

Pima County Health Care Benefits Trust Board Meeting November 12, 2020

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, November 12, 2020, at 9:00 a.m.** The meeting was held virtually through Microsoft Teams.

MINUTES

A. Roll Call

Present

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

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
Mike Zucarelli, CBIZ
Jessica Velasquez, CBIZ
Matt Weel, CVS Health
Taylor Nervo, Employers Health
Ray Eveleth, Aetna
Karen Peters, Aetna
Dr. Jim Krominga, Aetna
Andy Welch, Pima County, Finance
Anthony Batchelder, Pima County, Finance
Blanca Rossetti, Pima County, Finance
Zulema Adame, Pima County, Finance
Jean Lee, Pima County, Finance
Len Baldazo, Pima County, Finance
Mandy Armenta, Pima County, Finance
Xavier Rendon, Pima County, Finance
Zulema Adame, Pima County, Finance

Meeting was called to order at 9:06 a.m.

B. Pledge of Allegiance

- All present joined in the pledge of allegiance.

C. Approval of August 13, 2020 Meeting Minutes

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

D. Human Resources Items – Gayl Zambo

- **Follow up items from prior meeting (CBIZ) – Eric Rustand**
 - **Various planning scenario for determining reserves (CBIZ) – Eric Rustand**

Mr. Rustand reviewed the Estimated Trust Balance Progression (pages 11 – 16) and further discussed the current balance of \$19.6 million, the projected 2020/21 year-end balance of \$18.2 million and the projected 2021/22 year-end balance. Mr. Rustand provided an overview of the reserve estimate options and a recommended level of four to six months of expenses in reserve. Four months being the minimum, six months being the preferred level. This will allow for Pima County HR and Finance to further determine where funds will come from if it appears the Trust Fund balance will drop below the recommended minimum four months of expenses. As it currently stands, projections indicate additional revenues will be needed to maintain the balance above the four-month level in 2022-23.

Mr. Dommer clarified the recommended levels. Mr. Rustand confirmed the recommended minimum four-month level and preferred six-month level. Additional discussion was held regarding the increase in premiums for 2021/22. Mr. Rustand said a projected 6.72% increase in cost associated with claims would in 2022-23 would indicate a need to raise premiums for that year. He said the reserve document can be an ongoing / updated document for Pima County HR and Finance to further account for the four-month minimum reserve amount and more appropriately the six-month maximum reserve.

- **Trustee Recommended Reserve Requirements and Funding Levels Approval – Keith Dommer**

Mr. Dommer provided the *Trustee Recommended Reserve Requirements* document (not included in meeting packet). The document has yellow highlights which indicate recommended edits. Mr. Dommer reminded the Board of Trustees that the document reviews responsibilities and duties of the Trust Board, provides the recommended funding ranges, delineates the middle of the road range, allows for a review every two years or sooner if the need arises.

- *Approval of Trustee Recommended Reserve Requirements*
 - Moved by Ms. Jenkins, seconded by Ms. Wheeler, approved 4:0

- **Annual Trust Report – Gayl Zambo**

Ms. Zambo provided an update that the first draft of the Annual Trust Report has been completed and a final report would be provided by the next meeting. Mr. Dommer noted that he was pleased with it and has additional notes that he would like to review outside of this meeting and add a paragraph thanking those who have provided the information for the report. Ms. Zambo confirmed and stated that a revised draft would be provided.

E. Aetna Presentation Summary – Ray Eveleth

- **Medical Utilization Review – 07/01/2020 – 09/30/2020**

Mr. Eveleth provided a Summary of Key Findings (page 19) for the review period of July 1, 2020 through September 30, 2020. Mr. Eveleth stated that there is over-utilization in some areas, which is a driving factor for the + 18.4 % increase. Mr. Eveleth reminded the Trustees that some cost sharing had been waived during this time and there is an expectation that this will smooth out over the next few quarters. Mr. Eveleth noted that during the same quarter last year there was a + 30 % increase and Pima County is trending in the right direction. Mr. Rustand asked if there was a + 15 % increase for Medicare CMS reimbursement for Aetna. Mr. Eveleth confirmed that that commercial contracts that follow Medicare reimbursement methodology would be impacted and per Aetna’s Network Director this would be a minimal impact.

- **High Cost Claim – Karen Peters**

Ms. Peters discussed the HCC Claimant Overview (page 24).

