

ARIZONA METROPOLITAN TRUST
Draft – Minutes of Tuesday, August 16, 2022
Special 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
Stephen Erno	Town of Wickenburg
Bryant Powell	City of Apache Junction
Rob Schmitz	Sun City Fire District
Matthew Williams	City of Litchfield Park

The following Alternate Trustees were present:

Jinnett Hancock	Town of Paradise Valley
Joe Hester	Buckeye Valley Fire District
Dawn Kurek	City of El Mirage
Anna McCray	City of Apache Junction
Susan Slagle	City of Litchfield Park
David Trimble	Town of Fountain Hills

The following consultants/vendors were present:

Erin Collins	Gallagher Benefit Services
Joe Decker	Teladoc
Jake Goll	Navitus
Sheri Gordon	Gallagher Benefit Services
Michael Hensley	JS&H
Missy Jenson	Gallagher Benefit Services
Rachel McLouth	VSP
David Medeiros	Navitus
Kelly Schoonmaker	AmeriBen
Jaime Schulenberg	Gallagher Benefit Services

The following guests were present:

None

1. Call to Order

The meeting was called to order at 10:10 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 February 16, 2022 Executive Session Meeting and May 23, 2022 Trust Meeting Minutes

Trustee Miller made a motion to approve the February 16, 2022 Executive Session, and May 23, 2022 Trust meeting, seconded by Trustee Williams and unanimously carried.

4. Election of Officers

Jaime Schulenberg reported that Section 5 of the Bylaws provides for the election of officers every even numbered year, including the Chairperson (only if the current Vice Chairperson is unable or unwilling to assume the role) and Vice Chairperson. She reminded the Trustees that Nominees must be present to accept or decline such nominations. In addition, the Chairperson shall designate a Recording Secretary, which has historically been Gallagher.

Ms. Schulenberg reported that Grady Miller, Vice Chairperson, had agreed to serve as the Chairperson. As a result, the Trustees will need to elect a Vice Chairperson and the Chairperson will appoint a Recording Secretary.

Trustee Dyches made a motion to nominate Matthew Williams as the Vice Chairperson, seconded by Chairperson Miller and unanimously carried. Mr. Williams accepted the nomination and position of Vice Chairperson.

Chairperson Miller assigned Gallagher as the Recording Secretary for the Trust.

5. Vendor Reporting

A. Medical Claims Review

Kelly Schoonmaker from AmeriBen reviewed the Executive Summary for the current reporting period (July 1, 2021 through June 30, 2022; and paid through July 31, 2022) compared to the prior period (incurred July 1, 202 through June 30, 2021; and paid through July 31, 2021) for the Trustees. Ms. Schoonmaker reviewed some general notes, the financial dashboard, the Health Plan snapshot, claims category summary, demographics, ER utilization, chronic conditions, network status summary and COVID 19 utilization and costs analysis.

Ms. Schoonmaker highlighted that medical claims have a trend of -64.88% and pharmacy claims have been trending -68.29% from the prior year. She reported that total membership decreased by 70.72%. She also reported that inpatient stays were the worst performing service category when compared to the benchmark of -1.86%, with pharmacy coming in with the best performance at -29.16% against the benchmark.

B. Prescription Claims Review

David Medeiros and Jake Goll from Navitus provided an overview of the pharmacy performance for the Plan Year (July 1, 2021 – June 30, 2022) for the Trustees as outlined below:

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- Plan paid was \$1,938,269, which decreased by 65.2%;
- Per Member Per Month (PMPM) was \$76.76 and increased by 18.8%;
- Generic Dispensing Rate (GDR) was 79.9%, which was a decrease of 0.7%; and
- Specialty Medication costs were 47.5%, which was an increase of 25.6%.

Mr. Goll reviewed the different drug classes, trend drivers, generic versus brand, COVID 19 vaccines and utilization, scripts costs versus script volume, and top ten drugs by cost and count. Mr. Goll reviewed some notable trends in targeted Immunomodulators, diabetes, multiple sclerosis agents and Opioid/Alcohol dependence.

