

**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 4412E  
Las Vegas, Nevada 89101

---

**ACTION MINUTES (Subject to Board Approval)**  
September 22, 2016

**MEMBERS PRESENT  
IN CARSON CITY:**

Mr. Patrick Cates, Board Chair  
Mr. Don Bailey, Vice Chair  
Mr. Chris Cochran, Member  
Ms. Leah Lamborn, Member  
Mr. Tom Verducci, Member  
Mr. James Wells, Member  
Ms. Christine Zack, Member

**MEMBERS EXCUSED:**

Ms. Ana Andrews, Member  
Ms. Rosalie Garcia, Member

**FOR THE BOARD:**

Mr. Dennis Belcourt, Deputy Attorney General

**FOR STAFF:**

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

1. Open Meeting; Roll Call

Chair Cates opened the meeting at 9:00 a.m. He informed the public that out of respect for everyone's time, he would be enforcing the three minute rule on public comment as outlined on the Agenda. He offered that if the proposed public comment would exceed the allotted time, the comment could be submitted in writing to the Board.

2. Public Comment

Public Comment in Las Vegas:

- David Steele- Executive Director of Nevada Faculty Alliance

Public Comment in Carson City:

- Richard Zemke- Regional Vice President of AFSCME

### 3. 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.

- 3.1. Approval of the Action Minutes from the July 21, 2016 PEBP Board Meeting.
- 3.2. Health Claim Auditors, Inc. quarterly audit of HealthSCOPE Benefits (HSB) for the timeframe April 1, 2016 – June 30, 2016.
  - 3.2.1. Report from Health Claim Auditors. (Robert Carr III, Health Claim Auditors)
  - 3.2.2. HealthSCOPE Benefits response to audit report. (Mary Catherine Person, HSB)
  - 3.2.3. 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.
- 3.3. Health Claim Auditors, Inc. internal audit of PEBP Eligibility Administration and Operational Processes for the period of July 1, 2015 through June 30, 2016.
  - 3.3.1. Presentation of report by Health Claim Auditors
  - 3.3.2. Operations Officer response to audit report
- 3.4. Receipt of the PEBP Chief Financial Officer quarterly reports for the period ending June 30, 2016.
  - 3.4.1. Budget Report
  - 3.4.2. Utilization Report
- 3.5. Receipt of quarterly vendor reports for the period ending June 30, 2016.
  - 3.5.1. HealthSCOPE Benefits – Obesity Care Management Program
  - 3.5.2. Hometown Health Providers – Utilization and Large Case Management
  - 3.5.3. Carson Tahoe Health – Diabetes Care Management Program
  - 3.5.4. The Standard Insurance – Basic Life and Long Term Disability Insurance
  - 3.5.5. Towers Watson's One Exchange – Medicare Exchange

#### Board Action-

- MOTION:** Motion to approve the Consent Agenda.  
**BY:** Member Verducci  
**SECOND:** Vice Chair Bailey  
**VOTE:** The motion carried with Members Cochran and Wells abstained on Item 3.1 as they were not present at the July 21 Board Meeting.

### 4. Action Item-

Discussion and possible Board approval of the Executive Officer's recommendation to appoint Nancy Spinelli as PEBP's Quality Control Officer per NRS 287.0426.

Executive Officer Haycock first verified that Nancy Spinelli was in attendance on the phone and then gave a background and provided some reasons why he recommended her appointment to the Board as the Quality Control Officer.

#### Board Action-

- MOTION:** Motion to approve her appointment.  
**BY:** Vice Chair Bailey

- SECOND:** Member Verducci
- DISCUSSION:** Member Cochran asked Nancy what she saw her priorities being as the Quality Control Officer and where we need the most help at PEBP. Ms. Spinelli responded that she would first look at opportunities for improvement, both internally and externally, and take appropriate action to improve the quality of the services. She continued by saying that she would look into internal training for the staff so that they are able to provide appropriate answers and understand all of their definitive options and voluntary products so that they can become subject matter experts. She will identify education gaps within the agency and also focus on consumer advocacy, timely responses to questions, appeals, and complaints and look at areas where we can improve our performance internally.
- VOTE:** Unanimous; the motion carried.