- **COVID-19 Informational Updates**

- Mr. Eveleth briefly reviewed the overall trend for COVID-19 claims (slides 43 – 60). Mr. Eveleth noted that that there was a trend increase in May, June and July and an increase in testing and treatment, and that trend has started again over the past several weeks. **Follow up items from prior meeting**

- **Inpatient and Emergency Room COVID vs Non-COVID**

Mr. Eveleth noted that there may be a two to three-month lag in reporting for inpatient COVID-19 related hospital stays, and that Aetna is beginning to see an increase in admissions for COVID-19 related stays. Dr. Garcia noted that there has been an overall increase in the number of inpatient Hospital stays in Pima County for COVID-19 in the last three to four weeks.

F. Caremark/CVS Presentation Summary – Matt Weel

- **Pharmacy Utilization Review – July 2019 – September 2020**

Mr. Weel provided the Pharmacy Utilization Review Report for July 2019 – September 2020. Mr. Weel provided a brief overview of the rebates and reminded the Trustees that

the rebates are dependent on utilization and on per brand basis and are not factored in to Total Gross Cost. Mr. Weel provided the Total Gross Cost for July 2020 through September 2020, noting that there is an increase from 2019 – 2020 Plan Year at this time due to a new Hemophilia member beginning to fill a monthly script in August 2020. Mr. Weel noted that Pima County has a high generic dispensing rate and a higher adoption of ninety-day supply for maintenance medications, which are both positive.

- **COVID-19 Informational Updates**

Mr. Weel provided an update on the COVID-19 Drug Trend Report (page 63) and that COVID-19 prescriptions are not a significant spend for the 2020 plan year to date.

G. CBIZ Presentation – Eric Rustand

- **Claims Review – July 2020 to June 2021 (as of September 2020)**

Mr. Rustand provided the Paid Claims Overview through the month ending September 2020 (slide 70). Mr. Rustand noted that Pima County has seen a -2.4 % decrease for July 2020 – September 2020 compared to this time last year. Mr. Rustand provided information that the 2020 – 2021 Plan Year had a + 10.7 % projection and there is an anticipated + 11.4 % plan increase for the coming Plan Year. Mr. Rustand noted that Pima County is running at a normative range of expected cost to date and that Pima County has consistently averaged a + 4.3 % increase year over year for the past six years. Ms. Jenkins asked what the premium increase for last year was. Ms. Zambo answered + 8.61 %. Ms. Jenkins asked how the rate increase would be communicated to employees. Ms. Zambo answered through many different Annual Enrollment Webinars. Mr. Dommer asked if the cost increase is split proportionately between employees and the county, and Ms. Zambo answered yes.

- **Cotiviti Report – July 2019 through June 2020**

Mr. Rustand reviewed the 2019/2020 Year End Year-Over-Year Comparison Report Summary for the time period of July 2019 through June 2020 (slides 76 -77). Mr. Rustand noted that the membership count is up + 8 % over the last year and there has been an increase in Spouse / Dependent participation. Mr. Rustand said the Relative Risk Score (RRS) and Care Gap Index (CGI) are higher for Pima County and that the gaps in care shown on pages thirty-seven and thirty-eight in the Cotiviti report are concerning. Mr. Rustand stated that there are a significant number of patients in poor compliance with preventive care and that this is an opportunity for Pima County to push preventive care measures. Ms. Jenkins commented that the summaries were very informative and thanked Mr. Rustand. Mr. Dommer stated that he is getting from the report(s) that there are many areas where the Plan Administrator can take action(s) to reduce cost(s) and efforts. Ms. Bohland agreed. Mr. Rustand answered yes to all.

A. Pima County Finance – Andy Welch

Mr. Welch said the Audit has been completed and a clean audit review has been received. Mr. Welch presented the Health Benefit Trust Fund Financial Statements for the following:

- **Annual Review** – slides 136 - 142
- **Quarterly Review** – slides 143 - 147
- **Budget Review** - slide 148

Mr. Welch noted that the Annual Financial Report is located within the packet and the FY '22 Budget will reflect the Departments paying their portion of the premiums for STD (Short Term Disability). This is a change that will assist in maintaining a stable Trust balance.

- **Investment Review** – slides 149 - 150

H. Call to the Audience

I. Housekeeping

- **Suggestions for Future Informational Topics for Discussion**
 - February 2021 Meeting Rules and Responsibilities for in person meeting.
 - Annual Trust Review
 - Specialty Prescription coupon discussion.
 - Dental carrier presentation postponed to May 2022 meeting to allow for one full plan year to be in place.
 - Status update on 5th Trustee appointee
- **Next Meeting Date – February 11, 2020**
- **Future Discussion Items**

J. Adjournment at 11:08 a.m.