

ARIZONA METROPOLITAN TRUST
Draft – Minutes of Wednesday, February 16, 2022
Trust Meeting

The following Trustees were present and a quorum was met:

Crystal Dyches, Chairperson	City of El Mirage
Bryant Powell	City of Apache Junction
Matthew Williams	City of Litchfield Park

The following Alternate Trustees were present:

Jinnett Hancock	Town of Paradise Valley
Dawn Kurek	City of El Mirage
Tarah Mayerhofer	Town of Wickenburg
Lisa Neubert	Sun City Fire District
Liz Riley	City of Apache Junction
Susan Slagle	City of Litchfield Park
Joe Hester	Buckeye Valley Fire District
David Trimble	Town of Fountain Hills

The following consultants/vendors were present:

Ann Coupland	Delta Dental
Mike Hensley	Jones Skelton & Hochuli
Sheri Gordon	Gallagher Benefit Services
Kelly Schoonmaker	AmeriBen
Jaime Schulenberg	Gallagher Benefit Services
Lisa Thompson	Navitus
Rachele Martin	Blue Cross Blue Shield of AZ

The following guests were present:

None

1. Call to Order

The meeting was called to order at 9:03 a.m.

2. Roll Call

Ms. Gordon performed roll call and confirmed a quorum was in attendance to take action on applicable matters before the Board.

3. Approval of the November 16, 2021 Meeting Minutes

Trustee Powell made a motion to approve the November 16, 2021 Regular Meeting Minutes, seconded by Trustee Williams and unanimously carried.

4. Discussion and Possible Action re Membership Application

Ms. Schulenberg reported that the Trust received an application for membership from the City of Buckeye for the Trust's consideration. She reviewed the background information for the City and the underwriting results prepared by Cheiron, which indicated that the City of Buckeye was not currently a financial fit for AzMT, however, he felt they were a good risk based on a review of their claims history. Mr. Schionning provided a separate set of funding factors that would cover the expected claims. A recommendation to accept the City of Buckeye's application was provided by both Gallagher and Cheiron, under a separate rate structure to cover anticipated risk.

Alternate Trustee Trimble made a motion to extend an offer of membership to the City of Buckeye under a separate rate structure developed by the actuary, seconded by Alternate Trustee Hancock and unanimously carried.

5. Medical Claim Appeal

Ms. Schulenberg reported that she received two appeals on behalf of a member from a provider who is requesting payment for medication which was denied as not medically necessary. To summarize, an AzMT member presented to Phoenix Children's Hospital on December 28, 2020 and January 28, 2021 for an immunization, palivizumab, which provides protection against respiratory syncytial virus (RSV) and is used for children who have certain types of heart disease. AmeriBen Medical Management sent the claim out for independent review and Medical Review Institute of America (MRIOA) determined the medication was not medically necessary as it did not meet the American Academy of Pediatrics guidelines. Specifically, the MRIOA indicates for the 12/28/2020 date of service: "This services is not approvable under the plan clinical criteria because the child was not younger than 12 months of age at the beginning of the virus season." The provider believes the medication is indicated for children under 24 months of age at the beginning of the virus season, however, the clinical guidelines require additional criteria for children up to 24 months which were not met. With respect to the 01/28/21 date of service, MRIOA indicates: "The supporting documentation does not support any diagnosis or condition for which immunoprophylaxis against RSV infection with palivizumab would be indicated." As a result, charges totaling \$64,309 were denied as not medically necessary in accordance with the Summary Plan Document. Based on AmeriBen and Gallagher's review of this claims, the charges were processed correctly.

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

Chairperson Dyches made a motion to move Item #6 after Item #8 in order to accommodate discussion of vendor fees prior to adoption of the budget, seconded by Member Williams and unanimously carried.

6. Approval of Rates and Benefits for 2022-23

Ms. Schulenberg reviewed the benefits and rates presented during the work session. Discussion ensued regarding funding options and benefit changes.