#### 5. Information Item-

Discussion regarding the Health Intelligence on Demand (HIOD) data analysis annual report presented by Aon Hewitt.

Kirby Bosley from Aon Hewitt introduced Dr. Michael Cryer, Aon Hewitt's National Medical Director to the Board. Dr. Cryer presented the HIOD report to the Board.

- DISCUSSION:** Member Cochran asked if prescription utilization per member per year and the identified primary conditions driving the prescription costs were consistent with other plans or unique to PEBP. Dr. Cryer replied that the types of conditions he has seen are the same with most individuals and PEBP's total pharmacy costs were good as the PEBP prescription utilization did not include some of the more expensive drug claims that other health insurance programs had incurred.
- Member Zack asked why PEBP's emergency room utilization was high and if it was because individuals weren't able to get into their primary care physicians. Dr. Cryer answered that when emergency visits get over 200 visits per thousand it is considered to be higher than normal use, for PEBP's total population the emergency room visits were below 200. He stated that PEBP would need to address the causes behind emergency room usage with Hometown Health.
- Member Cochran asked if PEBP has a healthy population or if the brand name drugs are too expensive for the members based on the overall drug costs presented. Dr. Cryer explained that a lot of the drugs have converted to generics and PEBP's utilization of generic drugs has gone up but the overall costs are down.
- Member Wells (referring to slide 9 of the presentation) asked if the Cancer medical claims amount shown in 2016 was a typo; the 2016 total was \$15,827 opposed to \$1,539 in 2015. Dr. Cryer replied that it was not a typo, in 2016 several participants were diagnosed and actively treated and in 2015 participants were completing their treatments and being monitored, so not a lot of claims were processed during that time.
- Member Wells asked what Dr. Cryer attributed to the large increase in pharmacy claims and the decrease in medical claims for diabetics. Dr. Cryer said that this was attributed to the increased cost for insulin and injectables.

**6. Information Item-**

Discussion regarding the PEBP Participant Survey results about Plan Year 2018 benefits.

Executive Officer Haycock presented the survey results to the Board.

**DISCUSSION:** Member Cochran voiced his concerns that there was not an option to select 'none of the above' or enter a 'zero' amount when answering the survey questions. He asked Executive Officer Haycock if the age range on page 4 of his report was representative of the Nevada employees population in general because the highest response rate was from participants between the ages of 51 and 65 years of age and Member Cochran thought that this may have skewed the survey results because this group, in general, would be more likely to respond to a survey as they would use the benefits more often. Executive Officer Haycock explained that there were options included in the survey, such as, 'none of the above' and 'pay no more and lose benefits'. He further offered that as far as the age range of individuals who participated in the survey was between the ages of 51 and 65 and the average age of participants in the CDHP and HMO is 48.6, which is within the ballpark. Executive Officer Haycock further explained that the survey results were not meant to be a decision making tool but to provide some input to the Board from participants affected by the proposed changes to the plans. Vice-Chair Bailey commented that the 32% response rate was remarkable for the survey and wanted to thank PEBP staff for creating the survey and providing the results to the Board because it helps him to make decisions about plan benefits. Member Wells offered that the State put out a survey in May 2015 to State employees on what their priorities were for their benefits package and received 8,500 responses. The top priority for State employees was pay or cost of living increases and the second was health insurance benefits, showing that this is very important to a vast majority of the population.

**7. Information Item-**

Discussion regarding the Employer Sponsored On-site and Near-site Health Clinics presentation.

Mr. Tim McDonald from Aon Hewitt presented information on Employer Sponsored On-site and Near-site Health Clinics to the Board.

**DISCUSSION:** Member Zack commented that she has had personal experience with a clinic model and is a huge proponent of it. She stated that the lack of immediate access to primary care increases costs because it increases emergency room visits, increases the severity of the illness once seen and increases the number of missed opportunities to diagnose a disease. Member Zack asked if there was any intention to find local market partners in each community for the clinic pilot projects. Mr. McDonald responded that if the Board decided to go and do solicitation for clinic operators, specific criteria for the operator would be outlined in the RFP. He stressed the importance that conversations begin with the local medical society, especially primary care providers to gauge their interest in working with us in that we are looking for an emphasis on overall health

care meaning providing care over a period of time and if a condition is discovered, take the initiative to do the write up and follow up care.

