

STATE OF NEVADA
PUBLIC EMPLOYEES' BENEFITS PROGRAM BOARD
TRANSCRIPT OF PROCEEDINGS
VIDEO-CONFERENCED OPEN MEETING
CARSON CITY/LAS VEGAS, NEVADA
THURSDAY, MAY 24, 2018

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8 The Board: PATRICK CATES, Chairman
9 GLENN SHIPPEY, Member
10 LEAH LAMBORN, Member
11 TOM VERDUCCI, Member
12 ANA ANDREWS, Member
13 DONALD BAILEY, Member
14 JOHN PACKHAM, Member
15 CHRISTINE ZACK, Member
16 LINDA FOX, Member
17
18 For the Board: DENNIS BELCOURT,
19 Deputy Attorney General
20
21 For Staff: DAMON HAYCOCK, Executive Officer
22 LAURA RICH,
23 Chief Operating Officer
24 NANCY SPINELLI,
Quality Control Officer
CELESTENA GLOVER,
Chief Financial Officer
CARI EATON, Financial Analyst
LAURA LANDRY, Executive Assistant

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23 Reported by: CAPITOL REPORTERS
24 BY: Michel Loomis, NV CCR #228
123 West Nye Lane, Suite 107

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1 CARSON CITY, NEVADA, THURSDAY, MAY 24, 2018, P.M. SESSION

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4 THE CHAIRMAN: Good morning, everyone. Let's
5 call the meeting to order. Public Employees' Benefit Program
6 Board. Agenda Item Number 1, roll call.

7 MS. LANDRY: Ana Andrews?

8 MEMBER ANDREWS: Here.

9 MS. LANDRY: Don Bailey?

10 MEMBER BAILEY: Here.

11 MS. LANDRY: Patrick Cates?

12 THE CHAIRMAN: Here.

13 MS. LANDRY: Chris Cochran?

14 MEMBER COCHRAN: Here.

15 MS. LANDRY: Linda Fox?

16 MEMBER FOX: Here.

17 MS. LANDRY: Leah Lamborn?

18 MEMBER LAMBORN: Here.

19 MS. LANDRY: Glenn Shippey?

20 MEMBER SHIPPEY: Here.

21 MS. LANDRY: Tom Verducci?

22 MEMBER VERDUCCI: Here.

23 MS. LANDRY: Christine Zack?

24 MEMBER ZACK: Here.

1 MS. LANDRY: John Packham?

2 MEMBER PACKHAM: Here.

3 MS. LANDRY: We have a quorum.

4 THE CHAIRMAN: Thank you. We'll move to Agenda
5 Item Number 2, public comment. Pardon me, just give me a
6 moment here, I need to look at the other items really quick.
7 I should have had this figured out.

8 On Agenda Item Number 6 I will take public
9 comment. I'll take public comment on Agenda Item Number 5 and
10 Number 6. So this is open public comment. We will hear
11 further public comment on Agenda Items 5 and 6, and then of
12 course we have public comment at the end.

13 So if you have things you want to state about 5
14 and 6 I would ask you to wait until we get to that agenda
15 item.

16 MS. BOWEN: Good morning, my name and words for
17 the record, Peggy, P-E-G-G-Y, Lear, L-E-A-R, Bowen, B-O-W-E-N,
18 last name. My public comment is regards to insurance benefit
19 and NDRFP that might be going out soon. And I would like very
20 much for you to take into consideration the section that it
21 relates to mammograms. And the reason I'm concerned of that
22 is the mammogram of norm now is the 3D mammogram. And I had
23 mine done last week and everything is good.

24 But the thing that's being pointed out to the

1 providers, technicians and things of mammograms is people have
2 not been getting their mammograms because they can't afford
3 the 20 percent or anything else on the secondary mammogram.

4 And I note that I encourage you to vote for a
5 second mammogram. Well, I've used the incorrect term. I
6 asked what -- okay. My 3D mammogram, which is the mammogram
7 of norm now, is -- is what happens if the doctor has more
8 questions.

