

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

The Legislative Building
401 South Carson Street Room 4100
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)

April 21, 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. Chris Cochran, Member
Mr. Jeff Garofalo, Member (left the meeting at 1:15 p.m.)

MEMBERS ABSENT:

Ms. Rosalie Garcia, Member

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
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. Chair Drozdoff outlined that Public Comments would be taken as indicated in the Agenda and another opportunity for Public Comment would also be taken specifically about the HMO RFP, Agenda Item 5 under that item.

2. Public Comment

Public Comment in Carson City:

- Peggy Lear Bowen- Retiree Participant (see attached for comments)
- Dr. Linda Ash-Jackson- Chief Medical Officer, Hometown Health
- Marlene Lockard- Retired Public Employees of Nevada (RPEN)

Public Comment in Las Vegas:

- Douglas Unger- Member of the Executive Committee of the UNLV Faculty Senate

3. Information/Discussion Item-

Presentation on Ethics in Government.

Executive Director for the Nevada Commission on Ethics, Yvonne Nevarez-Goodson presented Ethics in Government training to the Board.

4. **Action Item-**

Discussion and possible action regarding the framework for development of the Agency Budget Request for the 2017-2019 Biennium.

Chief Financial Officer Celestena Glover presented her Budget Framework for Fiscal Years 2018 and 2019 report to the Board.

Board Action-

MOTION: Move that the Board provide staff direction to move forward building the budget in accordance with the base and maintenance decision units in the framework provided as well as a budget reduction decision unit shifting the burden from the state employer to the state or non-state employees, the participants, recognizing that we will come back and revisit those decisions once the budget decisions are final.

BY: Member Wells

SECOND: Judy Saiz

VOTE: Unanimous; the motion carried.

Board Action-

MOTION: Move that we provide direction to staff regarding the non-state retirees to bring back a potential budgetary bill draft request that would include what amounts to three options, possibly four. One option is shifting, com-mingling them into the state pool and the cost associated with com-mingling them into the state pool. The second option would be to have their former employers pay an additional amount of money. The third option being a flat-out appropriation from the Legislature to pay for those costs in the next biennium. The fourth option would be looking at either having the retirees return to their former employer or go to the exchange and retain the subsidy in accordance with the existing language. Staff will also provide an analysis of where the budgetary reserves are projected to be at the end of July 2017.

BY: Member Wells

SECOND: Member Bailey

DISCUSSION: Member Saiz asked if the Board was sure that the retirees could return to their former employer.

Member Wells explained that the requirement for previous employers to accept their retirees back onto their retirement plan could be written into the Budget Draft Request.

VOTE: Unanimous; the motion carried.

Board Action-

MOTION: Move that we not pursue a full-time legal counsel position as an enhancement unit and rather that staff explore and bring back for Board approval the hiring of a pharmacy consultant, whether it be as an employer or as a consultant.

BY: Vice-Chair Jacque Ewing-Taylor

SECOND: Member Wells

DISCUSSION: Member Wells asked that the maker of the motion amend the motion to include the enhancement concept request for both pharmaceutical and medical director type services and that it be on a retainer contract and not hire a pharmacy consultant or medical director as employees of PEBP.

AMENDED MOTION: Move that we not pursue a full-time legal counsel position as an enhancement unit and rather that staff explore and bring back for Board approval the hiring of a pharmacy consultant and a medical director as a consultant to the plan on a contract retainer basis.

BY: Vice-Chair Ewing-Taylor

SECOND: Member Wells

VOTE: Unanimous; the motion carried.

5. Action Item-

Discussion and possible action including Board direction regarding the Health Maintenance Organization (HMO) Request for Proposal (RFP) Scope of Work inclusions.

Public Comment:

Public Comment in Carson City:

- Glen Stevens- Senior Associate General Counsel for Health Plan of Nevada and United Healthcare
- Peggy Lear Bowen- Retiree Participant (see attached for comments)

Public Comment in Las Vegas:

- There were none.

Damon Haycock presented his report to the Board.

The Board directed staff to bring back at the May meeting an in-depth scoring criteria for an HMO or HMO products that could be used to evaluate statewide and regional and an EPO proposal for the Board to decide if they want to go with an HMO or EPO for Plan Year 2018.

DISCLOSURE: Member Moore disclosed that his son is a corporate vice-president with United Healthcare, and although there is no conflict of interest, he refrained from participating in the discussion.

