 30, 2019

- Fund status: Active
- Fund Value: $30,785,111 (Page 4 of the audited Annual Financial Report)
- Operating Results: As part of the plan to spend a portion of the Fund’s accumulated value, the Fund’s value decreased by $4,673,250 (Page 4 of Attachment 1 the audited Annual Financial Report)
- Claims Experience:
  - Medical costs were less than expected as shown by the 87.2% Medical/Prescription Loss Ratio Actual Claims vs. Expected Claims (Page 1 of Attachment 2 the CBIZ Medical and Pharmacy Experience report Plan Year July 2018 to June 2019)
However, cost per employee increased as demonstrated by the Per Employee Per Month cost of $740 a 3.4% increase over prior plan year (Page 1 of Attachment 2)

- Claims Spending: $57,186,467 (Page 4 of Attachment 1)
- Investment Income: $1,242,929 (Page 4 of Attachment 1)
- Trends in benefits use:
  - The top 1% of large claimants account for 46.4% of Total Claims Cost compared to the Cotiviti’s Norm of 31.7% (Page 10 of Attachment 3 - the CBIZ Cotiviti report through June 2019)
    - Cotiviti’s Norm: based on Cotiviti’s normative database of health plan claims which compares population performance compared to a large, aggregated commercial norm.
    - Cotiviti: National claims database representative across the entire United States that contains 31.2 million member lives across all ages, gender, industries, and region; consisting of multi-diagnosis, multi-procedure, and multi-revenue codes.
  - Medical unit pricing increased by 3% which is lower than trend and an overall function of medical inflation while Utilization decreased by 12% (Page 16 of Attachment 3)
  - Prescriptions per employee decreased by 16% while cost per prescription increased by 7% (Page 28 of Attachment 3)
  - Top 20 Drugs are all Specialty drugs (Page 32 of Attachment 3)
  - Top three benefits by place of service by percentage of plan paid: Inpatient Hospital 16.5% increase (makes up 31.9% of total plan paid), Office visits 0.4% decrease (22.4% of total plan paid), and Outpatient Hospital 4% decrease (21.1% of total plan paid). (Page 48 of Attachment 3)
  - Top three benefits by procedure group by percentage of plan paid: Drugs paid by medical plan 11.4% decrease (8.1% of total plan paid), Orthopedic Surgery 15.5% decrease (4.8% of total plan paid), and Emergency Room 26% decrease (4.6% of total plan paid). (Page 50 of Attachment 3)

Plan Changes

- Effective July 1, 2019 preventive care services were expanded to include:
  - Skin cancer screenings
  - Heart disease screening
  - Added Bariatric surgery and related services
- Effective November 1, 2019:
  - Transgender services
Mr. Rustand commented that it is important to note that the Trust Fund is a Reserve Fund and not a Surplus Fund.

**Cotiviti Report (CBIZ – Eric Rustand)**

Mr. Rustand reviewed the Cotiviti Report, briefly noting that the inpatient utilization is tied to a large claimant.

Mr. Dommer questioned other comparative norms. Mr. Rustand responded that this is closer to the book of business.

Mr. Dommer asked if the Template of the Annual Report has everything that is required by the Trust Document. Mr. Rustand said it does.

Dr. Garcia commented that the report largely achieves trends and benefits, it is a good report for use but contains a lot of jargon. Dr. Garcia asked that definitions be included for the more technical terms and that the language be clear. Dr. Garcia also commented that the percentages do not always add up to 100% and asked that an “other” category cover the smaller items to bring the total to 100%.

Mr. Rustand stated that the summary could be expanded if desired. Dr. Garcia stated that two pages front and back, with brief definitions where needed, would be good. Mr. Dommer requested that the trend section be more consistent with standard metrics and asked what trends the Board would like to see presented. Ms. Wheeler suggested the report cover the most significant trends each reporting period. Mr. Dommer added that this should include both good and bad trends. Ms. Jenkins commented that she liked the changes Dr. Garcia recommended. Mr. Dommer stated that he was comfortable with the changes and asked for a Motion to Approve the Template with additional changes. Dr. Garcia moved to approve the Template for the Annual Report with the changes discussed. Ms. Wheeler seconded. Motion approved 4:0

**Section 4.6, Clarification on roles and responsibilities and resulting list of items that will be presented to Trust in the future for review and recommendation**

Mr. Rustand reviewed summary.

Mr. Dommer briefly recapped Board responsibilities. Mr. Rustand recommended that this would be a coordinated effort with HR staff to have roles and responsibilities clarified and in place. He also said the Board has oversight over policies for the appropriate level of reserves in the Trust Fund, and CBIZ will assist with recommendations for reserve levels. He said the Board also has oversight of anything that affects the reserves, such as costs or drawing down funds.

