

ARIZONA METROPOLITAN TRUST
Minutes of Tuesday, April 23, 2019
Quarterly Trust Meeting

The following Trustees were present and a quorum was met:

Grady Miller, Vice Chairperson	Town of Fountain Hills
Ron Deadman, Trustee	Sun City Fire District
Mike Duran, Trustee	Buckeye Valley Fire District

The following Alternate Trustees were present:

Jinnett Hancock	Paradise Valley
Dawn Kurek	City of El Mirage
Leo Lew	Pinal County (via phone)
Fernanda Osgood	City of Maricopa
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:

Ann Coupland	Delta (via phone)
Mike Hensley	J, S & H
Jennifer Huppenthal	AHG (via phone)
Ray Jennings	AHG (via phone)
Storm Kinion	ECA
Deena Lariosa	Medical Review Institute of America (via phone)
Dr. Bob Ludwig	Delta Dental (via phone)
Jayme Merlino	ECA
Kayla Simper	AmeriBen (via phone)
Jaime Schulenberg	ECA
Mike Schionning	Cheiron (via phone)

The following guests were present:

Kirsten DiBie	Fountain Hills Sanitary District
Megan Matheis	Avondale
Paul Nueman	City of Maricopa Fire Department
Dana Trompke	Fountain Hills Sanitary District

1. Call to Order

The meeting was called to order at 10:03 a.m. Board members and staff introduced themselves.

2. Dental Claim Appeal

Ms. Schulenberg reviewed a previously tabled dental appeal regarding coverage for crowns. In summary, the member was advised he needed crowns as a result of tooth fractures; those crowns were denied by Delta as their consulting dentist found there were no fractures, but instead was due to wear or decay. During the original appeal process, Trustees asked if there were pre-crown photos to identify fractures versus wear or decay and requested that a decision be tabled while those photos were requested.

Ms. Schulenberg reported that she had asked the appellant if any photos existed and they do not; the only information available are the x-rays and post-crown photos. Ann Coupland and Dr. Ludwig, both of Delta Dental, were present telephonically and Dr. Ludwig stated the claimant said there were no fractures, but there are several criteria that would cause the benefit to be denied. If there is decay or fracture or if damaged due to erosion or grinding the benefits are denied. The x-rays Delta received show extensive wear on the biting edge and the edge of the tooth providing a diagnosis of wear; therefore, the benefit was denied.

Vice Chairperson Miller called the appellant to address the Board. The appellant stated his dentist is a teaching dentist with many years of experience and explained that he included dental x-rays but that no pre-crown pictures were taken. He did not have foreign objects i.e. tongue ring etc. and he stated that the x-rays show that the wear on teeth 7, 8, 9 is not even; if it were due to wear it would apply to all teeth equally. He reiterated his dentist said it was not from a foreign object or excessive wear and explained the direction and type of fractures that were on his teeth and that these types of fractures can't be repaired, only crowned. He went on to say he understands his benefits and makes sure he always stays in-network. When it was determined what course of treatment would be necessary the dentist office told him they would need to call Delta to obtain approval for treatment. The dentist office told the appellant they called Delta and obtained approval for the three crowns and a cavity. He stated he did not know that there was a max out-of-pocket for benefits and both procedures would exceed the annual benefit. The only way he knew this is because the dentist office said they spoke with Delta. The appellant made a decision to move forward with the crowns first and hold off on the cavity until the new plan year began. He maintains his dentist office obtained prior approval and that the fractures were not due to excessive wear and tear.

Alternate Trustee Riley asked Delta to address the appellant's statements that there was prior approval and the conflicting dental opinions. Dr. Ludwig explained when a dentist's office calls for approval Delta doesn't give approval over the phone. The procedure may be covered, but all the limitations may not be discussed. Alternate Trustee Riley understood the explanation provided. He went on to further say that the appellant did not have a fracture; the claim had been reviewed by two separate independent dentists who determined he had wear and based on those reviews, it did not meet the criteria for the insurance to pay. The appellant responded, citing the report from his dentist showing teeth 7, 8, 9 had a severe fracture; Dr. Ludwig stated that often a dental office will interpret a crack line on the tooth and in this case, you can see crack lines running from top to bottom on the tooth. In dentistry a fracture is when something breaks apart. Vice Chairperson Miller requested a motion.

