

**ARIZONA METROPOLITAN TRUST**  
**Minutes of Thursday, December 12, 2019**  
**Special 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
Mark Burdick, Trustee	Buckeye Valley Fire District (via phone)
Bryant Powell, Trustee	City of Apache Junction
Bill Stephens, Trustee	City of Litchfield Park

**The following Alternate Trustees were present:**

Jinnett Hancock	Paradise Valley
Dawn Kurek	City of El Mirage
Leo Lew	Pinal County
Lisa Neubert	Sun City Fire District
Liz Riley	City of Apache Junction (via phone)
Susan Slagle	City of Litchfield Park
Jackie Temple	Buckeye Valley Fire District (via phone)
David Trimble	Town of Fountain Hills
Fernanda Osgood	City of Maricopa

**The following consultants/vendors were present:**

Ann Coupland	Delta Dental (via phone)
Nikita Francis	Navitus (via phone)
Mike Hensley	J, S & H
Storm Kinion	ECA
Dr. Bob Ludwig	Delta Dental (via phone)
Jayne Merlino	ECA
Kelly Schoonmaker	AmeriBen (via phone)
Jaime Schulenberg	ECA

**The following guests were present:**

Vincent Lorefice	Town of Wickenburg
Matthew Warner	City of Avondale

**1. Call to Order**

The meeting was called to order at 10:11 a.m.

**2. Election of Vice Chairperson**

Chairperson Grady tabled this item until the renewal meeting on February 12, 2020 due to attendance.

### **3. Medical Claims Appeal #1**

Ms. Schulenberg reviewed a medical appeal on behalf of a member from an out-of-network provider who is requesting additional payment for services rendered. The AzMT member had an emergency admission to an in-network facility however, the surgeons were out-of-network. The claim was processed as in-network due to the emergent nature of the services, using Usual, Customary and Reasonable methodology in accordance with the Summary Plan Document. After review, ECA and AmeriBen believe the claim was paid appropriately. There was discussion regarding whether the procedure was, in fact, a medical emergency and if the out-of-network notice was provided to the patient; at the time of the procedure the law regarding the out-of-network notification was not yet in place.

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

### **4. Medical Claims Appeal #2**

Ms. Schulenberg reviewed a medical appeal on behalf of a member from an out-of-network lab who is requesting additional payment for services rendered. The AzMT member had a test performed by an out-of-network lab who is the exclusive provider of the test performed. The charges were paid based on Maximum Allowable Charges and processed as though in-network due to the exclusive provider. Ms. Schoonmaker confirmed that the Maximum Allowable Charges were Medicare-Like Rates versus Usual, Customary and Reasonable. There was some additional discussion about genetic testing that was added to the plan however, this was done prior to that addition. Ms. Schulenberg reported that after review, ECA and AmeriBen believe the claim was paid appropriately.

*Alternate Trustee Lew made a motion to deny the appeal, seconded by Trustee Powell and unanimously carried.*

### **5. Medical Claims Appeal #3**

Ms. Schulenberg reviewed a medical appeal on behalf of a member who is requesting payment for durable medical equipment (DME) that was denied as not medically necessary. An AzMT member had surgery and was sent home with a pneumatic compressor to prevent thromboembolism. A review by AmeriBen indicated this DME was not medically necessary. Chairperson Miller questioned how a patient is supposed to decide if what the medical staff is telling them is medically necessary? Further discussion ensued regarding pre-certification (not required) and/or possibly adding a pre-certification requirement for supplies over a certain dollar amount. Network status of the provider was also discussed.

*Trustee Deadman made a motion to approve the appeal and authorize Zelis to negotiate with the provider, seconded by Alternate Trustee Hancock.*

Mr. Hensley cautioned Trustees about setting a precedent and noted that DME providers may not fall under the new out-of-network notification law.

*Trustee Deadman amended his motion to table the appeal and directed staff to obtain additional information including network status of the provider and possible payment options, seconded by Alternate Trustee Hancock and unanimously approved.*

## **6. Prescription Claims Appeal**

Ms. Schulenberg reviewed an appeal from a member who is requesting the Trust reimburse the cost of a prescription purchased using a GoodRx coupon. Ms. Francis from Navitus reported that the medication required Prior Authorization; instead of waiting for that process, the member filled the medication using a GoodRx coupon and paid out-of-pocket then sent in a reimbursement request to Navitus. Navitus denied the claim as there is language on the coupon that says it cannot be used in conjunction with insurance to lower the copay. Alternate Trustee Trimble was concerned if they reimburse the member it would set a precedent. Prior to the vote, Alternate Trustee Hancock recused herself.