9 And so they have a variety -- depending on what
10 question the doctor has, they have a variety of things that
11 they do including an ultrasound mammogram, which is something
12 different -- totally different and they have a diagnostic
13 mammogram, things like that.

14 So I'd appreciate in your RFPs if you would
15 include language that says and the follow-up tests that are
16 deemed necessary by the doctor, not by you but by the doctor
17 be included because there's such a variety and that there be
18 note that it too be covered at a hundred percent.

19 Because our people are not getting -- in the past
20 they didn't get their mammograms because they couldn't afford
21 the 20 percent. They now have other things that are even more
22 extensive and probably more expensive.

23 And so I would appreciate when you work on the
24 mammogram benefit that you include that the original 3D

1 mammogram or 2D mammogram, whichever they have. But all of
2 Northern Nevada now the standard mammogram is 3D. I checked
3 that.

4 And -- and put it so that if there's follow-up
5 needed that the follow-up is covered at a hundred percent
6 instead of this back and forth type of -- type of situation.
7 And I would appreciate you doing that for -- for the
8 mammogram.

9 Thank you very much.

10 THE CHAIRMAN: Thank you. Do we have any other
11 public comment up north? Seeing none. Do we have any public
12 comment in the south?

13 Who said none?

14 MEMBER COCHRAN: I'm sorry, this is
15 Chris Cochran. There was no comment that we see down here in
16 the room.

17 THE CHAIRMAN: Okay. Thank you, Chris. And
18 thank you for the reminder when you are speaking down south
19 make sure to state your name so that the recorder can capture
20 the information correctly.

21 I do want to make one statement under public
22 comment. We have a couple of board members that this will be
23 their last meeting. I understand Chris Cochran is not going
24 to seek reappointment on the Board and Ana Andrews is retiring

1 from state service soon and this will be her last meeting as
2 well.

3 So I want to thank both of them for their service
4 to the Board and the commitment that they've had to the State
5 employees and retirees and their benefits. You both have
6 contributed a lot to this body and we thank you very much for
7 your service.

8 Damon, is there anything you'd like to add?

9 MR. HAYCOCK: Yes, thank you, Mr. Chairman.

10 Damon Haycock for the record. Since I've been on the Board in
11 2000 -- or I've been on the Board, excuse me, since I've been
12 with the organization since 2015, both of these board members
13 have been there to help guide me and guide the program in the
14 direction that we have been going.

15 I can't thank Ana Andrews enough, she has
16 volunteered countless hours in participating on requests for
17 proposals and always bringing back the discussion to how does
18 it affect the State employee and the Nevada State taxpayer.
19 Ana, I will forever be in your debt and I don't think I'll be
20 able to repay it.

21 That goes again for Dr. Cochran who has been an
22 excellent advocate for Southern Nevada and for the Nevada
23 System of Higher Education. And I know when the Board had
24 some changes earlier in 2016 he was -- he was very, very

1 dedicated, but maybe a little concerned about being the only
2 NSHE rep and thanks to Senate Bill 502 we were able to fix
3 that.

4 But, Dr. Cochran, I can't thank you enough for
5 your leadership and everything that you've done for the
6 program. And I know that the membership will continue to be
7 successful and receive the right care because of those things
8 that you have said and done. That's all I wanted to say.
9 Thank you.

10 THE CHAIRMAN: Thank you. With that, we'll --
11 unless you -- unless either one of you have anything you'd
12 like to say? No?

13 MEMBER COCHRAN: I -- this is Chris Cochran in
14 the south. I -- I do want to thank the board members for all
15 the time that they've put into this. Even though I teach in
16 this field I've learned a lot from it. And it's provided me
17 with great experience and great insight into how state
18 operations work but also in terms of better understanding the
19 issues that affect our members out there and what they're most
20 concerned with.

21 I think the Board has done a very good job of
22 keeping this program not only solvent but -- but actually
23 improving the program over what we had back during the -- the
24 height of the recession.

1 And I think that the -- that the body including
2 the staff and Damon and his staff need to be commended for
3 maintaining a strong, viable program for employees in Nevada.
4 Thank you for letting me be on this Board.

