

ARIZONA METROPOLITAN TRUST
Minutes of Tuesday, August 17, 2021
Trust Meeting

The following Trustees were present and a quorum was met:

Crystal Dyches, Chairperson	City of El Mirage
Grady Miller, Vice Chairperson	Town of Fountain Hills – Departed at 12:00pm
Jill Keimach	Town of Paradise Valley
Vince Lorefice	Town of Wickenburg
Bryant Powell	City of Apache Junction

The following Alternate Trustees were present:

Jinnett Hancock	Town of Paradise Valley
Dawn Kurek	City of El Mirage
Tarah Mayerhofer	Town of Wickenburg
Liz Riley	City of Apache Junction
Susan Slagle	City of Litchfield Park
David Trimble	Town of Fountain Hills

The following consultants/vendors were present:

Karla Anderson	Navitus
Ann Coupland	Delta Dental of AZ
Mike Hensley	Jones Skelton & Hochuli
Rachele Martin	BlueCross BlueShield of AZ
Rachel McLouth	VSP
Jayme Merlino	Gallagher
Trent Rainey	Teladoc
Kelly Schoonmaker	AmeriBen
Jaime Schulenberg	Gallagher
Courtney Smith	AmeriBen
Courtney Stone	SupportLinc
Lisa Thompson	Navitus

The following guests were present:

Joe Hester	Buckeye Valley Fire District
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1. Call to Order

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

2. Roll Call

3. Approval of the March 16, 2021 Regular Meeting Minutes

Vice Chairperson Miller made a motion to approve the March 16, 2021 Regular Meeting Minutes, seconded by Trustee Powell and unanimously carried.

4. Medical Claims Review

Kelly Schoonmaker from AmeriBen reported on the Trust's medical claims incurred between May 01, 2020 and April 30, 2021 and paid through June 30, 2021, noting that overall claims decreased from the prior reporting period. She also updated Trustees on COVID, pre-certification and medical management.

5. Network Savings Review

Rachele Martin from BlueCross BlueShield of Arizona (BCBSAZ) reported on the Trust's network savings for the period July 01, 2020 through June 30, 2021, noting AzMT experienced overall discounts of 66.5%. She also notified Trustees that BCBSAZ has updated their pricing and the target for leased network business is \$20/PEPM, which will occur over the next several years. Ms. Martin indicated that these increases were necessary due to new legislation including the publication of electronic files on negotiated rates/payments for medical and pharmacy, surprise billing, continuity of care, a self-service tool with personalized member cost sharing and price comparison tools.

6. Prescription Claims Review

Lisa Thompson and Karla Anderson from Navitus reported on the Trust's prescription utilization for the period July 01, 2020 through June 30, 2021, noting that overall claims had decreased from the prior reporting period. Ms. Thompson also noted that the Trust had achieved savings of \$748,252 through the CoPay Max Program.

7. Dental Claims Review

Ann Coupland from Delta Dental of AZ reported on the Trust's dental performance in both the low and high plans for the period July 01, 2020 through June 30, 2021, noting a decrease in overall claim costs from the prior plan period.

8. Vision Claims Review

Rachel McLouth from VSP reported on the Trust's vision claims and enrollment for the period July 01, 2020 through June 30, 2021. She reminded Trustees that a couple of new benefits were added as of July 01, 2021: 1) 100% coverage for standard progressive lenses for all plans; and 2) The addition of Walmart and Sam's Club as in-network providers with frame benefits at the high plan level (\$225/\$150).

9. Telemedicine/Livongo Review

Trent Rainey from Teladoc reported on the Trust's telemedicine utilization and Livongo stats for the period July 01, 2020 through June 30, 2021. Telemedicine visits are up significantly from the prior period, likely due to COVID. Mr. Rainey noted that currently Teladoc is experiencing some slightly longer wait times for on demand services due to the COVID Delta variant. With regard to Livongo, the Trust's diabetes program, AzMT currently has 25% enrollment with 93% of participants engaged in the program. Further, members with uncontrolled diabetes at enrollment are showing a decrease in A1C, which means they are better managing their disease.

