



ARIZONA METROPOLITAN TRUST
BOARD OF TRUSTEES – NOTICE OF TRUST MEETING

Tuesday, November 16, 2021
10:00 a.m.

WebEx Meeting - www.webex.com (Click “Join”)
Enter Meeting Number **986 696 340 OR**
Join by Phone at 844.368.3855 (Same Meeting Number)

MEMBERS OF THE ARIZONA METROPOLITAN TRUST BOARD OF TRUSTEES WILL ATTEND VIRTUALLY OR BY TELEPHONE CONFERENCE CALL.

AGENDA

- | | |
|--|------------------------------|
| 1. Call to Order | Crystal Dyches, Chairperson |
| 2. Roll Call | Jaime Schulenberg, Gallagher |
| 3. Approval of August 17, 2021 Regular Trust Meeting Minutes | Crystal Dyches, Chairperson |
| 4. Approval of the July through September 2021 Financials | Jaime Schulenberg, Gallagher |
| 5. Presentation of June 30, 2021 IBNP | Jaime Schulenberg, Gallagher |
| 6. Discussion and Possible Action re June 30, 2021 Audit | Jaime Schulenberg, Gallagher |
| 7. Administrative Update | Jaime Schulenberg, Gallagher |
| 8. Future Agenda Items | Crystal Dyches, Chairperson |
| 9. Call to the Public | Crystal Dyches, Chairperson |
| 10. Adjourn | Crystal Dyches, Chairperson |

**NEXT SCHEDULED MEETING OF THE AzMT
BOARD OF TRUSTEES**

FEBRUARY 14-16, 2022

Note: Unless Otherwise Indicated, All Agenda Items Are Potential Action Items

Pursuant to the Americans with Disabilities Act (ADA), AzMT endeavors to ensure the accessibility of all its programs, facilities and services to all persons with disabilities. If you need an accommodation for this meeting, please contact Jaime Schulenberg at 928.391.2297.

PLEASE POST NO LATER THAN 10:00 A.M., MONDAY, NOVEMBER 15, 2021

MEMORANDUM

TO: **AzMT Trustees**

FROM: **Gallagher Benefit Services**
Jaime Schulenberg, Account Executive Senior

DATE: November 09, 2021

RE: Approval of August 17, 2021 Regular Trust Meeting Minutes

Attached are the minutes from the Regular Trust meeting held August 17, 2021. Copies of the minutes were previously provided to Trustees via email for review and revision and as of the date of this memo, Gallagher has received no requests for changes to the minutes.

We would request approval of the minutes as presented.

If you have any questions between now and the date of the meeting, I can be reached at 928.391.2297 or via email at Jaime_Schulenberg@ajg.com.

ARIZONA METROPOLITAN TRUST
Draft – Minutes of Tuesday, August 17, 2021
Trust Meeting

The following Trustees were present and a quorum was met:

Crystal Dyches, Chairperson	City of El Mirage
Grady Miller, Vice Chairperson	Town of Fountain Hills – Departed at 12:00pm
Jill Keimach	Town of Paradise Valley
Vince Lorefice	Town of Wickenburg
Bryant Powell	City of Apache Junction

The following Alternate Trustees were present:

Jinnett Hancock	Town of Paradise Valley
Dawn Kurek	City of El Mirage
Tarah Mayerhofer	Town of Wickenburg
Liz Riley	City of Apache Junction
Susan Slagle	City of Litchfield Park
David Trimble	Town of Fountain Hills

The following consultants/vendors were present:

Karla Anderson	Navitus
Ann Coupland	Delta Dental of AZ
Mike Hensley	Jones Skelton & Hochuli
Rachele Martin	BlueCross BlueShield of AZ
Rachel McLouth	VSP
Jayme Merlino	Gallagher
Trent Rainey	Teladoc
Kelly Schoonmaker	AmeriBen
Jaime Schulenberg	Gallagher
Courtney Smith	AmeriBen
Courtney Stone	SupportLinc
Lisa Thompson	Navitus

The following guests were present:

Joe Hester	Buckeye Valley Fire District
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1. Call to Order

The meeting was called to order at 10:03 a.m.

2. Roll Call

3. Approval of the March 16, 2021 Regular Meeting Minutes

Vice Chairperson Miller made a motion to approve the March 16, 2021 Regular Meeting Minutes, seconded by Trustee Powell and unanimously carried.

4. Medical Claims Review

Kelly Schoonmaker from AmeriBen reported on the Trust's medical claims incurred between May 01, 2020 and April 30, 2021 and paid through June 30, 2021, noting that overall claims decreased from the prior reporting period. She also updated Trustees on COVID, pre-certification and medical management.

5. Network Savings Review

Rachele Martin from BlueCross BlueShield of Arizona (BCBSAZ) reported on the Trust's network savings for the period July 01, 2020 through June 30, 2021, noting AzMT experienced overall discounts of 66.5%. She also notified Trustees that BCBSAZ has updated their pricing and the target for leased network business is \$20/PEPM, which will occur over the next several years. Ms. Martin indicated that these increases were necessary due to new legislation including the publication of electronic files on negotiated rates/payments for medical and pharmacy, surprise billing, continuity of care, a self-service tool with personalized member cost sharing and price comparison tools.

6. Prescription Claims Review

Lisa Thompson and Karla Anderson from Navitus reported on the Trust's prescription utilization for the period July 01, 2020 through June 30, 2021, noting that overall claims had decreased from the prior reporting period. Ms. Thompson also noted that the Trust had achieved savings of \$748,252 through the CoPay Max Program.

7. Dental Claims Review

Ann Coupland from Delta Dental of AZ reported on the Trust's dental performance in both the low and high plans for the period July 01, 2020 through June 30, 2021, noting a decrease in overall claim costs from the prior plan period.

8. Vision Claims Review

Rachel McLouth from VSP reported on the Trust's vision claims and enrollment for the period July 01, 2020 through June 30, 2021. She reminded Trustees that a couple of new benefits were added as of July 01, 2021: 1) 100% coverage for standard progressive lenses for all plans; and 2) The addition of Walmart and Sam's Club as in-network providers with frame benefits at the high plan level (\$225/\$150).

9. Telemedicine/Livongo Review

Trent Rainey from Teladoc reported on the Trust's telemedicine utilization and Livongo stats for the period July 01, 2020 through June 30, 2021. Telemedicine visits are up significantly from the prior period, likely due to COVID. Mr. Rainey noted that currently Teladoc is experiencing some slightly longer wait times for on demand services due to the COVID Delta variant. With regard to Livongo, the Trust's diabetes program, AzMT currently has 25% enrollment with 93% of participants engaged in the program. Further, members with uncontrolled diabetes at enrollment are showing a decrease in A1C, which means they are better managing their disease.

10. Employee Assistance Program (EAP) Review

Courtney Stone from SupportLinc reported on the Trust's EAP utilization for the period April 01, 2021 through June 30, 2021, noting annualized program utilization at 56.55%, case utilization at 10.46% and 99.06% of cases resolved through the EAP. Ms. Stone also reminded Trustees that she is available to provide training on the EAP, including a tech demo.

11. Wellness Program Review

Jayne Merlino from Gallagher reported on the Trust's wellness program for the period July 01, 2020 through June 30, 2021, noting that overall participation was down due to COVID.

12. Discussion and Possible Action re BCBSAZ Network & RFP

Jaime Schulenberg from Gallagher reported that due to unprecedented increases expected from BCBSAZ over the next few years combined with a tightening of the market, she was recommending AzMT conduct an RFP process to evaluate network options. Ms. Schulenberg reported that this action was being recommended to Gallagher's book of business and that the RFP and subsequent analysis would be performed by Mike Schionning of Cheiron, who is uniquely positioned to evaluate network discounts, provider strength, etc. Estimated price to conduct the RFP and analysis is between \$6,000 and \$15,000, depending on how many clients join the process.

The Trust's attorney, Mike Hensley of Jones Skelton & Hochuli, noted that due to the multitude of legislative changes that are being mandated over the next several months and years that perhaps the Trust should consider the timing of such a process as it is likely that all networks will be affected and their pricing structures may change.

Vice Chairperson Miller commented that he felt the RFP was a good idea, and noted that it was something the Trust had been considering for several years, however, he too was concerned about timing. Trustee Powell echoed those thoughts.

Chairperson Dyches asked Ms. Schulenberg whether there would be any impact on AzMT if Gallagher's other clients move forward with the RFP and subsequently change networks. Ms. Schulenberg replied that there would be no direct impact, however, she would have contemplated that any pricing solicited in an RFP process would take into account upcoming legislative changes.

Vice Chairperson Miller made a motion to table a decision on a network RFP, seconded by Trustee Powell. Vice Chairperson Miller then amended his motion to delay taking action on a network RFP until August or September 2022, seconded by Trustee Powell and unanimously carried.

13. Approval of the February through June 2021 Financials

Ms. Schulenberg reviewed the June 2021 financial report, reporting that the Trust ended the year with a \$2,076,150 “surplus” primarily due to an increase in revenue associated with an increased census. The All Years Surplus Position is estimated at \$10,416,390 and Ms. Schulenberg reminded Trustees that a portion of that would be paid out to Avondale and Pinal County in accordance with the Trust Document. Ongoing large claims contributed to Medical/Rx claims being over budget; the Trust ended the year with 32 large claims totaling \$7,528,810, 5 of which exceeded the specific and aggregating specific deductibles by \$1,512,280.

Trustee Powell made a motion to approve the financials as presented, seconded by Trustee Keimach and unanimously carried.

14. Medical Claim Appeal #1

Mr. Hensley provided a brief overview of the appeal process and the duty of the Trustees in the process.

Ms. Schulenberg presented an appeal received by a provider on behalf of an AzMT member requesting payment for durable medical equipment which was denied. The physician prescribed a pneumatic compressor following knee surgery which was found to be not medically necessary by both AmeriBen Medical Management and an outside orthopedic specialist. Ms. Schulenberg reported that AmeriBen and Gallagher believe the claim was properly processed and recommended denial of the appeal.

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

15. Medical Claim Appeal #2

Ms. Schulenberg presented an appeal from a member regarding coverage for an in-home sleep study, a specific exclusion under the AzMT plans. The member indicated that due to COVID, there were no options for a study at a facility and is therefore requesting coverage. Ms. Schulenberg could not find any indication that sleep study facilities were unavailable in November 2020, however, Chairperson Dyches shared that her husband ran into the same issue.

Several Trustees had questions regarding the in-home study plan exclusion and whether there was any evidence that a facility was unavailable. Mr. Hensley suggested that Trustees could vote to delay action and request Staff to obtain additional information for consideration.

