

**ARIZONA METROPOLITAN TRUST**  
**FINAL – Minutes of Tuesday, August 29, 2017**  
**Quarterly Trust Meeting**

**The following Trustees were present and a quorum was met:**

Bryant Powell, Chairperson	City of Apache Junction
David Fitzhugh, Vice Chairperson	City of Avondale
Kevin Burke, Trustee	Town of Paradise Valley
Ron Deadman, Trustee	Sun City Fire District
Mike Duran, Trustee	Buckeye Valley Fire District
Dr. Spencer Isom, Trustee	City of El Mirage
Grady Miller, Trustee	Town of Fountain Hills
Gregory Rose, Trustee	City of Maricopa

**The following Alternate Trustees were present:**

James Alcantar	Town of Youngtown
Kathleen Haggerty	City of Maricopa
Jinnett Hancock	Town of Paradise Valley
Sandra King	City of El Mirage
Leo Lew	Pinal County
Lisa Neubert	Sun City Fire District
Kathy Reyes	City of Avondale
Liz Riley	City of Apache Junction
Ray Temple	Buckeye Valley Fire District
David Trimble	Town of Fountain Hills

**1. Call to Order**

The meeting was called to order at 10:02 a.m.

**2. Welcome Paradise Valley**

Chairperson Powell welcomed Paradise Valley as they became effective with the Trust as of July 01, 2017 and then began with introductions of everyone in attendance.

**3. Discussion and Possible Action re Membership Criteria**

Ms. Schulenberg reported that at a previous Trust meeting, Trustees directed the Admin Group to develop a recommendation regarding membership criteria. The Admin Group met on two occasions and agreed that JPAs should be excluded from consideration and the Trust should not explore non-voting members at this time. The Admin Group did have some additional questions pertaining to size and growth. Ms. Schulenberg reported the Actuary's responses and stated that further direction was not received after an email was sent to the group. Trustee Isom asked what ECA's recommendation was and Ms. Schulenberg responded that the Trust should exclude JPAs,

limit the percentage of fire districts and other political subdivision to some percentage between 25% to 33% and implement a geographic region that includes Maricopa, Pinal and Pima counties.

*Trustee Miller made a motion to revise membership criteria to limit membership of fire districts and other political subdivisions not to exceed 25% of the Trust's membership, exclude JPAs and implement the geographic location, seconded by Trustee Rose.*

*Discussion: Vice Chairperson Fitzhugh asked if AzMT will be rounding up or rounding down on the percentage. The motion was clarified that fire districts and other political subdivisions could not exceed 25%, which should handle any rounding issues.*

*The motion carried unanimously.*

#### **4. Discussion and Possible Action re Membership Offer to Superstition Mountain Community Facilities District**

Ms. Schulenberg reported that AzMT received a membership application from Superstition Mountain Community Facilities District (SMCFD) for an effective date of January 01, 2018. SMCFD is a political subdivision with twenty-three employees which falls below AzMT's guideline of fifty employees. Mike Schionning, the Trust's actuary, deemed that SMCFD was not a financial fit.

Chairperson Powell stated that due to his relationship with the group, Apache Junction was removing themselves from the discussion and vote and turned the meeting over to Vice Chairperson Fitzhugh.

Trustee Duran asked why AzMT accepted the application considering that they are under fifty employees. Ms. Schulenberg responded that it was based on their relationship with Apache Junction and also noted that the employee count is a guideline and not a hard and fast rule.

*Trustee Rose made a motion to deny membership to Superstition Mountain Community Facilities District and provided direction to staff that only applications that meet the minimum requirements and are a financial fit should be brought forward for consideration, seconded by Trustee Duran and unanimously carried.*

*Editor's Note: The membership criteria that is currently in place does not include a minimum employee count; that information is part of the Trust's marketing material and reads: "AzMT has established a guideline which targets a minimum of 50 benefit-eligible employees, however, will consider smaller applicants if they are an otherwise good fit for the Trust." We may need to revisit this issue at the next meeting. It should also be noted that once an application is accepted for underwriting, Trustees must take action to approve or deny membership; ECA is unaware of whether an applicant is a financial fit until the actuary has completed the underwriting process.*

## **5. Discussion and Possible Action re Eligibility Appeal**

Ms. Schulenberg reported that AzMT received an appeal of behalf of a member that believes an error incurred during open enrollment. The member wanted to add his stepson to the coverage and thought he had done so; however, the documents showed that even though his dependent was added to the demographic screen, however, he didn't actually enroll his stepson in any of the available benefits. The member is requesting that his stepson be added to Medical/Rx, Dental and Vision coverage retroactive to July 01, 2017.

Trustees asked numerous questions trying to determine if this was a true error had occurred. Mike Hensley, the Trust's attorney, provided Trustees with information concerning I.R.S. Section 125 and the requirements to allow changes to enrollment outside of the open enrollment period. He also noted that AzMT has three options:

- 1.) Grant the appeal;
- 2.) Deny the appeal; or
- 3.) Table for further information.

