

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

The Richard H. Bryan Building
PEBP Board Room Suite 1002
901 South Stewart Street
Carson City, Nevada 89701

Video conferenced to:
University of Nevada Las Vegas
4505 South Maryland Parkway
CBC Building B, Room 117
Las Vegas, Nevada 89154

ACTION MINUTES (Subject to Board Approval)

March 23, 2017

**MEMBERS PRESENT
IN CARSON CITY:**

Mr. Patrick Cates, Board Chair
Mr. Don Bailey, Vice Chair
Ms. Ana Andrews, Member
Ms. Leah Lamborn, Member
Mr. Tom Verducci, Member
Mr. James Wells, Member (joined at 11:30 a.m.)

**MEMBERS PRESENT
IN LAS VEGAS:**

Mr. Chris Cochran, Member
Ms. Rosalie Garcia, Member
Ms. Christine Zack, Member

FOR THE BOARD:

Mr. Dennis Belcourt, Deputy Attorney General

FOR STAFF:

Mr. Damon Haycock, Executive Officer
Ms. Celestena Glover, Chief Financial Officer
Ms. Laura Rich, Operations Officer
Ms. Nancy Spinelli, Quality Control Officer
Ms. Kari Pedroza, Executive Assistant

1. Open Meeting; Roll Call

Chair Cates opened the meeting at 9:30 a.m.

2. Public Comment

Chair Cates noted for the record that written public comment was received, printed and provided at the meeting to the Board and the public and posted on-line on the PEBP website. He further noted that public comment would be limited to three minutes and if additional time for comments was necessary, they could be submitted in writing.

Public Comment in Carson City:

- Kevin Ranft – Representative of the American Federation of State, County and Municipal Employees (AFSCME) Local 4041 state employees
- Marlene Lockard – Representative of the Retired Public Employees of Nevada (RPEN)
- Priscilla Maloney – Representative of AFSCME retirees
- Kent Ervin – Representative of the Nevada Faculty Alliance, the statewide association of NSHE faculty at all eight institutions.

Public Comment in Las Vegas:

- Jason LaMarr Wasden – member of the UNLV Benefits Advisory Board, a UNLV Faculty Senator, a member of the President's Advisory Counsel, and a Chair of the UNLV Administrative Faculty Committee
- Vicky Cameron – Retiree Participant
- Douglas Unger – At large representative of the Executive Committee of the UNLV Faculty Senate
- Shaun Franklin-Sewell – Active Participant
- Conrad Wilson – Former Chair of the Classified staff at UNLV

Public Comment in Carson City:

- Peggy Lear Bowen – Retiree Participant

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 January 19, 2017 PEBP Board Meeting.
- 3.2. Receipt of the PEBP Biennial Legal Compliance Review report performed by Aon.
- 3.3. Acceptance of Health Claim Auditors' quarterly audit findings for HealthSCOPE Benefits for the timeframe of October 1, 2016 – December 31, 2016.
- 3.4. Acceptance of PEBP vendor quarterly reports for the timeframe of October 1, 2016 – December 31, 2016.
 - 3.4.1. Hometown Health Case/Utilization Management report
 - 3.4.2. HealthSCOPE Obesity Care Management Program enrollment & utilization
 - 3.4.3. The Standard Basic Life and Long Term Disability data & performance report
 - 3.4.4. The Standard Voluntary Life and Short Term Disability data & performance report
 - 3.4.5. Towers Watson's OneExchange enrollment & performance report
- 3.5. Acceptance of the PEBP Chief Financial Officer quarterly reports for the timeframe October 1, 2016 – December 31, 2016.
 - 3.5.1. Budget Report
 - 3.5.2. Utilization Report
- 3.6. Receipt of the federally mandated Summaries of Benefits and Coverage documents effective July 1, 2017.
 - 3.6.1. PEBP Consumer Driven Health Plan (CDHP)
 - 3.6.1.1. Individual coverage effective July 1, 2017
 - 3.6.1.2. Family coverage effective July 1, 2017

DISCUSSION: Chair Cates asked the Board members if they would like to pull any items from the Consent Agenda.

Member Andrews pulled Items 3.1. (She noted two typos in the Action Minutes which needed to be corrected), 3.4.1. (She requested the header on page 16 of the Hometown Health Report be corrected), 3.4.3. (She asked about the timeframe of the life insurance claim process from page 9 of the Standard Report and Marty Klinkhammer from the Standard provided her the answer) and 3.5.2 (She requested that a header be added to page 23 of the Utilization Report).

