

**STATE OF NEVADA
PUBLIC EMPLOYEES' BENEFITS PROGRAM
BOARD MEETING AND PUBLIC HEARING**

The Legislative Building
401 South Carson Street Room 3137
Carson City, Nevada 89701

Video conferenced to:
The Grant Sawyer State Office Building
555 East Washington Avenue Room 4412E
Las Vegas, Nevada 89101

ACTION MINUTES (Subject to Board Approval)

March 11, 2016

**MEMBERS PRESENT
IN CARSON CITY:**

Mr. Leo Drozdoff, Board Chair
Ms. Jacque Ewing-Taylor, Vice-Chair
Ms. Ana Andrews, Member
Mr. Don Bailey, Member
Mr. Robert Moore, Member
Ms. Judy Saiz, Member
Mr. James Wells, Member

**MEMBERS PRESENT
IN LAS VEGAS:**

Mr. Jeff Garofalo, Member
Ms. Rosalie Garcia, Member
Mr. Chris Cochran, Member (joined at 1:55 p.m.)

FOR THE BOARD:

Mr. Dennis Belcourt, Deputy Attorney General

FOR STAFF:

Mr. Damon Haycock, Executive Officer
Ms. Laura Rich, Operations Officer
Ms. Celestena Glover, Chief Financial Officer
Mr. Chris DeSocio, Chief Information Officer
Ms. Nancy Spinelli, Public Information Officer
Ms. Kari Pedroza, Executive Assistant

1. Open Meeting; Roll Call

Chair Drozdoff opened the meeting at 9:00 a.m.

2. Public Comment

Public Comment in Carson City:

- Marlene Lockard- Retired Public Employees of Nevada (RPEN)
- Jack Harris- State President of RPEN
- Kevin Ranft- State Active Employees with AFSCME Local 4041
- Peggy Lear Bowen- Retiree Participant (see attached for comments)
- Mike Murphy- President, Anthem Blue Cross Blue Shield

Public Comment in Las Vegas:

- Douglas Unger- Member of the Executive Committee of the UNLV Faculty Senate
- Vicki Cameron- President of the Henderson Chapter of RPEN
- Bryan McCurdy- Retiree participant

3. Action Item-

Discussion and possible action regarding approval of Plan Year 2017 rates, state subsidies, contributions to HSAs or HRAs and participant contributions effective July 1, 2016 through June 30, 2017.

Stephanie Messier of Aon Hewitt presented the Plan Year 2017 Base Rate Development for the Consumer Drive Health Plan to the Board.

Chief Financial Officer (CFO) Celestena Glover presented the Plan Year 2017 Rates and Plan Design to the Board.

Board Action-

- MOTION:** Move that the Board approve the rates as they appear in the amended Appendix A.
- BY:** Member Moore
- SECOND:** Member Wells
- DISCUSSION:** Member Wells suggested leaving rates flat instead of decreasing rates slightly for the CDHP premiums and to use the money for next plan year. Members Moore and Garofalo concurred with Member Wells' suggestion.
- VOTE:** The motion carried with Members Saiz and Garcia opposed.

During the lunch break, PEBP's CFO Celestena Glover recalculated the rates incorporating the administration fees. After the lunch break CFO Glover presented the revised rate cards to the Board and asked that the Board consider approval of the rate cards, which include the total rates, the state subsidy, the participant contributions, the years of service adjustments, and the COBRA participants being assessed at 102 percent of the normal rate and allow technical adjustments be made to all including the Active Employee Group Insurance (AEGIS) and Retired Employee Group Insurance (REGI) distribution.

Board Action-

- MOTION:** Move that we accept the rates as presented by PEBP's CFO with the ability to make technical corrections.
- BY:** Vice-Chair Ewing-Taylor
- SECOND:** Member Garofalo
- DISCUSSION:** Member Garcia received clarification from PEBP CFO Glover that the plan benefits of the CDHP and HMO plans would remain the same as the previous year.
- VOTE:** The motion carried with Members Saiz opposed.

4. Action Item-

Performance evaluation of Damon Haycock, PEBP's Executive Officer, including, but not limited to,

- 4.1. Discussion of criteria for performance evaluation;
- 4.2. Development of action plan for improvement of Executive Officer performance; and
- 4.3. Discuss scheduling and develop criteria for future performance evaluations of Executive Officer.