*Vice Chairperson Fitzhugh made a motion to approve the appeal, seconded by Trustee Miller, and carried by majority vote with El Mirage abstaining.*

## **6. Discussion and Possible Action re Eligibility Appeal #2**

Ms. Schulenberg stated that AzMT received another eligibility appeal in regard to an open enrollment error. The member claimed that he was not aware that there were going to be two dental and vision plans and thought that the dependent eligibility age was 26 based on a flyer that he and the third-party enrollment specialist went through. Ms. Schulenberg pointed out that the flyer was incorrect but noted that the member did receive an enrollment guide which correctly showed the additional plans and limiting ages.

The appellant was present and made a brief presentation to Trustees. He again indicated that was not made aware of the two dental and vision plans and that the guide was given to him at the time he sat down with the representative which did not give him advance opportunity to review the material. He continued that he has always had his children covered and would never have deliberately excluded one of them.

*Trustee Rose made a motion to approve the appeal, seconded by Trustee Miller and unanimously carried.*

## **7. Discussion and Possible Action re Medical Claims Appeal**

Ms. Lacy briefed Trustees that ECA received an appeal on behalf of a member by an out-of-network surgery center, who is disputing the payment that was made for services for a non-emergent surgery. The surgery center claimed that the payment was less than what was received in the past, which is accurate as claims prior to July 01, 2016 were processed based on Reasonable

and Customary versus Medicare-Like Rates which are in place today. AmeriBen and ECA reviewed the claim and the process and determined that the claim was processed and paid properly in accordance with AzMT's SPD.

Alternate Trustee Reyes asked if the facility has been provided education as this is third or fourth appeal from this facility. Ms. Schulenberg reported that BCBSAZ is working on going back to the doctors that are referring to the out-of-network facility as it against their contract.

*Vice Chairperson Fitzhugh made a motion to deny the appeal, seconded by Trustee Rose and unanimously carried.*

## **8. Approval of Meeting Minutes**

Mr. Hensley suggested that Trustee's take action on each set of minutes versus all at once. Paradise Valley abstained from voting as they were not members of the Trust for these meetings.

*Vice Chairperson Fitzhugh made a motion to approve the April 25, 2017 Work Session, Regular Session and Executive Session meeting minutes, seconded by Trustee Miller and unanimously carried.*

*Vice Chairperson Fitzhugh made a motion to approve the May 09, 2017 Special and Executive meeting minutes, seconded by Trustee Miller and unanimously carried.*

*Vice Chairperson Fitzhugh made a motion to approve the May 10, 2017 Special Telephonic meeting minutes, seconded by Trustee Rose and unanimously carried.*

*Vice Chairperson Fitzhugh made a motion to approve the June 19, 2017 Special Telephonic meeting minutes, seconded by Trustee Rose and unanimously carried.*

*Vice Chairperson Fitzhugh made a motion to approve the June 05, 2017 Special Telephonic meeting minutes, seconded by Trustee Rose and unanimously carried.*

*Vice Chairperson Fitzhugh made a motion to approve the June 26, 2017 Special Telephonic meeting minutes, seconded by Trustee Rose and unanimously carried.*

*Vice Chairperson Fitzhugh made a motion to approve the July 13, 2017 Special meeting minutes, seconded by Trustee Rose and unanimously carried.*

## **9. Financial Update**

Ms. Lacy reviewed the Trust's fund results as of June 30, 2017 noting that the Trust finished the year on a positive note, banking \$1.1 million and finishing overall at 98% of budget.

*Vice Chairperson Fitzhugh made a motion to approve the March through June 2017 financials, seconded by Trustee Miller and unanimously carried.*

## **10. Wellness Update**

Ms. Ikononov reported on the completed, ongoing and upcoming wellness programming.

Chairperson Powell reminded Trustees the importance of wellness and encouraged everyone to urge their employees to participate in the programs.

## **11. Review of Incurred But Not Paid (IBNP) Report**

Ms. Schulenberg reviewed the Incurred But Not Paid (IBNP) report stating that the IBNP is \$714,000 higher when compared to July 30, 2016. The increase is due to a rise in the covered population as well as a general growth in medical trend.

This item is for reporting purposes.

## **12. Ratification of Reinsurance**

Ms. Lacy reported that ECA was authorized to secure reinsurance coverage on behalf of AzMT as of July 01, 2017. Coverage was renewed with the incumbent, AIG, at just over 1% more than the previous year. AzMT had budgeted a 20% increase in premiums; as a result, approximately \$130,315 was moved from the stop loss lines to the general admin line in the budget. The specific deductible was maintained at \$240,000 as well as the aggregating specific deductible at \$200,000 and the contract was moved from a 24/12 to PAID.

*Trustee Rose made a motion to ratify the reinsurance renewal, seconded by Vice Chairperson Fitzhugh and unanimously carried.*

## **13. Discussion and Possible Action re 2017-18 Risk Management Plan (RMP)**

Ms. Schulenberg reviewed the draft Risk Management Plan, noting the following work goals:

- Ongoing compliance with healthcare reform;
- Marketing to New Members;
- Membership Criteria;
- Department of Insurance Exam;
- Entity Membership Renewals;
- Wellness Program;
- Establishment of a Surplus/Reserve Goal;
- Medical/Rx Reinsurance Review; and
- Trustee Education/Annual Renewal Meeting.

