

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

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 4406
Las Vegas, Nevada 89101

ACTION MINUTES (Subject to Board Approval)

July 21, 2016

MEMBERS PRESENT

IN CARSON CITY:

Mr. Leo Drozdoff, Board Chair
Mr. Don Bailey, Member
Mr. Patrick Cates, Member
Ms. Leah Lamborn, Member
Mr. Tom Verducci, Member

MEMBERS PRESENT

IN LAS VEGAS:

Ms. Rosalie Garcia, Member
Ms. Christine Zack, Member

MEMBERS EXCUSED:

Ms. Ana Andrews, Member
Mr. Chris Cochran, Member
Mr. James Wells, Member

FOR THE BOARD:

Mr. Brett Kandt, 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. Annual HIPAA Training for the PEBP Board

Alison Schaap from Aon Hewitt presented the annual HIPAA training to the Board.

3. Open Meeting Law Training for the PEBP Board

Deputy Attorney General Brett Kandt presented the Open Meeting Law Training to the Board.

4. Public Comment

Public Comment in Carson City:

- Marlene Lockard- Retired Public Employees of Nevada
- Priscilla Maloney- AFSCME Retirees
- Jacque Ewing-Taylor- Participant
- Kevin Ranft- AFSCME local 4041 State Employees
- Karen Ferrari- Retiree Participant

Public Comment in Las Vegas:

- Vicki Cameron- Representing non-state PEBP retiree participants

5. Action Item-

Election of Board Vice Chair pursuant to Nevada Administrative Code (NAC) 287.172. Eligible candidates are Leo Drozdoff, Ana Andrews, Christopher Cochran, Don Bailey, Sr., Jim Wells, Rosalie Garcia, Tom Verducci, Christine Zack, Patrick Cates, and Leah Lamborn.

Board Action-

MOTION: Motion to recommend a nomination of Don Bailey.

BY: Member Verducci

SECOND: Member Cates

Mr. Bailey stated his willingness to serve as the vice chair.

VOTE: Unanimous; the motion carried.

6. Action Item-

Discussion and possible action regarding a pilot program for radiology concierge services to supplement existing PPO networks for Plan Year 2017 beginning July 1, 2016.

Mary Catherine Person of HealthSCOPE Benefits presented the radiology concierge service pilot program to the Board.

DISCUSSION: Member Lamborn asked Ms. Person what the total spend per year for outpatient radiology services is currently to put the \$400,000 projected cost savings into perspective for the Board. Ms. Person answered that it is about \$6 million. Ms. Lamborn also asked if there is an administrative cost for the concierge service and Ms. Person told her that there is no administrative cost to PEBP for this new pilot program.

Vice Chair Bailey asked how long the pilot program would run. Ms. Person answered that the pilot program would be in effect during the upcoming plan year ending June 30, 2017.

Member Garcia asked if there are specific vendors in place for participants to utilize and if so, would a participant get a copy of the list? Ms. Person confirmed that HealthSCOPE is working with PEBP staff and two different organizations to coordinate this service and that once the pilot program is implemented, participants can call HealthSCOPE and utilize the concierge service to find a provider for radiology services.

Executive Officer Damon Haycock clarified that the program would be ready to launch around October 2016. He committed to provide updates to the Board on the progress of this pilot program throughout the year.

Board Action-

- MOTION:** Motion to recommend to approve the radiology concierge pilot program as presented by HealthSCOPE.
- BY:** Member Verducci
- SECOND:** Member Lamborn
- VOTE:** Unanimous; the motion carried.

7. Action Item-

Discussion and possible action on approving PEBP staff request to develop options by partnering with other public and private entities to mitigate the non-state retiree increasing premium costs.

Operations Officer Laura Rich presented the report to the Board.

