

Chair Bronson, members of the Board and Mr. Huckelberry,

Thank you for giving me the opportunity to present the FY 2017-18 annual budget for the Human Resources Department. The Human Resources Department is comprised of 5 divisions:

General Fund Divisions

Employment Rights

- Training
 - Mandated Triennial Harassment Prevention
 - Federal/State/County mandates
 - Rules and Policies
 - Progressive Discipline
 - Performance Management
 - Harassment Prevention
 - Workplace Bullying/Violence Prevention
 - Ethics
 - Coordination of FMLA, FLSA, ADA training
 - Specialized as requested or required
 - NEO scheduling and coordinating
- Rules and Policies
 - ADA-Americans with Disabilities
 - Merit System Rules / Personnel Policies
 - Assist with LEMSR updates
 - Draft and assist with updates to Board Policies
 - Draft and assist with updates to Administrative Procedures
- Investigations
 - EEO Grievances
 - MSR Grievances
 - Workplace Violence, Bullying, Sexual/Workplace Harassment, and Wage and Hour claims
 - Special as requested
 - Mediations
- Employee Training & Development Committee
 - Survey employees regarding County training curriculum
 - Oversees launch of Learning Management System (LMS)

Classification/Compensation – Recruitment & Selection

- Develops and maintains County's Job Classification, Wage and Salary System
- Conducts position audits and major job classification studies, including market evaluations and salary surveys.
- Develops and administers recruitment and selection plans based on needs of departments. Monitors recruitment processes for equity and compliance with rules and policies.

ADP/Records Management

- Administers the ADP implementation and Transition
- Processes all employee status changes
- Maintains all employee personnel files
- Administers leave and FMLA processes

Administration

- Overall administration of HR
- Meet & Confer
- HIBWAC
- Health Benefits Trust Board
- HIPAA/Privacy Practices
- EEO4 and Veteran Compliance reporting
- Leave Administration
- E-verify and I-9 Verification
- CAT Bank Program

Budget: Requested budget is \$3.2 million, an increase of approximately \$288k, due primarily to the shift in IT expenses. The Revenue budget is primarily a pass through for consignment tickets and Sungo bus passes.

Healthcare Trust Fund

Employee Benefits & Wellness

The Benefits division is an internal service fund that represents employee benefits for County Employees and their dependents. The benefits budget encompasses many different programs other than just medical benefits.

- Medical Plans – HDHP with and without HSA (administered by Aetna) – Self Insured
- Dental plans – Employers Dental Services (EDS) – Fully Insured; Pima County Dental (administered by Ameritas) – Self Insured
- Life Insurance – Minnesota Live (fully insured)
- Vision Insurance – Davis Vision (fully insured)
- Employee Assistance Program - Aetna
- Prepaid Legal benefit – ARAG
- Health Savings Accounts – HSA Bank
- Flexible Spending Plan – ASI Flex
- Voluntary Insurance a- Aflac and
- COBRA – ASI COBRA

➤ Additionally, the benefits division works with:

- Supplemental Retirement Program - Nationwide
- Deferred Compensation Program- ICMA, Prudential and Nationwide
- ASRS – Arizona State Retirement System
- PSPRS – Public Safety Personnel Retirement System

History:

We are currently in the fourth year of the contract after the implementation of the Self-Insurance program. The effort to become self-insured actually started more than three years ago with education on becoming consumers as it relates to purchasing healthcare services and prescriptions.

On July 1, 2007, the County introduced the first consumer driven Health Care program under the fully insured model with Cigna Healthcare. At that time, we also introduced the Health Savings Account (HSA) program.

During FY2007-08 intensive health care education took place with over 30 annual enrollment educational meetings and 12 benefits fairs.

July 1, 2008 – the County moved to United-Healthcare and continued Consumer Driven Health Care Education. During 2008 – 2010, over 40 annual enrollment and health benefits fairs were conducted to educate employees on health care spending.

July 1, 2010 the County ended retiree participation in the County health plans and removed the HMO plan from the offerings. This was a very brave move on the part of the Board and set the stage for the success of a Self-Insurance program.

Throughout 2010-2013, we continued to work with employees to change the culture and thinking toward healthcare consumerism.

July 1, 2013 the Board established the Pima County Health Benefits Trust Board and Pima County became self-insured with Aetna as our third party administrator and pharmacy benefit administrator.

Have we been successful. In order to answer that question you have to remember what the goals were.

1. Eliminate double digit rate increases. Prior to becoming Self-insured, the County experienced double digit rate increases as high as 18% for FY2012-13. It was anticipated we would see 13% to 17% increases for FY2013-14 and FY2014-15. Recently CBIZ our health benefit consultant provided us with an estimate of what the benefits cost could have been compared to what it has been under the self-insured model. According to their estimates Pima County has avoided over \$44.0 million in health costs by being self-insured.
2. Implementation of the Self-Insurance program would be a five-year process with the goal in the fifth year to have built a trust fund reserve of approximately \$20 million dollars. This would allow the County to reduce the stop loss coverage and have sufficient reserves to handle most pandemic situations. Our Stop Loss coverage has higher deductibles since the reserve balance has continued to grow. As of March 31, 2017, the trust fund had a net positive position of over \$29 million. If the Trust fund maintains this positive position over the next 18 months, we will have exceeded this goal. In addition, employee HSA balances total \$17million.

Budget:

The Trust Fund has already repaid all of the loans that were in place to fund the trust initially with the exception of the \$3.4 million, which is expected to be repaid next year.

The Employee Benefits Budget consist of \$71.3 million dollars in revenue and \$69.7 million in anticipated expenditures plus the \$3.4 million dollar loan transfer payment. This will result in a net negative impact to the trust fund of \$2.0 million. Again, the fund reserves are well ahead of plan and we should still be able to maintain our reserves.