5 THE CHAIRMAN: Thank you. Thank you for your
6 service.

7 Okay. We'll close Agenda Item Number 2. Go to
8 Agenda Number 3, PEBP board disclosures for applicable board
9 meeting agenda items, Dennis.

10 MR. BELCOURT: Dennis Belcourt, deputy attorney
11 general. Thank you, Chair. Again, this item is just to
12 acknowledge the fact that eight out of ten board members are
13 also receiving award entitled to membership benefits.

14 And as such, that does not preclude them from
15 voting because those -- they're part of the general class who
16 are similarly entitled to the statute, although it requires
17 some level of disclosure, it does not require a level of -- or
18 require them not to vote. Thank you.

19 THE CHAIRMAN: Thank you. With that, we'll close
20 Agenda Item Number 3. Move to Agenda Item Number 4, consent
21 agenda. Would any of the members like to pull either item for
22 discussion? Go ahead.

23 MEMBER ANDREWS: Mr. Chair, Ana Andrews. For the
24 record, I just have a correction for the minutes. And on the

1 Board action on Item Number 4, my first name is misspelled.
2 It's okay, it's correct on the cover, but it's not spelled
3 correctly in the motion by second, et cetera. Thank you.

4 THE CHAIRMAN: Okay. Thank you. Any other
5 comments on these items?

6 Seeing none, I'll call for a motion. Tom?

7 MEMBER VERDUCCI: Tom Verducci for the record.
8 I'd like to make a motion to approve the minutes from the
9 April 27th, 2018 meeting.

10 THE CHAIRMAN: Just -- just the minutes?

11 So we have two items, we have the minutes and the
12 audit report note.

13 MEMBER VERDUCCI: I would also like to add to the
14 motion to approve the audit report as well.

15 THE CHAIRMAN: Thank you. Can we approve the
16 minutes with the change that Ana mentioned?

17 MEMBER VERDUCCI: And also to correct the
18 spelling on Ana's first name to A-N-A.

19 THE CHAIRMAN: Thank you very much. Okay. We
20 have a motion. Do we have a second to the motion?

21 MEMBER LAMBORN: Leah Lamborn. Second the
22 motion.

23 THE CHAIRMAN: Okay. We have a motion and a
24 second. Any discussion on the motion? Seeing none, I'll call

1 for a vote. All those in favor of the motion signify by
2 saying aye.

3 Opposed? Any opposed?

4 I think it was unanimous. Thank you.

5 (Motion carried.)

6 THE CHAIRMAN: Okay. Let's move to Agenda Item
7 Number 5, discussion of possible action regarding the
8 framework for development of the agency budget request for
9 FY2020/2021 biennium.

10 On this item and on Agenda Item Number 6 I want
11 to ask for public comment at the beginning of the item. So if
12 I could, I did receive an e-mail from Kent Ervin with the
13 Nevada Faculty Alliance, he was not able to be at this meeting
14 today so I'm going to enter his comments for the record.

15 It says regarding Agenda Item Number 5,
16 regardless of an instruction from the GFO it is important for
17 the PEBP board as an independent body to put on the record a
18 budget request to modestly raise the State contribution to
19 employee health benefits. It's been essentially flat for
20 years, lower including inflation. PEBP has done great with
21 cost savings, but that has limits.

22 The Board can decide which restoration benefits
23 from prior to 2011 would serve the participants best, but we
24 recommend an increase of the employer contribution for the

1 employee to 100 percent, \$37 per month for FY19, a decrease of
2 the deductible to the IRS minimum, 13 -- \$1,350 single, \$2,700
3 for family and/or decrease in the opt -- excuse me, decrease
4 in the out-of-pocket maximum to say double the deductible.

5 Those actions would benefit the largest number
6 and the employees with the most serious health needs.

7 We hope the economy continues to be strong and we
8 don't know now who will control the legislature and governor's
9 office in the next sessions. We do know that if PEBP doesn't
10 even make a request to improve benefits it is much harder to
11 add later. Best regards, Kent.

