

ARIZONA METROPOLITAN TRUST
Minutes of Wednesday, August 28, 2019
Quarterly Trust Meeting

The following Trustees were present and a quorum was met:

Grady Miller, Vice Chairperson	Town of Fountain Hills
Ron Deadman, Trustee	Sun City Fire District
Mike Duran, Trustee	Buckeye Valley Fire District
Jill Keimach, Trustee	Town of Paradise Valley
Bryant Powell, Trustee	City of Apache Junction

The following Alternate Trustees were present:

Jinnett Hancock	Paradise Valley
Dawn Kurek	City of El Mirage
Leo Lew	Pinal County
Kathy Reyes	City of Avondale
Liz Riley	City of Apache Junction
Susan Slagle	City of Litchfield Park
Jackie Temple	Buckeye Valley Fire District
David Trimble	Town of Fountain Hills
Mary Reynolds	Town of Youngtown (via phone)

The following consultants/vendors were present:

Karla Anderson	Navitus
Cathy Bradley	ECA
Ann Coupland	Delta (via phone)
Nikita Francis	Navitus
Don Gamble	BCBSAZ
Mike Hensley	J, S & H
Jennifer Huppenthal	AHG
Ray Jennings	AHG
Storm Kinion	ECA
Cheyenne Lopes	Phia Group (via phone)
Rachel McClouth	VSP
Jayne Merlino	ECA
Laura Phillipson	Navitus
Trent Rainey	Teladoc
Kelly Schoonmaker	AmeriBen
Jaime Schulenberg	ECA
Courtney Stone (Falls)	Curalinc (via phone)
Daina Williams	Phia Group (via phone)
Maribel Echeverry McLaughlin	Phia Group (via phone)

The following guests were present:

N/A

1. Call to Order

The meeting was called to order at 11:38 a.m. Board members and staff/vendors introduced themselves.

Item 17 the Subrogation Request was moved to the beginning to accommodate the time difference for the Phia Group in Chicago, IL.

17. Discussion and Possible Action re Subrogation Settlement

Ms. Schulenberg reviewed a request through Phia for a subrogation settlement on behalf of a member who was involved in a motor vehicle accident in July 2018. The case settled for \$65,000. The member has attorney's fees due in the amount of \$16,365.25, there is a lien from Banner in the amount of \$14,489.358 and lost wages totaling \$6,204. AzMT has paid \$81,439.27 in accident-related claims. The attorney has proposed a settlement of \$11,606.48.

AzMT follows Arizona State Law which applies a common fund doctrine, meaning the Trust would have to reduce for attorney's fees. The law also states the Trust is only entitled to recover from the bodily injury policy which totaled \$50,000 leaving the Trust able to recover \$37,500. According to Phia the Trust can:

1. Accept the attorney's offer of \$11,606.48;
2. Reject the attorney's offer and pursue a different amount the Plan is willing to accept;
or
3. Demand the full \$37,500 as entitled by law.

Phia recommends the Plan reach a compromise with the attorney.

Alternate Trustee Reyes asked how the attorney arrived at \$11,606.48 for the reimbursement amount. Ms. Lopes from Phia responded that she is unsure of how the attorney arrived at the figure, but believes the attorney is looking for a reduced settlement. Trustee Powell asked if ECA had a recommendation. Ms. Schulenberg replied ECA does not have a recommendation, however with several of the past subrogation requests the Trust has authorized negotiations resulting in the recovery of additional monies to the Trust. After further discussion Alternate Trustee Reyes proposed pursuing the amount allowed by law, with Phia being given the direction to negotiate an amount higher than proposed by the attorney.

Alternate Trustee Reyes made a motion to have Phia request the amount allowed by law and provide Phia with the authority to negotiate.

Alternate Trustee Reyes amended the motion to have Phia request the amount allowed by law and provide Phia with the authority to negotiate, if necessary, to obtain at least 50%, or \$18,750, seconded by Trustee Duran and unanimously carried.

2. 2018-19 Medical Claims Update Thru 05/31/19

Kelly Schoonmaker from AmeriBen reported on claims incurred between June 2018 and May 2019 and paid through July 2019. Overall, average enrollment increased 5% and the total plan paid amount increased by 16.2%. Of note, costs associated with facility inpatient, outpatient, professional, skilled nursing facility increased as compared to the prior period. Alternate Trustee Reyes inquired if Case Management manages patients in Skilled Nursing Facilities; Ms. Huppenthal of AHG acknowledged they did.