**Informational topics**
Mr. Rustand presented on HSA First Dollar Coverage. He described how the High Deductible Health Plan (HDHP) and Health Savings Account (HSA) function and interact and reviewed the requirements for each. He noted that the Plan does not pay claims until the participants have met their deductibles ($2,000 per person/$4,000 per family). The members can use their HSA funds to pay deductibles.

Mr. Dommer asked if these are national requirements and not just Pima County. Mr. Rustand responded that Pima County offers a HDHP that meets federal requirements and participants enroll in the HSA, which is akin to an IRA for medical savings.

Mr. Dommer asked if a plan participant were to misbehave with their HSA whether Pima County would have any liability. Mr. Rustand responded that the liability is on the individual and would have no impact on Pima County.

Mr. Rustand presented on Specialty Coupons (Drug Manufacturer Copay and Financial Assistance). He explained that under these programs, a participant can buy a drug for a small amount (e.g., $5 or $15), when without the coupon the cost the cost might be hundreds or thousands of dollars. At present, the County HDHP counts the full cost of the drug toward the participant’s deductible, even though the participant paid only a few dollars.

Ms. Wheeler asked if the County has to pick up the remainder of the cost for a drug cost in such situations (e.g., if the drug’s true cost is $2000, but the out of pocket to the member is only $5 for the drug). Mr. Rustand responded that the coupon manufacturer picks up the cost. However, the member may satisfy their deductible, and in essence the Plan would cover that cost because the participant would not have to pay the full deductible.

Mr. Dommer asked how to ensure the Plan meets employee needs while still protecting the plan. Mr. Rustand said the County should maintain the current policy until the federal government issues new guidance in its 2021 Benefit and Payment Paramenters.

Mr. Dommer asked if coupons are the only way for low-income individuals to obtain needed expensive drugs. Mr. Rustand said there are other programs and options available. Mr. Zucarelli will present on coupons and incentives at the next meeting.

E. Aetna Presentation Summary – by Ray Eveleth

- **Medical Utilization Review - Reporting period:** Current: 07/01/2019 – 12/31/2019; Prior: 07/01/2018 – 12/31/2018

- **Membership** (page 4)
  - 10,954 members. -0.5% versus the prior period.
• Average Member Age decreased slightly from Prior Period to 35. (Mr. Eveleth stated the “employee age” on the slide should read “member age.”)

• Cost of Services (page 6)
  - The total medical spend +23.0%, or $2.6M over the Prior Period to $13.6M for the second quarter of 2019 plan year
    - Per employee and per member increased +23.2 & 23.6%, respectively
  - The In-Patient paid amount per member increased +45.4%
  - Ambulatory paid amounts per member increased +12.8%
  - Claimants under $100K (all claims, excluding High Cost Claimants over $100K) increased 10.2% compared to a regional norm of 8.0%
  - Claimants under $100K (In-Patient Facility, excluding HCC) increased 13.3%
  - Claimants under $100K (Ambulatory, excluding HCC) increased 9.0%

• High Cost Claimants (HCC) (pages 7-9)
  - P7. The number of High Cost Claimants increased +75% from 12 to 21 over the Prior Period
  - P7. HCC accounted for 26% of the total paid amount (Aetna Book of Business is 31.8%)
  - P7. The average spend per HCC increased +7% from $157K to $168K
  - P8. Top 10 High Cost Claimants: 6 employees, 3 spouses, 1 dependent child. 7 are engaged in Care Management

• Utilization (pages 10–22)
  - P10. Admits/per 1,000 (+35.8%), Days of Care/per 1,000 (+29.4%), and Average Length of Stay (-4.8%)
  - P10. Total Surgeries/per 1,000 (+2.5%); Office Visits/per 1,000 (+3.9%) and Emergency Room visits/per 1,000 (+2%) compared to the Prior Period
  - P10. In-Patient Surgeries/per 1,000 decreased (-1%) compared to the Prior Period
P11. Utilization by Relationship: EE, SP, CH: +60%, +40%, +12% in Total Admissions; Total Surgeries were flat

P13. Top 5 Major Diagnostic Categories: Musculoskeletal (+18%), Circulatory System (+43%), Nervous System (+51%), Digestive System (+40%), Kidney/Urinary Tract (+13%)

P14. Medical Cost Categories. In-Patient days increased in Utilization/per 1,000 +28.6% and Unit Cost increased +21%