Trustee Powell made a motion to request additional information and evidence that a facility was not available, seconded by Alternate Trustee Trimble. Trustee Powell then amended his motion to request additional information and evidence that a facility was not available and to re-hear the appeal at the next Trust meeting, seconded by Alternate Trustee Trimble and unanimously carried.

16. Medical Claim Appeal #3

Ms. Schulenberg presented an appeal from a facility on behalf of an AzMT member requesting additional payment for non-emergency surgery performed at an out-of-network facility. She also noted that this particular facility, Silverleaf Surgical Center, has appealed for additional payment before and indicated she would prepare a communication notifying members that this facility is out-of-network and how claims are paid.

Ms. Schulenberg reported that both AmeriBen and Gallagher believe this claim was paid properly and recommended denial of the appeal.

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

17. Medical Claim Appeal #4

Ms. Schulenberg presented another appeal received by a provider on behalf of an AzMT member requesting payment for durable medical equipment which was denied. The physician prescribed a pneumatic compressor following knee surgery which was found to be not medically necessary by both AmeriBen Medical Management and an outside orthopedic specialist. Ms. Schulenberg reported that AmeriBen and Gallagher believe the claim was properly processed and recommended denial of the appeal.

Alternate Trustee Mayerhofer asked if there was anything that could be done to alert employees about this issue before the physician sends them home with a device that won't be covered; Ms. Schulenberg said the device did not require pre-certification but that she could do a communication for members. It was noted that such a communication was probably not the best way to impart the information; Ms. Schulenberg will reach out to AmeriBen to determine whether a solution can be found.

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

18. Medical Claim Appeal #5

Ms. Schulenberg presented an appeal received by a provider on behalf of an AzMT member requesting additional payment for a surgery assistant. The AzMT plans allow for payment of 20% of the primary surgeon's discounted fee for a surgery assistant. AmeriBen and Gallagher believe the claim was processed accurately and recommend denial of the appeal.

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

19. Ratification of Subrogation Settlement

Ms. Schulenberg reported that a subrogation settlement request had been received by Phia Group and copied to Mr. Hensley for his information. He recommended that the Trust accept the offer as AzMT would receive over 50% of the total claims paid despite a low settlement offer that would not pay the member anything. As such, Gallagher authorized Phia to settle and the Board is requested to ratify the settlement.

Trustee Powell made a motion to ratify the subrogation settlement, seconded by Alternate Trustee Trimble and unanimously carried.

20. Discussion and Possible Action re Subrogation Settlement

Ms. Schulenberg reported that Phia Group had submitted a subrogation settlement request on behalf of a member who sustained injuries from a bicycle accident in January 2019. The Trust has previously settled the third party claim in the amount of \$8,333.33; the settlement for consideration is that of the Uninsured/Underinsured Motorist, which settled for \$100,000. AzMT paid claims totaling \$34,233.47 and the attorney offered settlement of \$10,000. The Trust typically accepts a 1/3 reduction on the total claims paid and Phia recommended the Trust request that same arrangement in this case.

Chairperson Dyches made a motion to request Phia negotiate a 1/3 reduction on the claims paid, seconded by Trustee Keimach and unanimously carried.

21. Discussion and Possible Action re Phia Subrogation Authority

Ms. Schulenberg reported that Phia Group is requesting authority to settle subrogation claims of \$20,000 or less with a maximum reduction of 1/3 off paid claims, which will allow them to settle smaller claims more expediently and free up Trustees time in hearing these requests. Mr. Hensley added that it gave Phia Group additional bargaining ability based on the ability to resolve a matter more quickly.

Trustee Powell made a motion to authorize Phia Group settlement authority of \$20,000 or less with a maximum reduction of 1/3 of paid claims, seconded by Chairperson Dyches and unanimously carried.

22. Discussion and Possible Action re Finance Subcommittee

Ms. Schulenberg reported on a meeting of the Finance Subcommittee in June during which they discussed the reserve goal, possible options for departing entities and investment options. The Board is asked to approve a reduction of the current reserve goal from 6.5 months of budget to 6 months of budget.

With regard to the questions regarding departing entities, while Trustees generally shared the concerns raised, based on the fact that any changes would require an amendment to the Trust Document, which opens the Trust up to entity departures mid-term, it was determined not to pursue those at this time.

Finally, Trustees expressed being risk averse to investments outside of LGIP, but will consider recommendations from the Subcommittee once all the research has been completed.

Trustee Powell made a motion to change the surplus/reserve goal to 6 months of annual budget, seconded by Trustee Keimach and unanimously carried.

23. Discussion and Possible Action re Marketing Subcommittee

Ms. Schulenberg reported on a meeting of the Marketing Subcommittee in June during which they discussed the Trust's underwriting guidelines, target entities and a marketing plan. Trustees were in agreement with not changing the underwriting guidelines and the target entities and requested a marketing plan for presentation at the next meeting.

24. Ratification of 2021-22 Reinsurance Renewal

Ms. Schulenberg reported on the 2021-22 reinsurance which was renewed in June with the Chairperson's authorization. Gallagher anticipated a 25% increase in premium based on the claims activity through January 2021, however, due to a number of large claims that occurred after that date, the renewal came in at 41% for the specific with 7 lasers and 4% on the aggregate. She did note that 5 of the 7 lasers are for members from Avondale and Pinal County.

Alternate Trustee Trimble made a motion to ratify the 2021-22 reinsurance renewal, seconded by Trustee Keimach and unanimously carried.

25. Discussion and Possible Action re 2021-22 RMP

Ms. Schulenberg presented the draft Risk Management Plan for 2021-22, which included a number of work goals for the current year. She noted that the work goals should be revised to remove the Network RFP.

Trustee Powell made a motion to approve the 2021-22 RMP as revised, seconded by Trustee Keimach and unanimously carried.

26. Discussion and Possible Action re 2021-22 Meeting Schedule

Ms. Schulenberg suggested that the Trust adopt an annual meeting schedule and proposed dates for the remainder of 2021-22.

Chairperson Dyches made a motion to approve the 2021-22 meeting schedule, seconded by Trustee Powell and unanimously carried.

27. Administrative Update

Ms. Schulenberg reported on the following:

Approval of Bylaws

There were revisions to the Bylaws that were introduced during the February 24, 2021 Trust meeting which are scheduled to be adopted. Based on changes that may be incorporated due to the actions of the Finance and Marketing Subcommittees, Bylaws will be brought to the November meeting for consideration.

Membership Inquiry

AzMT received an inquiry about membership from Buckeye and is working with their HR and the Trust's actuary to obtain necessary information for Trustees review during the 2022-23 renewal meeting.

BCBSAZ Settlement

Governmental plans are not eligible to participate in the settlement about which members may have received information.

Delta ID Cards

Due to system enhancements, members may be receiving new ID cards; Ms. Schulenberg will confirm and notify the Admin Group.

Vince Lorefice

Trustee Lorefice has tendered his resignation from Town of Wickenburg effective September 16, 2021. The Board wished him the best in his new endeavor.

28. Future Agenda Items

N/A

29. Next Meeting Date November 16, 2021 @ 10:00 a.m.

30. Call to the Public

N/A

31. Adjourn

Trustee Powell made a motion to adjourn at 12:55p.m., seconded by Chairperson Dyches and unanimously carried.

Respectfully Submitted,
Jaime Schulenberg
Recording Secretary

Arizona Metropolitan Trust Financial Review

Presented by Jaime Schulenberg
Account Executive Senior
Gallagher Benefit Services



07/01/21 - 09/30/21 Current Plan Year Recap

All revenue, expenses and claims are percentage of budget.

1. All Years Cash Position – \$10,955,448
2. Surplus – \$6,627,501
3. Revenue – \$2,923,143 (102% of Budget)

1. Expenses – \$5,953,471 (166% of Budget)
 - a. Claims are over budget at 223%
 - i. Medical/Rx Claims – 200%
 - ii. Dental Claims – 172%
 - iii. Vision Claims – 167%
 - b. Premiums are slightly above budget at 104%
 - c. Administration expenses are above budget at 107%
 - d. General Operating is above budget at 138%

07/01/21 - 09/30/21 Current Plan Year Recap

▶ Claims

- ▶ Over budget due to run-out from Avondale and Pinal as well as overall increased utilization
 - ▶ Remember that run-out claims are calculated as part of the IBNP (it's not as bad as it looks!)
- ▶ Starting to decline; hope to see a leveling out as the year progresses

▶ Census

- ▶ More enrollment than projected
- ▶ Results in increased revenue as well as expenses paid on a per employee per month (Premiums & Administration)

Large Claims

4 high dollar claims have exceeded \$120,000 for a total of \$648,629 which accounted for 12% of the Trust's Medical/Rx claims.

No claimants have exceeded the specific deductible of \$240,000

Claims by Plan Type - 09/30/21

EPO - 8% of claims

PPO - 14% of claims

PPO Buy-Up - 63% of claims

HDHP - 15% of claims

Plan Type Enrollment - 09/30/21

EPO - 8% enrolled or 67 employees

PPO - 19% enrolled or 169 employees

PPO Buy-Up - 41% enrolled or 359 employees

HDHP - 32% enrolled or 278 employees

Miscellaneous

Rx Rebates - The Trust has received \$499,819 through 09/30/21

The Trust is currently at 52% of budget with 25% of the plan year completed

Questions





Insurance | Risk Management | Consulting

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Fax: 928.753.6767
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Kingman, AZ 86401
Jaime.Schulenberg@ajg.com

MEMORANDUM

DATE: November 8, 2021

TO: **Arizona Metropolitan Trust Board of Trustees**

FROM: **Gallagher Benefit Services**
Jaime Schulenberg, Account Executive Senior

RE: Financial Summary for September 2021

Attached is the AzMT financial report for the month ending September 30, 2021 for your review. Highlights of the report are:

- 1) August is showing a **loss** in the amount of **\$617,590**. This is attributable to utilization, with approximately \$922,000 payable for claims over \$20,000.
- 2) Additional claims ran as follows:
 - a. Prescription average is 89% for the month with 70% of the spend on specialty meds; and
 - b. Dental at 90% for the month; and
 - c. Vision at 106% for the month.
- 3) As of 09/30/21, AzMT has four (4) large claims totaling \$648,629, none of which have exceeded the specific or aggregating specific deductible.
- 4) Premiums are running consistent with the census, with the exception of Life which is over budget due to more people purchasing voluntary life than originally budgeted.
- 5) The Plan's current YTD cash position is (\$3,030,328) with a YTD estimated surplus position of \$6,627,501.
- 6) As of 10/04/21, 392 AzMT members have tested positive for COVID and 3,195 vaccinations have been provided. Costs to date are \$2,749,649.