DISCUSSION: Member Verducci expressed his concern in regards to how participants (non-state retirees) would receive notification that if they went to a non-PEBP sponsored plan that they would forfeit their life insurance benefits, dental, or other voluntary products. He also wanted to know what type of protection PEBP could put into place to ensure that brokers are properly communicating the new benefit to avoid any future litigation. Executive Officer Damon Haycock replied that PEBP has discussed partnering with the director of the Silver State Health Exchange, who has a relationship with the Nevada Association of Health Underwriters, regarding the non-state retiree increasing premium cost issue. He stated that PEBP will not take something from a non-State retiree by suggesting that there is another opportunity without having an equal or better alternative in place. Member Zack asked what the process was for a non-state retiree when they turn 65. Operations Officer Laura Rich outlined the process for Member Zack that if the non-state retiree does not have the appropriate credits to become eligible for Medicare the retiree would stay on the PEBP plan. Member Zack asked if there was any difference between being on this new exchange versus the current plan in terms of the process and the communication to participants coming up on age 65. Executive Officer Damon Haycock confirmed that the communication would be the same and that PEBP always strives to be transparent with its participants. He explained that the process for participants to enroll in the new exchange (Silver State Health Exchange) would be for a participant to answer a few questions to see if they are eligible for the Exchange and then they would either speak with a broker in person or on the phone about the best plan for their health needs. He also outlined the current process for retirees who are eligible for Medicare Part A and B and how they enroll with PEBP's Medicare Exchange vendor, Towers Watson. Member Garcia voiced her concern in regards to subjecting PEBP's retiree program to rely on federal subsidies and what would happen to the retirees in the event that Silver State Exchange falters in the future. She asked if in this case the retirees would be allowed to return to full participation under PEBP benefits. Mr. Haycock informed the Board that it is in statute if a person leaves our plan and returns, life insurance benefits cannot be reinstated. The life insurance reinstatement option

would have to be brought back to the Legislature to change the statute. He also shared his opinion that it would be a board decision on whether PEBP would allow a participant to reinstate their coverage with PEBP in the event that the Affordable Care Act, not just the Silver State Health Insurance Exchange, is no longer in effect.

Member Garcia wanted to know if the retirees who worked with the Silver State Exchange would be able to utilize HRA benefits. Mr. Haycock explained that under current law you can't receive an employer subsidy if you receive a federal subsidy for health insurance. He stated that participants would work with licensed brokers to compare their current plans to what they would be eligible for under the individual marketplace and this would ensure that they were receiving comparable benefits.

Member Lamborn asked if part of PEBP's analysis for this option would include what would happen if the healthier population of non-state retirees moved to the Silver State Exchange and the unhealthy participants remained with PEBP. Executive Officer Haycock responded that it would be part of the analysis.

Chair Drozdoff asked Marlene Lockard of RPEN if she would like to offer her opinion on this matter. Ms. Lockard stated that RPEN appreciates every effort to explore other options for the retirees. She also expressed her belief that the solution to the orphan issue is a legislative solution. She shared her concern that removing more retirees out of the already diminishing pool by putting them into an individual Medicare exchange would exacerbate the problem with the retirees left on the PEBP plan.

Board Action-

MOTION: Move to approve that PEBP move forward in partnership with RPEN and the exchange to develop and present alternative health insurance options to non-state retirees.

BY: Member Zack

SECOND: Member Cates

VOTE: The motion carried with Members Garcia and Verducci opposed.

Public Comment on Item 8:

Public Comment in Carson City:

- Jacque Ewing-Taylor- Participant
- Kent Ervin- Participant
- Peggy Lear Bowen- Retiree Participant (see attached for comments)
- Marlene Lockard- Retired Public Employees of Nevada

8. Action Item-

Continue discussion and possible action from the June 17, 2016 PEBP Board Meeting regarding the portability of Health Reimbursement Arrangement (HRA) Account authority from the Consumer Driven Health Plan to the Medicare Exchange HRA.

Chief Financial Officer Celestena Glover and Kirby Bosley from Aon presented the HRA portability report to the Board. Alex Jaloway from Aon provided information on the GASB OPEBP liability calculation.

DISCUSSION: Member Verducci expressed his opinion that this item should be tabled until the approved PEBP Budget has been decided and the participant survey has been concluded.
Member Garcia shared her concern that PEBP did not fully communicate the portability issue to the participants and asked what information PEBP provided to participants about the HRA since 2011. Chief Financial Officer Glover answered that PEBP sent out newsletters, the HRA information was added to the PEBP Master Plan Document and the website and over the last year and a half Nancy Spinelli, PEBP's Public Information Officer has held various meetings to talk to retirees about how to use their HRAs. Ms. Spinelli added that when PEBP introduced the consumer-driven health plan, she conducted Open Enrollment meetings at which she provided information about the HRA and Open Enrollment materials were mailed out to participants that year and every year after that.

Board Action-

MOTION: Move to approve the staff recommendation that the HRA portability discussion be tabled until September of 2017 to reassess current experience and financial impact to all CDHP participants with an interim agenda item and discussion at the Board meeting that occurs not more than 45 days after receiving the Governor's budget.