12 MS. BOWEN: My name and words for the record,
13 P-E-G-G-Y, Lear, L-E-A-R, Bowen, B-O-W-E-N. And I'm also
14 requesting that you include in your budget considerations that
15 the decreased amount to cover the concern I voiced about
16 mammograms so that the money is there to do that and that you
17 main -- try and maintain what's been acted upon and then
18 worked with by the PEBP board in how we receive our monies
19 now.

20 And that -- that you take the monies that have
21 been in the past turned back over to the State in regarding
22 the reserves and -- and that the amount of reserves are
23 growing as we speak and that you put the money to the best use
24 to the benefits of the members rather than to hold them in as

1 much reserve as that you have had in the past. Because you
2 have your emergency funds, you have your -- your catastrophic
3 funds. And those are all being covered in the budgets that
4 you're suggesting. And that -- that your reserves not be held
5 to the point that it is impacting the premiums that
6 individuals are having to pay out of pocket.

7 And that the monies that are being paid out of
8 pocket instead of being reversed back to the Nevada State
9 legislature go back to the members. If you have -- if you go
10 over your reserve limits so that we have people paying less
11 for their amounts and that their deductibles and copays for
12 those who have that type of insurance are -- are less.

13 And that -- that your actives -- and most
14 importantly that you put into plan that your active members
15 right now have insurance that -- that the -- the goal seems to
16 have been to make sure that there were no retiree insurance by
17 -- by 2020 for -- for the actives now and that they are not
18 covered. So they work for the State of Nevada until they're
19 65 or whatever.

20 There's nothing to encourage people to come to a
21 state that underpays their employees if they don't at least
22 have good insurance benefits. That was an attraction before.
23 That -- that okay, we're underpaid, but at least we're going
24 to take of you insurance wise in retirement.

1 And I think that this -- this activity that has
2 been directed by previous executive directors who believe that
3 no person for the State of Nevada should be -- the State of
4 Nevada should be in the retiree insurance business that that
5 course of action be reversed. And that we do take care of our
6 workers who put in 25, 30, 35 years of service that they have
7 at least insurance after retirement.

8 And -- and I think it's incumbent upon you all to
9 make that suggestion in your -- in your -- what you're seeking
10 before the legislature this next go around.

11 We need to stop the former executive director
12 Jim Wells and Randy Kirner with the insurance program that
13 they put in place to do away with covering insurance for
14 retirees to put a stop to it and say Nevada cares, they have
15 done their service and this is one benefit that should follow
16 them.

17 They shouldn't be uninsurable when they -- when
18 they retire. No one should be uninsurable when they retire
19 for the State of Nevada and serve them well. And so I hope
20 that you work in what you're doing and how you go about
21 writing the legislation and again covering the coverage for
22 mammograms. Thank you very, very much.

23 THE CHAIRMAN: Thank you.

24 Marlene?

1 MS. LOCKHART: Good morning. Thank you,
2 Mr. Chair and members of the board. My name is
3 Marlene Lockhart and I represent RPEN, Retired Public
4 Employees of Nevada. I also would like to echo that in the
5 budget preparation process consideration is given to restore
6 retiree benefits to State employees that were hired after 2011
7 forward.

8 We feel for -- the other comments that were made
9 for many reasons. It is good public policy not only for
10 Nevada but for the state specifically to attract and retain
11 good employees and broader policy decision of having retirees
12 without insurance has lots of different ramifications cost
13 wise and societal issues. But we hope you would give that
14 considerable consideration. Thank you.

15 THE CHAIRMAN: Thank you. Do we have any other
16 public comment up north? Do we have any public comment down
17 south?

18 MR. HAYCOCK: For the record, Damon Haycock.
19 There is no -- no one up here at the table.

20 THE CHAIRMAN: Okay. Thank you. So we'll close
21 public comment and -- are you going to be using this?

22 MS. GLOVER: (Nodded head.)

23 THE CHAIRMAN: Go ahead.

24 MS. GLOVER: Good morning. Celestena Glover for

1 the record. I serve as the chief financial officer for the
2 Public Employee Benefits program. This morning we're going to
3 talk about the budget framework and concepts for PEBP's
4 request for fiscal years '20 and '21.