I have attached the various trend line exhibits and reports for your reference and information. If you have any questions, please don't hesitate to call or email me at 928.391.2297 or Jaime.Schulenberg@ajg.com.

Exhibit I - Medical Claims

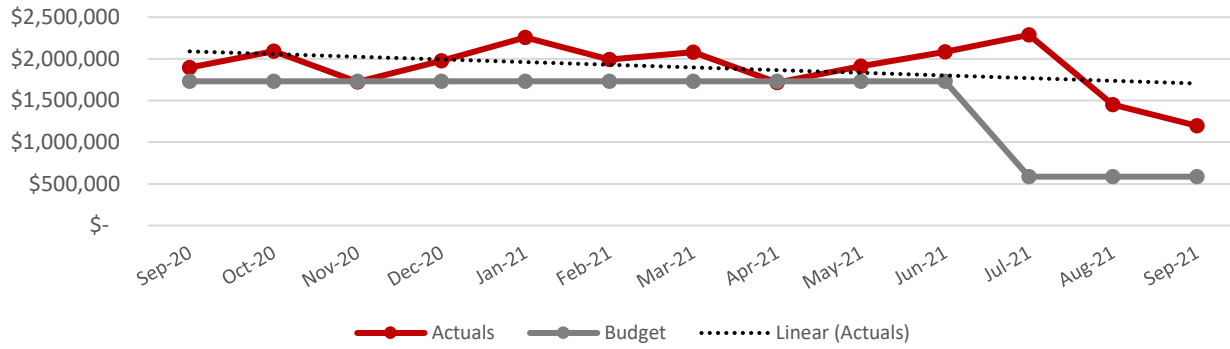


Exhibit II - % of Medical Claims

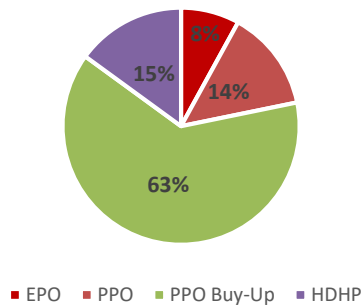
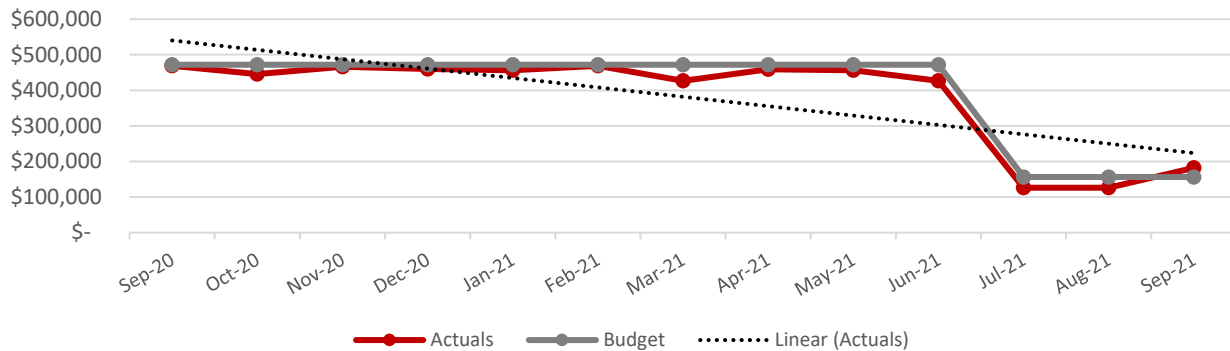
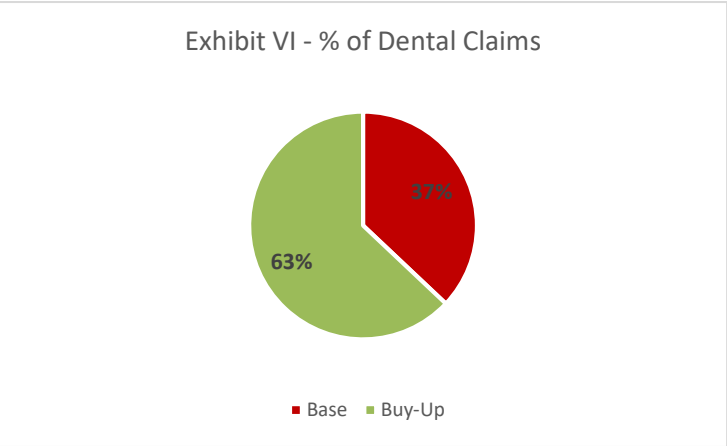
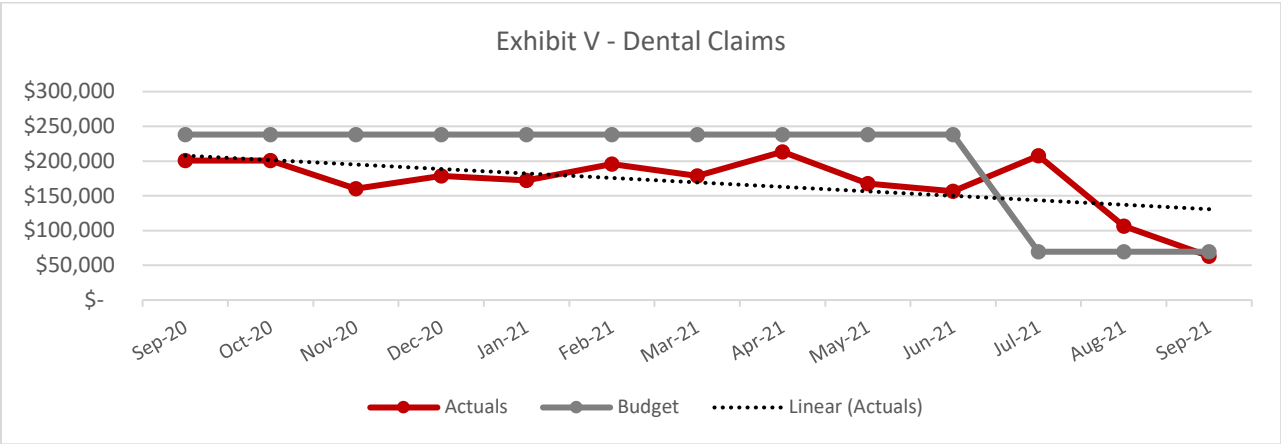
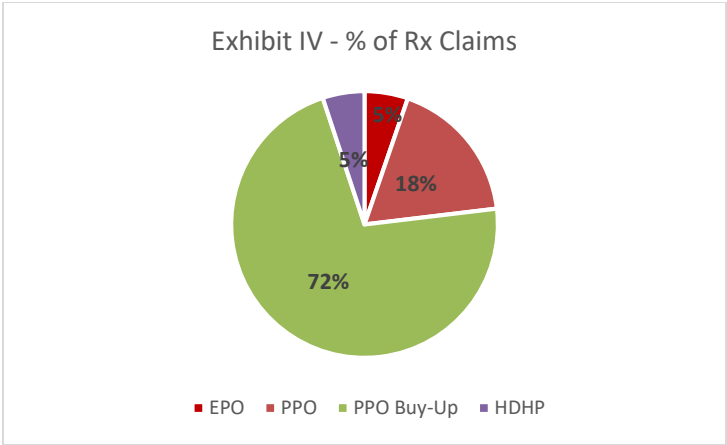