C. Dental Claims Review

Ms. Schulenberg reported that Ann Coupland from Delta Dental provided their report for the Trustees review but were unable to attend the meeting as planned. She offered to pass along any questions or concerns Trustees may have.

D. Vision Claims Review

Rachel McClouth from VSP reviewed the Utilization Summary as of July 2022 for the Trustees. Ms. McClouth reported that for the period of August 2021 through July 2022, the Plan had total (exams, bifocals, frames, etc) services of 1,049, with a 49.44% savings and total dollars savings of \$81,322.96. She reported that the average cost per claims was \$124.27 and the average PMPM is \$14.03. Overall Ms. McClouth reported that the Plan is running well.

E. Telemedicine Review

Joe Decker from Teladoc reviewed the Utilization Report for the period of January through July 2022 for the Trustees. He reported that the Trust had 107 visits which provided a year to date claims savings of \$50,396. The member satisfaction survey had a response rate of 7.48%, which was a total of 8 respondents, and overall excellent rating of 62%.

Mr. Decker reviewed the general medical claims savings and utilization from January through July 2022. He noted for the period that the annualized utilization was 19.5% with a claims savings per episode of \$471.00. He also reviewed the member activity, registrations, how members received care, frequency of visits, demographics of utilization, and the clinical details of teledoc visits.

Mr. Decker reported that the Trust has added both the Dermatology (\$85 copay for member) and Nutrition (\$50 copay to member) options with no additional cost. During discussion, Susan Slagle asked Mr. Decker if Teladoc could look into some additional mental health benefits for the Trust.

F. Wellness Review

Missy Jenson reviewed the Wellness Program for the Trustees. She provided an overview of the screenings and participation, upcoming screening opportunities, wellness program survey results, and an update on the Wellness Subcommittee meeting.

G. Employee Assistance Program

Ms. Schulenberg reported that Curalinc provided their report for the Trustees review but were unable to attend the meeting. Gallagher will be happy to follow up with Curalinc should Trustees have any questions or concerns.

6. Medical Claims Appeal #1

Ms. Schulenberg reported that the Trust received an appeal for additional payment for a surgical assistant. She summarized that the member had a non-emergent surgery on December 03, 2021 during which a surgery assistant was used. AmeriBen processed the claim in accordance with the Summary Plan Document, which provides for a payment for a surgery assistant at 20% of the eligible primary surgeon's expense.

Ms. Schulenberg reported that in this case the primary surgeon claim totaled \$4,399 with a payment of \$2,303.14. The Assistant Surgeon claim also totaled \$4,399, however AmeriBen paid \$460.68, which is 20% of the primary surgeon's discounted fee. She indicated that the claim was paid correctly and recommends denial of the appeal. Mike Hensley, the Trust's legal counsel, was in attendance in the event of legal questions pertaining to the appeal.

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

7. Medical Claims Appeal #2

Ms. Schulenberg reported that the Trust received a medical appeal from an attorney on behalf of a member who had a cochlear implant on 11/19/21 and is requesting further payment for that procedure.

Ms. Schulenberg indicated that the member underwent a surgical procedure to receive a cochlear implant and they thought it would be covered as any other surgery due to having received a Prior Authorization from AmeriBen. Subsequent to the surgery, they received an Explanation of Benefits (EOB) which indicated that the implant was subject to a \$1,000 lifetime maximum, leaving a balance owing of \$43,587.63.