*Trustee Powell made a motion to deny the appeal, seconded by Alternate Trustee Kurek and carried by majority vote.*

## **7. Dental Claims Appeal**

Ms. Schulenberg reviewed a dental appeal from a member requesting the Trust reconsider coverage for denied dental work. Delta Dental denied a claim for a crown after a filling was removed, as well as build-up for the crown. Dr. Ludwig, an independent dentist who reviewed the appeal on behalf of Delta, reported the x-rays that were received were not very good quality, however, they did not show decay or fracture which is required for a crown to be covered under the Plan. Neither the doctor nor the patient requested a pre-treatment estimate. Had a pre-treatment estimate been requested, x-rays would have been reviewed at that time. Dr. Ludwig expressed he does not believe the crown or build-up are covered procedures under the AzMT plan.

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

## **8. Membership Application – Town of Wickenburg**

Ms. Schulenberg reported there were three (3) membership applications to review all with similar actuarial findings. In each case, the actuary did not find the applicant to be a financial fit in the existing New Member rate structure, however he did provide alternate funding factors that would protect the Trust from adverse risk in the event an offer of membership were extended. She noted that there are currently five (5) different rate structures under the AzMT umbrella and the addition of additional structures did not create any administrative concerns or issues.

Alternate Trustee Reyes (absent) contacted Ms. Kinion with concerns about the membership applications and requested her concerns be voiced at the meeting. Ms. Kinion expressed on behalf of Alternate Trustee Reyes that she is concerned about all 3 membership applications since the actuary, Mike Schionning, doesn't see them as financial fit. She also wants to know why the Trust would look at these applications if they are not recommended by the actuary and she wonders if the Trust looks at these why wouldn't the Trust look at anyone? She is concerned about the Trust being willing to make adjustments to make them fit into any box. Alternate Trustee Reyes also said she believes it is a dangerous road to travel and she doesn't believe this was the Trust's mission. She also said she didn't believe the Trust had ever discussed separate rate structures. She also is concerned about what networks the applicants are using and how those networks might impact rates.

Ms. Schulenberg addressed a couple of points related to Ms. Reyes' concerns: 1) The Trust had discussed implementing a separate rate structure supported by the actuary on at least two occasions, once related to Casa Grande and the other for Superstition Fire District. She felt that there was confusion in the explanation of how such a structure would work so reiterated that a member who came in under a separate structure would be treated as any other member; each year during renewal, they would be subject to the same decisions, including rate changes, as the Trust as a whole, however, they would also be evaluated to determine whether they could move into the common rate structure. 2) The actuary does not make a recommendation regarding membership, he simply performs an analysis as to whether applicants fit into a common rate structure (by +/- 5%) as directed by the Trust; in all 3 cases before the Board, he has provided funding that is expected to protect the Trust from any adverse claims risk. 3) The actuary is advised of each applicant's current insurer/network so that information is taken into account as part of the analysis.

Ms. Schulenberg went on to review the membership application of Town of Wickenburg, noting the Town has ninety-six (96) employees and two-hundred-fourteen (214) covered members. They are fully insured with BCBSAZ for Medical/Rx, Condordia for Dental, Avesis for Vision and CSA for Life/AD&D. Wickenburg meets the current criteria for membership. The actuary reports they are not a financial fit for the common rate structure as their costs are estimated at 10% higher than AzMT, however, as previously discussed, he provided a separate rate structure which would cover expected claims.

Discussion ensued about the Trust's comfort level with offering a separate structure with several Trustees noting that they would not be opposed to such an arrangement as long as the Trust is protected. There was also discussion about how many rate structures the Trust currently has and if there would ever be a way to get all entities on a "common rate." Ms. Schulenberg reported there are currently 5 separate rate structures for AzMT with 4 different factors for the original members and a common factor for members that have joined since formation. The idea initially was to get everyone to a common rate structure however, the actuary determined several years ago that maximum parity had been achieved and there was no way to get all members under a single rate structure. Chairperson Miller stated he felt that growth is good and that AzMT could benefit from a larger pool. There was some additional discussion about the responsibilities of the Trust and whether growth is always positive. Chairperson Miller invited Mr. Lorefice, Wickenburg's Town Manager, to speak. Mr. Lorefice reported that the Town of Wickenburg has been exploring options; AzMT is their preference, however, they have to determine what makes the most sense for the organization. He said that Wickenburg has had a couple of high claims in the past causing their rates to increase, however, in the last year they have gone down, in part to implementing a wellness program that has a high rate of engagement. He also expressed an interest in being covered by the common rate structure with perhaps a deposit or buy-in to cover additional expected risk. He was told by the group that the rates could be reviewed annually and if at some point it made financial sense, they might be able to transition to the general rate structure.