3. BlueCross BlueShield of AZ Update Thru 06/30/19

Don Gamble reported in place of Scott Waite on network utilization for the period of August 2018 – July 2019. Under the Claims savings report the aggregate percent of savings was 57.5% inpatient, 78.6% for outpatient facility and 62.9% for professional. Alternate Trustee Reyes inquired about ineligible expenses and how they are factored into the percent of savings. Mr. Gamble advised the percent of savings is calculated after ineligible expenses are denied/excluded and are not included as part of the savings. Trustee Powell asked about added benefits, including access to providers out-of-state. Ms. Schulenberg clarified to Mr. Gamble the discussions with BCBSAZ about Blue Card, Mayo, and a number of value-added services that are provided to the fully insured groups and why they aren't provided to network clients. Acting Chairperson Miller asked Mr. Gamble to take this question back to Mr. Waite and Ms. Edmunson for further discussion as well as the out-of-network "surprise" issue.

4. Pre-Certification and Case Management Update Thru 06/30/19

Ms. Huppenthal from AHG reviewed inpatient and case management reports for the year ending 06/30/19. Trustee Duran inquired if case management was provided for all transplants; Ms. Huppenthal confirmed it is.

5. Prescription Claims Update Thru 06/30/19

Laura Phillipson advised the group she was in a new role managing the account coordinators and Nikita Francis was promoted as AzMT's new account coordinator. She also noted that there has been discussion about proactively entering prior authorizations for those members that are new to the plan and reported that Navitus is working on a new program to address those concerns. Ms. Francis and Ms. Anderson provided an overview of the plan for July 2018 – June 2019. The plan paid increased by 11%, primarily due to increased use of specialty medications. The top categories by plan paid are analgesics – anti-inflammatory and antidiabetic in the top two categories respectively. The top categories by script count are antidepressants and antihypertension medications. Alternate Trustee Reyes would like to see possible suggestions on what might make scripts more affordable.

6. Dental Claims Update Thru 06/30/19

Ann Coupland offered highlights of the plan from July 2018 – June 2019. 39% of paid claims were concentrated in preventative and diagnostic procedure categories with 99.1% of the procedures performed by Delta Dental's network dentists.

7. Vision Claims Update Thru 06/30/19

Rachel McLouth from VSP reviewed utilization of both the Basic and Buy-Up plans through 06/30/19. Year over year average claim costs have increased by 5%, number of claims paid has increased 4.6% and number of covered lives has increased by 5%. Alternate Trustee Riley asked why the claims were highest in July and August and Ms. McLouth explained it is typically due to claims from children prior to returning to school. Vice Chairperson Miller asked about the frame

allowance with Costco and Walmart and if the discount is built in; Ms. McLouth confirmed this was correct.

8. Telemedicine Update Thru 06/30/19

Trent Rainey from Teladoc provided a client utilization report through 06/30/19. The member activity for 2018-19 shows 276 visits or 10.1%. The 3-year utilization comparison show the number of visits by year and has increased from 147 in 2016-17 to 276 in 2018-19.

9. Employee Assistance Program Update Thru 06/30/19

Courtney Stone (formerly Falls) from SupportLinc provided an overview of utilization through 06/30/19. Program participation is on an upward trend at 128% (cases, trainings and health fairs and tech participants).

10. Wellness Update

Jayne Merlino presented the wellness update from March through August 2019 including:

- Health Risk Assessment, which had reduced participation.
- Health Consultations experienced an increase from 2 members in 2018 to 29 in 2019.
- Skin Cancer Screenings saw an increase in participation by almost 18% with 23% of participants recommended for follow-up care.
- Meditation for Stress Management Seminar/Challenge – Nuvaria was on site at 6 entities.

- The Fitbit challenge luncheon was a success with 28 out of the 55 qualified members participating at a luncheon at Main Event.
- Hot Lava Fitbit Challenge had 202 active participants of which 53% met the 6,500 steps per day challenge.
- Cardiac and Organ screenings are currently in process.
- Livongo for Diabetes has been expanded to include up to 60 participants.
- Upcoming Programs:
 - Flu and Pneumonia - September and October;
 - Mammograms - October and November. Alternate Trustee Reyes asked if the information regarding 2D vs 3D mammograms could be enhanced on the marketing materials to be more clear that if a member has a 3D screening onsite through AIWW it is covered, however, if they have the screening done at their doctor they will be responsible for 100% of the cost. Ms. Merlino agreed to make the flyers very clear;
 - Prostate Exams - January and February of 2020;
 - Omada, the new weight management program, will launch as soon as the contract has been finalized.

