

ARIZONA METROPOLITAN TRUST
Minutes of Wednesday, February 12, 2020
Trust Meeting

The following Trustees were present and a quorum was met:

Grady Miller, Chairperson	Town of Fountain Hills
Jeanne Blackman	Youngtown
Mark Burdick	Buckeye Valley Fire District
Ron Deadman	Sun City Fire District
Crystal Dyches	City of El Mirage
Bryant Powell	City of Apache Junction

The following Alternate Trustees were present:

Jinnett Hancock	Town of Paradise Valley
Dawn Kurek	City of El Mirage
Leo Lew	Pinal County
Lisa Neubert	Sun City Fire District
Fernanda Osgood	City of Maricopa
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

The following consultants/vendors were present:

Karla Anderson	Navitus
Ann Coupland	Delta Dental
Nikita Francis	Navitus
Mike Hensley	Jones Skelton & Hochuli
Storm Kinion	ECA
Rachele Martin	Blue Cross Blue Shield AZ
Jayme Merlino	ECA
Laura Phillipson	Navitus
Trent Rainey	Teladoc
Mike Schionning	Cheiron
Kelly Schoonmaker	AmeriBen
Jaime Schulenberg	ECA
Pam Vannoy	AmeriBen

The following guests were present:

Vince Lorefice	Town of Wickenburg
Nancy Love	City of Buckeye
Tarah Mayerhofer	Town of Wickenburg
Dr. Carol McLean	Appellant (Via Telephone)

MaryEllen Sheppard
Matthew Warner
Michelle White
Matthew Williams

Pinal County
City of Avondale
City of Buckeye
City of Litchfield Park

1. Call to Order

The meeting was called to order at 9:06 a.m.

2. Election of a Vice Chairperson

Chairperson Miller reminded the Board that a Vice Chairperson needs to be elected. Ms. Schulenberg explained the by-laws require the Vice Chair Nominee be present to accept or decline. Chairperson Miller recommended that a member be nominated to hold office until new elections can be held at the organizational meeting in August.

Trustee Powell made a motion to nominate Crystal Dyches, El Mirage, who accepted, seconded by Alternate Trustee Reyes and unanimously carried.

3. Approval of the August 28 Regular and Executive and December 12, 2019 Special Meeting Minutes

Trustee Blackman made a motion to approve the August 28 Regular and Executive and December 12 Special Meeting Minutes, seconded by Trustee Deadman and unanimously carried.

4. Approval of the July through December 2019 Financials

Ms. Kinion reported the financials were reviewed during the Work Session on February 11, 2020 and offered to answer any additional questions.

Trustee Blackman made a motion to approve the July through December 2019 financials, seconded by Alternate Trustee Reyes and unanimously carried.

5. Medical Claim Appeal #1

Ms. Schulenberg reviewed an appeal received on behalf of a member by the provider who is requesting payment for psychological testing which was denied. Mr. Hensley stated that if the patient's name was going to be provided the meeting would need to go into executive session. Chairperson Miller explained to the appellant, who appeared by phone, that the meeting was in open session and asked her to proceed based off the admonitions of counsel. The appellant stated that AmeriBen was contacted and given specific codes to ensure claims would be paid. The claims were denied when submitted and when the provider called to question the denial after being told the claims would be covered, AmeriBen reviewed the wrong phone call and subsequently provided her with a response that included PHI. When that was brought to AmeriBen's attention, the provider was told that the claims were denied in error and should be covered (provider gave staff the reference number for that call). As this information was new and not included in the

packet, Chairperson Miller requested that a decision on the appeal be tabled until the information provided by the appellant could be researched.

Trustee Blackman made a motion to table the appeal for consideration and hold a special telephonic meeting when updated information is received, seconded by Alternate Trustee Hancock and unanimously carried.

6. Medical Claim Appeal #2 Tabled from 12/12/19

Ms. Schulenberg reminded the Board this appeal was previously heard and tabled at the December 12, 2019 meeting pending receipt of additional information regarding the provider's network status and payment options. The appeal was on behalf of a member by a provider who is requesting payment for durable medical equipment (DME) which was denied as not medically necessary. Ms. Schulenberg reported that after the December meeting she confirmed the provider was out-of-network so if the Board decided to approve the appeal, the claims would be paid based on billed, with a portion applied to the member's deductible and the balance being paid by the Trust. Further, she contacted AHG and requested that they provide an independent review of the claim to determine medical necessity; AHG agreed with AmeriBEn that the DME was not medically necessary for the surgery provided to the patient. There was discussion and concern about making this exception and then having it happen on a repeated basis and potentially on a larger scale.