Alternate Trustee Reyes made a motion to deny the appeal, seconded by Alternate Trustee Riley. Opposed by Trustee Duran, Alternate Trustee Hancock, Alternate Trustee Osgood, and Vice Chairperson Miller. The motion carried by majority vote.

3. Medical Claim Appeal

Ms. Schulenberg reviewed an appeal for the prescription Hizentra denied as not medically necessary by American Health Group (AHG) due to the member having not tried and failed other prophylactic antibiotics prescriptions. According to the board-certified doctor who reviewed the case, it was not medically necessary since the member had not tried other therapies first. The provider is requesting the Board approve the use of the Hizentra for the member. Dr. Deena Lariosa, Institute of America, who completed the medical review, reiterated the member had only tried 2 courses of antibiotics since November of 2017. She has not seen in the records any aggressive antibiotics, oral steroids or anti-viral medications that may have been therapeutic. An anti-viral was offered to the member but she refused it. Ms. Schulenberg also checked with AmeriBen and Navitus regarding the cost and as of the time of the meeting no word from AmeriBen; according to Navitus the therapy would be approximately \$5,000 per month. Vice Chairperson Miller asked if this was an on-going therapy. Dr. Lariosa replied the provider wants the member to try it for 4 months. Alternate Trustee Reyes wanted to know the definition of experimental and where that comes from. Dr. Lariosa reported the standard for the beginning course of treatment would be starting with the prophylactic antibiotics, oral steroids, the anti-viral these would be the first steps to manage the patient's condition. It delays the need to go to the extreme like Hizentra. There may not be any medications to offer her after Hizentra. Hizentra is for primary immunodeficiencies not secondary per the FDA.

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

4. Approval of the February 12 Work Session and February 13 Regular Meeting Minutes

Trustee Deadman made a motion to approve the February 12 Work Session and February 13 Regular Trust meeting minutes, seconded by Alternate Trustee Hancock and unanimously carried.

5. Approval of the December 2018 – February 2019 Financials

Ms. Kinion reviewed the financials through February 2019 noting the Trust has banked just under \$1.5M this year, making the All Years Cash Position just under \$13M; with the IBNP at approximately \$4.1M, the Surplus is estimated at \$8.7M. Items of interest include:

- Interest continues to accumulate higher than budgeted due to the additional funds that have been invested in LGIP.
- On the Medical Claims side, the PPO Buy-Up plan is over budget due to large claims. In the month of February there were three large claims over \$100,000 and nine additional large claims over \$30,000 causing the spike.

- PPO Buy-Up prescription claims are over budget due to high utilization and specialty medications.
- Dental Buy-Up claims continue to run high due to utilization; in addition, enrollment exceeds budget.
- Vision Buy-Up claims continue to run high due to higher than anticipated enrollment.
- The census is running over budget so there is an increase in any expenses paid on a per employee per month basis.
- There are 10 large claims running over 50% of the specific deductible.
- The Trust is running at 65% of the total budget

Alternate Trustee Riley made a motion to approve the December 2018 – February 2019 financials, seconded by Alternate Trustee Reyes and unanimously carried.

