

ARIZONA METROPOLITAN TRUST
Minutes of Tuesday, August 28, 2018
Quarterly Trust Meeting

The following Trustees were present and a quorum was met:

Greg Stanley, Chairperson	Pinal County
Grady Miller, Vice Chairperson	Town of Fountain Hills
Ron Deadman, Trustee	Sun City Fire District
Rick Horst, Trustee	City of Maricopa
Charles Montoya, Trustee	City of Avondale
Bryant Powell, Chairperson	City of Apache Junction
Bill Stephens, Trustee	City of Litchfield Park

The following Alternate Trustees were present:

Dawn Kurek	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
Carolyn Sellmeyer	City of Litchfield Park
Ray Temple	Buckeye Valley Fire District
David Trimble	Town of Fountain Hills

The following consultants/vendors were present:

Karla Anderson	Navitus
Ann Coupland	Delta
Jacquelyn Ikonov	ECA
Ray Jennings	AHG
Rachel McLouth	VSP
Laura Phillipson	Navitus
Kelly Schoonmaker	AmeriBen
Jaime Schulenberg	ECA
Mike Tilton	BCBSAZ

The following guests were present:

Patrick Camunez	Pinal County
Brian Dalke	Paradise Valley

1. Call to Order

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

2. Introduction of New Trustees

Members of the Board and staff introduced themselves as there were a number of new Trustees at the meeting.

3. Election of Officers

Ms. Schulenberg gave a brief overview of the bi-annual election process and noted that the Board needed to elect a Chairperson and Vice Chairperson to serve two-year terms due to the retirement of the previous Vice Chair.

Trustee Miller nominated Trustee Stanley as Chairperson. Trustee Stanley agreed to serve and the nomination was seconded by Alternate Trustee Temple and unanimously carried.

Trustee Powell nominated Trustee Miller as Vice Chairperson. Trustee Miller agreed to serve and the nomination was seconded by Alternate Trustee Temple and unanimously carried.

Chairperson Stanley appointed ECA as the Recording Secretary.

4. Approval of Meeting Minutes

Vice Chairperson Miller made a motion to approve the April 24, 2018 regular Trust meeting minutes, seconded by Trustee Powell and unanimously carried.

5. Discussion and Possible Action re Request for Benefit Exception

Ms. Schulenberg reviewed a request for a benefit exception to pay out-of-network physician visits for a member at the in-network benefit level. The member is a dependent who has an established relationship with a physician in Los Angeles; she requested the Trust consider allowing payment at the in-network benefit level because she had previously used providers in AZ and was unhappy with the care. American Health Group confirmed that there are numerous providers in the BCBSAZ network who could provide care and Ms. Schulenberg reviewed the plan document language concerning when a higher level of payment is permitted.

Alternate Trustee Reyes asked whether the dependent had received care under the Plan from the out-of-network physician and Kelly Schoonmaker from AmeriBen provided information on the visits that have occurred to date.

Trustee Powell made a motion to deny the request for a benefit exception, seconded by Trustee Horst and unanimously carried.

6. Discussion and Possible Action re Medical Claim Appeal #1

Ms. Schulenberg reviewed an appeal from an out-of-network surgical center on behalf of a member requesting additional payment for 4 dates of service. Based on the review by AmeriBen and ECA, the facility was paid according to the summary plan document.

Vice Chairperson Miller requested verification that the provider was in-network; Ms. Schulenberg confirmed.

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

7. Discussion and Possible Action re COBRA Appeal

Ms. Schulenberg reviewed an appeal from a former employee whose COBRA dental insurance was terminated effective 04/30/18 for failure to timely pay the May 2018 premium. In this case, the member elected COBRA which was retroactive several months and indicated she misunderstood that the May payment had not been made.

Ms. Schulenberg reminded Trustees about the COBRA payment requirements per the I.R.S. and noted that Trustees had previously denied a COBRA appeal based on a similar set of circumstances.

Alternate Trustee Temple asked how late the payment was and Ms. Schulenberg reported it was post-marked June 6, 2018, 7 days beyond the grace period. Vice Chairperson Miller asked for confirmation that the February through April payments were made and Ms. Schulenberg confirmed.