BY: Member Zack

SECOND: Member Verducci

VOTE: Unanimous; the motion carried.

9. Action Item-

Discussion and possible action regarding Towers Watson's OneExchange's Service Improvement Plan.

Towers Watson's OneExchange representatives Chris Garcia and Kristine Gates presented the Service Improvement Plan to the Board.

DISCUSSION: Vice Chair Bailey asked why Towers Watson opened a new office in Arizona when the Board and RPEN have been asking for a Nevada presence to assist our participants with their issues in person for quite a while. Ms. Gates explained that the new office in Arizona was a corporation choice. She offered further that the current pilot program was implemented to gauge if there was a need for a representative to meet with participants one-on-one and as a result of the pilot program, Mr. Garcia moved to Las Vegas to be available for PEBP participant meetings. Executive Officer Haycock elaborated that the pilot program was put in place to identify the demand for an in-state Towers Watson representative to meet with participants. He stated that through the pilot program we found out that the demand is high and PEBP is currently working with Towers Watson to have a representative in the PEBP office to help participants.

No Board Action was taken on Agenda Item 9.

10. Information Item-

Executive Officer Report.

Executive Officer Haycock presented his report to the Board.

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 June 17, 2016 PEBP Board Meeting.

11.2. Receipt of quarterly staff reports for the period ending March 31, 2016:

11.2.1. PEBP Chief Financial Officer Reports

11.2.1.1. Budget Report

11.2.1.2. Utilization Report

11.2.2 PEBP Operations Officer Report

Board Action-

MOTION: Move that we agree and accept the action minutes and all of item 11 without change.

BY: Vice Chair Bailey

SECOND: Member Verducci

VOTE: Unanimous; the motion carried.

12. Public Comment

Public Comment in Las Vegas:

There was no public comment in Las Vegas.

Public Comment in Carson City:

- Marlene Lockard- Retired Public Employees of Nevada
- Priscilla Maloney- AFSCME Retirees
- Peggy Lear Bowen- Retiree Participant (see attached for comments)

13. Adjournment

Chair Drozdoff adjourned the meeting at 1:40 p.m.

Public Comment prior to Item 8:

Peggy Lear Bowen: My name and my words to the record, my name is Peggy Lear Bowen, P-E-G-G-Y, L-E-A-R, B-O-W-E-N, last name Bowen. My concern has been and I'm going to try and frame it in a different way today pertaining to the folk that in 2011 Ms. Ewing-Taylor, Dr. Ewing-Taylor was correct, that they spoke without their consent by the plan that was created were put on an insurance exchange and they were sold to Utah. And I'm using Senior Care Plus's words when we went to a Senior Care Plus meeting to find out what benefits were. What you have as an employee who in their program signed contract with their -- for their job that contained certain benefits.

And what we have in retirement and Mr. Wells to quote him as stated in a conversation in a meeting here with PEBP and stated that he never wanted to see the state be in the insurance business for retirees. He didn't think it was good for the state, he thought it compromised the state and that was a benefit he didn't think should be in place.

And I'm telling you today I was sad at your last motion. I don't want to see things go forward in terms of a motion that indicates that you're exploring and therefore you're doing other things. I don't want use my time for that.

What I believe should happen with the A and B Medicare folk, they didn't get A and B -- part A from the State of Nevada. That was not a benefit because Nevada had a public employees retirement system as part of their system not to participate nor give credits to a Medicare system. Because Nevada provided the medical insurance, not the federal government.

And now to talk about in any compassion for any -- anyplace for anyone including this insurance exchange puts your members and your retired members at horrific risk. Because what has happened by putting them in that insurance exchange is you have allowed, and I know its 2020 is supposed to go away, but they are hitting donut holes.

And you have people who are suffering, you have people who have died, you've even had one lady talk, her family came and shared an obituary where her death was hastened by this system put in place because she couldn't afford medical care that she believed had been promised to her by being a State of Nevada employee, being part of PERS and being part of PEBP.

And PEBP is in fact -- not you as individuals, but it's the greed of the system and what's happened with pharmaceuticals and insurance companies, we need our people to at least do have in place, and yes, put in the new bill request to change Nevada State statute to keep these people whole and put into place where they receive the same benefits as others who would retire and that it not be considered additional income so it doesn't affect their tax record but is literally part of their benefits and give it to them af -- within the -- the -- I receive a PERS paycheck, a monthly check.

