



BRIAN SANDOVAL
Governor

DAMON HAYCOCK
Executive Officer

STATE OF NEVADA
PUBLIC EMPLOYEES' BENEFITS PROGRAM

901 S. Stewart Street, Suite 1001
Carson City, Nevada 89701
Telephone (775) 684-7000 (800) 326-5496
Fax (775) 684-7028
www.pebp.state.nv.us



PATRICK GATES
Board Chairman

AMENDED MEETING NOTICE AND AGENDA

Name of Organization: Public Employees' Benefits Program Board

Date and Time of Meeting: April 20, 2018 1:00 p.m.

Place of Meeting: The Richard H. Bryan Building
901 South Stewart Street, Suite 1002
Carson City, Nevada 89701

Video Conferencing: Nevada State Business Center
3300 West Sahara Avenue, Tahoe Room, Suite 430
Las Vegas, Nevada 89102

Audio Streaming Website: www.pebp.state.nv.us

AGENDA

1. Open Meeting: Roll Call
2. Public Comment

Public comment will be taken during this agenda item. No action may be taken on any matter raised under this item unless the matter is included on a future agenda as an item on which action may be taken. Persons making public comments to the Board will be taken under advisement but will not be answered during the meeting. Comments may be limited to three minutes per person at the discretion of the chairperson. Additional three minute comment periods may be allowed on individual agenda items at the discretion of the chairperson. These additional comment periods shall be limited to comments relevant to the agenda item under consideration by the Board. Persons unable to attend the meeting and persons whose comments may extend past the three minute time limit may submit their public comment in writing to PEBP Attn: Laura Landry 901 S. Stewart St, Suite 1001 Carson City NV 89701, Fax: (775) 684-7028 or lrandry@peb.state.nv.us at least two business days prior to the meeting. Persons making public comment need to state and spell their name for the record at the beginning of their testimony.

3. PEBP Board disclosures for applicable Board meeting agenda items. (Dennis Belcourt, Deputy Attorney General) (Information/Discussion)

4. Approval of Action Minutes from the March 22, 2018 PEBP Board Meeting. (**For Possible Action**)
5. Discussion and possible action on the changes to or replacement of the Hometown Health Providers Preferred Provider Organization (PPO) network currently approved for the PEBP Consumer Driven Health Plan (CDHP) through June 30, 2021 to include but not limited to:
 - Adding the Exclusive Provider Organization (EPO) population in Plan Year 2019 to the existing Hometown Health Providers PPO network;
 - Revising the existing Hometown Health Providers PPO network contract to include cost controls for northern Nevada hospital systems of care;
 - Replacing the Hometown Health Providers PPO network with a new comprehensive PPO/EPO network starting Plan Year 2019. Available options include: Sierra Healthcare Options, Inc.; Anthem Blue Cross and Blue Shield Nevada; and Aetna (Damon Haycock, Executive Officer) (**For Possible Action**)
6. Discussion on new information received by PEBP since the March 22, 2018 Board meeting affecting the Saint Mary's and Carson Tahoe Health Medicare-Plus Reimbursement Model Pilot Program contracts and possible action to include but not limited to:
 - Moving forward with the Board approved contracts with Saint Mary's and Carson Tahoe Health;
 - Halting/Discontinuing the pilot program, canceling the contract with Saint Mary's, and withdrawing the request for the contract to be included for consideration by the Nevada Board of Examiners;
 - Halting/Discontinuing the pilot program and contract negotiations with Carson Tahoe Health (Damon Haycock, Executive Officer) (**For Possible Action**)
7. Public Comment

Public comment will be taken during this agenda item. Comments may be limited to three minutes per person at the discretion of the chairperson. Persons making public comment need to state and spell their name for the record at the beginning of their testimony.