Board Action-

Board direction was given, but no action was taken on Item 5.

6. Information/Discussion Item-

Executive Officer Report.

Damon Haycock presented his report to the Board regarding the overall activities of PEBP.

7. **Action Item-**

Discussion, review, and possible action regarding the creation of a Board survey for PEBP staff participation.

Board Action-

MOTION: Move to table this item until such time as the Board can go through the subcommittee's work on the duties, policies, and procedures and put that option out so it can be discussed as an option.

BY: Member Moore

SECOND: Member Saiz

VOTE: Unanimous; the motion carried.

8. **Action Item-**

Discussion, review, and possible action regarding the approval of the PEBP Advisory Committee's recommended changes to the Board's Duties, Policies and Procedures.

Board Action-

MOTION: Move that we accept these revisions to the Board's duties, policies, and procedures with the inclusion of the changes discussed so far, including asking Dennis Belcourt to review item B7 on page 11 with the Purchasing Department to make sure that we're not in violation of the Purchasing law and to change the date of the Executive Officer's annual evaluation to October of every year.

BY: Vice-Chair Ewing-Taylor

SECOND: Member Bailey

AMENDED MOTION: Move that we accept these revisions to the Board's duties, policies, and procedures with the inclusion of the changes discussed so far, including asking Dennis Belcourt to review item B7 on page 11 with the Purchasing Department to make sure that we're not in violation of the Purchasing law and to change the date of the Executive Officer's annual evaluation to the second quarter or the fiscal year based on the previous fiscal year performance.

BY: Vice-Chair Jacque Ewing-Taylor

SECOND: Member Wells

VOTE: Unanimous; the motion carried.

Board Action on Item 7-

MOTION: Move that we identify two to three Board Members to work with Jacque to oversee implementation of this survey, that we keep this survey internal for this first go-around so that we can get it done, that Jacque share the results with those committee members and then the results be shared with the Board upon completion.

BY: Member Cochran

SECOND: Member Saiz

DISCUSSION: Deputy Attorney General Belcourt noted that creating a subcommittee means observing the Open Meeting Law, the subcommittee meeting could be closed since it would be dealing with personnel issues, but an agenda would need to be posted and an opportunity made for public comment.

The Motion was withdrawn by Members Cochran and Saiz.

MOTION: Move that Dr. Ewing-Taylor implement the survey and a Board member may volunteer his or her services to assist her in reviewing the results.

BY: Member Cochran

SECOND: Member Saiz

VOTE: The motion carried with Member Andrews opposed.

9. Action Item-

Discussion, review, and possible action regarding the approval of the PEBP Advisory Committee's recommended changes to the Board's Strategic Plan.

DISCUSSION: The Board decided on keeping the goal of employing a Wellness Coordinator.

Board Action-

No action was taken on Item 9.

10. Action Item-

Discussion and possible action to (a) develop Performance Expectations for use by the PEBP Board in evaluating the Executive Officer and (b) review and approve the Executive Officer's proposed goals and objectives for Plan Year 2017. This agenda item may include but shall not be limited to:

10.1. Review of previous Performance Expectations developed for use by the PEBP Board in evaluating the Executive Officer.

Board Action-

MOTION: Move to table Item 10.1 and refer it back to the subcommittee and allow the subcommittee to do its wonderful work with the criteria and job description for the Executive Officer.

BY: Vice-Chair Ewing-Taylor

SECOND: Member Bailey

The Motion was withdrawn by Vice-Chair Ewing-Taylor and Member Bailey.

10.2 The Board may appoint an advisory committee or direct staff to obtain other assistance for the completion of the objectives of this agenda item.

Board Action-

MOTION: Move to table Item 10.1 and form a personnel subcommittee as described by Mr. Haycock that would include members of the Board and other appropriate membership with personnel expertise, and that that committee take up Item 10.1 and 10.2.

BY: Vice-Chair Ewing-Taylor

SECOND: Member Bailey

VOTE: Unanimous; the motion carried.

AMENDED MOTION: Move to amend the motion to include job descriptions for the Executive Officer and the Quality Control Officer in the duties assigned to the newly-formed personnel committee.
BY: Vice-Chair Jacque Ewing-Taylor
SECOND: Member Bailey
DISCUSSION: Deputy Attorney General Belcourt stated that the Agenda Item is only about the Executive Officer.