*Trustee Stephens made a motion to extend membership to the Town of Wickenburg*

*Trustee Stephens amended his motion to extend membership to Town of Wickenburg under a separate rate structure as recommended by the actuary, seconded by Alternate Trustee Hancock and unanimously carried.*

Ms. Schulenberg stated she would send the Town of Wickenburg an official acceptance letter.

Trustee Powell, Trustee Deadman, and Alternate Trustee Hancock left the meeting.

Chairperson Miller called for a break at 11:10 a.m.

Meeting resumed at 11:32 a.m.

#### **9. Membership Application – City of Buckeye**

Ms. Schulenberg reported AzMT received a membership application from the City of Buckeye for an effective date of July 01, 2020. The City has 519 employees and 1,405 covered members. They are fully insured through Cigna for Medical/Rx and Dental, EyeMed for Vision and Symetra for Life/AD&D. Buckeye meets the criteria for membership. As previously discussed, they would require a separate rate structure provided by the actuary as their expected claims are approximately 40% higher than those of AzMT. Ms. Schulenberg noted that Buckeye has access to their claims data and have offered to provide that to the actuary; with that information, the analysis can be further refined to determine a better comparison.

Trustees discussed whether they should adopt some guidelines regarding the percentage difference that is acceptable in terms of risk, noting that Wickenburg was 10% off versus Buckeye at 40%.

*Alternate Trustee Riley made a motion to table this item until the claims information is provided to the actuary for further review and schedule the application for the City of Buckeye to the renewal meeting agenda, seconded by Alternate Trustee Kurek and unanimously carried.*

#### **10. Membership Application – City of Casa Grande**

Ms. Schulenberg reported AzMT had received a membership application from the City of Casa Grande for an effective date of July 01, 2020. The City has 370 employees and 853 covered members. They are self-insured on a bundled basis with Cigna. Their current benefits include Medical/Rx through Cigna, Dental through Principal, Vision through Avesis and Life/AD&D through Hartford. The City meets membership criteria. The City's claims costs are estimated at 34% higher than AzMT, largely due to a high dollar claim in the prior plan year. As mentioned in the previous agenda item, Alternate Trustee Lew suggested the Trust look at the membership requirements before making a decision on the application

*Alternate Trustee Lew mad a motion to table this item until the renewal meeting, seconded by Alternate Trustee Osgood and unanimously carried.*

## **11. Administrative Update**

Ms. Schulenberg reported there would be an Administrative Meeting directly following the Trust meeting to discuss the upcoming renewal. She also discussed the Delta Dental security breach, advising the Trust that Delta had notified their commercial customers about the breach, but they have not notified their self-funded clients as they don't know yet who has been affected. ECA will continue to follow-up and provide information as obtained. Mr. Hensley also added that ECA did notify Delta regarding their disappointment in how they handled the security breach. He stated that he wanted to ensure the Trust knew that ECA was vigilant and actively working in the best interest of AzMT. There was a question about the ability to offer wellness programs/gym memberships through Active and Fit and/or Global Fit; Jayme Merlino noted that she had looked into both programs and AzMT did not qualify to participate. The Trust requested that ECA conduct additional research on options available for fitness programs and bring back at a future meeting for discussion.

## **12. Future Agenda Items**

The following items were requested be put on the upcoming agenda:

- Actuarial Membership Guidelines;
- Fitness Programs;
- Election of Vice-Chairperson;
- Tabled Membership Applications; and
- Tabled Appeal.

In addition, ECA has noted the following items that will be added for discussion/update:

- Status of Fire Cancer Bill; and
- Actuarial Recommendation on Reinsurance Levels.

The meeting adjourned at 11:57 p.m.

Respectfully Submitted,

Storm Kinion

Recording Secretary