

JANET NAPOLITANO
Governor



WILLIAM BELL
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

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(602) 542-1500

December 22, 2006

The Honorable Ken Bennett
President
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

The Honorable James Weiers
Speaker
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

Dear Senator Bennett and Speaker Weiers:

In accordance with ARS § 38-651(L), the following report is submitted regarding the impact of participating political subdivisions on the State's cost of health insurance. There are currently three participating subdivisions enrolled in the Arizona Department of Administration's (ADOA's) administered health plan: Primavera Technical Learning Center, Inc. (dba Primavera Technical Learning Center and Primavera Online High School), City of Springerville, and the City of Cave Creek. These three groups' memberships in the ADOA plan pre-date the transition to self insurance in 2004.

For these three organizations, there are a total of 92 employees enrolled in the State Health Insurance Trust Fund programs. The paid FY 2005 - 2006 Medical claims for these three subdivisions averaged \$6,056.30 Per Employee Per Year (PEPY). This claim rate is consistent with our current overall active members PEPY rate of \$6,424.00. ADOA's actuary has reviewed this information and based on the data herein, has concluded that these three political subdivisions pose no greater risk to the plan than our active employees.

If you have any questions related to this report, please contact me directly at (602) 542-1500, or Phil Hamilton, Benefits Manager, at (602) 542-4788.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. Bell".

William Bell
Director

Cc: Jim Apperson, Governor's Office of Strategic Planning and Budgets
Richard Stavneak, Director, JLBC