6. Discussion and Possible Action re Membership Application of Fountain Hills Sanitary District

Ms. Schulenberg reviewed a request for membership from the Fountain Hills Sanitary District for an effective date of July 1, 2019. Representatives from the Sanitary District were also present to address the Board. The District has forty-three (43) employees (two of which waive coverage) and seventy-one (71) covered members. Their employee count falls under the minimum guideline established by the Trust of fifty (50) employees. [EDITOR'S NOTE: After this meeting, ECA went back and reviewed prior meeting notes where we learned that the 50 employee minimum was removed from marketing materials after the Board made other changes to guideline criteria concerning membership of other political subdivisions, etc. This item will be placed on the next meeting agenda for further discussion.] After the actuary's review, he determined the District was not a financial fit as they are approximately 45% higher than AzMT's experience. Mr. Schionning reviewed the expected claims and basic census information for the District versus AzMT. His report also includes the estimated medical and drug claims cost based on the District's data showing the assumptions produce an average expected claims per member per month (PMPM) of \$444 for medical and prescriptions. Finally, he compared the medical/drug claims under the current book rates and adjusted to the District's benefits with experience higher than AzMT by 45%; based on these assumptions, he did not find the District to be a financial fit. Vice Chairperson Miller invited Dana Trompke, District Manager from the Fountain Hills Sanitary District to speak. She introduced herself and Kirsten DiBie, Administrative Service Manager. She began by asking the Trustees to delay the vote to a later meeting. They are not applying to get into the Trust effective July 01, 2019' they are currently on a calendar year basis so they would request to be accepted either January 01 or the following July 01 if they are accepted. Ms. Trompke discussed the process and trying to determine why they weren't a financial fit. She requested a review of the numbers that went into the actuary's report and she discussed the BCBS information stating her usage is blended with other groups with the same plan. She also reported that using the zip code and average age census is not a reflection of the group, but of the community, with 60% of the employees living outside of Fountain Hills. She also reported when she began working for the District approximately two years ago, they had extremely high deductibles, etc. The PPO plan had a \$5,000 deductible and over the past two years they have been slowly working the deductible down, which resulted in increased premium. Again, she requested a delay of the vote and

requested a meeting with ECA and the actuary to review the data comprised to prepare the report. Vice Chairperson Miller asked Ms. Schulenberg how the process works at this point. Ms. Schulenberg stated they could table the vote. Alternate Trustee Reyes stated her understanding was that the minimum number for a group to be considered was 50 members. Ms. Schulenberg confirmed the Trustees had adopted the guideline of 50 members, however that doesn't prohibit groups from applying. Trustee Duran commented that he agreed with Alternate Trustee Reyes and felt that it was a disadvantage to the board and the applicant to go through the entire process when there were guidelines in place.

Ms. Schulenberg stated ECA doesn't have the authority to not accept and process an application that doesn't meet eligibility. However, that authority could be granted so that AzMT did not incur the expense of the underwriting process and preventing an applicant from thinking there is an opportunity where one doesn't exist. Mr. Hensley, stated there were three options the board could take:

- Deny the application based on the number in the group;
- Honor the request to table the motion; or
- The applicant could withdraw the application.

Alternate Trustee Reyes made a motion for the District to withdraw their application and reapply when the eligibility criteria is met and grant the authority for the actuary provide the information used to prepare the underwriting report immediately to the District, seconded by Trustee Duran and unanimously carried.

7. Discussion and Possible Action re Membership Application Superstition Fire District

Ms. Schulenberg reviewed a request for membership from the Superstition Fire and Medical District for an effective date of July 01, 2019. The District has one hundred thirty-six (136) employees and two hundred sixty-four (264) covered members. Superstition Fire and Medical meet the minimum requirements for membership. After reviewing, the actuary has indicated the District is just outside the range of being a financial fit for AzMT, at approximately 7.3% higher than AzMT's experience. Mr. Schionning reviewed the underwriting report including the average age and actual claims experience of \$317 per member per month for medical and prescription benefits with an approximate anticipated increase of 20% with the primary reason for the increase being one large claim which is running approximately \$150,000 per year. Alternate Trustee Riley recused the City of Apache Junction from the vote as they have worked with the Fire District on many occasions and they feel there is a perceived conflict.

Trustee Duran stated they had also worked with another district that had an employee that was creating a high risk contributing to them not being a fit and suggested that while they might not be a fit due to the one claim, perhaps they could be given a timeframe to possibly correct the current issue. There was additional discussion as to if a group had ever granted membership if the group was not at 5% plus or minus and Ms. Schulenberg said not to her knowledge. Alternate Trustee Reyes brought up having a conversation with them to see if they would be willing to pay a different level of premium; in other words AzMT could create a separate rate structure to

protect itself from the adverse risk. Alternate Trustee Lew also requested to recuse Pinal County as one of their Board of Supervisor members is also a member of the Superstition Fire and Medical Board.