DISCUSSION: Chair Drozdoff provided clarification about what he did and did not want to occur in regards to this Agenda Item. He stressed that this was not a disciplinary item, but an item to discuss issues and provide constructive feedback.

Each Board Member provided feedback to the Executive Officer and the Executive Officer responded to the feedback given.

BOARD DIRECTION: Direction from the Board was given to PEBP staff:
Hold an Advisory Committee meeting prior to the next Board meeting scheduled for April 21, 2016 to finalize the changes to the Board's Duties Policies and Procedures and Strategic Plan.
Executive Officer Haycock shall prepare and present the Work Agreement between the PEBP Board and the Executive Officer at the next Board Meeting.
Executive Officer Haycock will put together a matrix of top priorities with timelines for completion and include this in the next Board meeting packet for Board review and approval.
Vice-Chair Ewing-Taylor's survey for PEBP staff will be brought as an Item at the next Board meeting for Board review and discussion.

Board Action-

No Action was taken on Item 4.

5. Action Item-

Discussion and possible Board recommendations and direction to staff regarding 2017 Legislative bill draft requests for the Public Employees' Benefits Program.

Board Action-

MOTION: Move to consolidate the first two requests and submit a legislative summary to the Governor's office to remove those sections (all of NRS 287.04345 and the applicable sections of NRS 333.335)
BY: Member Wells
SECOND: Member Bailey
VOTE: The motion carried with Members Moore and Garcia opposed.

6. Action Item-

Adoption of Revised Board Strategic Plan and the Board Duties, Policies, and Procedures.

Board Action-

MOTION: Move to table Item 6 until the subcommittee can revisit and bring the revisions back to the April 21st meeting.
BY: Member Moore
SECOND: Member Garcia
VOTE: Unanimous; the motion carried.

7. Action Item-

Consent Agenda

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

- 7.1. Approval of the Action Minutes from the February 16, 2016 PEBP Board Meeting.
- 7.2. Ratification of the evaluation committee's decision to award a contract for Pharmacy Benefit Management services effective July 1, 2016 to Express Scripts, Incorporated - Request for Proposal No. 3220.

Board Action on Item 7.1-

MOTION: Move to approve February 16, 2016's minutes.
BY: Member Bailey
SECOND: Member Andrews
VOTE: The motion carried with Members Wells, Moore, Garofalo and Cochran abstained as they were absent at the February 16 meeting.

Board Action on Item 7.2-

DISCLOSURE: Member Moore disclosed that his son is an employee of United Health Group, who owns Catamaran. He stated that he could vote on this issue, but he chooses not to vote on the issue and that he did need to disclose that relationship.

MOTION: Move that we ratify the evaluation committee's decision to award a contract for PBM services to Express Scripts.
BY: Member Wells
SECOND: Member Bailey
VOTE: The motion carried with Member Moore abstained.

8. Public Comment

Public Comment in Las Vegas:

- Vicki Cameron- PEBP participant

Public Comment in Carson City:

- Peggy Lear Bowen- Retiree Participant (see attached for comments)

9. Adjournment

Chair Drozdoff adjourned the meeting at 3:38 p.m.

Public Comment under Item 2:

Peggy Lear Bowen: Good morning. My name and my words for the record, Peggy Lear Bowen. P-e-g-g-y, space, L-e-a-r, space, B-o-w-e-n. First and foremost, thank you very much for all of your hard work and everything that you do in regards to our benefits.

With the public comment this morning, I'd like to quote Don Miguel Ruiz, The Four Agreements. And the quote is this: "Today is the beginning of a new dream." Everything is looking forward not looking backward, and I would hope that in your deliberations today, that you remember, I hope, that the non-state employees and retirees were singled out and separated for the purpose of accountability to say what impact it had on the insurance program as offered to the participants. That accountability is how much they spend at the doctors, how much they spend at the dentist, and their actual impact upon being a part of this organization, but I don't believe -- and I'll stand by this -- that they were ever meant to be separated when it came for benefits. And they were never meant to be separated for additional rates or higher rates because they shouldn't have cost more in terms of the benefits received or the amount that they had to pay out in order to participate in the program. They were counted, brought in as equal that way. The separation was accountability only and so that when rates are being considered, that the rates you consider are for one and all, and we don't -- we never revisit a situation where some rates are flat and some rates are so exorbitant, it drove people out of being insured by PEBP. And in keeping that in mind, I would hope that you would go forward with that concept so that we -- and the reason for that was nothing more than giving bigger bang to the buck; that the numbers involved in seeking people to be vendors where we have X amount of employees and the non-state employees were in that pool number. They weren't separated out and have to pay \$40 for a prescription instead of \$2, that sort of thing. And so we are united with you as non-state employees in the operation of going out and funding and getting vendors for your program. And I think that's terribly important.