10. Employee Assistance Program (EAP) Review

Courtney Stone from SupportLinc reported on the Trust's EAP utilization for the period April 01, 2021 through June 30, 2021, noting annualized program utilization at 56.55%, case utilization at 10.46% and 99.06% of cases resolved through the EAP. Ms. Stone also reminded Trustees that she is available to provide training on the EAP, including a tech demo.

11. Wellness Program Review

Jayne Merlino from Gallagher reported on the Trust's wellness program for the period July 01, 2020 through June 30, 2021, noting that overall participation was down due to COVID.

12. Discussion and Possible Action re BCBSAZ Network & RFP

Jaime Schulenberg from Gallagher reported that due to unprecedented increases expected from BCBSAZ over the next few years combined with a tightening of the market, she was recommending AzMT conduct an RFP process to evaluate network options. Ms. Schulenberg reported that this action was being recommended to Gallagher's book of business and that the RFP and subsequent analysis would be performed by Mike Schionning of Cheiron, who is uniquely positioned to evaluate network discounts, provider strength, etc. Estimated price to conduct the RFP and analysis is between \$6,000 and \$15,000, depending on how many clients join the process.

The Trust's attorney, Mike Hensley of Jones Skelton & Hochuli, noted that due to the multitude of legislative changes that are being mandated over the next several months and years that perhaps the Trust should consider the timing of such a process as it is likely that all networks will be affected and their pricing structures may change.

Vice Chairperson Miller commented that he felt the RFP was a good idea, and noted that it was something the Trust had been considering for several years, however, he too was concerned about timing. Trustee Powell echoed those thoughts.

Chairperson Dyches asked Ms. Schulenberg whether there would be any impact on AzMT if Gallagher's other clients move forward with the RFP and subsequently change networks. Ms. Schulenberg replied that there would be no direct impact, however, she would have contemplated that any pricing solicited in an RFP process would take into account upcoming legislative changes.

Vice Chairperson Miller made a motion to table a decision on a network RFP, seconded by Trustee Powell. Vice Chairperson Miller then amended his motion to delay taking action on a network RFP until August or September 2022, seconded by Trustee Powell and unanimously carried.

13. Approval of the February through June 2021 Financials

Ms. Schulenberg reviewed the June 2021 financial report, reporting that the Trust ended the year with a \$2,076,150 “surplus” primarily due to an increase in revenue associated with an increased census. The All Years Surplus Position is estimated at \$10,416,390 and Ms. Schulenberg reminded Trustees that a portion of that would be paid out to Avondale and Pinal County in accordance with the Trust Document. Ongoing large claims contributed to Medical/Rx claims being over budget; the Trust ended the year with 32 large claims totaling \$7,528,810, 5 of which exceeded the specific and aggregating specific deductibles by \$1,512,280.

Trustee Powell made a motion to approve the financials as presented, seconded by Trustee Keimach and unanimously carried.

14. Medical Claim Appeal #1

Mr. Hensley provided a brief overview of the appeal process and the duty of the Trustees in the process.

Ms. Schulenberg presented an appeal received by a provider on behalf of an AzMT member requesting payment for durable medical equipment which was denied. The physician prescribed a pneumatic compressor following knee surgery which was found to be not medically necessary by both AmeriBen Medical Management and an outside orthopedic specialist. Ms. Schulenberg reported that AmeriBen and Gallagher believe the claim was properly processed and recommended denial of the appeal.

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

15. Medical Claim Appeal #2

Ms. Schulenberg presented an appeal from a member regarding coverage for an in-home sleep study, a specific exclusion under the AzMT plans. The member indicated that due to COVID, there were no options for a study at a facility and is therefore requesting coverage. Ms. Schulenberg could not find any indication that sleep study facilities were unavailable in November 2020, however, Chairperson Dyches shared that her husband ran into the same issue.