Ms. Schulenberg introduced Cathy Bradley who is the new Wellness Program Support Specialist. Ms. Bradley will be working with entities to set dates for programs and screenings as well as preparing contracts and flyers. She assumed the position Ms. Merlino had prior to promoting to the Wellness Consultant.

11. Approval of the February 26, 2019 Special Telephonic and April 23, 2019 Regular Meeting Minutes

Trustee Powell made a motion to approve the February 26 Special Telephonic and April 23 Regular Trust meeting minutes, seconded by Alternate Trustee Hancock and unanimously carried.

12. Approval of March – June 2019 Finances

Ms. Kinion reviewed the financials through June 2019 noting the Trust banked \$1.9M in 2018-19, making the All Years Cash Position just over \$13M; with the IBNP at \$4.2M, the Surplus is estimated at \$9M. Items of interest include:

- The June financials include accruals for items that were incurred in 2018-19 but have not yet been paid. These are estimates and will be adjusted as the actual revenue and/or expense is received and processed.
- On the Medical Claims side, the EPO, PPO Buy-Up, and HDHP plans are over budget due to large claims. The EPO Plan had 2 new large claims over \$200,000, the PPO Buy-Up had 2 new large claims over \$300,00 and the HDHP had 1 new claim at almost \$200,000.
- PPO and PPO Buy-Up prescription claims are over budget due to high utilization and specialty medications.
- There are 20 large claims running over 50% of the specific deductible. One claim has exceeded the specific deductible however it has not exceeded the aggregating specific.
- The Trust finished the year at 98% of the total budget

Alternate Trustee Trimble requested ECA add an IBNP graph like the Surplus History graph; Ms. Kinion agreed to add to all future financials.

Alternate Trustee Reyes made a motion to approve the March 2019 – June 2019 financials, seconded by Trustee Powell and unanimously carried.

13. Discussion and Possible Action re Medical Claims Appeal

Due to the member not being present and not indicating if they wanted the appeal heard in public or private, legal counsel recommended it be heard in Executive Session.

Executive Session began at 2:05 pm

Regular Session resumed at 2:10 pm

Trustee Deadman made a motion to deny the appeal, seconded by Alternate Trustee Hancock and unanimously carried.

14. Discussion and Possible Action re 2019-20 Plan of Risk Management

Ms. Schulenberg reported the Plan of Risk Management (RMP) is a document prepared on an annual basis which documents the Trust's history, organizational structure, financial performance for the prior plan year, and work goals for the current plan year. The goals for 2019-20 include:

- Medical Network RFP (further discussion);
- Ongoing compliance with healthcare reform;
- Marketing to New Members;

- Entity Membership Renewals;
- Wellness Program;
- Innovation;
- Surplus Goal;
- Medical/Rx Reinsurance Review; and
- Trustee Education/Annual Renewal Meeting.

Mr. Hensley advised the Trust that it is a requirement of the Plan to have a Risk Management Plan. Vice Chairperson Miller suggested a discussion of work goals for the coming year during the renewal meeting.

Trustee Deadman made a motion to accept the Risk Management Plan, seconded by Alternate Trustee Reyes and unanimously carried.

15. Ratification of Reinsurance Renewal

Ms. Schulenberg reported ECA marketed to 4 different reinsurance carriers this year and renewed with the incumbent AIG/HCC. The renewal came it at a rate increase of 7% on the specific and a rate pass on the aggregate. The carrier removed the \$500,000 laser that was on the policy last year. The specific deductible was maintained at \$240,000 with an aggregating specific of \$200,000. Alternate Trustee Reyes inquired about the cost of the aggregate insurance. Ms. Schulenberg reported that it is a cost savings to the plan. ECA requested quotes with and without the aggregating specific and without it there would have been a premium increase of 31% versus the 7% taken. Alternate Trustee Reyes also asked what the justification was for the 7% increase; Ms. Schulenberg reported it was market, the large claims and the potential for reimbursement on the large claims.

This is a request to ratify the prior action that was already approved.

Alternate Trustee Reyes made a motion to ratify the reinsurance renewal, seconded by Trustee Deadman and unanimously carried.

16. Discussion and Possible Action re AmeriBen Conference Fee Waiver

Ms. Schulenberg reminded the Trustees they had previously approved attendance for one member from each entity to attend the annual AmeriBen Leadership Conference that occurs in September. The Trust covers the cost of air fare, meals etc. AmeriBen has offered all its clients a waiver of the conference fee in the amount of \$895 per person. In the past the Trustees expressed concern about accepting the waiver, however, with many new members serving on the Board, Trustees were asked to decide if they would accept or reject the waiver. Vice Chairperson Miller thinks it best not to accept and doesn't think the discussion needs to be brought to the table again.