Member Cochran shared his positive experience touring a facility in southern Nevada which offered some of the same services being discussed for the PEBP clinic project and that these clinics are really good opportunities for the future.

Member Wells asked Mr. McDonald if he sees the employers who are opening these clinics providing occupational health services or do the employers keep these services separate. Mr. McDonald replied that he recommends that there be two separate record-keeping systems for occupational health services and personal care visits.

Member Verducci asked if Mr. McDonald could give the Board an idea of what the start-up costs would be and how long it would take before seeing actual cost savings to the participant. Mr. McDonald responded that getting the facility up and running would take the most time and depending on if there was an existing space and you were just transitioning a provider it could take 90 to 120 days. If a facility had to be renovated or built, it could be a lot longer and that would be the biggest variable as far as time. The next steps would be recruiting and training. At the point that the clinic is ready to go live, a request for proposal would be released to find a vendor to manage the clinic and this process can take about 3 months, then would be the implementation process which would be another 90 to 120 days. He stated that seeing a return on investment could take up to 2 years.

Member Zack asked Mr. McDonald if he had any experience with employers who found a partner in their community that already had a space or were willing to bear the start-up costs of building the facility. Mr. McDonald discussed his experience with a client in Texas who worked with local providers to renovate a facility and shared the challenge that this client had was that they didn't have a lot of experience with employer-sponsored health centers. He stated that doing a request for information would be one way to find out what is available and the possibilities in the community.

#### **8. Action Item-**

Discussion and possible direction from the Board to staff on potential program design changes for Plan Year 2018 (July 1, 2017 to June 30, 2018) for which the Board requests additional information and costs to be presented at the November 17, 2016 meeting.

Executive Officer Haycock presented the potential program design changes report to the Board.

**DISCUSSION:** Member Verducci asked how much the vision hardware costs would be per participant and if the Board were to enhance the hardware costs and provide that benefit, how much would that increase the average premium cost per participant. Executive Officer Haycock replied that staff could provide this information at the November meeting.

Member Cochran wanted clarification that the second opinion from a physician would be an option not a plan requirement. He also wanted to verify that the program design options listed in the report would be provided to the Board in further detail at the November meeting.

Executive Officer Haycock responded that the second opinion from a physician would be an option not a requirement and that PEBP staff would provide more information on the proposed changes that the Board would like at the November meeting.

Member Lamborn asked that the HRA rollover cap amounts be shown as \$3,000, \$4,000, and \$5,000 so that the Board could see the savings overall. Member Lamborn also requested that reference-based pricing for hearing aids be included in the information provided at the November meeting. Executive Officer Haycock agreed this information would be provided for the November Meeting.

Member Lamborn requested analysis on the return on investment for the on-site/near-site health clinics for other states that have implemented this program. Executive Officer Haycock replied that the analysis along with a feasibility study would be provided by Aon at the next meeting.

**Public Comment on Item 8:**

**Public Comment in Carson City:**

- Priscilla Maloney – AFSCME Retirees

**Public Comment in Las Vegas:**

- Dr. Shaun Franklin-Sewell – Chair of UNLV Employee Benefits Advisory Committee

**DISCUSSION:** Member Wells requested more information regarding the anticipated excess reserve amounts for the end of Fiscal Year 2018. Member Wells asked that Mr. Haycock work with Aon to find out the average amount of HRA money paid out per year and set aside the amount that PEBP expects to be paying in the next fiscal year, recognizing that it could be more. He stated that since PEBP now has five years of trend experience we could get a better handle on the average annual HRA spending. Member Wells requested hundred dollar increments in the deductible and HSA changes be provided at the November meeting, as well as the possibility of co-payments for vision exams. Member Wells shared his view that benefits should be phased slowly back to the original \$1,900 deductible and \$700 HSA base contribution.

Board Chairman Cates asked Executive Officer Haycock if he wanted the Board to take action on all of the items listed in the report and Mr. Haycock responded that the items could be acted on individually or as a whole with special consideration on moving forward with the feasibility study for D, the on-site/ near-site clinic concept.