8. Adjournment

<p>The supporting material to this agenda, also known as the Board Packet, is available, at no charge, on the PEBP website at www.pebp.state.nv.us/board.htm (under the Board Meeting date referenced above).</p>
<p>An item raised during a report or public comment may be discussed but may not be deliberated or acted upon unless it is on the agenda as an action item.</p>
<p>All times are approximate. The Board reserves the right to take items in a different order or to combine two or more agenda items for consideration to accomplish business in the most efficient manner. The Board may remove an item from the agenda or delay discussion relating to an item on the agenda at any time. The Board reserves the right to limit Internet broadcasting during portions of the meeting that need to be confidential or closed.</p>

We are pleased to make reasonable efforts to assist and accommodate persons with physical disabilities who wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the PEBP in writing, at 901 South Stewart Street, Suite 1001, Carson City, NV 89701, or call Laura Landry at (775) 684-7020 or (800) 326-5496, as soon as possible so that reasonable efforts can be made to accommodate the request.

Copies of both the PEBP Meeting Action Minutes and Meeting Transcripts are available for inspection, at no charge, at the PEBP Office, 901 South Stewart Street, Suite 1001, Carson City, Nevada, 89701 or on the PEBP website at www.pebp.state.nv.us. For additional information, contact Laura Landry at (775) 684-7020 or (800) 326-5496.

Notice of this meeting was posted on or before 9:00 a.m. on the third working day before the meeting at the following locations: NEVADA STATE LIBRARY & ARCHIVE, 100 N. Stewart St, Carson City; BLASDEL BUILDING, 209 East Musser Street, Carson City; PUBLIC EMPLOYEES' BENEFITS PROGRAM, 901 South Stewart Street, Suite 1001, Carson City; THE GRANT SAWYER STATE OFFICE BUILDING, 555 East Washington Avenue, Las Vegas; THE LEGISLATIVE BUILDING, 401 South Carson Street, Carson City, and on the PEBP website at www.pebp.state.nv.us, also posted to the public notice website for meetings at www.leg.state.nv.us/App/Notice and <https://notice.nv.gov>. In addition, the agenda was mailed to groups and individuals as requested.

**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:
Nevada State Business Center
3330 West Sahara Avenue
Tahoe Room, Suite 430
Las Vegas, Nevada 89102

ACTION MINUTES (Subject to Board Approval)

March 22, 2018

MEMBERS PRESENT

IN CARSON CITY:

Mr. Patrick Cates, Board Chair
Mr. Don Bailey, Vice Chair
Ms. Ana Andrews, Member
Mr. Chris Cochran, Member
Ms. Linda Fox, Member
Ms. Leah Lamborn, Member
Mr. John Packham, Member
Mr. Glenn Shippey, Member
Mr. Tom Verducci, Member

MEMBERS PRESENT

IN LAS VEGAS:

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. Laura Landry, Executive Assistant

1. Open Meeting; Roll Call

Chair Cates opened the meeting at 9:01 a.m.

2. Public Comment

Public Comment in Carson City:

- Peggy Lear Bowen - Retiree Participant (see exhibit A for comments)

Public Comment in Las Vegas:

- There was no public comment in Las Vegas.

3. PEBP Board disclosures for applicable Board meeting agenda items. (Dennis Belcourt, Deputy Attorney General) (Information/Discussion)

Disclosers

- Chair Patrick Cates disclosed meeting with officials from Renown, Chris Bosse, Mike Hillerby and Dr. Slonim regarding agenda item 7.
- Vice Chair Don Bailey disclosed receiving a phone call from a member of Hometown Health but was unable to arrange a meeting.
- Member Chris Cochran disclosed having a meeting with Courtney Kelly and Ty Windfeldt of Hometown Health to discuss agenda item 7.
- Member Linda Fox disclosed having a meeting with Courtney Kelly of Hometown Health regarding agenda item 7.
- Member Leah Lamborn disclosed having a telephone conversation with Chris Bosse on agenda Item 7.
- Member Christine Zack disclosed accepting an invitation for meeting with Courtney Kelly of Hometown Health and Chris Bosse with Renown on item 7 regarding the board ratification of a contract between PEBP and St. Mary's. Ms. Zack also met with Glen Stevens, general counsel Health Plan of Nevada but did not discuss any agenda items.