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

7. Prescription Claim Appeal

Ms. Schulenberg reviewed an appeal from a provider who is requesting the Trust cover the cost of Dupixent for a member. The Rx requires prior authorization; Navitus reviewed and determined that certain criteria for approval had not been met. Ms. Anderson from Navitus reported that unless the patient meets the criteria, Navitus will deny the claim. ECA's review indicates the medication was properly denied based on Navitus' prior authorization criteria.

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

8. Request for Benefit Exception

Ms. Schulenberg reviewed a request from a member to pay out-of-network charges at the in-network benefit level. The member is seeking treatment from an out-of-network surgeon and assistant surgeon for a complex surgery to try and save her leg from amputation as a result of bone cancer. She has been told that this surgeon is the only one with the expertise to provide the recommended surgery; AHG confirmed. Ms. Schulenberg reported the member is on the PPO Buy-Up plan and has met the deductible and max out of pocket and that out-of-network benefits are available, however, the member will be responsible for a new deductible of \$500 to a max out-of-pocket of \$5,000. She also advised that she had contacted the reinsurance carrier and they

confirmed if the member exceeded the specific deductible and became eligible for reimbursement, the Trust would be reimbursed at the out-of-network allowance.

Trustee Dyches made a motion to deny the request for benefit exception, seconded by Alternate Trustee Reyes and unanimously carried.

9. Subrogation Request #1

Ms. Schulenberg reviewed a request from Phia Group for a subrogation settlement on behalf of a member involved in a motor vehicle accident on June 12, 2018. The attorney proposed a settlement of \$4,000. There was discussion about how the attorney arrived at the proposed settlement amount; Mr. Hensley, the Trust's legal counsel, provided a brief summary on subrogation. There was discussion of rejecting the attorney's offer and pursuing a different amount. Mr. Hensley, the Trust's legal counsel, reported this would be consistent with what the Trust has done in the past.

Alternate Trustee Reyes made a motion have Phia Group reject the attorney's offer and negotiate up to the full amount owed, but not less than \$5,000, seconded by Trustee Powell and unanimously carried.

Mr. Hensley suggested that any future settlement discussions should be held in executive session.

10. Subrogation Request #2

Ms. Schulenberg reviewed a request from Phia Group for a subrogation settlement on behalf of a member involved in a motor vehicle accident on May 15, 2018. The attorney has proposed a settlement of \$13,363,76, which is 2/3 of the amount paid by the Trust in accident-related claims.

Trustee Powell made a motion to go into Executive Session to discuss the subrogation negotiation, seconded by Trustee Deadman and unanimously carried.

Executive Session 9:55 a.m.

Executive Session Ended 10:05 a.m.

Reconvene Open Session 10:05 a.m.

Alternate Trustee Reyes made a motion to move forward with the subrogation request as discussed in the Executive Session, seconded by Trustee Blackman and unanimously carried.

**Trustee Deadman abstained from voting.*

11. Revise Motion for Wickenburg Membership

Ms. Schulenberg reminded the Trust they had voted to extend an offer of membership to the Town of Wickenburg. The motion placed Wickenburg under a separate rate structure as recommended by the actuary, however, after AzMT's 2020-21 actuarial analysis, the Trust's actuary determined that Wickenburg fell within the common rate structure. As a result, Mr.

Hensley recommended revising the motion for membership to remove the language regarding the separate rate structure.

Trustee Blackman made a motion to revise the motion for membership for Wickenburg and remove the language regarding a separate rate structure, seconded by Trustee Deadman and unanimously carried.

Break 11:30 a.m.

Reconvene 11:37 a.m.

12. Discussion and Possible Action re Membership Application of City of Buckeye

Ms. Schulenberg reported the Trustees had voted to table decision regarding a membership application from City of Buckeye during the December 12, 2019 meeting. There was concern regarding the difference between AzMT's rate structure and the separate rates for Buckeye proposed by the actuary. Ms. Schulenberg reported they meet minimum requirements but are still not a financial fit within the common rate structure. ECA recommends considering this approach with funding factors recommended by the actuary in order to foster good growth. Discussion ensued regarding the Trust's interest in such a large rate variance; there was concern expressed that even with a separate rate structure there could be issues with claims. Overall, the Trust is very interested in Buckeye however, they would like to see a better financial fit. Ms. Love, City of Buckeye, expressed their interest in joining but does understand the fiduciary responsibility of the Trust. She was also made aware they can reapply at any time.