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

8. Discussion and Possible Action re Prescription Appeal

Ms. Schulenberg reviewed an appeal from a member who is requesting coverage for a non-formulary medication, Viberzi. Navitus considers coverage for non-formulary medications if a member can demonstrate try and fail of other less costly options; in this case, the member said she had tried and failed every formulary and over-the-counter medication on the list, however, there was no medical evidence to support that.

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

9. Ratification of 2018-19 Reinsurance Contract

Ms. Schulenberg reviewed the 2018-19 reinsurance contract, which was bound with the incumbent carrier, AIG, effective July 01, 2018. She noted that AzMT had budgeted a 15% increase

in premiums and actual rates had come in at 8% for the specific and 25% for aggregate. In addition, the Trust is subject to its first laser in the amount of \$500,000. The definition of laser was provided, which simply means that for the one particular person to which it applies, the Trust is responsible for the first \$500,000 in costs instead of the specific deductible of \$240,000 which applies to everyone else on the Plan.

Alternate Trustee Reyes asked how the broker was compensated and Ms. Schulenberg indicated that the Trust didn't pay them but agreed to get specifics and report back. Alternate Trustee Lew asked whether the Trust had considered another option from the spreadsheet, Swiss Re, which appeared to be an overall lower premium. Ms. Schulenberg pointed out that the offer from Swiss Re was not final and that this renewal came down to the wire in terms of timing.

(Editor's Note: After the meeting, Ms. Schulenberg sent an email to Trustees and Alternates notifying them that: 1) The broker used to place the reinsurance is not paid by AzMT, nor are the fees they receive incorporated into the rate structure in any way. Instead, they provide services to various insurance carriers and receive compensation for those services. 2) The Swiss Re proposal was not final and importantly, did not contain run-in language that would have paid any claims incurred by the Trust prior to 07/01/18 and paid in the 2018-19 plan year. As such, that offer was not considered to be competitive.)

Chairperson Powell made a motion to ratify the 2018-19 reinsurance contract, seconded by Trustee Stephens and unanimously carried.

10. Review of June 30, 2018 Incurred But Not Paid Analysis

Ms. Schulenberg reviewed the actuary's analysis of the Trust's Incurred But Not Paid (IBNP) liability as of June 30, 2018. The new IBNP is \$3,576,000 which is \$139,000 more than 2017-18.

Trustee Powell confirmed for Trustees that IBNP monies were not available for use as the Trust is required to keep those funds available to pay claims.

This item was for information only and no action was required/taken.

11. Discussion and Possible Action re 2018-19 Plan of Risk Management

Ms. Schulenberg reviewed the draft 2018-19 Plan of Risk Management, highlighting the work goals scheduled for the coming year.

Trustee Powell asked which entities were up for renewal in 2019-20 (Fountain Hills and Sun City Fire District), confirmed that Trustees were ok with current marketing efforts, and discussed the Surplus Committee. Ms. Schulenberg, at the suggestion of Alternate Trustee Reyes, explained the purpose of the Surplus Committee and noted that a meeting would be scheduled once 2019-20 numbers came in so that goals could be adjusted as necessary during the renewal meeting.

Chairperson Stanley asked about the status of the Trust's audit and Ms. Schulenberg reported that the DOI Audit conducted every 5 years had just concluded with no material issues and that in addition, the Trust was audited annually.

Trustee Stephens made a motion to approve the 2018-19 Plan of Risk Management, seconded by Trustee Powell and unanimously carried.

12. Discussion and Possible Action re Medical Network RFP

Ms. Schulenberg reminded Trustees that they had voted to conduct a Medical Network RFP during their April meeting. At a recent Admin Group meeting, Pinal County suggested, and many agreed, that the scope of the RFP should be expanded to consider bundled services in an effort to save money. Ms. Schulenberg requested direction from Trustees regarding what specific services they were willing to consider in light of the complexity of the process and variety of options. She specifically asked for authorization to expand the scope and if the direction was to do so, to provide direction on:

- What services the Trust would consider for bundling (TPA, Medical Management, PBM, etc.);
- If bidding for bundled services, should the Trust ask incumbent vendors to provide a competitive quote;
- Consideration of such things as the ability to customize the SPD, pay out-of-network providers, etc.

Vice Chairperson Miller indicated that he was not in favor of considering a bundled product as it provided less flexibility. Alternate Trustee Temple also indicated Buckeye Valley Fire Department was not in favor of considering a bundled approach.