4. Consent Agenda (Patrick Cates, Board Chair) (**All Items for Possible Action**)

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

- 4.1 Approval of Action Minutes from the January 25, 2018 PEBP Board Meeting.
- 4.2 Acceptance of Health Claim Auditors' quarterly audit findings for HealthSCOPE Benefits for the timeframe of October 1, 2017 – December 31, 2017.
- 4.3 Acceptance of PEBP vendor quarterly reports for the timeframe of October 1, 2017 – December 31, 2017.
 - 4.3.1 Hometown Health Case/Utilization Management report
 - 4.3.2 HealthSCOPE Obesity Care Management Program enrollment & utilization
 - 4.3.3 The Standard Basic Life and Long Term Disability data & performance report
 - 4.3.4 The Standard Voluntary Life and Short Term Disability data & performance report
 - 4.3.5 Towers Watson's OneExchange enrollment & performance report
- 4.4 Acceptance of the PEBP Chief Financial Officer quarterly reports for the period ending December 31, 2017.
 - 4.4.1 Budget Report
 - 4.4.2 Utilization Report

- 4.5 Receipt of the federally mandated Summaries of Benefits and Coverage documents effective July 1, 2018 for individual coverage and family coverage for PEBP's Consumer Driven Health Plan (CDHP) and PEBP's Premier Plan (Exclusive Provider Organization – EPO).
- 4.6 Acceptance of the Willis Towers Watson's OneExchange Operations Report.

Board Action on Item 4

MOTION: Motion to approve the Consent Agenda.
BY: Member Chris Cochran
SECOND: Vice Chair Don Bailey
VOTE: Unanimous; the motion carried.

5. Health Claim Auditors, Inc. annual audit of Express Scripts, Inc. (ESI) for the PEBP Plan Year 2017 (July 1, 2016 – June 30, 2017) to include: the report from Health Claim Auditors; ESI's response; and the Board's acceptance of the 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. (Robert Carr, Health Claim Auditors, Inc.) **(For Possible Action)**

Board Action on Item 5

MOTION: Motion to accept the auditor's report and assess a penalty in the amount \$38,678 for the items that are cited in the report as the two penalty items.
BY: Member Tom Verducci
SECOND: Vice Chair Don Bailey
VOTE: Unanimous; the motion carried.

6. Executive Officer Report to include discussion and possible action to approve a 1-year extension to the Express Scripts Inc. Pharmacy Benefits Manager contract supporting the CDHP and EPO members for additional pharmacy discounts and rebates out to June 30, 2023. (Damon Haycock, Executive Officer) **(For Possible Action)**

Board Discussion for follow up on Item 6

- Chair Patrick Cates suggests that reports requiring action be presented separately from the Executive Officer report in the future.

Board Action on Item 6

MOTION: Motion to accept report but not approve extending the Express Scripts contract.
BY: Member Chris Cochran
SECOND: Member Glen Shippey
VOTE: Unanimous; the motion carried.

7. Board ratification of a contract between PEBP and Saint Mary's for primary care, specialty care, and hospital services for PEBP members participating on the CDHP and EPO plans for Plan Years 2019 and 2020. (Damon Haycock, Executive Officer) **(For Possible Action)**

Public Comment on Item 7

Public Comment in Carson City:

- Marlene Lockard – Retired Public Employees of Nevada (RPEN)
- Peggy Lear Bowen – Retiree Participant (see exhibit A for comments)
- Priscilla Maloney – Representative of AFSCME retirees
- Kevin Ranft – AFSCME 4041

Public Comment in Las Vegas:

- There was no public comment in Las Vegas.

Disclosers

- Member Leah Lamborn recused herself from voting on agenda item 7 and 8 due to a recent engagement with a law firm that is performing work for a nonprofit charity organization who is affiliated with Renown.

Board Action on Item 7

MOTION: Motion to ratify the contract between PEBP and St. Mary's.

BY: Member Christine Zack

SECOND: Member Tom Verducci

IN FAVOR: Member Ana Andrews, Vice Chair Don Bailey, Chair Patrick Cates, Member Tom Verducci, Member Christine Zack, Member John Packham

OPPOSED: Member Chris Cochran, Member Linda Fox, Member Glenn Shippey

ABSTAINED: Member Leah Lamborn

VOTE: Six in favor, three opposed; the motion carried.