Alternate Trustee Reyes made a motion to deny the application for membership from the City of Buckeye, seconded by Trustee Powell and unanimously carried.

13. Discussion and Possible Action re Membership Application of Casa Grande

Ms. Schulenberg reported the Trustees had voted to table decision regarding a membership application from Casa Grande during the December 12, 2019 meeting. As with Buckeye, there was concern regarding the difference between AzMT's common rate structure and the separate rates for Casa Grande proposed by the actuary. Ms. Schulenberg reiterated that the City met minimum requirements but did not fall within the current common rate structure.

Alternate Trustee Reyes made a motion to deny the application for membership from the City of Casa Grande, seconded by Alternate Trustee Blackman and unanimously carried.

14. Review of Incurred But Not Paid Report through 06/30/19

Ms. Schulenberg reported on the Incurred but Not Paid (IBNP) analysis conducted by the Trust's actuary. This report provides an estimate of outstanding claim payments for services already delivered to members but for which the claim has not been received by the Trust for payment. The IBNP for 2018-19 is reported at \$3,742,000 which is \$166,000 higher than the prior year. This is due to an increase in the covered population as well as general increase in medical trend. Alternate Trustee Lew inquired if the Trust could provide information as to how close the IBNP estimate is each year; Mr. Schionning explained that he had that data and could provide.

15. Approval of Annual Financial Audit through 06/30/19

Ms. Schulenberg reported the Trust was formed under the authority of A.R.S. §11-952.01 which includes a provision for an annual audit of the Trust. An original copy of the report was provided to each entity.

Ms. Schulenberg reviewed highlights of the report, including:

- Assets are reported at \$13,515,818, an increase of \$1,927,383 over the prior year;
- Trust's IBNP liability is reported at \$3,742,000 as determined by the Trust's actuary; an increase of \$166,000; and
- The Trust's Net Assets (surplus) are reported at \$9,739,966, an increase of \$1,742,393.

ECA has forwarded a copy of the audit to the Department of Insurance as required by law.

Trustee Powell made a motion to approve and accept the audit, seconded by Trustee Deadman and unanimously carried.

16. Discussion and Possible Action re Impact of AmeriBen Acquisition by Anthem

Ms. Schulenberg reported that AmeriBen is being acquired by Anthem effective March 01, 2020. She further reported that AmeriBen has stated their operation, staff, culture etc. will remain the same. Mr. Hensley stated that due to no change in control and AmeriBen remaining as a stand-alone subsidiary, there was nothing to review in terms of the contract at this time. There was a brief discussion where some concern was expressed regarding changes in future. Ms. Schoonmaker from AmeriBen advised that they have been assured they will remain as they are currently operating. Anthem is purchasing them because of their specific culture and way of operation. Mr. Hensley reminded the Trust that every contract has termination clause.

17. Discussion and Possible Action re Reinsurance Retention Levels

Ms. Schulenberg stated the Admin group expressed interest in discussing the impact of reinsurance levels on the Trust including the specific deductible of \$240,000 and the aggregating specific deductible of \$200,000. She reiterated reinsurance is shopped every year and can only be contracted one year at a time. There was discussion if it would be better to have a higher specific deductible and eliminate the aggregate deductible. There was some confusion about how the specific and aggregate deductibles work, respectively. Ms. Schulenberg provided a comprehensive explanation. Mr. Schionning also explained that the Aggregate deductible provides the Trust credit on their premium realizing a savings of \$200,000 year over year.

18. Discussion and Possible Action re Utilization Management

Ms. Schulenberg reported the Admin Group requested ECA obtain a quote from AmeriBen to provide utilization management services for the Trust effective 07/01/2020. AmeriBen provided a quote to provide pre-certification and case management services at a rate of \$3.50/PEPM. She also reminded the Trust that American Health Group discussed the unbundled model during the work session on 02/11/2020; the cost for AHG to provide pre-certification and case management is estimated at \$3.33/PEPM.

Ms. Schulenberg introduced Pam Vannoy from AmeriBen to review the proposal. She explained why she felt the bundled approach provides greater opportunity for intervention and engagement. Their goal is to engage as many members as possible and the approach allows greater interaction between Customer Care, claims and pre-certification to identify potential interventions faster. Ms. Vannoy also explained the UR and CM platforms “talk” to each other, so when a pre-cert is entered the CM side can see it immediately.