Trustees would like two goals added:

- Explore opportunities for consumerism; and
- Explore opportunities for alternative medicine.

*Trustee Miller made a motion to approve the 2017-18 RMP with the additional goals, seconded by Trustee Rose and unanimously carried.*

#### **14. Discussion and Possible Action re AmeriBen Issues**

Ms. Schulenberg reminded Trustees that AzMT has continued to experience issues and concerns regarding AmeriBen's service and that a list was compiled and included in the packet as well as provided to AmeriBen for research.

Alternate Trustee Reyes added that she was tired of "covering" for AmeriBen in the errors that have occurred and stated that it is making her and AzMT look bad. She understood that there are growing pains that need to be worked on, but AzMT was under the impression that there was a dedicated team to work on AzMT.

Matt Ingersoll and Kelly Schoonmaker from AmeriBen responded to some of the concerns that were outlined and noted that there is a dedicated team for AzMT; however, as AzMT grows, so does the team on AmeriBen's side.

Trustee Rose asked if there were in performance guarantees in place to address some of these issues; Ms. Schulenberg noted that there are performance guarantees; however, they do not relate to the issues AzMT has been experiencing.

Break – 11:52a.m. to 12:19p.m.

#### **15. Discussion and Possible Action re Attendance at the Annual Renewal Meeting**

Ms. Schulenberg reminded Trustees that ECA coordinates the annual renewal meeting which lasts a day and half and is for the sole purpose of reviewing the Trust's experience so that appropriate benefit changes can be made and a budget and rates for the upcoming plan year developed. Ms. Schulenberg expressed that it is important for Trustees and Alternate Trustees to attend the meeting and voice their opinions about their entity specific situations so a consensus can be reached. With that being said, ECA's recommendation is that AzMT pay for the Trustee and Alternate Trustee to attend the annual renewal meeting, as well as on-site meals for any staff who attends. Any additional expenses such as hotel rooms, mileage, etc., would be at the expense of the employing entity for their additional staff.

*Trustee Miller made a motion to approve Trust payment for the Trustee and Alternate Trustee to attend the annual renewal meeting and to pay for on-site meals for staff, seconded by Trustee Rose and unanimously carried.*

## **16. Discussion and Possible Action re Trustee Education at October Meeting**

Ms. Schulenberg requested that Trustee educational training be incorporated at the next quarterly Trust meeting to include:

- Overview of AzMT Structure;
- Surplus/Deficit;
- Cost/Benefit of Growth;
- HIPAA Training; and
- Legal Updates.

*Trustee Rose made a motion to include Trustee Education on the October agenda and encouraged all Trustees and Alternate Trustees to attend, seconded by Trustee Duran and unanimously carried.*

## **17. Medical Claims Update**

Matt Ingersoll and Kelly Schoonmaker from AmeriBen provided an AmeriBen update as well as reviewed AzMT's medical claims incurred from May 2017 and paid through July 2017.

## **18. Prescription Claims Update**

Laura Phillipson and Karla Anderson from Navitus reviewed the executive summary for claims paid July 2016 through June 2017.

## **19. Dental Claims Update**

Ann Coupland from Delta Dental of Arizona provided a brief update on dental claims incurred and paid from July 01, 2016 through June 30, 2017.

## **20. Administrative Update**

Ms. Schulenberg reported on the following administrative items:

- AWP, AHG, Teladoc and VSP reports were included in the packet.
- Liz Riley attended the President's Council in March and provided an update.
- AmeriBen HIPAA Disclosure – There was another breach, however, after further investigation no PHI was disclosed. This breach occurred when two members were issued the same ID number, which allowed one member to access the online profile of the other member; ECA is still waiting on a response as to how two people ended up with the same ID number.
- AzMT received a reinsurance bonus in the amount of \$12,204.63. The bonus is earned based on the volume of business placed for reinsurance and since ECA does not accept bonuses or commissions, ECA requested that the bonus be passed to the client.
- Navitus exceptions to coverage are properly handled; however, Mike Hensley, the Trust's legal counsel, has suggested some changes to the contract to clarify the process so there are not questions in the future.

- Marketing – Ms. Schulenberg will be meeting with Tolleson in September and has also been in discussions with Litchfield Park. In addition, a large entity has expressed interest and Ms. Schulenberg is awaiting contact.

**21. Future Agenda Items**

None at this time.

**22. Set Next Meeting Date**

The next regular quarterly meeting is set for October 19, 2017 at 1:00 p.m.

*Editor's Note: The meeting will be held at the Jones, Skelton & Hochuli offices.*

**23. Call to the Public**

No comments were made by the public.

**24. Adjournment**

The meeting adjourned at 1:27 p.m.

Respectfully Submitted,

Elena Lacy  
Recording Secretary