8. Discussion and possible action to approve an expansion of the Medicare-plus provider reimbursement pilot program with Saint Mary's to include Carson Tahoe Health beginning Plan Year 2019 (July 1, 2018 - June 30, 2019). (Damon Haycock, Executive Officer) **(For Possible Action)**

Public Comment on Item 8

Public Comment in Carson City:

- Peggy Lear Bowen – Retiree Participant (see exhibit A for comments)
- Kevin Ranft – AFSCME 4041

Public Comment in Las Vegas:

- There was no public comment in Las Vegas.

Board Action on Item 8

MOTION: Motion to approve PEBP's recommendation for the Board to approve the expansion of the Medicare-plus reimbursement pilot program to include Carson Tahoe Health beginning Plan Year 2019 (July 1, 2018) for a two-year period. If approved, PEBP will bring back a contract for services to the Board for ratification at the May 24, 2018 Board meeting.

BY: Member Tom Verducci

SECOND: Member Christine Zack

IN FAVOR: Member Ana Andrews, Vice Chair Don Bailey, Chair Patrick Cates, Member John Packham, Member Tom Verducci, Member Christine Zack,

OPPOSED: Member Chris Cochran, Member Linda Fox, Member Glenn Shippey

ABSTAINED: Member Leah Lamborn

VOTE: Six in favor, three opposed; the motion carried.

9. Discussion and possible action to include approving Plan Year 2019 (July 1, 2018 – June 30, 2019) rates for State and Non-State employees, retirees, and their dependents for the Statewide Consumer Driven Health Plan (CDHP); southern Nevada Health Maintenance Organization (HMO) Plan; and the northern and rural Nevada PEBP Premier (Exclusive Provider Organization - EPO) Plan, as well as utilization of excess reserves for Medicare retiree supplemental Health Reimbursement Arrangement (HRA) funds. (Damon Haycock, Executive Officer) **(For Possible Action)**.

Public Comment on Item 9

Public Comment in Carson City:

- Kevin Ranft – AFSCME 4041

Public Comment in Las Vegas:

- There was no public comment in Las Vegas.

Board Action on Item 9

MOTION: Motion to Approve Option 1: Approve PEBP's Assumptions and Reduce Rates for all Members on all plans, approve a Plan Year 2019 additional \$2/month/year-of-service one-time supplemental HRA funding to Medicare retirees participating on the Medicare Exchange and allow staff to make technical adjustments as needed.

BY: Member Ana Andrews

SECOND: Member Leah Lamborn

VOTE: Unanimous; the motion carried.

10. Approval of the proposed changes to the Master Plan Documents for Plan Year 2019 (July 1, 2018 – June 30, 2019) 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. (Nancy Spinelli, Quality Control Officer) **(For Possible Action)**

Board Discussion for follow up on Item 10

Glenn Shippey requested Plan Document be revised to include requirements from the 2017 Legislative Session to include Wellness Bills AB 249, SB 233, Women's Contraception methods and supply, Assembly Bill 304 regarding autism spectrum disorder, early intervention services pursuant to Bill 304. ABA Actuarial equivalence needs to be determined by PEBP. Plan Document needs to include NRS 695G.1665 synchronized medication for chronic conditions and early refills for topical ophthalmic drops NRS 695G.172.

Board Action on Item 10

MOTION: Motion to move forward with board approval as presented and all the bulleted items and add on what Member Shippey had mentioned.

BY: Member Tom Verducci

SECOND: Vice Chair Don Bailey

VOTE: Unanimous; the motion carried.

11. Discussion and possible action to include approving the rewards process associated with the implementation of Healthcare Bluebook, PEBP's new transparency vendor, for the CDHP and EPO plan in Plan Year 2019. (Damon Haycock, Executive Officer) **(For Possible Action)**

Board Action on Item 11

MOTION: Motion to approve the Healthcare Bluebook reward option one, regional option.

BY: Member Leah Lamborn

SECOND: Member Ana Andrews

IN FAVOR: Member Ana Andrews, Vice Chair Don Bailey, Chair Patrick Cates, Member Linda Fox, Member Leah Lamborn, Member John Packham, Member Glenn Shippey, Member Tom Verducci

OPPOSED: Member Chris Cochran, Member Christine Zack

VOTE: Eight in favor, two opposed; the motion carried.