5 We'll just briefly discuss the portions of the
6 budget, which include the base and maintenance budgets as well
7 as enhancements which is where the primary portion of the
8 discussion will be.

9 So our base budget will establish basically a
10 starting point for the upcoming biennium using FY18 actual
11 expenditures. We will then adjust those with maintenance
12 decision units which will cover inflation, either statewide
13 inflation or medical inflation as well as adjustments to our
14 restricted reserves which includes IBNR catastrophic and
15 health reimbursement arrangement.

16 The enhancement decision units before you we
17 reviewed what we felt was an appropriate request for the
18 upcoming biennium based on discussions internally. And what
19 we come up with is the four before you.

20 The first one we have is an inhouse, full-time
21 counsel. We rely heavily on the Attorney General's Office and
22 our deputy attorney general for services in response to any
23 legal concerns that PEBP may have including litigation
24 requests for information and personnel matters.

1 We have had meetings -- I know Mr. Haycock has
2 had discussions with the Attorney General's Office. We want
3 to work in coordination with them to get this set up
4 appropriately and do whatever transfers are necessary. But as
5 of this morning I have not heard back from them on whether or
6 not they will support this.

7 But we feel it's necessary to have legal support
8 in our office so we don't go forth with a deputy attorney
9 general, we would want to consider an attorney that we hire
10 outside similar to what the purchasing division did.

11 Using the costs for a deputy attorney general
12 we're looking at \$101,501 in the first year and \$134,108 in
13 the second year. The first year is based on the position
14 starting in October, which is typical for new positions within
15 an office. And this includes salary and the benefits.

16 The second item is the PEBP salary adjustments.
17 Mr. Haycock has been working with an HR group overseen by
18 Chair Cates as his role as director of Department of
19 Administration.

20 There is a possibility of looking at salary
21 adjustments for unclassified directors and administrators
22 which would increase their salaries by approximately five
23 percent. And staying in line with this we have also included
24 an enhancement request within our budget or would like to

1 include a request of also five percent, which would coincide
2 with that working group.

3 The third one is reclassify our financial
4 analyst. The financial analyst position works in the
5 accounting unit. It is an unclassified position. That
6 position's very difficult to recruit for.

7 We believe that by reclassifying it to an
8 administrative services officer 2, which is a grade 39, that
9 we would have better luck with getting people into the
10 position when it becomes vacant.

11 The cost for that is \$4560 in the first year and
12 \$3707 in the second year. We have reviewed the duties and we
13 feel like the administrative services officer on the
14 classified side is essentially the best fit for that position.

15 And our last one is the technology investment
16 notice. This is the request that we are required to put
17 before EITSD, our enterprise IT services division. Those were
18 due on or before April 6th. PEBP has submitted two. One to
19 include our routine replacement equipment. There was a change
20 in our budget instructions this year.

21 Any replacement equipment over \$50,000 had to be
22 submitted through a Attend. And the other one is for
23 cloud-based solution to allow PEBP to reduce the number of
24 service -- excuse me, servers and storage arrays scheduled for

1 replacement as well as provide for enhanced disaster recovery
2 capabilities.

3 EITSD will provide a response back to us in June
4 as to whether or not they've accepted our investment notices.
5 The cost of those are \$100,067 in the first year and 118,166
6 in the second year.

7 Our total biennium request is \$528,649. That
8 breaks out to \$239,398 in the first year, \$289,251 in the
9 second year. Obviously these are projected amounts and based
10 on updated information those numbers may change.

11 Our recommendation is to approve the budget
12 framework as presented with the ability to make technical
13 adjustments throughout the budget-building process and/or
14 direct staff regarding any additional re -- additional
15 replacement decision units desired for including in the agency
16 request.

17 With that I'll take any questions.

18 THE CHAIRMAN: Thank you. I have a few comments
19 I'd like to make on these items just for my perspective, I'm
20 probably the most State budget oriented person on the Board.
21 And add some insight into some of these.