Ms. Schulenberg reported that the appeal makes several arguments for coverage, including the Prior Authorization that was issued, conversations with AmeriBen in which they believe they were told the procedure was covered, and the fact that another AzMT member had the same surgery/procedure at the same hospital using the same physician and had the claim paid in full. Ms. Schulenberg addressed the following points for the Trustees:

- A. Prior Authorization – Every time a PA is issued, it contains language that the authorization is not a guarantee of benefits and that coverage and/or payments may be limited to things such as “a benefit limit that applies...” The PA itself is not a guarantee of benefits, but rather a confirmation that a procedure is medically necessary.
- B. Conversations with AmeriBen – There is an email exchange included in the appeal between what she believes is the doctor's office and the cochlear implant company. In the initial conversation date 09/22/21, Becky Berkley from Cochlear America noted: “Although the PA was approved the patients' employer has added a life benefit maximum of \$1,000 for cochlear implants which will not even cover the cochlear implant system...” Subsequent to

that, either the member or the physician's office had a conversation with AmeriBen it did not appear they mentioned the \$1,000 lifetime limit during that phone call.

- C. Coverage of the same procedure for another Employee – It is accurate that in August 2020, another AzMT member received this same service and the claim(s) was paid under the Outpatient Surgery benefit with no limitation. Per AmeriBen, they requested clarification as to whether the cochlear implant fell under the benefit limitation and when they did not hear back within 30 days, they were instructed to pay the claim in full. I have been unable to find any record of this request or an authorization to pay; further, attached is a page from the 2020-21 Summary Plan Document which clearly indicates that cochlear implants are covered as a hearing aid and subject to the maximum, so I am unsure as to how or why they claim would have been paid.

Trustee Williams made a motion to approve the appeal, seconded by Alternate Trustee Hester. Discussion ensued by the Trustees and it was determined that an executive session was in order to seek legal advice before making a decision.

Trustee Williams and Alternate Trustee Hester withdrew their motions.

Trustee Dyches made a motion to enter into Executive Session for legal advice, seconded by Trustee Erno and unanimously carried.

Executive Session 11:47 am

Trustee Williams made a motion to recess Executive Session, seconded by Alternate Trustee Hancock and unanimously carried.

Regular Session 11:59am

Trustee Erno made a motion to approve the appeal, seconded by Trustee Williams and unanimously carried.

8. Discussion & Possible Action re Ineligible Claims Paid

Ms. Schulenberg reported that in April 2022, Gallagher was advised that a plan member had been divorced in October 2020 but had failed to report that divorce to his employer. As a result, the former spouse incurred claims totaling \$730.54 under the AzMT plan which were not eligible for coverage.

Ms. Schulenberg reported that we retroactively terminated the spouses' coverage to 10/31/2020 and calculated the premium differential and sent the employee a letter requesting repayment in the amount of \$410.36. The employee did not timely respond, at which time, the Trust's attorney sent a letter. The employer indicated that they cannot legally withhold the amount owed to AzMT from the employee's paycheck so we have placed this item on the Agenda for discussion of options and next steps to recover the monies owed to the Trust.

Discussion ensued by the Trustees and it was determined that an Executive Session to discuss legal options was in order.

Trustee Dyches made a motion to enter into an Executive Session, seconded by Alternate Hancock and unanimously carried.

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Executive Session 12:03pm

Trustee Dyches made a motion to recess from Executive Session, seconded by Trustee Williams and unanimously carried.

Regular Session 12:10pm

Trustee Erno made a motion to direct Legal Counsel to draft a letter to the employee to repay the Trust within 60 days or his benefits will be suspended, seconded by Trustee Williams and unanimously carried.

9. Approval of April, May and June 2022 Financials

Ms. Schulenberg reported that the April, May and June 2022 Financial reports were included in the meeting packet and reviewed the June 2022 financials and graphs for the Trustees.

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

10. Reinsurance Renewal

Ms. Schulenberg reported that after taking the reinsurance out to market this year, Gallagher, in consultation with the Trust Chairperson, moved the reinsurance contract to Symetra effective July 01, 2022. The only other carrier to respond was the incumbent, HCC. All other carriers declined to bid based on the Trust's loss experience and ongoing high dollar claims, which limited the options and negotiating power.