Member Garcia pulled Consent Items 3.2. (She had two questions about the Biennial Legal Compliance findings which were answered by Executive Officer Haycock) and 3.5.1 (She asked for a brief summary of how reserves are accumulated which Chief Financial Officer Glover provided).

Board Action on Item 3-

MOTION: Motion to accept the items in Agenda Item 3 with the noted changes from the discussion.

BY: Member Andrews

SECOND: Vice-Chair Bailey

VOTE: Unanimous; the motion carried.

4. Information Item-

Presentation on the Employer Contribution (subsidy) portion of the overall rate.

Chief Financial Officer Glover presented her report to the Board.

DISCUSSION: Member Garcia asked if this presentation could be provided for the non-state participant population and Ms. Glover answered that she would do the presentation for the non-state participants and post it on PEBP's website.

5. Action Item-

Discussion and possible action to include approving Plan Year 2018 (July 1, 2017 – June 30, 2018) final plan benefits and rates for State and Non-State employees, retirees, and their dependents for the Statewide Consumer Driven Health Plan (CDHP); Standard Health Maintenance Organization (HMO) Plans; Alternate Health Maintenance Organization (HMO) Plans; dental benefits; benefits for Medicare retirees; contributions to Health Savings Accounts and Health Reimbursement Arrangements; and basic life insurance benefits.

Executive Officer Haycock presented his report including proposed plan benefit changes and recommendations to the Board.

DISCUSSION: The Members questioned why the report showed more excess reserves at this meeting than at the prior meeting and both Mr. Haycock and Ms. Glover responded that the amounts shown in this report are more accurate because there is more trend experience.

Member Andrews asked about the HRA/HSA contribution requirements and Executive Officer Haycock provided her answer.

Member Lamborn voiced her concern about the participants not knowing enough about the new HMO options and Executive Officer Haycock replied that PEBP is already communicating to its population the differences between the plans with emphasis on ensuring they verify that their current provider is

in network should they chose to change their plan and will continue to reach out in various ways to the covered participants about these changes. Member Garcia asked Executive Officer Haycock why the HMO plans are more expensive than the CDHP plan and he replied HMO plans are fully insured and they absorb all of the risk, which is typically a higher risk and the rate is predicated on the expected risk.

Public Comment on Item 5

Public Comment in Carson City:

- Marlene Lockard – Retired Public Employees of Nevada (RPEN)
- Kent Ervin – Nevada Faculty Alliance, Statewide Org. of NSHE Faculty
- Peggy Lear Bowen – Retiree Participant
- Kevin Ranft – Representative of the American Federation of State, County and Municipal Employees (AFSCME) Local 4041 state employees

Public Comment in Las Vegas:

- Shaun Franklin-Sewell – Active Participant
- Jason LaMarr Wasden – member of the UNLV Benefits Advisory Board, a UNLV Faculty Senator, a member of the President's Advisory Counsel, and a Chair of the UNLV Administrative Faculty Committee

DISCUSSION: Member Lamborn asked about the possibility of adding enhancements back to the benefits at a later date and Executive Officer Haycock replied it would be hard for participants to choose their plan if they were unsure if enhancements would be included mid plan year and it is very burdensome administratively.

Member Wells expressed his concern regarding the sustainability of the program with keeping the enhanced benefits and stated that he could not support everything being added back at once.

Board Action on Item 5-

MOTION: Motion to accept staff's recommendation of Item number 5 (Slide 33 of the PEBP Plan Year 2018 Rate Presentation).

BY: Member Verducci

SECOND: Vice Chair Bailey

VOTE: The motion carried with Member Wells opposed.

6. Action Item-

Approval of the proposed changes to the Master Plan Documents for Plan Year 2018 (July 1, 2017 – June 30, 2018) for medical, dental, life, and long term disability benefits, for enrollment and eligibility rules, and for privacy and security requirements, to reflect previously approved plan design modifications, changes in legislative or regulatory requirements, and technical corrections or updates.

Quality Control Officer Spinelli presented her Master Plan Document proposed changes report to the Board.

DISCUSSION: Chair Cates noted a typo on page 4 under Item 13 of the report which Ms. Spinelli agreed to update.

The Board discussed the proposed language for elective surgery precertification.

Board Action on Item 6-

MOTION: Motion to approve the staff's recommendations with the grammatical change noted by the Chair.

BY: Vice Chair Bailey

SECOND: Member Lamborn

VOTE: Unanimous; the motion carried.