12. Discussion and possible Board direction to staff regarding the program's 2019 Legislative Platform, to include PEBP's Fiscal Year 2020 – 2021 biennial budget development and policy bill draft requests (BDRs). (Damon Haycock, Executive Officer) **(For Possible Action)**

Board Action on Item 12

No action taken.

13. Public Comment

Public comment will be taken during this agenda item. Comments may be limited to three minutes per person at the discretion of the chairperson. Persons making public comment need to state and spell their name for the record at the beginning of their testimony.

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.

14. Adjournment

Chair Cates adjourned the meeting at 3:55 p.m.

Exhibit A

These remarks are presented as transcribed by Capitol Reporters.

AGENDA ITEM 2 - PUBLIC COMMENT FROM MS. BOWEN:

MS. BOWEN: Good morning. My name and words for the record Peggy, P-e-g-g-y Lear, L-e-a-r Bowen, B-o-w-e-n. And because you went through that so fast, I'm just making it very clear that I understand completely that Mr. Haycock and all are working very hard to see that women are not charged, it's part of their benefit for their mammograms and they are 3-D. At our last conversation, it was very clear that there was still only one mammogram, and what it is my hope today with what you are doing and how you're doing it that when you include rate-setting going up, everything that you have on the agenda today that you take into consideration the request, women are not getting their mammograms because they can't afford a follow-up mammogram if their doctor requests it. It would be very very helpful if that – that upon doctor's request after the first mammogram, whether it be 3-D or otherwise, that upon the doctor's request that there be as part of the benefit a second mammogram so that women are not dying with -- men and women, it's across the board, are not dying because of not being able to afford follow-up -- that follow-up care. What we basically we've done now is become a diagnostic insurance company. You go to the eye doctor and you're diagnosed with what you need for your eyes. You go to the medical doctor and you get diagnosed for that sort of thing and for your -- but a lot of what we've become is an insurance company for the State of Nevada for retirees and non-state retirees and non-state actives and non-state retirees is more or less a diagnostic company with less incumbent upon the insurance company to pay for the care that is followed up that is needed if -- if noted by a doctor, and you might want to keep that in mind today while you're doing. Thank you so much for all your hard work and getting your life wraps out and coming to the meeting. Take good care.

AGENDA ITEM 7 - PUBLIC COMMENT FROM MS. BOWEN:

MS. BOWEN: Good morning, and my name and words for the record Peggy, P-e-g-g-y Lear, L-e-a-r last name Bowen, B-o-w-e-n. Thank you for today's deliberation. I want to refer to I believe my facts are right, and I'm sure you'll correct me if they are not. I don't think we've had an RFP regarding this issue since 2011. I don't think we've gone out to bid. We have extended and extended and extended for whatever reason and the last reason was when we public in the transparent process, and thank you, Damon Haycock, you deserve every raise in the book, promotion and dark chocolate too. For making this as transparent as possible. The transparency that has been brought to this Board, the credibility that has been brought to this Board has been fantastic and what we need from you now is to continue in that fashion, to work on -- I mean, Governor Sandoval did not approve a person being given critical care status and having it in such a way because he said we're not going to be here in 2020 or 2022. And I was shocked at the last meeting when this contract was extended by three years. The extension needs to stop. The money needs to quit being made. The fact is that competition and people need to be able to sit down and compete. One concern I had during the interim is that the way it works right now is providers have been bought by these insurance companies, offices and providers. Under the last big issue with the cardiologist, those cardiologists won their battle but lost their case. When they were brought back into our insurance position, they were not given poor privileges at Renown. They could do their office work. They could go out and be sent to Churchill, and I like Churchill, or