The Amended Motion was withdrawn by Vice-Chair Ewing-Taylor and Member Bailey.

11. 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.

- 11.1. Approval of the Action Minutes from the March 11, 2016 PEBP Board Meeting.
- 11.2. Acceptance of the revised State of PEBP report.
- 11.3. Ratification of the evaluation committee's decision to award a contract for Actuary and Consulting services effective July 1, 2016 to Aon Hewitt - Request for Proposal No. 3211.
- 11.4. Acceptance of the PEBP Chief Financial Officer Reports
 - 11.4.1. Quarterly Budget Report for the timeframe July 1, 2015 – December 31, 2015.
 - 11.4.2. Quarterly Utilization Report for the timeframe July 1, 2015 – December 31, 2015.
- 11.5. Health Claim Auditors, Inc. quarterly audit of HealthSCOPE Benefits for the timeframe October 1, 2015 – December 31, 2015.
 - 11.5.1. Report from Health Claim Auditors
 - 11.5.2. HealthSCOPE Benefits response to audit report
 - 11.5.3. Accept audit report findings and assess penalties, if applicable, in accordance with the performance guarantees included in the contract pursuant to the recommendation of Health Claim Auditors.
- 11.6. Acceptance of Vendor Reports
 - 11.6.1. HealthSCOPE Obesity Care Management Program enrollment & utilization data for time period 10/1/15 – 12/31/15.
 - 11.6.2. Carson Tahoe Health System Diabetes care management program enrollment and utilization report for time period 7/1/15 – 9/30/15.
 - 11.6.3. The Standard Basic Life and LTD data & performance report for time period 10/1/15 – 12/31/15.
 - 11.6.4. Towers Watson's One Exchange enrollment & performance report for time period 10/1/15 – 12/31/15.

Board Action-

MOTION: Move to approve Items 11.1, 11.2, 11.4, 11.5 and 11.6.1.
BY: Member Andrews
SECOND: Member Moore
VOTE: Unanimous; the motion carried.

Board Action on Items 11.3, 11.6.2, 11.6.3, & 11.6.4-

MOTION: Move to approve Items 11.3, 11.6.2, 11.6.3 and 11.6.4.
BY: Member Andrews
SECOND: Member Saiz
VOTE: Unanimous; the motion carried.

12. Public Comment

Public Comment in Carson City:

- Janice Florey- Retiree Participant
- Jack Harris- State President for the Retired Public Employees of Nevada

Public Comment in Las Vegas:

- There were none.

13. Adjournment

Chair Drozdoff adjourned the meeting at 3:46 p.m.

Public Comment under Item 2:

Peggy Lear Bowen: Good morning. My name and my words for the record. My name is Peggy, P-e-g-g-y, Lear, L-e-a-r, Bowen, B-o-w-e-n. I'd like to do a little quoting here from a letter of May 21, 2007 from Bill Raggio, I save everything. On the recommendations of the, he's talking about the Legislature passing in 2003, Assembly concurrent resolution number ten, one of the recommendations of the study was a state requirement that local government plans include co-mingling. Co-mingling is a method of grouping the claims experiencing of one pool of participants with another in an effort to get an equitable and stable tax rate, state rate structure. And that's in regards to the orphans and what Bill Raggio saw as should be done, that they could be separated as far as their cost but not as far as their benefits. That they were to be co-mingled in all benefits.

Number two, I would strongly recommend to you to please rescind anything that has to do with you not having a secondary review, that you keep the language in place, that is in place, because it is not mandatory, it is only in case you want to and as a Board that's what made you are different than other agencies of the state of Nevada. You utilized it and discovered that there were some inadequacies with what was going on in determining insurance programs. Please rescind and keep your status as a Board that makes the determination and not other agencies including that of Purchasing. The fact that, behind closed doors, on February 26 it was determined by a state agency, an Attorney General with your Executive Director present that they would rescind an RFP. That rescission should not have taken place based on the flaw that the Board determined that negotiations had ended. They didn't allow the committee report to come forward that afternoon and let you determine that negotiations had ended and if you had determined that you could have picked a secondary placement and done your job. They kept you from doing your job and they flawed the RFP progress and they treated you like any other state agency rather than the independent Board that you are.