Trustee Burdick made a motion to award a contract for medical management services to AmeriBen effective July 01, 2020 and terminate the current contract with American Health Group (AHG) effective June 30, 2020, seconded by Alternate Trustee Reyes and unanimously carried.

19. 07/01/20 Membership Renewals – Maricopa and Paradise Valley

Ms. Schulenberg reported the membership terms for Maricopa and Paradise Valley are expiring June 30, 2020.

The Trustees need to decide if they wish to extend a renewal offer to each entity. She further explained the renewal and termination process. Ms. Schulenberg recommends voting on each renewal individually. Chairperson Miller inquired if both entities have upheld the bylaws and Trustees agreed they had. Alternate Trustee Hancock reported Paradise Valley is interested in remaining with AzMT. Alternate Trustee Osgood reported Maricopa has reached out to another broker to explore options however, no decisions have been made.

Trustee Dyches made a motion to extend membership renewal to Paradise Valley, seconded by Trustee Deadman and unanimously carried.

Trustee Dyches made a motion to extend membership renewal to City of Maricopa, seconded by Trustee Deadman and unanimously carried.

20. Approval of 2020-21 Vendor Contract Amendments

Ms. Schulenberg reviewed the vendor renewals which will be effective July 01, 2020, reiterating reinsurance will be marketed beginning in April. AmeriBen requested a 5% increase to claims administration and a rate pass for COBRA and FSA. American Health Group will be terminated effective 06/30/2020. Cheiron offered a rate pass through June 30, 2022, Doug Kienitz (Auditor) requested an increase of \$200/ year, Navitus offered to reduce their rates by \$.15 PMPM through June 30, 2023, Teladoc has offered a rate pass for 2020-2021, and VSP has offered a rate pass through June 30, 2023.

Alternate Trustee Reyes made a motion to approve the vendor contract renewals without American Health Group and authorize the Chairman to sign once approved by legal, seconded by Trustee Burdick and unanimously carried.

21. Approval of 2020-21 Benefits and Rates

Ms. Schulenberg reviewed the benefits and rates from the work session and presented updated budget and rates using the 6% and 7% factors as requested. The Trustees requested that the updated budgets be sent to them via email in order to better understand the overall impact.

Chairperson Miller suggested breaking for lunch to allow ECA time to send the updated budgets out.

Break 11:57 a.m.

Reconvene 1:02 p.m.

The Trustees reviewed the updated budgets, which reflected two options: a 6% and a 7% increase, incorporating all of the benefit changes discussed during the work session on February 11, 2020. The suggestion was to make two motions, one to approve the benefit changes and one to approve the rate increase.

Alternate Trustee Reyes made a motion to approve the benefit changes as noted and read by Ms. Schulenberg, seconded by Trustee Blackman and unanimously carried.

Trustee Blackman made a motion to approve a rate increase of 7%, seconded by Alternate Trustee Reyes and unanimously carried.

22. Administrative Update

Ms. Schulenberg reported on the following admin items:

- Claims Audit – the audit by CTI was received 02/11/20 and will be reviewed and brought to Trustees for action at the next meeting.
- Reinsurance Rebate Check – Ms. Schulenberg reported AzMT received a reinsurance bonus check from HCC totaling \$43,842.01. These are bonuses that are normally shared with the broker/consultant, however since ECA does not take any compensation other than the PEPM fee, this is passed along to the Trust.

23. Future Agenda Items

- AzMT Surplus/Deficit Report;
- Discussion re Work Goals for 2020-21;
- Discussion and Possible Action re Membership Guidelines;
- Discussion and Possible Action re Fitness Programs;
- Discussion and Possible Action re Auditor RFP; and
- Blue Cross Blue Shield Price Transparency.

24. Set Next Meeting Date

The next meeting is scheduled for April 29, 2020 from 11:00 a.m. – 1:00 p.m. (Lunch will be provided); 1905 W. Washington St., Phoenix, in the Boardroom downstairs.

25. Call to the Public

N/A

26. Adjourn

Alternate Trustee Reyes made a motion to adjourn at 1:32 p.m., seconded by Trustee Burdick and unanimously carried.

Respectfully Submitted,
Storm Kinion
Recording Secretary