Ms. Schulenberg reported that this was a tough renewal. The HCC renewal quote came in at +85% with three (3) lasers totaling \$2,025,000 (2 from the prior year and 1 new); we were unable to negotiate a better offer. The Symetra quote came in at +73% with no lasers, along with a guarantee not to include lasers at the next renewal if the Trust elects to stay with them. Based on the limited availability of options, we renewed at the same Specific Deductible (\$240,000) and Aggregating Specific Deductible (\$200,000) as are currently in place, with Symetra. We had hoped to reduce the Specific and Aggregating Specific deductibles this year, however, we were advised that the carrier sets the expected loss at 65% of the premium. The contract is a 24/12 basis, which means the Plan will be reimbursed for eligible claims that were incurred from 07/01/21 and paid during the current plan year. The Trust had budgeted for a 25% increase for reinsurance this year based on the claims experience at the time; costs in excess of the projected premiums were reduced from the funding factors.

Ms. Schulenberg requested ratification of the renewal of reinsurance by the Trustees.

Trustee Williams made a motion to ratify the reinsurance award with Symetra seconded by Trustee Erno and unanimously carried.

11. Incurred but Not Paid (INBP) Claims Reserves as of June 30, 2022

Ms. Schulenberg reported that the Incurred but Not Paid (INBP) claim reserve calculation is provided annually by the Trust's contracted actuary, Cheiron, and provides an estimate of outstanding claim payments for services already delivered to plan members, but for which the

claim has not yet been received by the Trust for payment. The IBNP estimate also includes an administrative settlement expense based on the actual contractual obligation associated with paying IBNP claims in the situation of a plan closure.

The IBNP liability for the 2021-22 Plan year is reported at \$1,618,000, which is \$2,544,000 less than the prior year. This reduction is a reflection of the departure of Avondale and Pinal County.

Ms. Schulenberg reported that this item is informational only and does not require approval by the Trustees.

12. Administrative Update

Ms. Schulenberg reported on the following admin items:

- **2022-23 Plan of Risk Management:**
Ms. Schulenberg reported the “RMP” is being revised to include some additional information and will present it for review and approval at the next Trust Meeting.
- **AzMT Website**
Ms. Schulenberg reported that the AzMT Website is currently not operating properly, despite Ms. Gordon spending several hours on the phone with GoDaddy Technical Support. We are doing our best to get this resolved, but may need to elevate the situation to a higher level at GoDaddy, since we have had problems since we went live. Updates will be provide as we work through resolving all issues with the website.
- **Teledoc Dermatology and Nutrition Programs**
Ms. Schulenberg reported that she was advised this week that the Dermatology and Nutritional Counseling programs were not online as of July 01, 2022 as advertised. Apparently Teladoc could not implement until they received the signed contract amendment, however, we were never advised of that. Those programs are now up and running and we will get some marketing out to advertise the programs.
- **AmeriBen Performance Guarantee Penalty**
Ms. Schulenberg reported that AmeriBen failed to meet its performance guarantee in 2021 for Claims Turnaround time, Abandoned calls and Average speed to answer. As a result, they applied a credit of \$24,153 to the July administrative invoice.
- **Subrogation Settlement**
Ms. Schulenberg reported that AzMT received a request to settle a subrogation claim for a member who was involved in a motor vehicle accident on 09/04/2020. AzMT paid \$18,394.12 in claims and were offered a settlement of \$10,000. Since this amount exceeds the 33.3% authorized by the Trustees, the offer was accepted.

13. Future Agenda Items

A call was made for future Agenda Items. The Trustees requested that the Ineligible claims matter be added to the next Agenda for follow up to determine if this matter was resolved.

14. Set Next Meeting Date

The next meeting is scheduled for November 15, 2022 at 10:00 a.m. in the conference room at Gallagher Phoenix office.

15. Call to the Public

N/A

16. Adjourn

Chairperson Williams made a motion to adjourn at 12:56 p.m., seconded by Trustee Erno and unanimously carried.

Respectfully Submitted,
Sheri Gordon
Recording Secretary

DRAFT