**Board Action on Item 8, Staff Recommendation D –**

**DISCUSSION:** Chairman Cates stated that he thought it would be worth doing a feasibility study on the on-site/ near-site clinic concept and helpful to do pilot programs in the north and the south.

Member Zack agreed with moving forward with a feasibility study and suggested that the pilot program could extend to Reno as well.

**MOTION:** Motion to look at doing a feasibility study for an on-site or near-site clinic with three sites, one in Carson City, one in Reno/Sparks and one in Las Vegas with the study being done within the limit of Aon's existing contract value for Fiscal Year 2017.

**BY:** Member Wells

**SECOND:** Member Bailey  
**VOTE:** Unanimous; the motion carried.

**Board Action on Item 8, Staff Recommendations A-C –**

**MOTION:** Motion to allow PEBP to add additional information for the PEBP meeting for the board one through eleven and consumer resources B and C. D has already been addressed

**BY:** Member Bailey

**SECOND:** Member Cochran

**DISCUSSION:** Member Wells asked that the Board direct PEBP staff to bring back information on some additional items, including life insurance by the thousands, if the Board is going to consider the elimination of the requirement for retirees to remain with the Exchange, the costs that are associated with administration of the Medicare exchange participants, to include not just their life insurance coverage but their administration cost for the balance of the system as well.

**AMENDED MOTION:** Motion to allow PEBP to add additional information for the PEBP meeting for the board one through eleven and consumer resources B and C as well as the additional information requested by Member Wells.

**BY:** Member Bailey; accepted the amended motion

**SECOND:** Member Cochran; seconded the amended motion

**VOTE:** Unanimous; the motion carried.

**9. Action Item-**

Discussion and possible action on approving PEBP staff recommendations to help mitigate non-state retiree increasing premium costs.

Executive Officer Haycock presented the report to the Board. He summarized that this issue had been brought to the Board initially at the last Board Meeting as an option and opportunity to try to assist the non-state retiree population be able to afford their monthly medical premium.

**DISCUSSION:** Member Lamborn asked if in the event that a retiree's financial situation changes would they have the option to come back to PEBP coverage. Executive Officer Haycock answered that currently the participants can come back at a certain time and PEBP cannot reinstate their life insurance. Member Wells added clarification that the non-state retirees cannot come back to PEBP if they leave the plan. He also expressed his opinion that there needs to be work with the Legislature about this situation and that it's critical to keep in mind that there is no easy solution for this group.

Member Lamborn asked if it would take an NRS change to allow these participants to come back to PEBP coverage after leaving. Executive Officer Haycock answered that that was his understanding that this change would require a bill draft request submission.

Member Cochran commented that he hoped that participants would be informed to some of the potential pitfalls, such as the difficulty in finding providers who accept Medicare.

Vice Chair Bailey wanted to echo Member Cochran's comments regarding communicating issues to participants.

Public Comment on Item 9:

Public Comment in Carson City:

- Priscilla Maloney – AFSCME Retirees

**Board Action-**

**MOTION:** Move that the Board table this item.

**BY:** Member Verducci

**SECOND:** Vice Chair Bailey

**VOTE:** Unanimous; the motion carried.

**10. Information Item-**

Executive Officer Report.

Executive Officer Haycock presented his report to the Board.

**11. Action Item-**

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

Chris Garcia from Towers Watson's OneExchange presented the Service Improvement Plan to the Board.

**DISCUSSION:** Member Verducci asked about the turnout of participants meeting with the Tower's Watson representative in Carson City. Mr. Garcia responded that during the first week the representative was in Carson City she had a little less than a dozen individual appointments. She was able to assist participants with their questions on the phone as well as answering PEBP staff questions. He stated that they will be going back to doing the larger retiree meetings each month, similar to what they've done in the past.

**12. Public Comment**

Public Comment in Carson City:

There was no public comment in Carson City.

Public Comment in Las Vegas:

There was no public comment in Las Vegas.

**13. Adjournment**

Chair Cates adjourned the meeting at 1:06 p.m.