Exhibit III - Prescription Claims





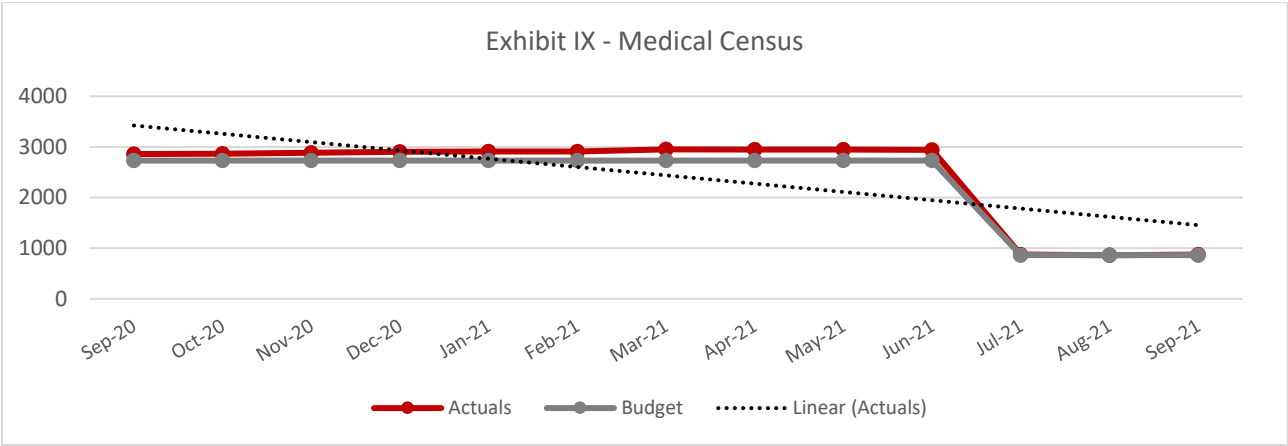
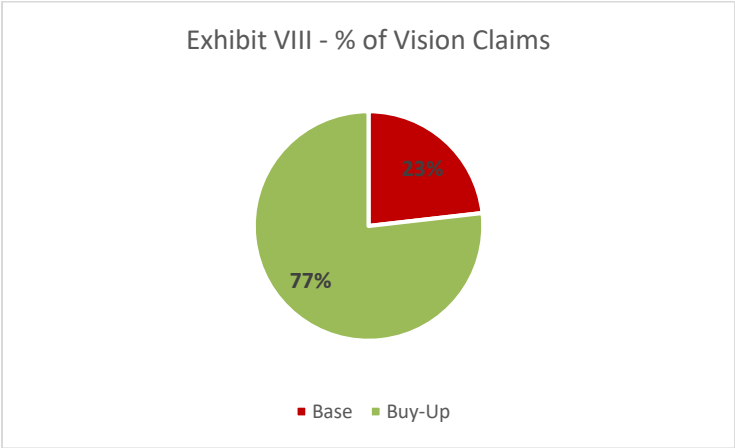
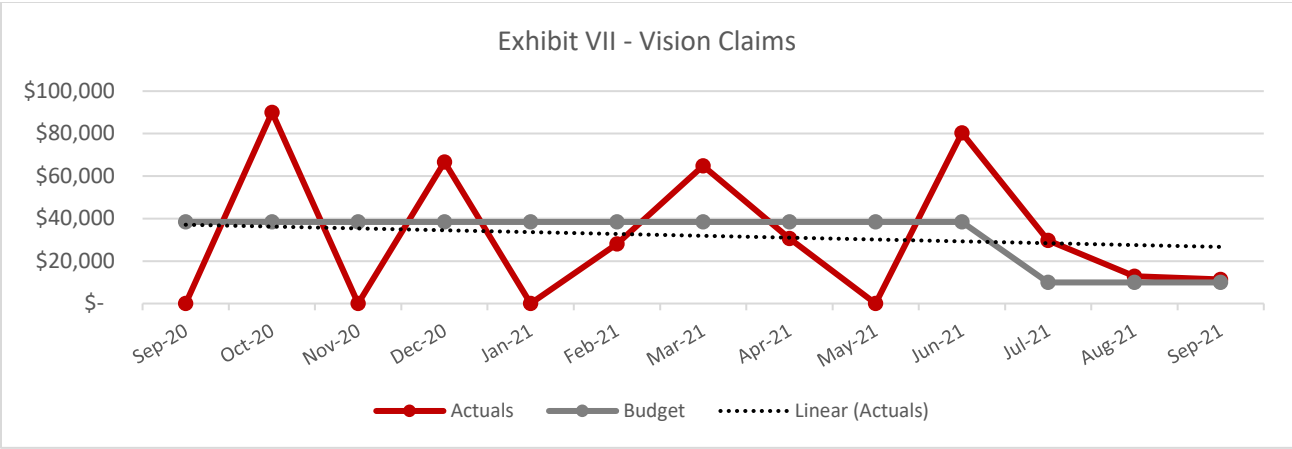
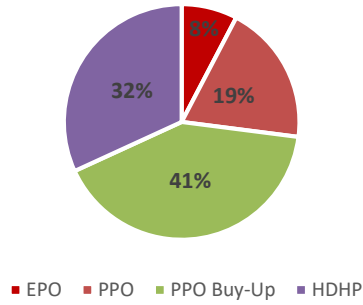
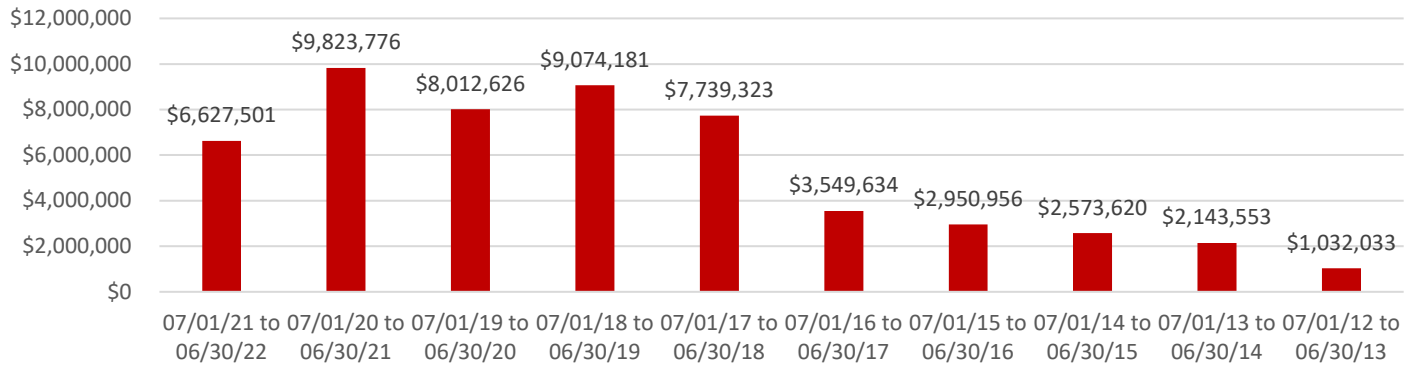


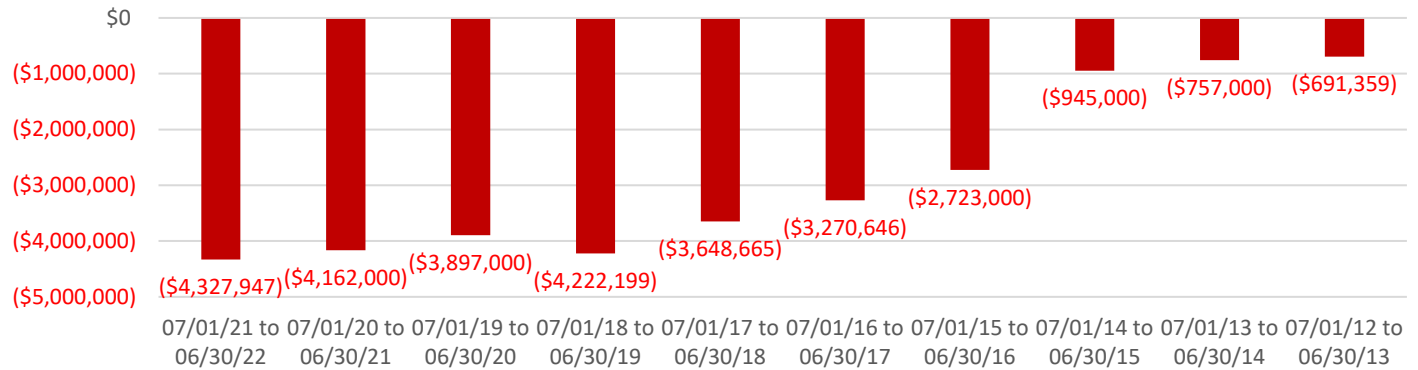
Exhibit X - % of Enrollment by Plan



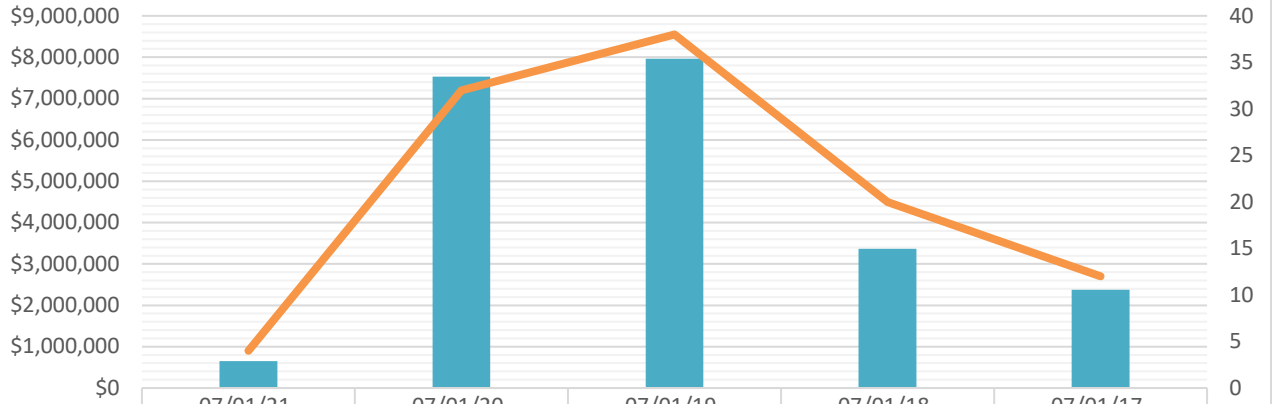
Surplus History



IBNP



AzMT Large Claim History



Total Amount	\$648,629	\$7,528,810	\$7,962,724	\$3,367,855	\$2,373,067
Total # of Claimants	4	32	38	20	12