The other point of concern that I had had to do with process, and I'm not quite sure what to do about it. And it had to do with last meeting's agenda where a RFP -- and let me cancel that. Where it was to be discussed whether we were going to continue on, whether negotiations had ceased, or where we were going to go to that meeting as a PEBP Board. And I believe that on your agenda -- I know that on your agenda, that was listed as an agenda item to be heard at 1:00 o'clock. I also know, as learned, that at 11:45, that the RFP was rescinded by a body other than PEBP. And I don't think anyone had the legal standing to withdraw that RFP in order to beat the deadline, or for whatever reason, it was withdrawn at 11:45 when you have an agenda that says it will be heard at 1:00 o'clock by the entity that is authorized to put out RFPs, to rescind RFPs, to modify RFPs. That's when it was to be heard.

And to my knowledge, that anyone who acts beforehand is in violation of an open meeting law maybe, or other laws, maybe, but it's still a violation. And for lack of other place to go, because an attorney general person sat on that committee that withdrew it and because the state purchasing withdrew it, and that our gentleman, Damon Haycock, was sitting there with his hands tied, who couldn't act any way or the other because of liability and having to follow the attorney's direction, whether it was right or wrong.

And I, as an individual, I don't know if -- I can file a violation of the open meeting law and then tell me it wasn't, but I believe you, as an entity, have a perfect right to question the legal direction that you were given or that you had to abide by as not -- as maybe being possibly in error or whatever. I believe that issue, for right, wrong, or however it turned out, should have

been heard by this Board, and you were denied and usurped that right by an entity that didn't have the right to do it legally or in statute because – and Mr. Wells wants me to quote him. "We are doing this, and there's nothing you can do about it." And being reminded we have -- at the legislative meeting regarding guiding PEBP what they were going to do and how they were going to write the insurance program and how they were going to set it up. And around 2011, Mr. Wells maybe, but the point being, the Legislature said, "You're right. PEBP does this by legal -- by its legal definition, and what's in place in statute and regulation, but we have the power of the purse string." Well, I don't believe that the purchasing department or the attorney general has the purse string power over you. Only the Legislature does. And so I'd appreciate it if you'd look into that matter.

Last point. Mr. Haycock has done an absolute superhuman job of bringing back PEBP credibility with the members, with the media, and everyone else because of the openness and willingness to sit down and talk with any entity and bring in as many ideas as possible, and the transparency has been fantastic, not only for Board meetings, but committee meetings and everything else. And you could not have a better man in place who is more aware of what he can and can't do. And the fact that you weren't notified was because he was held by restraints for different things, and hold him accountable for the changes he's made and see if they are the good changes and the changes being that of open transparency, not only for -- for all the stakeholders including the staff. Just the change in morale in that office when that system was broken, when he came on board and was hired, he was told it was broken. And he said that not as a challenge, but as a goal to heal wounds, to bring people together and make us one family again. And I would highly, highly recommend that he not only have a staff evaluation of his performance, but maybe he's deserved a raise, a paid vacation and travel points. Thank you very much.

Public Comment under Item 8:

Peggy Lear Bowen: Thank you for all of your hard work today. It was difficult, I know. I want to again quote Don Miguel Ruiz -- my name and my words for the record. I want to again quote Don Ruiz, and it's called -- and the quote is this: "Don't make assumptions. Find the courage to ask the questions and to express what you really want. Communicate with others as clearly as you can to avoid misunderstandings, sadness, and drama." With just this one agreement among everyone here, you can completely transform your life. The name of the book I'm quoting from is called The Four Agreements.

