

ARIZONA METROPOLITAN TRUST
Draft – Minutes of Tuesday, December 1, 2020
Trust Meeting

The following Trustees were present and a quorum was met:

Charles Montoya, Chairperson	City of Avondale (Left meeting at 10:43 a.m.)
Jeanne Blackman	Youngtown
Crystal Dyches, Vice Chairperson	City of El Mirage
Vince Lorefice	Town of Wickenburg
Grady Miller	Town of Fountain Hills
Bryant Powell	City of Apache Junction

The following Alternate Trustees were present:

Jinnett Hancock	Town of Paradise Valley
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
Susan Slagle	City of Litchfield Park
Jackie Temple	Buckeye Valley Fire District
David Trimble	Town of Fountain Hills

The following consultants/vendors were present:

Mike Hensley	Jones Skelton & Hochuli
Storm Kinion	ECA, A Gallagher Company
Jayne Merlino	ECA, A Gallagher Company
Kelly Schoonmaker	AmeriBen
Jaime Schulenberg	ECA, A Gallagher Company

1. Call to Order

The meeting was called to order at 10:31 a.m.

2. Roll Call

3. Approval of the August 18 Regular Meeting Minutes

Trustee Miller made a motion to approve the August Regular Meeting Minutes, seconded by Trustee Lorefice and unanimously carried.

4. Medical Claim Appeal #1

Ms. Schulenberg reviewed an appeal from an out-of-network facility who is requesting additional payment for non-emergency services. She summarized the appeal stating that a member had a non-emergency surgery at a non-network facility on May 08, 2020. AmeriBen processed the claim in accordance with the Summary Plan Document, which provides for payment of out-of-network charges based on a "Maximum Allowable Charge."

The claim was paid based on 150% of Medicare; billed charge totals \$79,132.20 and AzMT paid \$4,232.55. The facility is requesting to be paid at 100% of billed charges. Ms. Schulenberg reported the claims were paid correctly based on the Summary Plan Document; AzMT has heard numerous appeals like this, all of which have been denied.

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

5. Subrogation Request #1

Ms. Schulenberg reported AzMT received a request through Phia for a subrogation settlement on behalf of family members involved in a motor vehicle accident on October 12, 2018. She summarized the individual settlements offers:

Member #1 – Case settled for \$44,500; AzMT paid \$8,119.43 in associated claims and the attorney has offered reimbursement in the amount of \$5,412.96.

Member #2 – Case settled for \$3,696; AzMT paid \$66.74 in associated claims and the attorney has offered reimbursement in the amount of \$44.50.

Member #3 – Case settled for \$5,060.47; AzMT paid \$563.92 in associated claims and the attorney has offered reimbursement in the amount of \$375.95.

Member #4 – Case settled for \$11,588.55; AzMT paid \$1,126.48 in associated claims and the attorney has offered reimbursement in the amount of \$750.99.

There are attorney's fees and other lien holders in each of the cases, however the offer to AzMT for each claim is 66.6% of the total paid.

According to Phia, Trustees have the following options:

- 1) Accept the attorney's offers for reimbursement as noted;
 - 2) Reject the attorney's offer and pursue a different amount the Plan is willing to accept;
- or

- 3) Demand the full amount(s) as entitled by law. This could result in funds being interpleaded with the Court, which would require legal representation to pursue reimbursement.

Ms. Schulenberg stated that Phia does not recommend pursuing the full amount as entitled by law. Discussion ensued as to what the Trust has pursued in the past. Ms. Schulenberg reported that in the past the Trust has agreed to decrease by 33.3%. Ms. Schoonmaker reviewed and stated it appeared each member's attorney's fees were different.

Alternate Trustee Reyes made a motion to accept the proposal, subject to verification that the attorney has agreed to a 1/3 contingency arrangement, seconded by Trustee Miller and unanimously carried.

6. Subrogation Request #2

Ms. Schulenberg reviewed a request received through Phia for a subrogation settlement on behalf of a member involved in a motor vehicle accident on September 28, 2018. AzMT paid accident-related claims totaling \$15,844.84; the members attorney offered a settlement of \$7,000. Based on a time sensitive situation, Ms. Schulenberg worked with Mr. Hensley, legal counsel, and his recommendation was to notify the plaintiff's attorney that if he wanted to settle to avoid litigation, staff would ask the Trust Board to consider reducing the lien, but he would have to be willing to reimburse the full lien if the Board did not agree. Ms. Schulenberg further reported that Mr. Hensley stated that if the Board agreed to accept a 30% reduction as they have in the past, the reimbursement request should be for \$10,000. Ms. Schulenberg stated the information was relayed to the member's attorney; they settled the claim and sent a check to AzMT in the amount of \$10,000. Staff has not cashed the check pending Board approval.

Alternate Trustee Hancock made a motion approve the \$10,000 settlement, seconded by Trustee Lorefice and unanimously carried.

7. Subrogation Request #3

Ms. Schulenberg reviewed a request received through Phia for a subrogation settlement on behalf of a member involved in a motor vehicle accident on March 06, 2020. AzMT paid accident claims totaling \$2,313.98; the member's attorney offered a settlement of \$250. She reported the total settlement amount was \$7,235.42 with \$3,000 going to other lien holders, \$1,735.42 in legal fees, \$336 in lost wages and a payment to the member in the amount of \$1,914. The member's attorney has already settled, disbursing funds to all involved except AzMT. Discussion ensued regarding the unpaid lien to the Trust and what the impact would be to pursue the full lien amount of \$2,313.98.