Arizona Metropolitan Trust
2021-22
Sep-21

	Annual Budget	MTD Budget	MTD Actual	YTD Budget	YTD Actual	% Total MTD	% Total YTD
GROSS REVENUE	\$11,474,848	\$956,237.31	\$968,198	\$2,868,712	\$2,923,143	101.25%	101.90%
Contributions	\$11,312,498	\$942,708	\$958,619	\$2,828,124	\$2,893,901	101.69%	102.33%
Premium Holiday	\$0	\$0	\$0	\$0	\$0		
Interest Income	\$54,692	\$4,558	\$93	\$13,673	\$252	2.05%	1.84%
Other Income	\$107,658	\$8,972	\$9,486	\$26,915	\$28,990	105.73%	107.71%
CLAIM FUNDS	\$9,860,375	\$821,698	\$1,453,931	\$2,465,094	\$5,498,198	176.94%	223.04%
Medical (EPO)	\$590,166	\$49,180	\$95,735	\$147,541	\$499,417	194.66%	338.49%
Medical (PPO)	\$1,147,671	\$95,639	\$165,034	\$286,918	\$781,264	172.56%	272.30%
Medical (PPO Buy-Up)	\$3,207,617	\$267,301	\$757,011	\$801,904	\$2,558,158	283.21%	319.01%
Medical (HDHP)	\$2,085,087	\$173,757	\$179,271	\$521,272	\$1,095,768	103.17%	210.21%
Stop Loss Reimbursement		\$0	\$0	\$0	\$0		
Rx (EPO)	\$212,497	\$17,708	\$9,605	\$53,124	\$55,782	54.24%	105.00%
Rx (PPO)	\$457,426	\$38,119	\$32,510	\$114,356	\$115,011	85.29%	100.57%
Rx (PPO Buy-Up)	\$838,771	\$69,898	\$130,953	\$209,693	\$408,570	187.35%	194.84%
Rx (HDHP)	\$367,382	\$30,615	\$9,255	\$91,845	\$52,507	30.23%	57.17%
Rx Rebate		\$0	\$0	\$0	(\$499,819)		
Dental (Base)	\$323,211	\$26,934	\$23,392	\$80,803	\$107,014	86.85%	132.44%
Dental (Buy-Up)	\$511,426	\$42,619	\$39,763	\$127,857	\$270,510	93.30%	211.57%
Vision (Base)	\$46,092	\$3,841	\$2,645	\$11,523	\$12,053	68.85%	104.60%
Vision (Buy-Up)	\$73,030	\$6,086	\$8,758	\$18,257	\$14,961	143.91%	229.83%
PREMIUMS	\$730,858	\$60,905	\$63,435	\$182,714	\$190,037	104.15%	104.01%
Specific Stop Loss (AIG)	\$382,647	\$31,887	\$32,291	\$95,662	\$97,483	101.27%	101.90%
Aggregate Stop Loss (AIG)	\$15,448	\$1,287	\$1,277	\$3,862	\$3,887	99.20%	100.65%
Stop Loss Bonus Check	\$0	\$0	\$0	\$0	\$0		
Life Insurance (MN Life)	\$210,084	\$17,507	\$19,027	\$52,521	\$56,324	108.68%	107.24%
LTD (MOO)	\$13,266	\$1,106	\$1,135	\$3,317	\$3,530	102.66%	106.44%
STD (MOO)	\$109,412	\$9,118	\$9,705	\$27,353	\$28,812	106.44%	105.33%
CLAIM ADMINISTRATION	\$510,678	\$42,556	\$42,376	\$127,669	\$136,196	99.57%	106.68%
Medical Admin (AmeriBen)	\$156,246	\$13,020	\$12,915	\$39,061	\$39,318	99.19%	100.66%
Cobra Admin (AmeriBen)	\$8,316	\$693	\$703	\$2,079	\$2,137	101.44%	102.79%
Dental Admin (Delta)	\$38,140	\$3,178	\$3,178	\$9,535	\$9,687	100.00%	101.59%
Vision Admin (Basic) (VSP)	\$8,748	\$729	\$733	\$2,187	\$2,237	100.49%	102.30%
Vision Admin (Buy-Up) (VSP)	\$9,442	\$787	\$808	\$2,361	\$2,498	102.71%	105.82%
Rx Admin (Navitus)	\$53,914	\$4,493	\$4,539	\$13,478	\$20,966	101.02%	155.55%
Medical Network (BCBSAZ)	\$168,480	\$14,040	\$13,929	\$42,120	\$42,394	99.21%	100.65%
Medical Network (Zellis)	\$31,104	\$2,592	\$2,571	\$7,776	\$7,827	99.19%	100.66%
% of Savings (Zellis)	\$0	\$0	\$0	\$0	\$0		
Utilization Review (AmeriBen)	\$36,288	\$3,024	\$3,000	\$9,072	\$9,132	99.19%	100.66%
GENERAL OPERATING	\$372,937	\$31,078	\$26,046	\$93,234	\$129,041	83.81%	138.41%
Pool Administrator (ECA)	\$93,312	\$7,776	\$7,715	\$23,328	\$23,480	99.21%	100.65%
Wellness Administrator (ECA)	\$67,392	\$5,616	\$5,572	\$16,848	\$16,946	99.22%	100.58%
Wellness Programs	\$95,386	\$7,949	\$2,782	\$23,846	\$29,254	35.00%	122.68%
EAP (Curallinc)	\$17,107	\$1,426	\$1,362	\$4,277	\$4,308	95.53%	100.73%
Legal (JS&H)	\$7,983	\$665	\$1,344	\$1,996	\$2,424	202.02%	121.45%
Actuary (Cheiron)	\$15,034	\$1,253	\$1,348	\$3,758	\$1,348	107.56%	35.85%
Auditor (Kienitz)	\$8,502	\$708	\$2,400	\$2,125	\$2,400	338.75%	112.92%
DOI Exam	\$9,020	\$752	\$0	\$2,255	\$0	0.00%	0.00%
PCORI	\$4,251	\$354	\$0	\$1,063	\$0	0.00%	0.00%
Telemedicine (Teladoc)	\$14,930	\$1,244	\$1,416	\$3,732	\$4,114	113.77%	110.22%
General Administration	\$40,020	\$3,335	\$2,109	\$10,005	\$44,768	63.24%	447.45%
GRAND TOTAL BUDGET	\$11,474,848	\$956,237	\$1,585,788	\$2,868,712	\$5,953,471	165.84%	207.53%

Change in Cash Position Since 2020-21	(\$3,030,328)
Change in Surplus Position Since 2020-21	(\$3,196,275)

Cash Position as of June 30, 2021	\$13,985,776
Cash Position MTD	September-21 (\$617,590)
Cash Position YTD	September-21 (\$3,030,328)
Premium Holiday	September-21 \$0
Cash Position All Years	\$10,955,448

Prior Year	Cash Position	June 30, 2021	\$13,985,776
Surplus	IBNP	June 30, 2021	(\$4,162,000)
Calculations	Surplus Position	June 30, 2021	\$9,823,776
Current Year	Cash Position	September 2021	\$10,955,448
Surplus	IBNP	September 2021	(\$4,327,947)
Calculations	Surplus Position	September 2021	\$6,627,501

EPO Census				
	EE	ES	EC	EF
Budget	44	2	3	30
Actual	33	2	2	30
% Budget	75%	100%	67%	100%

PPO Census				
	EE	ES	EC	EF
Budget	85	28	12	41
Actual	86	25	9	49
% Budget	101%	89%	75%	120%

PPO Buy-Up Census				
	EE	ES	EC	EF
Budget	155	37	34	141
Actual	138	44	28	149
% Budget	89%	119%	82%	106%

HDHP Census				
	EE	ES	EC	EF
Budget	102	34	30	86
Actual	123	33	34	88
% Budget	121%	97%	113%	102%

Total Medical Census				
	EE	ES	EC	EF
Budget	386	101	79	298
Actual	380	104	73	316
% Budget	98%	103%	92%	106%

Dental (Base)				
	EE	ES	EC	EF
Budget	218	66	30	94
Actual	210	70	28	90
% Budget	96%	106%	93%	96%

Dental (Buy-Up)				
	EE	ES	EC	EF
Budget	134	82	69	185
Actual	143	87	75	190
% Budget	107%	106%	109%	103%

Vision (Base)				
	EE	ES	EC	EF
Budget	213	78	28	86
Actual	217	76	25	92
% Budget	102%	97%	89%	107%

Vision (Buy-Up)				
	EE	ES	EC	EF
Budget	106	60	43	123
Actual	116	66	46	125
% Budget	109%	110%	107%	102%

YTD Aggregate Calculations				
Contracted Aggregate Factors				
	EE	ES	EC	EF
	\$687	\$1,591	\$1,591	\$1,591
Total	\$3,120,488			
Med/Rx	\$5,566,477			
Difference	(\$2,445,990)			
Estimated % Attachment Point			178%	

General Administration Expenses Detail	
Arizona Metropolitan Trust	

[illegible]

Arizona Metropolitan Trust
2021-22
Aug-21

	Annual Budget	MTD Budget	MTD Actual	YTD Budget	YTD Actual	% Total MTD	% Total YTD
GROSS REVENUE	\$11,474,848	\$956,237.31	\$973,520	\$1,912,475	\$1,954,945	101.81%	102.22%
Contributions	\$11,312,498	\$942,708	\$968,286	\$1,885,416	\$1,935,282	102.71%	102.64%
Premium Holiday	\$0	\$0	\$0	\$0	\$0		
Interest Income	\$54,692	\$4,558	\$83	\$9,115	\$158	1.83%	1.73%
Other Income	\$107,658	\$8,972	\$5,151	\$17,943	\$19,505	57.41%	108.70%
CLAIM FUNDS	\$9,860,375	\$821,698	\$1,696,207	\$1,643,396	\$4,044,266	206.43%	246.09%
Medical (EPO)	\$590,166	\$49,180	\$174,397	\$98,361	\$403,683	354.61%	410.41%
Medical (PPO)	\$1,147,671	\$95,639	\$203,766	\$191,279	\$616,230	213.06%	322.16%
Medical (PPO Buy-Up)	\$3,207,617	\$267,301	\$676,071	\$534,603	\$1,801,147	252.92%	336.91%
Medical (HDHP)	\$2,085,087	\$173,757	\$396,390	\$347,514	\$916,497	228.13%	263.73%
Stop Loss Reimbursement	\$0	\$0	\$0	\$0	\$0		
Rx (EPO)	\$212,497	\$17,708	\$5,502	\$35,416	\$46,177	31.07%	130.38%
Rx (PPO)	\$457,426	\$38,119	\$31,045	\$76,238	\$82,501	81.44%	108.22%
Rx (PPO Buy-Up)	\$838,771	\$69,898	\$79,463	\$139,795	\$277,617	113.68%	198.59%
Rx (HDHP)	\$367,382	\$30,615	\$10,155	\$61,230	\$43,252	33.17%	70.64%
Rx Rebate	\$0	\$0	\$0	\$0	(\$499,819)		
Dental (Base)	\$323,211	\$26,934	\$31,483	\$53,869	\$83,623	116.89%	155.23%
Dental (Buy-Up)	\$511,426	\$42,619	\$75,013	\$85,238	\$230,747	176.01%	270.71%
Vision (Base)	\$46,092	\$3,841	\$4,683	\$7,682	\$9,409	121.91%	122.48%
Vision (Buy-Up)	\$73,030	\$6,086	\$8,241	\$12,172	\$33,203	135.41%	272.79%
PREMIUMS	\$730,858	\$60,905	\$63,537	\$121,810	\$126,602	104.32%	103.93%
Specific Stop Loss (AIG)	\$382,647	\$31,887	\$32,867	\$65,775	\$65,192	103.07%	102.22%
Aggregate Stop Loss (AIG)	\$15,448	\$1,287	\$1,317	\$2,575	\$2,610	102.30%	101.38%
Stop Loss Bonus Check	\$0	\$0	\$0	\$0	\$0		
Life Insurance (MN Life)	\$210,084	\$17,507	\$18,625	\$35,014	\$37,298	106.39%	106.52%
LTD (MOO)	\$13,266	\$1,106	\$1,204	\$2,211	\$2,395	108.92%	108.32%
STD (MOO)	\$109,412	\$9,118	\$9,523	\$18,235	\$19,107	104.45%	104.78%
CLAIM ADMINISTRATION	\$510,678	\$42,556	\$50,951	\$85,113	\$93,820	119.72%	110.23%
Medical Admin (AmeriBen)	\$156,246	\$13,020	\$13,322	\$26,041	\$26,403	102.31%	101.39%
Cobra Admin (AmeriBen)	\$8,316	\$693	\$740	\$1,386	\$1,434	106.78%	103.46%
Dental Admin (Delta)	\$38,140	\$3,178	\$3,265	\$6,357	\$6,509	102.73%	102.39%
Vision Admin (Basic) (VSP)	\$8,748	\$729	\$760	\$1,458	\$1,505	104.20%	103.21%
Vision Admin (Buy-Up) (VSP)	\$9,442	\$787	\$846	\$1,574	\$1,690	107.53%	107.38%
Rx Admin (Navitus)	\$53,914	\$4,493	\$11,910	\$8,986	\$16,427	265.09%	182.82%
Medical Network (BCBSAZ)	\$168,480	\$14,040	\$14,362	\$28,080	\$28,465	102.29%	101.37%
Medical Network (Zellis)	\$31,104	\$2,592	\$2,652	\$5,184	\$5,256	102.31%	101.39%
% of Savings (Zellis)	\$0	\$0	\$0	\$0	\$0		
Utilization Review (AmeriBen)	\$36,288	\$3,024	\$3,094	\$6,048	\$6,132	102.31%	101.39%
GENERAL OPERATING	\$372,937	\$31,078	\$37,148	\$62,156	\$102,995	119.53%	165.70%
Pool Administrator (ECA)	\$93,312	\$7,776	\$7,955	\$15,552	\$15,766	102.30%	101.37%
Wellness Administrator (ECA)	\$67,392	\$5,616	\$5,745	\$11,232	\$11,374	102.29%	101.26%
Wellness Programs	\$95,386	\$7,949	\$6,053	\$15,898	\$26,472	76.15%	166.52%
EAP (Curalinc)	\$17,107	\$1,426	\$1,483	\$2,851	\$2,946	104.04%	103.33%
Legal (JS&H)	\$7,983	\$665	\$552	\$1,331	\$1,080	82.97%	81.17%
Actuary (Cheiron)	\$15,034	\$1,253	\$0	\$2,506	\$0	0.00%	0.00%
Auditor (Kienitz)	\$8,502	\$708	\$0	\$1,417	\$0	0.00%	0.00%
DOI Exam	\$9,020	\$752	\$0	\$1,503	\$0	0.00%	0.00%
PCORI	\$4,251	\$354	\$0	\$708	\$0	0.00%	0.00%
Telemedicine (Teladoc)	\$14,930	\$1,244	\$1,441	\$2,488	\$2,699	115.85%	108.45%
General Administration	\$40,020	\$3,335	\$13,919	\$6,670	\$42,659	417.36%	639.55%
GRAND TOTAL BUDGET	\$11,474,848	\$956,237	\$1,847,843	\$1,912,475	\$4,367,683	193.24%	228.38%