22 So the first one, inhouse, full-time counsel, I
23 think I'm generally supportive of that. We did last session
24 get approval for inhouse legal counsel for the purchasing

1 division. The purchasing division does a tremendous amount of
2 contract processing in the more complex solicitations for the
3 state.

4 So, we are very supportive of that. There are,
5 you know, a couple of models that are talked about in here.
6 Purchasing is an inhouse legal counsel that reports to the
7 purchasing administrator.

8 Public works, which is another one of our
9 divisions, they have an attorney general that is -- it's a
10 deputy attorney general, reports to the office of attorney
11 general, but they are fully embedded with the purchasing
12 division.

13 They have an office right next to the
14 administrator and they are fully dedicated to that office, but
15 the chain of command still resides with the Attorney General's
16 Office.

17 So there's a couple of models kind of up to the
18 Attorney General's Office what they're supportive of. You
19 know, I know that PEBP needs a lot of legal work. I guess
20 from an enterprise standpoint, meaning the State of Nevada as
21 a whole, I'm a little cautious on adding attorneys because I'm
22 not sure where you draw the line.

23 And while PEBP certainly has complexities, so do
24 a lot of other agencies. And, you know, if PEBP needs an

1 attorney, well, maybe health and human services needs a few
2 attorneys. Maybe division of healthcare, financing and
3 policies needs an attorney as well.

4 So, I don't know about that, but I'm not going to
5 worry about the enterprise view and you certainly have some
6 statutory language you're referencing there and if you can get
7 agreement with the Attorney General's Office I would be
8 supportive of this initiative.

9 Number 2, the PEBP salary adjustments, I'll say
10 I'm generally supportive of increasing pay. I have some
11 concerns about how the HR working group is portrayed in this
12 request. I think it -- it's accurate up until the point that
13 it says the group will be submitting an assessment on salary
14 adjustments for unclassified directors and administrators.
15 One, the current plan is a request of five percent increase.
16 I don't think that's really an accurate statement.

17 The HR working group, and I've talked about this
18 back in March. The HR working group was formed at the request
19 of the governor to get agencies together. It's composed of
20 agency heads, directors and their personnel officers and to
21 talk about our HR practice as a state and to talk about
22 workforce development for State employees.

23 So it's a very broad set of topics that we are
24 considering. Pay is only one issue that we have discussed.

1 It really represents a management perspective of employers.

2 Our intent with this is that later this summer we
3 are going to issue a report to the governor and to share with
4 the legislature that talked very globally about some of the
5 challenges with workforce development for State employees.

6 As far as pay goes, we have had a variety of
7 discussions. We have not made any specific recommendation,
8 nor do I anticipate we're going to make a specific
9 recommendation on a certain percent increase for any class of
10 employees. We've thrown around numbers, but I don't -- we've
11 made no recommendations along those lines to this point and I
12 don't expect that we will.

13 The discussion that we have around compassion at
14 the top talks about unclassified positions that are in what
15 are referred to as the tier structure. That affects
16 directors, deputy directors, administrators, there's a variety
17 of positions that are -- that are in that series. And what we
18 have seen primarily with things like adding a tenth step to
19 classified service. Things like last session we got cross the
20 board pay increases for IT staff and correctional workers.

21 And what that has done is the gap between those
22 higher level classified employees and these unclassified
23 managers has narrowed. I can just give you an example from
24 Enterprise IT Services, one of our divisions.

1 The top level classified IT position is an IT
2 chief. We have a deputy administrator in that organization.
3 And the chief is under that position. We're trying to recruit
4 for that deputy administrator. And the difference in pay
5 between those two positions, the deputy administrator makes
6 \$0.15 an hour more than the unclassified -- than the
7 classified chief IT manager.

8 So who's going to go and abandon classified
9 service where you have protections and where you can earn
10 overtime to a position where you serve at will and are
11 ineligible for overtime? So that's -- that's a good example
12 of what we're talking about is compassion at the top.

13 We've analyzed it in a variety of ways and looked
14 at certain ways that it could be addressed. What we seem to
15 be focusing on is there is several levels in the banding in
16 the tier structure, some of that could be collapsed. And
17 there are also constraints under statute about how much State
18 employees make in reference to the 95 percent of the governor.