Trustee Powell made a motion to not accept the waiver now or going forward, seconded by Alternate Trustee Reyes and unanimously carried.

17. Discussion and Possible Action re Subrogation Settlement

This was moved to be the first agenda item.

18. Ratification of Subrogation Settlement

Ms. Schulenberg reported there was a request through Phia for a subrogation settlement on a motor vehicle accident in 2017. The attorney wanted a speedy resolution for the client to get their money. It was settled for adverse policy limits in the amount of \$115,000 with a yet to be resolved Under Insured Motorist policy totaling \$100,000. The plan paid \$46,460.02 in accident related claims. In addition to AzMT's interests the member had attorney's fees totaling \$20,254 a worker's comp lien totaling \$14,146.82 and \$35,000 in lost wages. The patient's attorney originally requested a 50% reduction for reimbursement in the amount \$23,000 which Phia rejected. Per Phia, the most the Trust could recover would have been \$30,973.61 under the common fund doctrine and they were able to negotiate settlement in the amount of \$40,000 if the Trust would agree to a speedy resolution. In consultation with legal counsel, the Trust's Chairperson agreed to the settlement and this action is to ratify that decision. Mr. Hensley did advise that AzMT doesn't honor the common fund doctrine; Ms. Schulenberg is going to ensure the language is correct in the contract with Phia.

Trustee Deadman made a motion to ratify the actions of the Chairperson to approve the subrogation settlement, seconded by Alternate Trustee Hancock and unanimously carried.

19. Administrative Update

- Trustee Changes:
 - Ray Temple from Buckeye Valley Fire District retired in June; BVFD has appointed Jackie Temple as their new Alternate Trustee.
 - Carolyn Sellmeyer from Litchfield Park retired in July and they have appointed Susan Slagle as their new Alternate Trustee.
 - Jill Keimach is the new Paradise Valley Town Manager.
 - Greg Stanley will be officially retiring October 3rd; Mr. Lew is the Alternate Trustee. Once Greg retires, Vice Chairperson Miller will be the new Chair and there will be an election for a new Vice Chairperson.

- Marketing:
 - Ms. Schulenberg reported she met with the Town of Wickenburg and subsequently provided information to their broker. She has also followed up with Tolleson and Buckeye.

- HIPAA Breach:
 - Navitus advised ECA that a Prior Authorization letter was delivered to the wrong address by USPS causing a HIPAA breach. The plan member and Office of Civil Rights was notified as required; no further action is needed.

- AmeriBen:
 - Courtney Smith has replaced Kayla Simper as AzMT's CSC. Courtney has been with AmeriBen since March of 2017 and a CSC since 2018.

- Claims Audit:
 - ECA obtained a quote from CTI (Claims Technologies Incorporated) to conduct a claims audit of AmeriBen. The quote totals \$35,000 and will include:
 - Comprehensive Operational Assessment;
 - Random Sample Audit including 100% Electronic Screening with Targeted Samples;
 - Data Analytics (provider discount analysis, correct coding compliance, etc.);
 - Reinsurance Review; and
 - Reporting and Remediation.

- Updated Preventive Care Guidelines:
 - The IRS recently expanded regulations regarding preventive care at no member cost share for members in HDHPs. ECA discussed these items with the actuary, Mike Schionning, and due to the potential cost impact, will have this priced for inclusion during the 2020-21 renewal. Alternate Trustee Reyes asked if ECA could put together a flyer for members so they understand that the new regulations don't apply to AzMT covered members yet.

- DOI Audit:
 - AzMT went through its first 5-year audit for the period ending 06/30/17; the audit was clean and a final report was issued 06/30/18, however ECA never received it. By law it must be distributed in a specific manner so Ms. Schulenberg will ensure it is sent to meet compliance. In addition, the audit will be posted on the AzMT website.

- Premium Payments:
 - Ms. Schulenberg reminded entities to make premium payments on time. Those funds are necessary to pay claims and associated expenses and it is imperative that money is received timely each month. Alternate Trustee Riley asked for a breakdown of the exact dates the bills are due; Ms. Kinion will put together an outline.

- Membership Criteria:
 - There was going to be discussion regarding membership criteria at the Trust meeting, however, due to the size of the agenda it was decided to include as a discussion item at a special meeting set up late October or mid-November.

Trustee Duran will be leaving Buckeye Valley Fire District effective November 1, 2019.

The meeting adjourned at 2:46 p.m.

Respectfully Submitted,

Storm Kinion
Recording Secretary