7. Action Item-

Discussion and possible action regarding the 2017 Legislative process and potential Board position, recommendations and direction to staff about bills that may impact PEBP.

Executive Officer Haycock presented updated information on the bills that may impact PEBP and requested direction from the Board on how to proceed at the Legislature regarding these bills.

Board Action on Item 7- SB289, AB352, and AB381

MOTION: Motion to be opposed to SB289, AB352 and AB381.

BY: Member Verducci

SECOND: Member Lamborn

DISCUSSION: Member Wells stated that he, as an agency head, would be voting no on making a motion to either oppose or testify in favor of any legislation, as instructed by the Governor's Office.

Public Comment on Item 7

Public Comment in Carson City:

- Kent Ervin – Nevada Faculty Alliance, Statewide Org. of NSHE Faculty
- Peggy Lear Bowen – Retiree Participant

Public Comment in Las Vegas:

There was no public comment in Las Vegas.

DISCUSSION: Member Zack wanted clarification of the Board's duties as they relate to taking positions on Legislation that may impact PEBP, as outlined in the PEBP Board's Duties, Policies and Procedures.

Member Cochran expressed his preference to consider each bill individually and not consider them as a group.

Member Andrews asked if the Board did not take a position could it affect the fiscal notes and Executive Officer Haycock responded that it would not.

VOTE: The motion failed with Members Bailey, Cochran, Garcia, Wells, and Zack opposed.

Board Action on Item 7- AB249

MOTION: Motion that we, the PEBP board, oppose AB249.

BY: Member Lamborn

SECOND: Member Andrews

DISCUSSION: Member Wells stated that he would prefer that the Board take a neutral position on this bill and allow staff to provide testimony as to the policy and

fiscal impacts of the piece of legislation under this agenda item and that he would not vote in favor of or opposed to a position.

Member Zack agreed with Member Wells.

Member Verducci was also in favor of taking a neutral position on this bill.

Member Lamborn withdrew her motion.

Board Action on Item 7 – Assembly Bill 249

MOTION: Motion that we take a neutral position on AB249.

BY: Member Verducci

SECOND: Vice Chair Bailey

VOTE: The motion carried with Member Garcia abstained and Member Cochran opposed.

Board Action on Item 7 – Senate Bill 139

MOTION: Motion to change our position on SB139 from opposed to neutral.

BY: Member Lamborn

SECOND: Member Andrews

VOTE: The motion carried with Member Garcia opposed.

Board Action on Item 7 – Assembly Bill 381

MOTION: Motion to take a neutral position on AB381.

BY: Member Verducci

SECOND: Vice Chair Bailey

VOTE: Unanimous; the motion carried.

Board Action on Item 7 – Assembly Bill 352

MOTION: Motion to take a neutral position on AB352.

BY: Member Verducci

SECOND: Vice Chair Bailey

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

Board Action on Item 7 – Senate Bill 289

MOTION: Motion to take a neutral position on SB289.

BY: Member Verducci

SECOND: Member Andrews

VOTE: The motion carried with Member Lamborn opposed.

8. Information Item-

Executive Officer Report.

Executive Officer Haycock presented his report to the Board.

DISCUSSION: Member Andrews asked if Mr. Haycock could provide more information on the Smart90 Network mentioned in his report and he responded that in January he recommended that PEBP move to this network because there would be cost savings and since that time he has had conversations regarding this network and in order to make it work it would have to be implemented across the program as a whole. He went on further to explain that with all the changes this year, he thought it would be best to wait on implementing the

Smart90 network and would bring this option back in November when the Board would be talking about changes for the next plan year.

9. 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: Vice Chair Bailey asked Mr. Garcia if he feels that Towers Watson's relationship with its membership has improved. Mr. Garcia responded he thought the relationship has improved and provided examples and statistics of improved customer service provided to Towers Watson's participants. Member Verducci asked Mr. Garcia to provide information on the auto reimbursement process and Mr. Garcia explained the process to the Board.

Board Action on Item 9- The Board did not take action on this item.

10. Public Comment

Public Comment in Carson City:

- Jack Harris – State President of RPEN
- Kent Ervin – Nevada Faculty Alliance, Statewide Org. of NSHE Faculty
- Peggy Lear Bowen – Retiree Participant

Public Comment in Las Vegas:

There was no public comment in Las Vegas.

11. Adjournment

Chair Cates adjourned the meeting at 3:33 p.m.