There are a couple of -- there was a BDR that I thought that maybe you might want to submit because of the constant need to work with the attorney general's office, that you might want to follow PERS's footsteps and put in a BDR to dictate and ask for a dedicated attorney general from the AG's office for PEBP and have answers to your questions by someone who is not spread so thin over many different areas with only a finite amount of time that they can devote to you, and that might be very helpful in terms of I never heard an answer to statements or questions.

I thought I heard from down south a direct question about whether or not the entity that filed for the pulling of the RFP was in fact, according to state statute, regulation or wishful thinking, authorized to do that. Was that not the action of the Board, and did you not have it on an agenda with a set time? And should it not have been heard by this Board because you were never notified as a Board in a Board meeting the negotiations had come to a halt. And therefore, some people felt action needed to be taken, and I thought it was taken away from you and that I think that what would help you all a great deal is to take more written motions than have them just word crafted in the -- as we have done in the air, and it's worked for you well for the most part,

but there are times that just a simple word or phrase makes all the difference in the world, and it came out one way, but "That's not what I meant" came out later. I don't know if it was meant or absolutely made, but when Jacque Ewing-Taylor made the motion regarding the adoption of what's going on in the future, and it was including the purchasing agent and the attorney general and PEBP people -- she asked for the purchasing department and their attorney general -- she asked for their consideration which is absolutely wonderful. And then in the final part of that motion, she said, "And their approval" of what you were doing. And there's nowhere that anything dictates that you approve your own things and you work it out later as to whether or not that's the way you wanted it to go. You don't have another entity saying, "Okay. Take your RFPs and whatever you're going to do and turn it over to purchasing and their approval." But on the record at the last meeting, an approval was included in the motion.

And I think that it would behoove everyone to get it in writing, your actual motions, before you take a vote so any wordsmithing or any, "Wait a minute, I didn't really mean that," you have the opportunity to work with it instead of it just coming out. And that's important. And when I've chaired boards and commissions at the state level and everywhere else, the communication should -- if you want to talk with a member, it's helpful if you want to talk with the staff or anybody else or go to a vendor or anybody else, that you work not with the executive director, but you work with your chair. And in one instance, we had to have a majority of the group that if it wasn't on the agenda and folks wanted it on the agenda, if we had 50 percent plus one, we could put it on the agenda even over the objection of the chair. But we set up a process by which to communicate so that the executive director is not working for 10 or 12 or 13, whatever the make of your Board is, and you might want to consider that for your process.

Last point. When Mr. Moore's group regathers, I would hope that -- and I might be confused on who was the original makeup of the group, but I would hope if that's the group that includes at least two PEBP Board members in going down, what was doing, that you all voted to have Judy on a group and that she might be part of what Mr. Moore's doing, or I might be overstepping my bounds. I just want to make sure that it's not just one Board member sitting in with a makeup of a survey. As a teacher, I know you can survey to get the answers you want. And so it was not important -- as important for them to bring back a survey to you from Jacque. What was important to you is that you have people from this Board sitting in the makeup of that survey so no one can sit back later and say, "Well, they didn't ask the right questions." You want an honest survey saying how people are doing and what's going on, and you want it honestly from the point -- and I heard Ana ask for this, at least that's what I think I heard. So I'm asking questions at this point. I'm not going to assume. I'm not going to make an assumption. I want to know if you really want to know if people are doing their job. This Board and this staff was broken when Damon was hired, and you were told for the record that staff morale was low. Well, in order to reboot staff morale, you're going to give guidance to them how to go about that and fix a major fix and make this a great working situation again.

And you heard the compliments. I read the letters. I, for the record, was not solicited by Damon for my output today. That came from my heart because it was so good to feel like I was walking in and there were no secrets, that I knew what we were going to discuss at any given Board meeting, and that it was going to be available electronically and telephonically, that you weren't going to meet at some park somewhere for a strategic planning process, that the only people who could attend it were those that were physically present down in the south, and that you couldn't meet for another strategic planning thing over here. We left this building, went over the Richard Bryan Building, and I was told -- and there were witnesses when I was told this -- that, "If I

could have closed it down more, I would have." And then the next one was closed down more. And I ended up calling whoever is at the Legislature to call the executive director to make sure no votes were taken in that meeting because it was closed down. I never ever want to have to spend any period of my life to do that again. Open, public and free. This man is to be given accolades. Thank you for all of your hard work. I hope I covered Jacque's motion, getting an attorney, and the subcommittee with Judy. Thank you.