38%

Change in Cash Position Since 2020-21	(\$2,412,738)
Change in Surplus Position Since 2020-21	(\$2,740,680)

Cash Position as of June 30, 2021	\$13,985,776
Cash Position MTD	August-21 (\$874,323)
Cash Position YTD	August-21 (\$2,412,738)
Premium Holiday	August-21 \$0
Cash Position All Years	\$11,573,037

Prior Year	Cash Position	June 30, 2021	\$13,985,776
Surplus	IBNP	June 30, 2021	(\$4,162,000)
Calculations	Surplus Position	June 30, 2021	\$9,823,776
Current Year	Cash Position	August 2021	\$11,573,037
Surplus	IBNP	August 2021	(\$4,489,942)
Calculations	Surplus Position	August 2021	\$7,083,095

EPO Census				
	EE	ES	EC	EF
Budget	44	2	3	30
Actual	33	2	2	28
% Budget	75%	100%	67%	93%

PPO Census				
	EE	ES	EC	EF
Budget	85	28	12	41
Actual	85	24	9	46
% Budget	100%	86%	75%	112%

PPO Buy-Up Census				
	EE	ES	EC	EF
Budget	155	37	34	141
Actual	139	43	28	148
% Budget	90%	116%	82%	105%

HDHP Census				
	EE	ES	EC	EF
Budget	102	34	30	86
Actual	120	33	33	88
% Budget	118%	97%	110%	102%

Total Medical Census				
	EE	ES	EC	EF
Budget	386	101	79	298
Actual	377	102	72	310
% Budget	98%	101%	91%	104%

Dental (Base)				
	EE	ES	EC	EF
Budget	155	37	34	141
Actual	208	67	25	91
% Budget	134%	181%	74%	65%

Dental (Buy-Up)				
	EE	ES	EC	EF
Budget	102	34	30	86
Actual	142	86	72	188
% Budget	106%	105%	104%	102%

Vision (Base)				
	EE	ES	EC	EF
Budget	85	28	12	41
Actual	218	74	23	95
% Budget	256%	264%	192%	232%

Vision (Buy-Up)				
	EE	ES	EC	EF
Budget	155	37	34	141
Actual	115	64	43	122
% Budget	108%	107%	100%	99%

YTD Aggregate Calculations				
Contracted Aggregate Factors				
	EE	ES	EC	EF
	\$687	\$1,591	\$1,591	\$1,591
Total	\$2,075,252			
Med/Rx	\$4,187,104			
Difference	(\$2,111,851)			
Estimated % Attachment Point			202%	

Arizona Metropolitan Trust

2021-22

Jul-21

	Annual Budget	MTD Budget	MTD Actual	YTD Budget	YTD Actual	% Total MTD	% Total YTD
GROSS REVENUE	\$11,474,848	\$956,237.31	\$981,425	\$956,237	\$981,425	102.63%	102.63%
Contributions	\$11,312,498	\$942,708	\$966,996	\$942,708	\$966,996	102.58%	102.58%
Premium Holiday	\$0	\$0	\$0	\$0	\$0		
Interest Income	\$54,692	\$4,558	\$75	\$4,558	\$75	1.64%	1.64%
Other Income	\$107,658	\$8,972	\$14,354	\$8,972	\$14,354	159.99%	159.99%
CLAIM FUNDS	\$9,860,375	\$821,698	\$2,348,059	\$821,698	\$2,348,059	285.76%	285.76%
Medical (EPO)	\$590,166	\$49,180	\$229,286	\$49,180	\$229,286	466.21%	466.21%
Medical (PPO)	\$1,147,671	\$95,639	\$412,464	\$95,639	\$412,464	431.27%	431.27%
Medical (PPO Buy-Up)	\$3,207,617	\$267,301	\$1,125,076	\$267,301	\$1,125,076	420.90%	420.90%
Medical (HDHP)	\$2,085,087	\$173,757	\$520,108	\$173,757	\$520,108	299.33%	299.33%
Stop Loss Reimbursement	\$0	\$0	\$0	\$0	\$0		
Rx (EPO)	\$212,497	\$17,708	\$40,675	\$17,708	\$40,675	229.70%	229.70%
Rx (PPO)	\$457,426	\$38,119	\$51,455	\$38,119	\$51,455	134.99%	134.99%
Rx (PPO Buy-Up)	\$838,771	\$69,898	\$198,154	\$69,898	\$198,154	283.49%	283.49%
Rx (HDHP)	\$367,382	\$30,615	\$33,098	\$30,615	\$33,098	108.11%	108.11%
Rx Rebate	\$0	\$0	(\$499,819)	\$0	(\$499,819)		
Dental (Base)	\$323,211	\$26,934	\$52,140	\$26,934	\$52,140	193.58%	193.58%
Dental (Buy-Up)	\$511,426	\$42,619	\$155,735	\$42,619	\$155,735	365.41%	365.41%
Vision (Base)	\$46,092	\$3,841	\$4,726	\$3,841	\$4,726	123.04%	123.04%
Vision (Buy-Up)	\$73,030	\$6,086	\$24,962	\$6,086	\$24,962	410.17%	410.17%
PREMIUMS	\$730,858	\$60,905	\$63,065	\$60,905	\$63,065	103.55%	103.55%
Specific Stop Loss (AIG)	\$382,647	\$31,887	\$32,325	\$31,887	\$32,325	101.37%	101.37%
Aggregate Stop Loss (AIG)	\$15,448	\$1,287	\$1,293	\$1,287	\$1,293	100.45%	100.45%
Stop Loss Bonus Check	\$0	\$0	\$0	\$0	\$0		
Life Insurance (MN Life)	\$210,084	\$17,507	\$18,672	\$17,507	\$18,672	106.66%	106.66%
LTG (MOO)	\$13,266	\$1,106	\$1,191	\$1,106	\$1,191	107.73%	107.73%
STD (MOO)	\$109,412	\$9,118	\$9,583	\$9,118	\$9,583	105.11%	105.11%
CLAIM ADMINISTRATION	\$510,678	\$42,556	\$42,869	\$42,556	\$42,869	100.74%	100.74%
Medical Admin (AmeriBen)	\$156,246	\$13,020	\$13,081	\$13,020	\$13,081	100.46%	100.46%
Cobra Admin (AmeriBen)	\$8,316	\$693	\$694	\$693	\$694	100.14%	100.14%
Dental Admin (Delta)	\$38,140	\$3,178	\$3,244	\$3,178	\$3,244	102.05%	102.05%
Vision Admin (Basic) (VSP)	\$8,748	\$729	\$745	\$729	\$745	102.22%	102.22%
Vision Admin (Buy-Up) (VSP)	\$9,442	\$787	\$844	\$787	\$844	107.23%	107.23%
Rx Admin (Navitus)	\$53,914	\$4,493	\$4,517	\$4,493	\$4,517	100.54%	100.54%
Medical Network (BCBSAZ)	\$168,480	\$14,040	\$14,103	\$14,040	\$14,103	100.45%	100.45%
Medical Network (Zelis)	\$31,104	\$2,592	\$2,604	\$2,592	\$2,604	100.46%	100.46%
% of Savings (Zelis)	\$0	\$0	\$0	\$0	\$0		
Utilization Review (AmeriBen)	\$36,288	\$3,024	\$3,038	\$3,024	\$3,038	100.46%	100.46%
GENERAL OPERATING	\$372,937	\$31,078	\$65,847	\$31,078	\$65,847	211.88%	211.88%
Pool Administrator (ECA)	\$93,312	\$7,776	\$7,811	\$7,776	\$7,811	100.45%	100.45%
Wellness Administrator (ECA)	\$67,392	\$5,616	\$5,629	\$5,616	\$5,629	100.23%	100.23%
Wellness Programs	\$95,386	\$7,949	\$20,419	\$7,949	\$20,419	256.89%	256.89%
EAP (Curalinc)	\$17,107	\$1,426	\$1,463	\$1,426	\$1,463	102.61%	102.61%
Legal (JS&H)	\$7,983	\$665	\$528	\$665	\$528	79.37%	79.37%
Actuary (Cheiron)	\$15,034	\$1,253	\$0	\$1,253	\$0	0.00%	0.00%
Auditor (Kienitz)	\$8,502	\$708	\$0	\$708	\$0	0.00%	0.00%
DOI Exam	\$9,020	\$752	\$0	\$752	\$0	0.00%	0.00%
PCORI	\$4,251	\$354	\$0	\$354	\$0	0.00%	0.00%
Telemedicine (Teladoc)	\$14,930	\$1,244	\$1,257	\$1,244	\$1,257	101.05%	101.05%
General Administration	\$40,020	\$3,335	\$28,740	\$3,335	\$28,740	861.75%	861.75%
GRAND TOTAL BUDGET	\$11,474,848	\$956,237	\$2,519,841	\$956,237	\$2,519,841	263.52%	263.52%

22%

Change in Cash Position Since 2020-21	(\$1,538,416)
Change in Surplus Position Since 2020-21	(\$1,945,941)