Supplemental Material

Public Comments

From: Camella Jones
Sent: Friday, March 17, 2017 9:56 AM
To: PEBP Board
Subject: Premium increase

To whom it may concern, I cannot afford for my insurance premiums to increase. It is hard enough now! I'm not able to attend the meeting, but please hear my voice! Thanks

From: Bryce Leinan
Sent: Friday, March 17, 2017 10:11 AM
To: PEBP Board
Subject: Insurance rate hikes

My name is Christopher Bryce Leinan, and I have been with the State of Nevada since December of 2011. As a second-generation state employee, I have seen the boom and bust cycles within the State, and with those cycles, have seen the gains and losses (mostly losses) within PEBP compared to what my parents had when they were working for the state in the early 1990's. My major concern is with the decrease in our HSA accounts, [REDACTED]. As an example, one of the medications I take [REDACTED] is \$300 a month – while I have been paying this cost, there are a lot of other things such as student loans or a car payment where my dollars could be used.

I can understand and appreciate the changing fiscal situation, however, we need to take a hard look at [REDACTED] how some of the costs can be controlled while providing access to medications that improve quality-of-life. I am encouraged by the possibility of having [REDACTED] (*some*) meds being somewhat excluded from the deductible and my only wish here is that you use pharmacy networks that are accessible in Carson City and other rural areas versus those that are only in the Reno and Las Vegas areas. Living in Dayton, if I had to drive to Reno every time I needed a prescription refill, it would be a major inconvenience. Yes, I have used the Express Scripts options for some mail-order prescriptions, however, these present issues for those of us in rural areas where carriers are not always careful with our mail.

Thank you for your consideration,

C. Bryce Leinan, M.A., M.I.T.M.
IT Professional II

From: Joshua Jensen
Sent: Tuesday, March 21, 2017 3:04 PM
To: Pedroza, Kari <kpedroza@peb.state.nv.us>
Subject: PEBP Feedback

Good afternoon,

I'd like to provide the following feedback for the upcoming PEBP meeting.

I'd like to express my opposition to utilizing the excess reserves for the following:

- The administrative fee of \$2.75 approved by the Board to be charged to Medicare Retirees beginning on PY18
- The administrative fee of \$2.83 approved by the Board to be charged to Medicare Retirees beginning on PY18.
- To restore the Life Insurance amounts from \$20,000 Employee/\$10,000 Retiree to \$25,000 Employee/\$12,500 Retiree. PEBP staff is recommending to utilize excess reserves to pay for these benefits for PY18 and PY19

There is no compelling case for our pool of funds to be used to insulate Medicare Retirees from the fees considering how small they are. Although the impact is small on the individual, it will be a large drain to the reserves.

Utilizing the reserves to improve the Life Insurance benefit for two years is short-sighted. Coverage changes shouldn't rely on temporary funding, and should be implemented with long term funding plans.

Lastly, the University of Nevada, Las Vegas and PEBP should work together in order to cover services at our FAST (Faculty and Staff) Clinic for PPO subscribers. Billing our insurance the \$25 for a fast visit is much cheaper than using an outside provider who would bill the insurance for significantly more.

This accomplishes the following:

- Saves our insurer money since FAST is cheaper than a private doctor
- Saves plan participants money since the visit is cheaper
- Generates revenue for FAST by encouraging use, which keeps funds within Nevada's State system
- Improves healthcare access and utilization, which saves money because preventative care is cheaper than curative or palliative care

Thank you.

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Joshua Jensen - Administrative Assistant III

From: Kristen Defer
Sent: Tuesday, March 21, 2017 5:27 PM
To: PEBP Board
Subject: Health Insurance Increase for FY2018

I implore the PEBP Board not to increase health insurance rates for State workers.

One of the reasons I came to work for the State was to have access to a good health insurance plan that was affordable. The proposed increase to the HMO plan would be an additional \$60 a month, to make my cost about \$660 per month. I cannot afford another premium hike. The PPO would be cheaper, but it doesn't provide the coverage that my family needs. Moving to the PPO plan is not a viable option for anyone who actually uses or needs their health insurance.

It is difficult for me to understand why the City of Sparks, City of Reno, Washoe County, and other local governments are able to provide health insurance to their employees and cover the employee cost, while the State cuts benefits and increases premiums each year. For comparison, the employee cost for HMO family coverage for Washoe County employees is about \$375 per month for calendar year 2017. It will be increasingly difficult for the State to attract and keep good workers when there is such a disparity between not only private sector benefits and pay, but local governments as well.

State employees already have had to endure furloughs, pay freezes, PERS increases, and the loss of Longevity pay. We cannot afford higher health insurance premiums.

Sincerely,
Kristen Defer