P20. Emergency Room utilization: visits increased slightly by +2%; amount paid per visit increased +17%, 34% were considered Preventable/Avoidable

P22. Maternity: 48 total deliveries at average paid amount per admit of $8,196. 1 NICU (precautionary) $13K

- **Network Summary** (page 23)
  - Current ‘Total Network Discount Savings’: 67.2% (66.2% is Network Discount guarantee)
  - Network Utilization Metrics were all positive; while percentage of In Network Admissions increased it remains below Aetna Book of Business

- **Hospital Profile** (page 25)
  - Pima County saw 47% of its Facility spend occur at a Banner/Aetna Performance Network contracted hospital ($3.8M)

- **Follow up items from prior meeting**
  - High Cost Claimants (HCC) impact on In-patients vs Ambulatory costs
  - HCC In-patients vs Ambulatory Per Employee Per Month (PEPM) costs
  - Reasons for Emergency Room visits

Dr. Garcia commented on his concern with Banner/Aetna network and the poor availability of primary care providers in that network contributing to unnecessary Emergency Room use. Dr. Garcia recommended that HR needs to keep this in consideration when reviewing future contracting options. He also noted that many ER visits are avoidable, and policies on issues such as tobacco use could be considered. Dr. Garcia also requested that Aetna conduct further research on oncology trends and unique identifiers.
Mr. Rustand said Banner/Aetna has been trying to utilize Urgent Care to supplement the primary care providers, but plan participants might not understand that. He said he will have Aetna look into oncology trends and the appropriate levels of care for specific areas of utilization. Aetna can help to identify categories and subsets to help drive down utilization.

F. Caremark/CVS Presentation Summary – by Matt Weel

- **Pharmacy Utilization Review – Reporting period: July 2019 – December 2019**

- **Financial Successes:**
  - Q3 (January-March) – Rebates $816,148.24
  - Q4 (April-June) – Rebates $1,130,452.12
  - Q1 (July-September) – Rebates $881,121.04 Mr. Weel provided the Caremark / CVS Presentation Summary noting that “Q1 July – September” should read “Q1 July – September” not “July-December”

- **Financials:**
  - **Total Gross Trend Components:** (Page 4)
    - 1. Total Gross Cost - $6,732,433
    - 2. Total Net Cost - $5,657,777
    - 3. Total Gross Cost Per Member Per Month - $102.39
    - 4. Total Net Cost Per Member Per Month - $86.04

- **Utilization and Drug Mix:**
  - **Top Therapeutic Classes:** (Page 7)
    - Antidiabetics: $1,411,649 Gross Cost / 4,334 Rx / 618 Utilizer
    - Analgesics – Anti-Inflammatory: $1,082,105 Gross Cost / 1,461 Rx / 731 Utilizers
    - Antineoplastic: $533,125 Gross Cost / 398 Rx / 101 Utilizers

- **Specialty:**
o **Specialty Top Classes: (Page 6)**

- Rheumatoid Arthritis: $1,010,632 Gross Cost / 34 Utilizer
- Oncology: $570,348 Gross Cost / 15 Utilizers
- Multiple Sclerosis: $434,725 Gross Cost / 15 Utilizers

Mr. Weel provided the Caremark / CVS Presentation Summary noting that “Q1 July – December” should read “Q1 July – September.”

Mr. Dommer requested that the summaries show the comparative numbers and percentages of change on the slides presented.

**G. Ameritas Presentation Summary – by Casey Lawton**

- **Dental Utilization Review – Paid Claims Fiscal Trends 2017-2020**
- **Total Claims (Page 4)**
  - Better than expected, PEPM cost down to 60.3. (dollars) in Q4
  - Increased network utilization primary driver of PEPM decrease
  - Average network discount of 37%

Ms. Bohland asked if the Trust wanted Ameritas present at each quarterly meeting. Mr. Dommer asked Board for their thoughts. Dr. Garcia replied that at least twice a year would be good. Mr. Dommer responded that Ameritas should provide their financial summary for every meeting and do an in-person presentation twice a year. Mr. Rustand asked that a data point be added to the summary / reports for percentage of members that receive preventive care and the number of unique utilizers.

Mr. Lawton recommended that the County possibly consider incentive coinsurance in the future. Dr. Garcia requested that the HR team dive more deeply into this. Mr. Rustand stated that CBIZ likes the program and that Pima County should evaluate it.