And that the important thing when it comes to benefits, a couple years ago I was having some dental work done and they kept saying you have 50% covered here, 75% covered here. When you're looking at plans regarding dental, if you have a \$1,000 benefit or \$1,500 benefit or whatever you might finally determine, that benefit should be available without stipulation. When I asked why we had to have the 50% and 75% covered, I was told because they only expected you to use \$500 of your benefit, so I had to take out of my own personal savings and had put dental work off in order to be able to afford it based on how the benefit is put forward.

I hope and pray that when you receive the report from Mr. Moore that you go through and double-check anything that turns you into any other like state agency with purchasing being the determiner as to whether or not you have an RFP, how your RFP is going and how you as a Board works. Do not castrate yourself in public. As Bill Raggio said the whole idea of the state group insurance program committed by ACR 10 was charged with examining methods used for determining premiums, equitable employee contributions and actual costs and covered use of participants. You are our determiner, you are not the employer's determiner and protector of the determiner. You are the protector of the employees and so when you casually use the state of Nevada, state of Nevada, it almost sounds like we are robbing the state of Nevada for earned benefits. We are not doing that. We are simply asking for the benefits that are due us and while you're doing this, 92% in a survey said, please put eyeglasses and contacts and the other things back into the eyeglass benefit and one proposal was made and you defeated that. But that doesn't mean that other proposals cannot come forward.

As far as the Cadillac plan and determine whether or not there's going to be a fine or whatever. To quote Ms. Saiz, what's a million dollars in this size of plan to benefit paying whatever might

be due the Affordable Care act? We need a good solid program. You have done a magnificent job this year in what you're doing and what I would hope to do is strengthen you back to the strength you were as an independent Board with the Legislature having control over the purse strings so that there was a check and balance. You lost your check and balance February 26. Please take it upon yourself, ask the Attorney General's Office for review because we as individual citizens can't do that. And to re-establish in this process that you're utilizing today that you do control your RFPs, you do have to have the Board meeting and that you do have to be the people that you have been all along and just take the courage to stand your ground and demand that nobody takes, no Purchasing department, no Attorney General liaison from Purchasing, they treated you like every other department. Thank you for all your hard work. One last note,*Peggy then discussed another person's personal health information and medical care experience at Renown.*

Thank you for what you are about to do, thank you for your courage because I know that each one of you worked for departments for the state of Nevada, except our retiree people. Thank you, thank you, thank you for having the courage and guts to represent the workers of the state of Nevada and their retirees and the non-state workers and non-state retirees. Thank you very much.

Public Comment under Item 5:

Peggy Lear Bowen: My name and words, for the record: P-e-g-g-y L-e-a-r B-o-w-e-n. I wanted to respond to something else that was presented earlier and that everything was just fine with the HMO folk in Northern Nevada or in non-Southern Nevada terms that the discussion pertaining to your HMO and access because we don't have access to any other entity than Hometown Health in the north. We appreciate not having to get a referral from our primary care to see a specialist as they do in the south, at least that's how it was presented, and that's my belief of what was presented. Everything is not fine and wonderful in the north because of lack of access to the few medical facilities that we have. And in doing so, and more and more of our doctors' groups are being bought up by Hometown Health. Pulmonary Group was just recently bought up by Hometown Health, just for example, which cuts the number of people who might be seeing other pulmonary physicians off because they have to see the ones that are under the Hometown Health group or Senior Care Plus or PEBP. In that sense, we have to use the provider as involved in your HMO. And so no, things are not ducky. The idea that you have total access to all of the facilities that another group could reach -- I had a situation not as an HMO person, but as a PPO person, when I was still working as to whether or not I could see my eye doctor only in the sense that -- his office was in Sparks, and I resided in Reno. And therefore, they wanted me to change my surgery eye physician. And I said, "No. He's here. He's in Washoe County." And obviously, they were drawing that fine a line, and at that point in time, I used my school district insurance to say, "This is the doctor I've been seeing. This is the doctor I will see." And simply because he moved his office from Reno to Sparks, they say that Reno is so close to a hot place down below that you can see Sparks. And it used to be known as East Reno. The important thing is that that line was being drawn simply because of location, and he was considered a non-provider for those who resided in Reno, and that you had to use other Renown folk and other folk altogether. That fine line should not happen. We should have access. We should have access to all of the hospitals: St. Mary's, Northern Nevada, et cetera, and in regards to the HMO. So I wanted to correct what might have appeared as a nice comment for the northern folk, but that might not be the reality. I need to preface -- state at the end that I am not a participant in the HMO, but I am speaking for those who are. Thank you very much.