wherever else they could be sent, but they weren't given floor privileges at Renown. We need these doctors watched over and cared for in this process so that we as members have them available to us. My pulmonary unit, pulmonary was just purchased by Renown and, therefore, if we don't go with Renown and if Renown doesn't allow us to utilize their doctors and the doctors have told us they can't provide, then the only pulmonary unit in town is with Renown and not with being open for members to access. So please in your deliberations do your due diligence to make sure that providers are not made so that they cannot deal with your members because of which hospital has bought their practice. The fact is we need an RFP process in place. We need this competition put back in place or otherwise, we are held hostage by Renown and where they really get you is preauthorization, if I might be so bold, preauthorization at the hospital. I was stung by a wasp this summer, and I went to the hospital because 40 years ago having been in the hospital twice getting adrenaline injected directly to my heart, the point was it took everything I knew to get preauthorization for an Epipen because the hospital's pharmacy had closed. CVS pharmacies were closed, and they made me wait until 9:00 o'clock the next morning from 5:00 o'clock in the afternoon the previous day for an Epipen to be pre authorized at a CVS that didn't even have the Epipen. Whereas, Walgreen's, sitting over the freeway, freeway had the Epipen and I could have gone home with it because they are saying I used my time allotment at Renown and I was being forcibly removed, saved by the head of Renown's nurses saying doctor ordered an Epipen, and then they said the difference in price from \$335 to \$780 for the Epipen at that time because I lacked preauthorization. So you have the process -- And the initial RFP was flawed because not all insurance companies were asked the same questions and that was discovered here, and that's why we've been going through this every single time whenever we challenge Hometown Health and the rest of Renown. We need to get it open again, public again and fair again and thank you very much.



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Board Chairman

AGENDA ITEM

Action Item

Information Only

Date: April 20, 2018

Item Number: V and VI

Title: PPO Network and Saint Mary's/Carson Tahoe Health Pilot

SUMMARY

This report will provide the Board information and recommendation for in-state Preferred Provider Organization (PPO) network service contracts starting Plan Year 2019 (July 1, 2018) and updated information regarding the Saint Mary's / Carson Tahoe Health Medicare-Plus pilot program contracts.

BACKGROUND

PEBP's mission is to provide employees, retirees, and their families with access to high quality benefits at affordable prices.

PEBP's Strategic Plan has three overall strategies:

1. Increase Access to Care
2. Improve the Member Experience
3. Reduce Costs to the Program

In an effort to meet the mission and adhere to the three overall strategies, PEBP researches, analyzes, and recommends opportunities to the PEBP Board throughout the year. The result is to ultimately prioritize the members while providing a long-term sustainable program that reduces barriers to care and operates on a financially sound basis.

Many of PEBP members have enjoyed flat rates over the last two plan years, and last month the Board approved a rate decrease for the first time for all groups on all plans on all tiers across the entire program. The Medicare Exchange retirees received a supplemental Health Reimbursement Arrangement (HRA) contribution that most retirees use to pay for their Medicare Advantage and/or Medicare supplement plan premiums, so they too in effect received a rate decrease. This occurred by design and became the result of the Board's decisions to implement appropriate and efficient plan management utilizing cost containment strategies that worked, while restoring

benefits to members and improving how the program operates and adheres to best practices and national standards.

One of PEBP's concerns based on increasing premiums year-over-year with the Health Maintenance Organization (HMO) in northern Nevada was the risk and high costs associated with servicing members in this region. In November 2017, PEBP recommended and the Board approved termination of the existing northern Nevada HMO contract, replacing it with a self-managed, self-insured Exclusive Provider Organization (EPO) plan starting July 1, 2018. This decision was in part predicated on the rate renewals provided by our HMO partners announcing significant (double digit) rate increases that would be absorbed by the members. PEBP has recognized for many years the costs of care in northern Nevada are a major driver to increased rates and we are constantly looking for ways to develop processes and negotiate an environment that reduces costs while keeping access to care for our members intact.

PEBP has provided testimony to the Board citing concerns over provider contracts within our contracted networks. It is customary in northern Nevada for providers to be reimbursed on a per diem (straight dollar amount) and/or percentage off billed (i.e. 50% off billed charges) arrangement. Without strict cost controls, the per diem amounts and the billed charges can increase annually (or sooner) with no mechanism for PEBP to negotiate a favorable result for our members. It is important to note, all the networks available to PEBP in northern and rural Nevada for Preferred Provider Organization (PPO) services have this issue and therefore it is not isolated to the current network PEBP utilizes today.

Last year PEBP attempted to address the lack of cost controls with air ambulance services. PEBP researched other programs across the nation and spoke with our counterparts in other states. Based on claims analysis and a desire to leverage the nation's pricing for Medicare, the largest purchaser of healthcare, PEBP developed the concept of a Medicare-plus reimbursement model. In March 2017, PEBP recommended and the Board approved a reimbursement rate of 250% of Medicare for air ambulance services to members. We negotiated an agreement with REMSA - Care Flight to provide air ambulance services to PEBP members in northern and rural Nevada to ensure members would not be balance billed.