Alternate Trustee Mayerhofer made a motion to increase funding by 3.75%, seconded by Alternate Trustee Hancock and carried by majority, with Trustees Dyches and Williams voting nay.

Alternate Trustee Trimble made a motion to increase Dental funding by 2% and Vision by 12.8% and to approve benefit changes discussed during the work session, which include coverage for at-home sleep studies (with pre-certification and ordered by a medical provider) and removal of the \$20 co-pay for 3D mammograms at on-site wellness events, seconded by Trustee Williams and unanimously carried.

7. Navitus Contract Amendment

Ms. Schulenberg reported that Navitus approached Gallagher in November 2021 to share a decision they had made to join a Group Purchase Organization (GPO) in order to increase rebates. At that time, they advised that they had entered into the GPO effective October 1, 2021 and presented a retroactive Amendment to the contract for signature, which included a new fee for administration of the rebate program. After discussion and negotiation with Navitus, they agreed to implement the rebate program as of 10/01/2021 but to hold off on the new fee until 07/01/2022. Ms. Schulenberg believes that the Trust will receive greater rebates than they do under the current program.

Alternate Trustee Hancock made a motion to approve the amendment as presented, seconded by Trustee Powell and unanimously carried.

8. Approval of 2022-23 Vendor Rates/Renewals

Ms. Schulenberg reviewed the vendor renewals which will be effective July 01, 2022, reiterating reinsurance will be marketed beginning in April, but will not be finalized until May or June as it requires carriers to review the most recent data. AmeriBen has requested a 5% increase to their fee from \$15.07 to 15.82/PEPM for claims administration and has agreed to hold their rates for both COBRA and FSA at \$1.00/PEPM and \$4.25/PEPM respectively. AmeriBen Medical Management requested a 5% increase from 3.50/PEPM to \$3.68/PEPM, which is the first increase requested since these services were implemented back in 2020. BlueCross BlueShield of Arizona has offered a multi-year renewal which reflects a reduction from the current rate of \$16.25/PEPM as follows: 2022-23 \$15.50/PEPM, 2023-24 \$15.70/PEPM, 2024-25 \$15.90/PEPM, 2025-26 \$16.10/PEPM, and 2026-27 \$16.30/PEPM. Gallagher is currently in a 3-year rate guarantee with the Trust for both Pool Administrator and Wellness Administration. Cheiron has offered a rate pass through June 30, 2024. Delta Dental has requested a 4% increase from \$3.62/PEPM to \$3.78/PEPM. Legal Counsel, Mike Hensley has offered a rate pass for 2022-23 with a \$5.00/hr. increase in 2023-24. The Fund Auditor, Doug Kienitz, has requested a 3% increase to perform the annual audit from \$7,450 to \$7,700. Mutual of Omaha has offered a rate pass through June 30, 2024. Securian has offered a rate pass through June 30, 2025. SupportLinc has offered to hold their rates at \$1.58/PEPM through June 30, 2024. Teladoc requested a 4% increase, from \$1.44/PEPM to \$1.50/PEPM. This follows a 3% increase which was requested this plan year.

Alternate Trustee Trimble made a motion to enter into Executive Session for contract negotiations, seconded by Trustee Williams and unanimously carried.

Executive Session was called at 9:35 a.m.; Trust Meeting resumed at 9:47 a.m.

Alternate Trustee Mayerhofer made a motion to approve all contract renewals, with the exception of Teledoc, and authorize the Chairperson to execute associated contract documents once approved by legal, seconded by Trustee Williams and unanimously carried.

Alternate Trustee Mayerhofer made a motion to direct staff to negotiate the renewal with Teledoc, seconded by Alternate Trustee Hancock and unanimously carried.

Trustee Powell made a motion to direct staff to draft a Request for Proposal for Telemedicine services dependent on the outcome of the negotiations with Teladoc, seconded by Trustee Williams and unanimously carried.