Cash Position as of June 30, 2021	\$13,985,776
Cash Position MTD	July-21 (\$1,538,416)
Cash Position YTD	July-21 (\$1,538,416)
Premium Holiday	July-21 \$0
Cash Position All Years	\$12,447,360

Prior Year	Cash Position	June 30, 2021	\$13,985,776
Surplus	IBNP	June 30, 2021	(\$4,162,000)
Calculations	Surplus Position	June 30, 2021	\$9,823,776
Current Year	Cash Position	July 2021	\$12,447,360
Surplus	IBNP	July 2021	(\$4,569,525)
Calculations	Surplus Position	July 2021	\$7,877,835

	EPO Census			
	EE	ES	EC	EF
Budget	44	2	3	30
Actual	33	2	2	28
% Budget	75%	100%	67%	93%

	PPO Census			
	EE	ES	EC	EF
Budget	85	28	12	41
Actual	88	25	10	47
% Budget	104%	89%	83%	115%

	PPO Buy-Up Census			
	EE	ES	EC	EF
Budget	155	37	34	141
Actual	141	43	28	150
% Budget	91%	116%	82%	106%

	HDHP Census			
	EE	ES	EC	EF
Budget	102	34	30	86
Actual	122	34	33	90
% Budget	120%	100%	110%	105%

	Total Medical Census			
	EE	ES	EC	EF
Budget	386	101	79	298
Actual	384	104	73	315
% Budget	99%	103%	92%	106%

	Dental (Base)			
	EE	ES	EC	EF
Budget	218	66	30	94
Actual	213	68	26	95
% Budget	98%	103%	87%	101%

	Dental (Buy-Up)			
	EE	ES	EC	EF
Budget	134	82	69	185
Actual	143	89	72	190
% Budget	107%	109%	104%	103%

	Vision (Base)			
	EE	ES	EC	EF
Budget	213	78	28	86
Actual	223	75	24	99
% Budget	105%	96%	86%	115%

	Vision (Buy-Up)			
	EE	ES	EC	EF
Budget	106	60	43	123
Actual	116	68	43	123
% Budget	109%	113%	100%	100%

	YTD Aggregate Calculations			
	Contracted Aggregate Factors			
	EE	ES	EC	EF
	\$687	\$1,591	\$1,591	\$1,591
Total	\$1,046,393			
Med/Rx	\$2,610,315			
Difference	(\$1,563,922)			
Estimated % Attachment Point		249%		

MEMORANDUM

TO: **AzMT Trustees**

FROM: **Gallagher Benefit Services**
Jaime Schulenberg, Account Executive Senior

DATE: November 09, 2021

RE: Incurred But Not Paid (IBNP) Claims Reserve as of June 30, 2021

The Incurred but Not Paid (IBNP) claim reserve calculation is provided annually by the Trust's contracted actuary, Cheiron, and provides an estimate of outstanding claim payments for services already delivered to plan members, but for which the claim has not yet been received by the Trust for payment. The IBNP estimate also includes an administrative settlement expense based on the actual contractual obligation associated with paying IBNP claims in the situation of a plan closure.

The IBNP liability for the 2019-20 Plan year is reported at \$4,162,000 which is \$265,000 higher than the prior year. As a reminder, the IBNP includes anticipated claims from Avondale and Pinal County since we are in the run-out period.

This item is for your information only and does not require approval by Trustees.

If you should have any questions between now and the date of the meeting, feel free to call or email me at 928.391.2297 or Jaime_Schulenberg@ajg.com.

Via Electronic Mail Only

August 17, 2021

Ms. Jaime Schulenberg
Account Executive, Senior
Arizona Metropolitan Trust
c/o Gallagher
1115 Stockton Hill Road #101
Kingman, Arizona 86401

Re: 6/30/2021 Incurred But Not Paid (IBNP) Claims Reserves

Dear Jaime:

We have completed our analysis of the Arizona Metropolitan Trust's (AzMT's) liability for claims that were incurred but not paid (IBNP) as of June 30, 2021.

The IBNP liability is calculated following the close of each fiscal year so that it can be reflected in the Plan's audited financial statements in accordance with generally accepted accounting practices. The claims liability as of June 30, 2021 was calculated based on actual AzMT experience data. Please see the attachments for additional details on the methods and data used to calculate the figures in this letter.

Results

Our projected ending claims run-out amounts by coverage as of June 30, 2021 are shown in the following table.

AzMT IBNP as of June 30, 2021	
Medical/Drugs	\$3,607,000
Dental	\$196,000
Vision	\$37,000
Administration	<u>\$322,000</u>
Total	\$4,162,000

The methodologies used to estimate the liability for all of these coverages are described in Attachment 2 - Methodology & Assumptions.

Ms. Jaime Schulenberg

August 17, 2021

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The figures contained in this analysis were prepared for the sole purpose of estimating AzMT's liability for IBNP claims. This letter was prepared for AzMT and is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party. In preparing this letter, we relied on information (some oral and some written) supplied by the ECA and some of AzMT's health vendors. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. I am not an attorney and our firm does not provide any legal services or advice.

This letter was prepared exclusively for AzMT for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this letter are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Should you or the Trustees have any questions, or would like additional information, or analyses, please contact us.

Sincerely,
Cheiron



Michael Schionning, FSA, MAAA
Principal Consulting Actuary

Attachments

ATTACHMENT 1 – DATA SOURCES

Premium and Expense Information: We received the following spreadsheets containing both claim lag and aggregate payments for the following:

- 1) Medical claims by plan
- 2) Prescription drug claims by plan
- 3) Dental claims by plan
- 4) Claim lag tables
- 5) Administrative expenses associated with plan settlement activities

ATTACHMENT 2 – METHODOLOGY & ASSUMPTIONS

Methodology:

To establish IBNP reserves as of June 30, 2021, we have examined each Plan’s actual incurred and paid claims for the last 36 months from the data provided. We created lag tables from July 1, 2018 through June 30, 2021.

Our estimates include all claims incurred but not indicated as paid in the databases. Our estimates do not include: i) a “checks not cleared” component of the unpaid liability, which is the average days between the claim paid date and the date the check is cashed, or ii) lag time for invoices received, but not yet processed or paid.

In estimating the IBNP, we separated the claims by network manager: medical, prescription drugs, dental, and vision. For medical claims, we developed completion factors and applied them to the claim lag tables. For dates of service in June 2021, we used a blend of the completion factor method and Projected Paid Lag Per Person Per Month (PPPM) method. Both methods use previous patterns of payments (number of months from incurred month to paid month) to estimate incurred claims from those paid to date. The completion factor method uses ratios, and the Projected Paid Lag PPPM method uses a trended average projected dollar amount paid by covered person for each lag month.

Since lag tables were not available for Dental and Vision claims, we estimated the IBNP to be one month of claims with trend applied as outlined below. The average monthly paid claims for the 12 months ending June 2021 was increased with half a year of trend in order to estimate the expected runout beyond the time period.

The chart below shows the weights assigned to the Projected Paid Lag PPPM method in calculating the amount to weight the results of the two methods.

Weight Given to Projected Paid Lag PPPM Method		
	May 2021	June 2021
Medical & Rx	50%	100%

Assumptions:

Trend assumptions used for the Projected Paid Lag PPPM method are as follows:

- 6.0% Medical & Pharmacy
- 6.0% Dental
- 4.0% Vision

MEMORANDUM

TO: **AzMT Trustees**

FROM: **Gallagher Benefit Services**
Jaime Schulenberg, Account Executive Senior

DATE: November 09, 2021

RE: AzMT Annual Audit for Plan Year Ending June 30, 2021

AzMT was formed under the authority of A.R.S. §11-952.01. This statute includes a provision (M) which requires an annual audit of the Trust. Attached please find the AzMT financial audit conducted by Douglas P. Kienitz, CPA, for plan year July 01, 2020 through June 30, 2021.

A couple of items that warrant mention include:

1. The Trust's Total Assets (cash) are reported at \$14,002,220; this is an increase of \$2,062,512 over the prior year.
2. The Trust's Incurred but Not Reported (IBNR) liability is reported at \$4,162,000 as determined by the Trust's actuary; an increase of \$265,000.
3. The Trust's Net Assets (surplus) are reported at \$9,823,776; an increase of \$1,811,150.

As required by statute, Gallagher has forwarded a copy of this audit to the Director of the Department of Insurance. Original reports will be provided to each entity, as also required by statute.

If you have any questions between now and the date of the meeting, I can be reached at 928.391.2297 or via email at Jaime_Schulenberg@ajg.com.

ARIZONA METROPOLITAN TRUST

**Financial Statements
with
Auditor's Report**

June 30, 2021 and 2020

DOUGLAS P. KIENITZ, CPA, P.C.

DOUGLAS P. KIENITZ, CPA, P.C.

P.O. BOX 21288 ■ MESA, ARIZONA 85277
(480)854-9915 PHONE/FAX

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Arizona Metropolitan Trust:

Report on the Financial Statements

I have audited the accompanying financial statements of Arizona Metropolitan Trust, which comprise the statements of net assets available for benefits as of June 30, 2021 and 2020, and the related statements of changes in net assets available for benefits and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Trust management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Arizona Metropolitan Trust as of June 30, 2021 and 2020, and the changes in its net assets available for benefits and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

November 4, 2021

Douglas P. Kienitz, CPA, P.C.

ARIZONA METROPOLITAN TRUST
Statements of Net Assets Available for Benefits
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Investments at fair value:		
Cash and cash equivalents invested with		
Arizona State Treasurer	\$ 8,804,243	7,800,543
Interest-bearing cash in bank	<u>3,521,176</u>	<u>3,556,028</u>
Total investments	12,325,419	11,356,571
Contributions receivable	-	45
Miscellaneous receivables	1,669,651	580,462
Prepaid expenses	<u>7,150</u>	<u>2,630</u>
Total assets	<u>14,002,220</u>	<u>11,939,708</u>
 <u>LIABILITIES</u>		
Accounts payable and accrued expenses	16,444	30,082
Estimated health claims incurred but not reported	<u>4,162,000</u>	<u>3,897,000</u>
Total liabilities	<u>4,178,444</u>	<u>3,927,082</u>
 Net assets available for benefits	 \$ <u><u>9,823,776</u></u>	 <u><u>8,012,626</u></u>

See accompanying notes to financial statements.