Several Trustees had questions regarding the in-home study plan exclusion and whether there was any evidence that a facility was unavailable. Mr. Hensley suggested that Trustees could vote to delay action and request Staff to obtain additional information for consideration.

Trustee Powell made a motion to request additional information and evidence that a facility was not available, seconded by Alternate Trustee Trimble. Trustee Powell then amended his motion to request additional information and evidence that a facility was not available and to re-hear the appeal at the next Trust meeting, seconded by Alternate Trustee Trimble and unanimously carried.

16. Medical Claim Appeal #3

Ms. Schulenberg presented an appeal from a facility on behalf of an AzMT member requesting additional payment for non-emergency surgery performed at an out-of-network facility. She also noted that this particular facility, Silverleaf Surgical Center, has appealed for additional payment before and indicated she would prepare a communication notifying members that this facility is out-of-network and how claims are paid.

Ms. Schulenberg reported that both AmeriBen and Gallagher believe this claim was paid properly and recommended denial of the appeal.

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

17. Medical Claim Appeal #4

Ms. Schulenberg presented another appeal received by a provider on behalf of an AzMT member requesting payment for durable medical equipment which was denied. The physician prescribed a pneumatic compressor following knee surgery which was found to be not medically necessary by both AmeriBen Medical Management and an outside orthopedic specialist. Ms. Schulenberg reported that AmeriBen and Gallagher believe the claim was properly processed and recommended denial of the appeal.

Alternate Trustee Mayerhofer asked if there was anything that could be done to alert employees about this issue before the physician sends them home with a device that won't be covered; Ms. Schulenberg said the device did not require pre-certification but that she could do a communication for members. It was noted that such a communication was probably not the best way to impart the information; Ms. Schulenberg will reach out to AmeriBen to determine whether a solution can be found.

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

18. Medical Claim Appeal #5

Ms. Schulenberg presented an appeal received by a provider on behalf of an AzMT member requesting additional payment for a surgery assistant. The AzMT plans allow for payment of 20% of the primary surgeon's discounted fee for a surgery assistant. AmeriBen and Gallagher believe the claim was processed accurately and recommend denial of the appeal.

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

19. Ratification of Subrogation Settlement

Ms. Schulenberg reported that a subrogation settlement request had been received by Phia Group and copied to Mr. Hensley for his information. He recommended that the Trust accept the offer as AzMT would receive over 50% of the total claims paid despite a low settlement offer that would not pay the member anything. As such, Gallagher authorized Phia to settle and the Board is requested to ratify the settlement.

Trustee Powell made a motion to ratify the subrogation settlement, seconded by Alternate Trustee Trimble and unanimously carried.

20. Discussion and Possible Action re Subrogation Settlement

Ms. Schulenberg reported that Phia Group had submitted a subrogation settlement request on behalf of a member who sustained injuries from a bicycle accident in January 2019. The Trust has previously settled the third party claim in the amount of \$8,333.33; the settlement for consideration is that of the Uninsured/Underinsured Motorist, which settled for \$100,000. AzMT paid claims totaling \$34,233.47 and the attorney offered settlement of \$10,000. The Trust typically accepts a 1/3 reduction on the total claims paid and Phia recommended the Trust request that same arrangement in this case.

Chairperson Dyches made a motion to request Phia negotiate a 1/3 reduction on the claims paid, seconded by Trustee Keimach and unanimously carried.

21. Discussion and Possible Action re Phia Subrogation Authority

Ms. Schulenberg reported that Phia Group is requesting authority to settle subrogation claims of \$20,000 or less with a maximum reduction of 1/3 off paid claims, which will allow them to settle smaller claims more expediently and free up Trustees time in hearing these requests. Mr. Hensley added that it gave Phia Group additional bargaining ability based on the ability to resolve a matter more quickly.