9. 07/01/22 Membership Renewals

Ms. Schulenberg reported the membership terms for Town of Fountain Hills and Sun Valley Fire District are expiring June 30, 2022. She explained the renewal and termination process, indicating that Trustees would need to offer renewal to each entity if they wished to do so. Ms. Schulenberg recommended voting on each renewal individually.

Alternate Trustee Hancock made a motion to extend membership renewal to Town of Fountain Hills, seconded by Trustee Williams and unanimously carried.

Alternate Trustee Hancock made a motion to extend membership renewal to Sun City Fire District, seconded by Trustee Powell and unanimously carried.

10. Introduction to Revision of Bylaws

Ms. Schulenberg reported that the following revisions to the Bylaws were previously introduced to the Trustees, but at the time these revision were brought forth for final approval, discussion was taking place regarding marketing and setting of a surplus goal. As such, a decision to approve the following revisions was tabled:

1. Update Section 7(A) and 7(C) to clarify when entity payments are due to AzMT; and
2. Update Sections 8(A) and 8(D) to accurately reflect a previous discussion by Trustees regarding eligibility for membership in AzMT.

In accordance with the Bylaws, Ms. Schulenberg is again introducing the changes for Trustee review and consideration; the action item will be brought forward at the next meeting for approval.

Alternate Trustee Trimble made a motion to approve the item as presented, seconded by Trustee Powell and unanimously carried.

11. Approval of the October through December 2021 Financials

Ms. Schulenberg reported the financials were reviewed during the Work Session on February 15, 2022 and offered to answer any additional questions.

Ms. Schulenberg also reviewed an issue she had discovered in the way the financials were being reported related to Avondale and Pinal, both in terms of claims and surplus payments. She noted that the actual claims should be reduced from the IBNP versus the monthly claims; in addition, the surplus payments should have reduced surplus directly as opposed to showing as an expense. Ms. Schulenberg will work with her internal accounting person to update the report to accurately reflect these expenses.

Chairperson Dyches made a motion to approve the October through December 2021 financial reports, seconded by Trustee Powell and carried by majority vote, with Trustee Williams voting nay.

12. Administrative Update

Ms. Schulenberg reported on the following admin items:

- NQTL Audit
 - AzMT's compliance with the Mental Health Parity was audited by CMS beginning in May 2021. The process required AzMT to analyze its compliance in several areas and respond to specific questions posed by CMS. The focus of the Trust's audit was prior authorization treatment limitations for inpatient, in-network services. AzMT passed the audit; many thanks to AmeriBen for their work in preparing the various responses.
- Avondale & Pinal County Surplus Distributions
 - Avondale and Pinal County voluntarily left AzMT at the end of their membership term on 06/31/21. At that time, their surplus was estimated at \$2,191,941.79 and \$3,855,093.03 respectively. In accordance with the Trust Document, we paid out the first surplus payments on 12/23/21 in the amounts of \$2,183,956.34 and \$2,855,093.03 respectively, which represents 75% of the estimated total. The final payments will be due in February 2024.
- Marketing
 - Ms. Schulenberg reported that she reached out to all the entities on the marketing target list with no success. The Town of Oro Valley is the only entity who responded to let her know that their broker had looked at AzMT's information but did not find the rates competitive. The Marketing Committee will continue to meet to discuss other strategies and keep the Trustees informed of their efforts.
- Conflict of Interest & HIPAA Confidentiality Agreement Forms
 - Trustees and Alternates will be required to sign both the Conflict of Interest and HIPAA forms on an annual basis. In addition, any administrative staff who has access to PHI related to coverage under AzMT will be required to sign a HIPAA form. All forms will be emailed for signature.

13. Future Agenda Items

N/A

14. Set Next Meeting Date

The next meeting is scheduled for May 17, 2022 at 10:00 a.m.

15. Call to the Public

N/A

16. Adjourn

Chairperson Dyches made a motion to adjourn at 10:34 a.m., seconded by Alternate Trustee Mayerhofer and unanimously carried.

Respectfully Submitted,
Sheri Gordon
Recording Secretary