Following that concept, PEBP performed an analysis on all of our claims for the Consumer Driven Health Plan and compared them to Medicare. Since hospitals in northern Nevada are PEBP's most utilized entities of high cost care, we looked at developing cost controls and protections for the members, the plan, and the Nevada taxpayer who ultimately funds our program. PEBP reached out to our network and requested the opportunity to address cost controls for hospitals. We also analyzed our current contracts and assessed if we could engage in direct negotiations with hospitals if our requests within the network were unsuccessful. PEBP was provided guidance from our assigned Deputy Attorney General that we had the ability to direct contract with providers without violating our current contracts. PEBP did not receive an actionable response from our network on cost controls, so we moved forward with the exploration and development of a hospital pilot program with Saint Mary's in Reno, Nevada.

PEBP ensured the pilot adhered to the three overall strategic goals of the program:

1. Increase Access to Care: Saint Mary's has an entire integrated health system in Reno to include primary care, specialists, facilities, and a highly rated hospital all not currently

available to PEBP members as an in-network benefit. This pilot would provide increased access to healthcare for members.

2. Improve the Member Experience: significantly increasing access to high quality care while reducing costs improves the member experience.
3. Reduce Costs to the Program: PEBP negotiated a Medicare-plus reimbursement rate set below the equivalent rates we pay other hospitals in the region. Additionally, we changed the plan design structure to include exclusive provider arrangements for certain high cost services and infusions which would result in lower costs to the program..

The concepts above were presented and discussed at both the November 30, 2017 and March 22, 2018 Board meetings, whereby the Board ultimately approved the pilot program and the contract with Saint Mary's.

PPO NETWORK

It was PEBP's intent that the EPO population would be absorbed into the PPO network we have today. The northern Nevada PPO network closely mirrors the existing HMO plan's network. Access to the PPO network was paramount to PEBP's recommendation to transition from the HMO plan to the EPO plan as the intent was to minimize disruption and provide members with reassurance their doctors and facilities would remain available to them. The current PPO network PEBP utilizes in northern and rural Nevada is the only network available that supports a full complement of providers at the lowest fees. PEBP has performed a recent analysis of the available networks and the results are as follows:

Comparable Items	Hometown Health Providers	Anthem BCBS of Nevada	Sierra Healthcare Options (SHO)	Aetna
% of In-State Regional In-Network Providers	96.8%	TBD*	81.7%	74.6%
Includes Renown Healthcare System	Yes Exclusive (Lower Cost) Rates	Yes Non-Exclusive (Higher Cost) Rates	Yes Non-Exclusive (Higher Cost) Rates	No Would need to negotiate separate agreement for in- network services
Include Southern Nevada HCA Hospitals	Yes	Yes	No	Yes
Annual Network Fees	Approximately \$450,000	Approximately \$1.6 million	Approximately \$450,000	Approximately \$900,000

* Anthem was unable to provide this information at the time this report was posted.

PEBP's contracted PPO network in northern Nevada has an exclusivity arrangement for hospital services in Reno, Nevada with Renown. That arrangement, per Renown and Hometown Health testimony, provides PEBP and its members lowered pricing for services than non-exclusive arrangements maintained by other networks. Renown and Hometown Health have shared with PEBP and the Board service rates must increase to adjust for any migration from Renown to Saint Mary's anticipated in the implementation of the pilot program. They have also asserted the pilot is in direct violation of PEBP's PPO network contract for exclusivity and Renown's provider contract with Hometown Health. Lastly, with PEBP approving Saint Mary's *and* Carson Tahoe Health in direct contracting, Hometown Health has expressed significant concerns over their ability to maintain the integrity of their network.