Trustee Powell made a motion to authorize Phia Group settlement authority of \$20,000 or less with a maximum reduction of 1/3 of paid claims, seconded by Chairperson Dyches and unanimously carried.

22. Discussion and Possible Action re Finance Subcommittee

Ms. Schulenberg reported on a meeting of the Finance Subcommittee in June during which they discussed the reserve goal, possible options for departing entities and investment options. The Board is asked to approve a reduction of the current reserve goal from 6.5 months of budget to 6 months of budget.

With regard to the questions regarding departing entities, while Trustees generally shared the concerns raised, based on the fact that any changes would require an amendment to the Trust Document, which opens the Trust up to entity departures mid-term, it was determined not to pursue those at this time.

Finally, Trustees expressed being risk averse to investments outside of LGIP, but will consider recommendations from the Subcommittee once all the research has been completed.

Trustee Powell made a motion to change the surplus/reserve goal to 6 months of annual budget, seconded by Trustee Keimach and unanimously carried.

23. Discussion and Possible Action re Marketing Subcommittee

Ms. Schulenberg reported on a meeting of the Marketing Subcommittee in June during which they discussed the Trust's underwriting guidelines, target entities and a marketing plan. Trustees were in agreement with not changing the underwriting guidelines and the target entities and requested a marketing plan for presentation at the next meeting.

24. Ratification of 2021-22 Reinsurance Renewal

Ms. Schulenberg reported on the 2021-22 reinsurance which was renewed in June with the Chairperson's authorization. Gallagher anticipated a 25% increase in premium based on the claims activity through January 2021, however, due to a number of large claims that occurred after that date, the renewal came in at 41% for the specific with 7 lasers and 4% on the aggregate. She did note that 5 of the 7 lasers are for members from Avondale and Pinal County.

Alternate Trustee Trimble made a motion to ratify the 2021-22 reinsurance renewal, seconded by Trustee Keimach and unanimously carried.

25. Discussion and Possible Action re 2021-22 RMP

Ms. Schulenberg presented the draft Risk Management Plan for 2021-22, which included a number of work goals for the current year. She noted that the work goals should be revised to remove the Network RFP.

Trustee Powell made a motion to approve the 2021-22 RMP as revised, seconded by Trustee Keimach and unanimously carried.

26. Discussion and Possible Action re 2021-22 Meeting Schedule

Ms. Schulenberg suggested that the Trust adopt an annual meeting schedule and proposed dates for the remainder of 2021-22.

Chairperson Dyches made a motion to approve the 2021-22 meeting schedule, seconded by Trustee Powell and unanimously carried.

27. Administrative Update

Ms. Schulenberg reported on the following:

Approval of Bylaws

There were revisions to the Bylaws that were introduced during the February 24, 2021 Trust meeting which are scheduled to be adopted. Based on changes that may be incorporated due to the actions of the Finance and Marketing Subcommittees, Bylaws will be brought to the November meeting for consideration.

Membership Inquiry

AzMT received an inquiry about membership from Buckeye and is working with their HR and the Trust's actuary to obtain necessary information for Trustees review during the 2022-23 renewal meeting.

BCBSAZ Settlement

Governmental plans are not eligible to participate in the settlement about which members may have received information.

Delta ID Cards

Due to system enhancements, members may be receiving new ID cards; Ms. Schulenberg will confirm and notify the Admin Group.

Vince Lorefice

Trustee Lorefice has tendered his resignation from Town of Wickenburg effective September 16, 2021. The Board wished him the best in his new endeavor.

28. Future Agenda Items

N/A

29. Next Meeting Date November 16, 2021 @ 10:00 a.m.

30. Call to the Public

N/A

31. Adjourn

Trustee Powell made a motion to adjourn at 12:55p.m., seconded by Chairperson Dyches and unanimously carried.

Respectfully Submitted,
Jaime Schulenberg
Recording Secretary