ARIZONA METROPOLITAN TRUST

Statements of Changes in Net Assets Available for Benefits

Years ended June 30, 2021 and 2020

	2021	2020
Operating revenues:		
Participating entity contributions	\$ 36,591,281	35,917,385
Cobra contributions	228,569	247,267
Insurance premiums	<u>(2,641,981)</u>	<u>(2,593,243)</u>
Total operating revenues	<u>34,177,869</u>	<u>33,571,409</u>
Operating expenses:		
Claims paid and change in IBNR:		
Health claims paid	24,680,902	25,509,321
Rx prescriptions paid	5,661,131	6,808,316
Dental claims paid	2,287,181	2,500,734
Vision claims paid	502,831	429,840
Change in IBNR	265,000	155,000
Excess stop loss reimbursement	(1,516,672)	(840,076)
Rx prescription rebate reimbursement	(2,019,168)	(1,641,104)
Prior year claim refunds	<u>(222,361)</u>	<u>(138,228)</u>
Total claims and IBNR	<u>29,638,844</u>	<u>32,783,803</u>
Administrative expenses:		
Claim processing fee	960,587	973,947
PPO access/repricing	533,265	525,849
Plan administrator's fee	297,236	308,256
Wellness administrator's fee	209,814	217,608
Wellness operations	156,980	117,483
Utilization review fees	122,365	67,092
Transitional reinsurance	13,957	13,098
Case Management fees	-	56,880
Out of network	104,907	108,969
Financial services	27,094	27,501
Legal	8,472	12,659
FSA claims and administration	4,603	2,961
Other	<u>173,969</u>	<u>223,428</u>
Total administrative expenses	<u>2,613,249</u>	<u>2,655,731</u>
Total operating expenses	<u>32,252,093</u>	<u>35,439,534</u>
Operating income (deficit)	<u>1,925,776</u>	<u>(1,868,125)</u>
Nonoperating revenues:		
Interest income	<u>3,700</u>	<u>140,785</u>
Total nonoperating revenues	<u>3,700</u>	<u>140,785</u>
Changes in net assets	<u>1,929,476</u>	<u>(1,727,340)</u>
Net assets, beginning of year	<u>8,012,626</u>	<u>9,739,966</u>
Dividends	<u>(118,326)</u>	<u>-</u>
Net assets, end of year	<u>\$ 9,823,776</u>	<u>8,012,626</u>

See accompanying notes to financial statements.

ARIZONA METROPOLITAN TRUST
Statements of Cash Flows
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from (used by) operating activities:		
Receipts from participants	\$ 36,821,312	38,110,818
Payments for professional services	(5,391,713)	(5,244,751)
Payments for incurred losses	(30,464,451)	(32,900,856)
Net cash from (used by) operating activities	<u>965,148</u>	<u>(34,789)</u>
Cash flows from investing activities:		
Interest received on investments	<u>3,700</u>	<u>140,785</u>
Net cash from investing activities	<u>3,700</u>	<u>140,785</u>
Net increase (decrease) in cash and cash equivalents	968,848	105,996
Cash and cash equivalents at beginning of year	<u>11,356,571</u>	<u>11,250,575</u>
Cash and cash equivalents at end of year	\$ <u>12,325,419</u>	<u>11,356,571</u>
Reconciliation of operating income (deficit) to net cash from (used by) operating activities:		
Operating income (deficit)	\$ 1,925,776	(1,868,125)
Dividends - return of contributions	(118,326)	-
Adjustments to reconcile operating income (deficit) to net cash from (used by) operating activities:		
(Increase) decrease in receivables	(1,089,144)	1,674,113
(Increase) decrease in prepaid expenses	(4,520)	7,993
Increase (decrease) in accounts payable and accrued expenses	(13,638)	(3,770)
Increase in claims payable	<u>265,000</u>	<u>155,000</u>
Net cash from (used by) operating activities	\$ <u>965,148</u>	<u>(34,789)</u>

See accompanying notes to financial statements.

ARIZONA METROPOLITAN TRUST

Notes to Financial Statements

June 30, 2021 and 2020

(1) Operations

The Arizona Metropolitan Trust ("Trust") is an employee benefits program formed July 1, 2012 and is comprised of Arizona public entities. The program's general objectives are to provide high-quality health, prescription, dental, vision, life, and accidental death and dismemberment coverage and related risk management services to its members at a reasonable cost. For the year ended June 30, 2021, the Trust offered partially self-funded health and prescription, fully self-funded dental and vision, and fully insured life and accidental death and dismemberment coverage. The Trust also offers short-term disability coverage for five entities and long-term disability for one entity.

Public entities are accepted as participants after meeting certain criteria and entering into an Agreement and Declaration of Trust. Entities joining the Trust must remain a participant for a minimum of three years. Participation may be terminated upon giving at least ninety days written notice prior to the expiration of the membership term. Such termination is effective on June 30. Eleven entities participated in the Trust during the years ended June 30, 2021 and June 30, 2020.

The Trust is governed by a Board of Trustees comprised of one trustee from each participating entity. Additionally, each entity has the authority to appoint an Alternate Trustee who has voting rights in the absence of the primary trustee.

Formation of the Trust is authorized under Arizona Revised Statutes Section 11-952 which contains the requirements that (a) the Trust is to pay all claims incurred by each participant during the period of participation, (b) if the Trust is unable to discharge its legal obligations, the participants of the Trust shall be assessed on a prorata basis based on each participant's annual contribution, (c) each participant is ultimately liable for all claims incurred by the participant to the extent not paid by the Trust and (d) terminating participants are subject to final settlement consisting of repayment to the Trust or refund of excess funds upon the discharge of all incurred claims.

The Trust provides medical and prescription medicines, dental, vision, life, accidental death and dismemberment benefits to eligible employees and their eligible dependents subject to the individual entity's benefit eligibility guidelines. The Trust also offers short-term disability coverage for five entities and long-term disability for one entity. The Trust agreement provides that the participating entities make monthly contributions to the Trust of a specific amount for each employee and dependent. Rates per employee and dependent unit are determined annually by the Trustees. Monthly contributions to the Trust are made by the participating entities, using the previously established rates and according to their respective census figures. Participants should refer to the Trust Agreement for a more complete description of the Trust's provisions.

ARIZONA METROPOLITAN TRUST

Notes to Financial Statements (continued)

June 30, 2021 and 2020

(2) Summary of Significant Accounting Policies

Significant accounting policies of the Trust follow:

Accrual basis - The financial statements are presented on the accrual basis of accounting in which assets and additions in net assets are recorded when earned and liabilities and deductions in net assets are recorded when incurred.

Use of estimates - Management necessarily uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may vary from such estimates and assumptions.

Plan benefits - Trust liability for estimated health claims incurred but not reported at June 30 is computed by a consulting actuary based on claim lag patterns for claims paid subsequent to but incurred prior to year-end.

Reinsurance - The Trust is liable for claims up to \$240,000 for each participant and an additional \$200,000 aggregate. The trust uses reinsurance agreements with insurance companies to reduce its exposure to large losses in excess of the aforementioned amount. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Trust as direct insurer of the claims reinsured. The Trust does not report reinsured claims as liabilities unless it is probable that those risks will not be covered by reinsurers.

Income taxes - As an organization for public purposes, the Trust is exempt from Federal and Arizona income taxes and, accordingly, the financial statements do not include a provision for income taxes.

Concentration of credit risk - Financial instruments that potentially subject the Trust to credit risk include cash on deposit with a bank at June 30, 2021, which was insured for up to \$250,000 by the U.S. Federal Deposit Insurance Corporation with the remaining balance collateralized by securities held by the financial institution.

(3) Estimated Health Claims Incurred but not Reported

Changes in the Trust's estimated health claims incurred but not reported amount for the year ended June 30, 2021 were as follows:

Estimated health claims incurred but not reported - beginning	\$ 3,897,000
Current-year claims and changes in estimates	30,729,451
Claims payment	(30,464,451)
Estimated health claims incurred but not reported - ending	\$ <u>4,162,000</u>

ARIZONA METROPOLITAN TRUST
Notes to Financial Statements (continued)
June 30, 2021 and 2020

(4) Subsequent Events

The Trust has evaluated subsequent events through November 4, 2021, the date which the financial statements were available to be issued.

Effective July 1, 2021, two participating entities elected to leave the Trust. Although the two entities' contributions represent approximately 71% of the total contributions, management is of the opinion it will have minimal impact due to corresponding decreases in claims and administrative expenses.

MEMORANDUM

TO: **AzMT TRUSTEES**

FROM: **ECA, A Gallagher Company**
Jaime Schulenberg, Account Executive Senior

DATE: November 09, 2021

RE: Administrative Update

This agenda item will serve as a placeholder to discuss any administrative items that may be of interest to Trustees. To date, I have the following items for discussion:

Mammogram Postcard Error

As you may be aware, AzMT L.I.V.E. sends postcards to covered women on the plan who are eligible for a mammogram each year. This year, Gallagher made an error in the mailing list that was sent to the printer, which resulted in 1,839 postcards mailed in error for a total of \$1,259.72. Due to the fact that this was our error, we have asked AmeriBen to reduce our monthly fee by this amount so the Trust is not responsible for those costs.

2022-23 Renewal

Preparation for the 2022-23 renewal is underway. I will be scheduling a meeting with the Admin Group for December in order to discuss plan changes for the actuary's pricing and welcome any suggestions or discussions Trustees or Alternates may have. In addition, I will schedule a meeting with the Finance Subcommittee in January to develop a recommendation on the Surplus Reserve Level for presentation at the renewal meeting in February.

Marketing

I previously sent an email to Trustees and Alternates regarding relationships with target entities who we might approach for membership. A couple of you responded and are reaching out to colleagues; for those remaining entity targets, I will be reaching out directly.



Phoenix Children's Hospital

I recently learned that Phoenix Children's Hospital (PCH) has issued a notice of termination of its contract with BlueCross BlueShield of Arizona effective December 01, 2021. Negotiations are ongoing and we hope that they are able to reach an agreement on pricing increases requested by PCH. We will keep Trustees informed as this progresses.

August 17, 2021 Tabled Medical Claim Appeal

On August 17, 2021, Trustees heard an appeal from a member regarding an at home sleep study, which was denied due to a specific exclusion in the Plan(s). Trustees tabled a decision and instructed staff to reach out to the member for additional information. To date, the member has not responded to the request for information; as such, we consider this matter closed and will issue a formal denial for failure to respond.

New Gallagher Account Manager

I am pleased to announce that I have hired a new Account Manager, Sheri Gordon, who will start work on December 01, 2021. Sheri has over 15 years of experience working with self-funded trusts and I think she will be an excellent addition to the team! I look forward to introducing her to all of you in the near future.

Should Trustees have any discussion items or issues please let me know so we can address during this meeting. In the meantime, if you have any questions or need additional information, please don't hesitate to call or email me at 928.391.2297 or Jaime_Schulenberg@ajg.com.