Alternate Trustee Reyes made a motion to request Phia pursue the full lien amount and inform the member that the attorney had settled without reaching an agreement with AzMT, which could make her liable for the full amount due, seconded by Trustee Lorefice and unanimously carried.

8. Subrogation Request #4

Ms. Schulenberg reviewed a request received through Phia for a subrogation settlement on behalf of a member involved in an accident on January 05, 2020. AzMT paid accident-related claims totaling \$41,884.50; the member's attorney settled the third-party claim for the limit of \$25,000 and is offering a 3-way split (\$8,333.33 to AzMT). She further reported this was with the understanding that the file will remain open until the UIM (uninsured/underinsured motorist) claim is resolved. Trustee Miller inquired about the value of the UIM. Ms. Schulenberg reported ECA/Gallagher did not presently have that information. There was further discussion that if the matter wasn't urgent, the Board would like to know the value of the UIM.

Trustee Blackman made a motion to direct staff to obtain the value of the UIM, resolve the matter and report back to the Board, seconded by Alternate Trustee Hancock and unanimously carried.

9. Subrogation Request #5

Ms. Schulenberg reviewed a request received through Phia for a subrogation settlement on behalf of a member who fell on a City sidewalk on October 31, 2018. AzMT paid accident-related claims totaling \$1,490.59; the member's attorney offered \$745.30 to resolve the lien. The total settlement was \$25,000; there is a \$900 claim for out-of-pocket expenses and wage loss with the member receiving \$23,354.70. Ms. Schulenberg reported the member is a minor, requiring the settlement to be approved by the Court. Mr. Hensley reminded the Board that the fact that the member is a minor doesn't change the fact that they need to reimburse the full amount of the lien.

Trustee Lorefice made a motion to direct Phia to request the full reimbursement and accept reduction by 1/3, seconded by Trustee Miller and unanimously carried.

10. Update on Medical Claim Appeals from 08/18/20

Ms. Schulenberg reminded the Board that during the August 18, 2020 meeting, there were two appeals that were tabled pending additional direction and information. She updated the Board on the status of those two appeals as follows:

- 1) Coverage for therapy related to behavioral disorders – Trustees directed staff to have AmeriBen Medical Management review available medical information to determine whether denied claims had been processed accurately. AMM requested additional notes from the provider; the notes were provided November 22 and are under review.
- 2) Additional payment for out-of-network emergency surgeon – Trustees directed staff to work with the member to determine if they were advised the surgeon was out-of-network, which they were not. Mr. Hensley confirmed the surprise medical bill law does not apply to self-funded plans. Ms. Schulenberg reported she is currently working to find comparable rates with which to negotiate; as BlueCross BlueShield AZ (BCBSAZ) rates are proprietary, there have been difficulties determining a beginning point. Ms. Schulenberg further reported she is continuing to work with BCBSAZ to resolve the matter.

11. Review of 06/30/2020 Incurred But Not Paid Report

Ms. Schulenberg reported the Incurred But Not Paid (IBNP) claim reserve calculations is provided annually by the Trust's actuary, Cheiron; it provides an estimate of outstanding claim payments for services that have been delivered but the Trust has not yet received payment. The IBNP liability for plan year 2019-20 is reported at \$3,897,000, which is \$155,000 higher than the prior year. The increase is due to large claims and medical trend.

12. Approval of the July through October 2020 Financials

Ms. Kinion reviewed the financials through October 2020, noting revenue exceeded expense for the month by \$106,075, with a monthly financial position of \$431,280 and a YTD cash position of \$850,652.

- The PPO Buy-up and HDHP plans are over budget due to two (2) new large claims.
- Rx is running over budget due to high utilization and specialty medications. In October there were 36 specialty fills totaling 149,776; the plan received an Rx rebate totaling \$674,977.
- Vision claims are running over budget due to an error on an invoice which wasn't corrected in time for the payment in September.
- The census is running over budget causing an increase in those expenses paid on a per employee per month basis.
- There are 5 large claims running over 50% of the specific deductible.
- The Trust is running at 32% of the total budget.

Trustee Miller made a motion to approve the July through October 2020 financials, seconded by Alternate Trustee Hancock and unanimously carried.

13. Wellness Update

Ms. Merlino provided a review of the completed and ongoing programs, including MoveSpring challenges, HRAs, Skin Cancer Screenings, Flu/Pneumonia vaccinations, mammograms, Livongo and Omada. The Quarterly Wellness Program Coordinator Meeting was held October 28, 2020, which provided an opportunity for WPCs to discuss their wellness program initiatives. Some entities have implemented virtual gatherings and challenges.

Ms. Merlino concluded by reporting there will be a virtual Ergonomics Webinar on November 30 and December 1 and an Elves on the Move MoveSpring Challenge is scheduled for December 14-18. ECA/Gallagher is working to find a new provider for the Health Risk Assessment Questionnaire, as the previous provider abruptly went out of business.

14. Administrative Update

Ms. Schulenberg reported ECA/Gallagher has been working with Rancho de los Caballeros regarding social distancing for the renewal meeting. She is hoping the renewal meeting can be held in person, however, there is the understanding this may not be feasible due to COVID-19.

15. Future Agenda Items

Alternate Trustee Lew requested there be an item added to the next agenda to discuss the possibility of offering more than one network. Ms. Schulenberg reported that BCBSAZ typically requires they are the exclusive provider, however indicated she would include it as an agenda item for the next meeting.

16. Next Meeting Date February 22-24, 2021 (Renewal)

17. Call to the Public

N/A

18. Adjourn

Alternate Trustee Reyes made a motion to adjourn at 11:26 a.m., seconded by Trustee Blackman and unanimously carried.

Respectfully Submitted,
Storm Kinion
Recording Secretary