

Arizona Metropolitan Trust
Final - Minutes of Special Telephonic Trust Meeting
Monday, January 05, 2015

Trustees Present:

Dr. Spencer Isom, Chairperson
Bryant Powell, Vice Chairperson
Jeanne Blackman, Trustee
Sandra King, Alternate Trustee
Kathy Reyes, Alternate Trustee

Others Present:

Erin Collins, ECA
Mike Hensley, Jones, Skelton & Hochuli
Elena Lacy, ECA
Liz Riley, City of Apache Junction
Mike Schionning, Cheiron
Jaime Schulenberg, ECA

1. Call to Order

The meeting was called to order at 3:01 p.m.

2. Discussion and Possible Action re Membership Application from Buckeye Valley Fire District

Jaime Schulenberg, ECA, reminded Trustees that Buckeye Valley Fire District (BVFD) previously submitted an application for AzMT membership and Trustees decided to table until BVFD ceased its practice for incentivizing their members not to enroll in the Medical plan. BVFD currently has 46 employees enrolled in the medical benefit and 26 who currently waive coverage. *[Editor's Note: After the meeting concluded, it was confirmed that BVFD actually had 19 members waiving coverage at the time of their application.]*

Mike Schionning with Cheiron stated that there is about 15% of the population that is waiving coverage which are the younger members that tend to be healthier. If half of the members that are currently waiving coverage enroll in the plan then they would be no cost to the plan; however, if they don't enroll the potential cost to the Trust as a whole is 1.5%.

Erin Collins, ECA, stated that fire districts are typically good risk mainly because of the younger male population. He noted that ECA's recommendation was to take the risk and extend an offer of membership to BVFD, however, offered an alternative to extend an offer at the current New Member rates through June 30, 2015 and if they are unsuccessful at adding 50% of those who currently waive coverage, add a surcharge of 12% to the rates as of July 01, 2015. Twelve percent

is the actual differential in premium and benefits when it is not spread across the entire Trust according to Mr. Schionning.

Discussion ensued among Trustees and staff regarding the application.

Kathy Reyes, Alternate Trustee with the City of Avondale, noted some concerns with regard to the premium to claims ratio which she felt indicated that BVFD is not a “healthy” population. Mr. Collins clarified that we don’t have claims history and that the actuary uses the information available to him to back into numbers and compare them to AzMT. Ms. Schulenberg reminded Trustees that if they were not comfortable with the potential risk then come July 01, AzMT could charge BVFD an extra 12% for the expected loss. Trustees then discussed the previously stated goal of rate parity and determined that achieving that goal would be difficult if they brought new members on at even higher rates than those set.

Chairperson Isom asked if there is a way to know how many additional employees might enroll in the AzMT plan prior to joining; polling was suggested but this is still something that is not set in stone.

Based on the discussion, Trustees agreed that they were not comfortable with adding a surcharge and suggested that BVFD attempt to get currently waiving members to enroll.

Alternate Trustee Kathy Reyes made a motion to extend an offer of membership to Buckeye Valley Fire District contingent on the enrollment of 50% of those employees who waived coverage as of the date of the application, seconded by Chairperson Isom and unanimously carried.

3. Call to the Public

No public was present.

4. Adjourn

The meeting was adjourned at 3:43 p.m.

Respectfully Submitted,

Elena Lacy
Recording Secretary