And in it I am -- I am given a certain amount, a range legally so the certain amount that you give these folk that have been put on an exchange or kept on an exchange that is increased by what would have been paid to Medicare, paid to whatever insurance exchange you want, but make it in their paycheck as an additional piece that is taken care of so it's not considered additional paycheck so they're not taxed on it.

Take a look at how you do and reimburse the paycheck, the amount that they are paying for that. And work with your subsidies or whatever so that you can literally take care of the folk that are in the donut hole so they don't lie for lack of care because Nevada did not provide for them that -- that portion of money that should have been insurance so they didn't hit the donut hole. It's a matter

I know of bottom line, it's a matter of being expensed or in it. And somebody asked the question well, what would it be like? I've been through all phases of you all paying and dealing with when I hit 65 two years ago.

I -- I noted these were the changes, this is what you have to pay and had to pay for Medicare part no matter what, no choice. When I hit 65.

And then the paycheck increased by that amount. And that was handled seamlessly. I was given a swipe card for what was ever in my account for medical that I could use.

And I think that if you take a look at how you're handling those the way it's handled now for Medicare part B, apply it to your folk with part A and give them a swipe card, then they don't sit there with lots of health care things and -- and -- and not be able to -- it's a very difficult process for reimbursement.

And finally, we're all family and we got to take care of each other. And it might be a little bit expensive now to take care of this, but in the long run you keep your word and life is priceless. Thank you.

Public Comment under Item 12:

Peggy Lear Bowen: My name and my words for the record, P-E-G-G-Y, Peggy, Lear, L-E-A-R, Bowen, B-O-W-E-N. Lou -- Leo, I could not have had a more kind, caring and loving person be in this leadership position.

When Ruth Hart first dragged me to my first PEBP meeting Randy Kirner was chair and Jim Wells was executive director. And we went through all sorts of changes and conversations. And they weren't always the most pleasant. And we could agree to disagree and try not to be disagreeable. And sometimes we achieved that and sometimes we didn't.

When you became chair of this group humanity entered back into the PEBP Board. Humanity entered back into your deliberations and fairness entered back into anything and everything that took place.

And with the hiring of Damon the transparency came back and having every meeting open and every meeting except one little glitch, access by people from north and south to be able to make public comment. And we hope someday to get the rurals back in that have been on occasion.

I would pray that anyone who would even think about being in your position in the future would take a look at the extreme trust and value that came back to this Board, especially when you and Damon became a team.

Especially when you worked together to say that you really cared about the medical coverage of human beings, either active, retired State, non-State, it mattered not. And that I would hope in future Boards that you will remember that this Board chose it was important for retirees, whatever their status, have medical care, that they just didn't give their active service to the State of Nevada at low wages and things like that, the insurance was a benefit in lieu of salary increases.

And if we remember that, and it's not a gift, it's a quid pro quo exchange instead of for salary increases that you have insurance, that you have a way to take care of yourself, your family and wherever.

And Lou -- Leo, I'm sorry, Lou's on my mind today, I so miss him so very much. Because he was the man I'd call whenever I had a question. And he was in this office and -- and -- and he worked with us and he guided us around the wherewithal of the insurance world and getting our benefits paid.

And when family unites together with the goal being taking -- not taking care of but making sure our -- we even our weakest link, our elders and those who are -- have worked all their lives for us. Because right now PEBP represents a whole lot of A and B Medicare. I didn't get one quarter working for the State of Nevada, those are jobs people did elsewhere.

Everybody's going to remember the State of Nevada in this situation is an employer, not a gift giver and not a taker away. They work with benefits in order to have people working in their jobs.

And that's what this is. This is a -- a part of the agreement of employees to employers, retired employees, employers, benefits from A to B to C, and C's the retirees.

And that's how we -- we hope this PEBP Board with -- as the directions that we have had under the most masterful, kind, wonderful, fantastic leader we could have asked for in the whole planet. And selfishly I wish you weren't retiring, please plan your retirement as you planned your career so that you live a long time and collect a lot of years of benefits. We love you.

I've been told by elders, because I'm only 66, that -- that in reality if you don't plan your retirement job for which you receive a paycheck like you planned your career job, like going fishing and cleaning the house and taking care of the car in the backyard lasts for a very short period of time.

What lasts is the loss of your social 8:00 to 5:00 job of interacting with people and feeling necessary, needed and wanted and having a purpose on this planet. May you have a very purposeful retirement with many smiles. And come visit us once in a while. And thank you for extra than three minutes. I loves you. Bye-bye.