Trustee Horst said that he sees a value in looking at any options that keep costs in check. Trustee Powell cautioned Trustees to "be careful of what you ask for" and to take a process of this nature slowly. He further indicated that we should not create a problem where one doesn't exist.

Trustees engaged in further discussion about the pros and cons of expanding the scope of the Medical Network RFP and came to the conclusion that perhaps the scope didn't have to be expanded, but rather, some questions about options could be incorporated into the RFP.

Trustee Horst made a motion to conduct a Medical Network RFP and evaluate other options over the coming 18 months, seconded by Alternate Trustee Reyes and unanimously carried.

13. Financial Update

Ms. Schulenberg reviewed the Trust's fund results as of June 30, 2018, noting AzMT had banked just over \$4.5M during the fiscal year.

Alternate Trustee Trimble asked how the current surplus position looked in comparison to the goal and Ms. Schulenberg estimated that AzMT was at nearly 50% of the established goal.

Vice Chairperson Miller made a motion to approve the March through June 2018 financials, seconded by Alternate Trustee Reyes and unanimously carried.

14. Wellness Update

Ms. Ikonov reported on the completed, ongoing and upcoming wellness programming, including results from the Trust's pilot weight loss program.

Trustees took a short lunch break from 12:00 p.m. to 12:23 p.m.

15. Vendor Updates

BCBSAZ – Mike Tilton from BCBSAZ apologized to Trustees about the way they handled the decision to contract with Mayo. He went on to describe other client's experience thus far with Mayo, but noted that the experience was too immature to be valid. Ms. Schulenberg shared that one of ECA's other clients did add Mayo and it is now their #2 provider.

Trustees and Alternates had a number of questions:

- Alternate Trustee Lew asked whether AzMT would be required to add Mayo effective in 2019; Mr. Tilton responded that it was an ongoing negotiation and he wasn't sure.
- Mr. Lew also asked about the ability of the Trust to work with a third-party vendor who could have access to BCBSAZ negotiated rates to assist members in determining where to seek high quality, lower cost services; Mr. Tilton indicated that they could work with AzMT on that.
- Alternate Trustee Reyes asked about AzMT's ability to contract with BCBSAZ under an ASO bundled contract in order to gain access to the national network and other services provided to ASO and insured groups; Mr. Tilton said he didn't believe that AzMT was suited for a bundled approach. He also reported that BCBSAZ is in negotiations to offer Blue Card national access to their CHS clients, which he hopes to be effective 07/01/19.

AmeriBen – Kelly Schoonmaker reviewed claims and performance statistics for the period April 2017 through March 2018.

Navitus – Laura Phillipson and Karla Anderson reviewed prescription claim statistics for the plan year ending June 30, 2018.

American Health Group – Ray Jennings reviewed pre-certification and case management activity for the plan year ending June 30, 2018.

Delta Dental – Ann Coupland reviewed highlights from both the Basic and Buy-Up dental plans for the period August 2017 through July 2018.

VSP – Rachel McLouth had to leave prior to her report, however, the activity report for the vision plans was included in the meeting packet.

16. Administrative Update

Ms. Schulenberg reported on the following administrative items:

- DOI Audit – completed as previously discussed, but report could take several years;
- 2018-19 Budget Error – two lines were not included in the Grand Total of the budget, however, they were included in the rates so there was no impact;
- HDHP Strategy – The Admin Group had the actuary present the methodology for the HDHP premium pricing and have requested ECA to review some options for creating a greater gap between that premium and those of the other plans;
- Delta Dental HIPAA Disclosure – Member data was inadvertently provided to a potential employee. No action was required but ECA requested that they notify the member as a courtesy;
- AmeriBen Leadership Conference – AzMT will be represented by Liz Riley and David Trimble on the President’s Council and in addition, members from all entities except BVFD and Paradise Valley would attend the conference; and
- ECA Staff – A new Group Benefits Specialist, Storm Kinion, was hired effective 09/04/18.

17. Future Agenda Items

None at this time.

18. Set Next Meeting Date

Ms. Schulenberg will send out potential dates for approval.

(Editor’s Note: The next meeting has been scheduled for 11/27/18 at 10:00am – Location TBD)

19. Call to the Public

No comments were made by the public.

20. Adjournment

The meeting adjourned at 1:35 p.m.

Respectfully Submitted,

Jaime Schulenberg
Recording Secretary