Ms. Schulenberg stated the updated underwriting report could be done quickly however she does think there should be a conversation with the District's broker to determine if they are serious about joining AzMT. Ms. Schulenberg will follow up with the broker for Superstition Fire and Medical District and proceed accordingly.

Alternate Trustee Reyes made a motion to table the motion, pending development of a different rate structure from the actuary protecting the group from the 1 large claim, if Superstition Fire and Medical is interested in a different rate structure or stop loss component, seconded by Trustee Duran and unanimously carried. Alternate Trustee Lew and Alternate Trustee Riley recused themselves from the vote.

8. Administrative Update

Ms. Schulenberg reported on the following administrative items:

- Marketing - ECA has met with:
 - Peoria - Not interested;
 - Buckeye – Very interested - they like the idea of pooling and collaboration however they have already renewed for 07/01/19; and
 - Tolleson – Very interested, they have a very rich benefit plan and their Council mandates they must maintain those benefits. They are interested if there would be an opportunity to mirror their plan under the AzMT platform and what those premiums would look like.

Also, regarding marketing AzMT has sponsored the League Conference at a Bronze level of \$2,500 in addition to various events that ECA hosted that did not produce results. Ms. Schulenberg reported the Trust had decided to stop the sponsorship and wanted to confirm there was no interest in resuming. Discussion ensued that it would not be good idea to begin sponsoring since it is not bringing new applicants. AzMT is a relationship-based group and establishes relationships through word of mouth and contact with other City Managers. Ms. Schulenberg reminded the Trust that ECA attends both the League and ACMA conferences and continues to promote AzMT.

- Renewal Meeting Follow-Up
 - Inpatient Hospital Day (AHG Presentation) – Trustees questioned if either of the two (2) patients who were hospitalized for over 100+ day were still hospitalized and if they were involved in case management. Ms. Schulenberg was able to confirm both were discharged; one was contacted for case management and never replied, and the other did not need assistance.
 - AmeriBen Presentation and Phia (Subrogation) – Kelly Schoonmaker noted there was an error in Slide 12 of her presentation and provided an updated slide for the Trustee's information. Trustees also questioned the subrogation agreement with

Phia Group and how much money had been paid to them; to date, AzMT has not paid Phia for any subrogation claims, however one recently closed and will require a fee to be paid. Once the bill is received and processed it will appear on the financial report.

- Opioid Legislation – Trustees asked Navitus if they would need to make changes to their opioid program based on recent legislation; per their legal team, the burden is on the prescriber, so no changes are necessary.
- Renewal Meeting – Will be at Los Caballeros in Wickenburg, February 17 – 19, 2020 – Ms. Schulenberg informed the board that the date may need to be moved up a week due to the 17th being President's Day. Ms. Schulenberg will follow-up once new date is confirmed.
- Alternate Trustee Reyes commented on the upcoming Telemedicine Legislation and asked that ECA provide the Trustees with any financial implication from the legislation. Vice Chairperson Grady asked that it be added as a future agenda item.

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

Unrelated to the Administrative Update or Future agenda items Trustee Duran reported that this would be Alternate Trustee Temple's last meeting as he will be retiring.

9. Future Agenda Items

- Discussion and possible action re ECA's authority to accept or decline applicants (without providing underwriting) if they don't meet the minimum requirements to be a member of AzMT (i.e., a minimum of 50-members). Several scenarios will be provided.
- Discussion and possible action re revising the dental plan to reflect more specifically what is wear and tear versus a fracture along with the approval process for the next renewal meeting.
- An update on Telemedicine legislation and how it will impact AzMT.

10. Set Next Meeting Date

Regular Trust Meeting August 28, 2019 at 11:30 a.m.

11. Call to the Public

No comments were made by the public.

12. Adjourn

The meeting adjourned at 11:35 a.m.

Respectfully Submitted,

Storm Kinion
Recording Secretary

DRAFT