- **2020 Estimates (Page 5)**
  - Dropping PEPM down to 62.6 for 2020
  - Due to increased network utilization and savings.
  - 85% of claims ran through network in Q4.
• **Claims by procedure type** *(Page 6)*
  o Preventative procedure movement has remained the same from Q3 to Q4
  o Common for end of the year claims

• **Primary procedure type network utilization (Preventive, Basic, Major) -** *(Page 7)*
  o We continue to see more in-network movement across all procedure types.
  o The county plan would benefit from some additional in network incentive programs to guide more Type 1 & 2 claims in network.
  o Incentive co-insurance

• **2019 in-network claims trend** *(Page 9)*
  o 2019 saw an increase in network utilization by 4%
  o 2019 was the best year for network utilization since inception
  o New network agreements will improve this trend

• **Network savings**
  o $1,356,058 in network savings in 2019
  o $90,665 in ASO fees in 2019
  o Due to size of the Ameritas network and an average discount of 37%

H. **CBIZ Presentation – by Eric Rustand**

• **Claims Review – 07/01/2019 – 12/31/2019**

• **Current Plan Year To Date (Page 3)**
  o Total claims and administration spend: $21,494,171
  o Expected loss ratio 70.5%
  o Claims and administration per employee per month (PEPM) cost $698
  o Medical claims = 68% of total claims cost compared to 67% this time last year
o Prescription claims (with Rx Rebates) = 32% of total claims cost compared to 33% this time last year

o Total increase of $3,491,868 (19%) and $115 (20%) increase in PEPM compared to prior plan year

• Claimants With Total Claims of $100,000+
  o 10 new large claimants in December 2019
  o Total of fourteen large claimants = 13.9% of the total paid claims with $2,224,917 in claims

• Annualized Cost Comparison Analysis (Page 5)
  o Total claims and administration PEPM $811
  o Increase of 4.5% PEPM over prior plan year. Mr. Rustand called attention to the detail that the summary page erroneous reported a decrease rather than increase.

• Prior Plan Year To Date (Page 2 of CBIZ Claims Report 12.18)
  o Total claims and administration spend: $18,002,303
  o Claims and administration PEPM cost of $583

• Claimants With Total Claims of $100,000+
  o Total of 7 large claimants = 2.8% of total paid claims with $978,745 in claims.

Mr. Dommer asked about projections and whether or not Finance relies on this information. Ms. Litton stated that yes, Finance does utilize this information.

I. Pima County Finance – by Meredith Litton

• Quarterly Review – Period End 12/31/2019
• Budget Review - Period End 12/31/2019
• Investment Review – Period End 12/31/2019

Ms. Litton reviewed the Pima County Finance Summary and breakdown for Period End 12/31/2019.
Dr. Garcia requested a distribution breakdown. Mr. Dommer also requested clarification from Finance on the Investment Slide and a future presentation on the split of funds shown on this slide.

Ms. Litton will have this information and a presentation ready for the next meeting. Mr. Dommer requested that Finance provide the policy for the Board to review and make recommendations. Ms. Litton confirmed that Finance will provide this information also.

J. Call to the Audience

No Response

K. Housekeeping

- **Suggestions for Future Informational Topics for Discussion**
  - Overview on process of plan changes.
  - Who players are and their summary roles.

- **Next Meeting Date – May 7, 2020**

- **Changes to Meeting Schedule – Do we want to add one or more meetings throughout the year to address informational items**

Ms. Wheeler stated that she prefers to stay with the current schedule and schedule additional meetings as necessary. Mr. Dommer recommended that three meetings a year include informational sessions, with the fourth meeting set aside entirely for business. Ms. Bohland suggested the big meeting be in November because it would cover plan year-end costs and actuarial information for rates for the next plan year. Dr. Garcia requested that the Board materials be provided in advance. Ms. Bohland advised the items would be provided at least a week in advance.

- **Monthly HR and CBIZ meetings – Does a member of Trust want to participate**

Mr. Dommer said would like to participate. Dr. Garcia suggested that the meetings be placed on a calendar and made available to those who would like to participate. Ms. Bohland noted that only two Board members can attend any one meeting due to Open Meeting Law requirements. Ms. Jenkins would like the opportunity to get advance notice of agendas and make a decision at that time. Ms. Jenkins also said the opportunity to be present when HR and CBIZ meet might be of interest to potential new Trust Board members and assist in recruiting for the fifth Trustee member.
Mr. Dommer will be the Board attendee unless others indicate their desire to attend.

- **Future Discussion Items**
  
  - Investment item discussion / informational session – Finance
  - Investment Policy discussion – Finance
  - Determining a reserve fund balance - CBIZ
  - Coupon Cost Avoidance discussion - CBIZ

L. **Adjournment at 11:06 a.m.**