

PIMA COUNTY HEALTH CARE BENEFITS TRUST ANNUAL REPORT

Plan Year Summary: July 1, 2019 – June 30, 2020

- Fund status: Active
- Fund Value: \$19,632,478. ([Annual Financial Report](#) Financial Report, 2020, p. 4)
- Operating Results: As part of the rate reduction plan to spend a portion of the Fund's accumulated value, the Fund's value decreased by \$11,152,633. ([Annual Financial Report](#), 2020, p. 4)
- Health Plan Claims Experience:
 - Costs were less than expected as shown by the 86.4% Medical/Prescription Loss Ratio Actual Claims vs. Expected Claims. ([CBIZ Medical and Pharmacy Experience](#), thru June 2020, p. 2)
 - However, cost per employee increased as demonstrated by the Per Employee Per Month cost of \$808 a 9.3% increase over prior plan year¹. ([CBIZ Medical and Pharmacy Experience](#), thru June 2020, p. 2). The nationwide trend of medical and pharmaceutical cost increase continued in 2019-20 with medical costs trending at a 7% increase and pharmaceuticals at approximately 7.8%.
- Total Benefits Claims Spending: \$62,152,645. ([Annual Financial Report](#), 2020, p. 4)
- Investment Income: \$1,156,713. ([Annual Financial Report](#), 2020, p. 4)
- Trends in benefits use:
 - The top 1% of members with the highest claims cost account for 51.2% of Total Claims Cost compared to the Cotiviti's Norm² of 33.3%. ([Cotiviti³ Medical Intelligence](#), thru June 2020, p. 10)
 - The cost of medical services increased by 2% which is lower than the national trend. Costs increased primarily because of medical inflation even though utilization of services decreased by 13%. ([Cotiviti Medical Intelligence](#), thru June 2020, p. 16)
 - The number of prescriptions filled per employee decreased by 7% while cost per prescription increased by 16%. ([Cotiviti Medical Intelligence](#), thru June 2020, p. 28)
 - The cost of specialty medications continues to outpace both medical and overall pharmacy cost increases. As such Pima County saw all Top 20 medications filled on the plan identified as Specialty Medications which drove much of the cost increase year over year. Specialty Drugs are high-cost prescription medications used to treat complex, chronic conditions like rheumatoid arthritis and Type II Diabetes, each of

¹ The claims increase does not appear to be related to the COVID-19 pandemic, as COVID-19 costs account for 3.7% of the total overall claims expense as of March 1 - October 15, 2020

² Cotiviti's Norm: based on Cotiviti's Normative database of health plan claims which compares population performance compared to a large, aggregated commercial norm.

³ 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.

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these conditions saw an increase within the Pima County population. Additionally, these medications are oftentimes infusion therapies which require special dispensing or infusion protocols, often in a hospital setting which increase the cost of administering these medications as well. ([Cotiviti Medical Intelligence](#), thru June 2020, p. 32)

- Top three most expensive medical benefits by place of service: Inpatient Hospital - 0.6% decrease (makes up 34.3% of total plan paid), Office visits 4.3% decrease (20.4% of total plan paid), and Outpatient Hospital 18.3% decrease (18.3% of total plan paid). The remaining 27.0% included Emergency Room visits, Ambulatory Surgical Centers, Laboratories, among others. ([Cotiviti Medical Intelligence](#), thru June 2020, p. 48)
- Top three most expensive medical benefits by procedure type: Drugs paid by medical plan 4.7% increase (9.7% of total plan paid), Orthopedic Surgery 6.7% increase (5.2% of total plan paid), and GI Surgery 4.0% increase (4.7% of total plan paid). The remaining 80.5% included Emergency Room visits, Mental Health and Substance Abuse visits, Dialysis, among others. ([Cotiviti Medical Intelligence](#), thru June 2020, p. 50)

References

[Annual Financial Report](#) (2020)

[CBIZ Medical and Pharmacy Experience](#) (thru June 2020)

[Cotiviti Medical Intelligence](#) (thru June 2020)

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