PEBP's intent for recommending the pilot program with Saint Mary's (and expanding it with Carson Tahoe Health) was not intended to disrupt the current network arrangement with Hometown Health. PEBP recommended the pilot in an effort to develop critical cost controls on nontransparent hospital rate increases, while adding the benefit of increasing access to care by opening up another system in Reno, Nevada. PEBP has spent the last three weeks negotiating with Hometown Health to develop solutions that protects their network offering while simultaneously protecting the plan and PEBP's members. The pilot program with Saint Mary's and Carson Tahoe Health became the issue that led to failed negotiations necessitating this Board meeting today.

PEBP received an offer from Hometown Health (see attached) on Monday, April 16, 2018 in response to PEBP's Board meeting agenda for today. This offer puts in place for the first time cost controls and rate guarantees for the next three years at Renown. The offer holds current reimbursement levels flat (0% increase) for the next 20 months through December 2019, and holds rate increases to 2% for calendar years 2020 and 2021 respectively. At the March 22, 2018 Board meeting, Renown testified they hadn't increased rates over 5% a year since 2010. Applying those potential increases moving forward, PEBP's situation changes significantly:

	2019	Compared to Current	2020	Compared to Current	2021	Compared to Current
Potential Expected Increases	+5%	+5%	+5%	+10%	+5%	+15%
Current HTH Proposal	+0%	+0%	+2%	+2%	+2%	+4%
Potential Difference	-5%	-5%	-3%	-8%	-3%	-11%

These cost controls are provided in Hometown Health's proposal with the caveat PEBP and the Board do not move forward with the pilot programs with Saint Mary's and Carson Tahoe Health. Hometown Health and Renown still assert the pilot programs violate the current contracts with PEBP and each other. From a strictly cost control basis, PEBP believes this proposal is reasonable.

UPDATED INFORMATION – SAINT MARY'S / CTH PILOT PROGRAM

PEBP has received new information on the pilot program and new concerns over risks have been raised in regards to the exclusivity topic within the current PPO network. Additional time is needed to analyze the situation further; however, due to the new plan year starting July 1, 2018, there is not sufficient time to complete an analysis before the new plan year. With open enrollment starting in less than two weeks, PEBP has suspended production of information to members awaiting the final disposition of this issue. PEBP is committed to providing accurate information to our members and changes amid open enrollment would be extremely disruptive. Additionally, pursuing this any further beyond today would not provide PEBP with sufficient time to implement a replacement PPO network by July 1.

RECOMMENDATION

With the new information and concerns over added risk to the Hometown Health PPO network contract, the cost analysis of replacing the Hometown Health PPO network, and the reasonable offer from Hometown Health received on April 16, 2018 placing cost controls with Renown, PEBP believes the pilot with Saint Mary's (and the expansion with Carson Tahoe Health) should be suspended. As of today, PEBP has signed a contract with Saint Mary's and requested the contract be scheduled, reviewed and approved at the May 8, 2018 Nevada Board of Examiner's meeting.

PEBP Recommends the Following:

Suspend the pilot program with Saint Mary's and Carson Tahoe Health; request the Saint Mary's contract be removed from consideration by the Nevada Board of Examiners; accept Hometown Health's PPO network amendment proposal to include the EPO population and cost controls on Renown's annual rate increases; and revisit the Medicare-plus pilot concept at a later date.

Hometown Health

April 16, 2018

Mr. Damon Haycock
Executive Officer
State of Nevada Public Employees Benefits Program
901 South Stewart Street, Suite 1001
Carson City, NV 89701

Dear Damon:

Thank you for the notice of the State of Nevada PEBP Board Meeting to be held Friday April 20, 2018. With regard to Agenda Item #5, Hometown Health is presenting the following for consideration.

Should the PEBP Board choose to forego the pilot programs with Saint Mary's and Carson Tahoe Hospital, and desire to continue offering the Hometown Health PPO Network to the Participants in the PPO and EPO Plan, Hometown Health has negotiated the following with Renown Health:

- A. The current Renown Health hospital contract rates will remain in effect through December 31, 2019 (no increase for 20 months).
- B. The Renown Health hospital contract rate increase on January 1, 2020 will be capped at 2%.
- C. The Renown Health hospital contract rate increase on January 1, 2021 will be capped at 2%.

Hometown Health values the relationship with PEBP and would look forward to continue to provide PPO Network services for your programs.

If you have any questions please let me know.

Sincerely,



Ty Windfeldt
Chief Executive Officer
Hometown Health