19 So we've been kicking around ideas about how we
20 could make some recommendations about how that tier structure
21 could be rationalized and maybe address some of that
22 compassion. And we have thrown around some percentages, but
23 we haven't made a recommendation to do that.

24 We have also talked about cost of living

1 increases in general. I think we have talked about making
2 some statements and recommendations that were just supportive
3 of that. I don't think any of us were really comfortable
4 trying to suggest a specific percentage to the governor. We
5 don't think that's appropriate. That's really the prerogative
6 of the governor and the legislature.

7 We are extremely grateful for the four percent
8 pay increase that the governor proposed in his budget and
9 which the legislature approved at a six percent increase. And
10 I think we acknowledge that and just suggest that more of the
11 same is very helpful to workforce development.

12 And there's a lot of issues around workforce
13 development and we really came back to one of our biggest
14 constraints in tracking and retaining talent is just pay
15 overall some positions more than others, but that's a --
16 that's a real struggle.

17 And I think the group has really struggled how to
18 articulate that without being too prescriptive to policymakers
19 and saying you need to give this percentage to these people
20 and these people, I don't think that's where we're going.

21 So having said that, in the context of I think
22 better pay, better benefits for employees helps as an
23 employer, I don't object to PEBP pursuing this five percent
24 increase, but I don't think the justification should be that

1 that's what the HR working group is doing, so.

2 Number -- well, I have a question on number 3.
3 Let me just touch on number 4 briefly. The technology
4 investment of the technology notice. So there is a process
5 that we'll go through, there's an IT strategic plan committee
6 that will meet in June that will review all the technology
7 requests from agencies and prioritize them. I have not seen
8 PEBP specific technology investment notice what it entails. I
9 have a general idea.

10 I will say that we have seen a lot of technology
11 investment notices around cloud solutions. And the State is
12 currently working on a strategy for a statewide cloud
13 strategy.

14 We are looking to do an engagement with -- with a
15 vendor to help us develop that strategy and do an assessment
16 of all our data centers and U.S. computers ware and to go
17 through a process.

18 I think -- I think this and other technology
19 investment notices will -- will be rolled up into that in some
20 fashion and it's not to prevent agencies from doing this. On
21 the contrary, we're talking about issuing a state policy that
22 would be a cloud first policy from a technology standpoint,
23 meaning whenever you're upgrading your technology your first
24 choice ought to be cloud and then if whatever your

1 applications are if you can't get there then maybe you step
2 down into something less, something in the data center, that
3 sort of thing.

4 But we from an enterprise level want to make sure
5 that we do this in a coordinated fashion because we don't want
6 what we refer to as cloud sprawl, meaning PEBP has their stuff
7 over here, some agency has their stuff over here, some up
8 there and nobody has a holistic enterprise oversight of what
9 that is.

10 That -- that leads to two problems. One, it can
11 lead to overall cost increases to government because we're
12 duplicating resources and probably the more concerning issue
13 is cyber security.

14 And we have enterprise wide cyber security and
15 how you ensure cyber security with cloud-based products is
16 very different than what you do with on premise solutions.
17 And I don't know that any single agency has the wherewithal
18 and the expertise to ensure that if they're doing these sort
19 of things on their own.

20 So in principle, generally supportive, I just
21 wanted to state that there's kind of a broader strategy and a
22 little bit of caution of how we proceed with that. But
23 generally support the idea.

24 And lastly, Item Number 3, I guess more of a

1 question than anything. I was a little confused by the
2 write-up. It's talking about that it was hired for actuarial
3 services, so my question is this -- is this position actually
4 an actuary, and if that's what you want, well, wouldn't you
5 select the actuary class series?

6 MS. GLOVER: Again, Celestena Glover for the
7 record. The position is not an actuary. I have been with
8 PEBP for close to six years and I've looked at the position
9 prior to my arrival, and that position has never been used an
10 actuary, at least not in the last probably eight, ten years.

11 At the pay that would be very difficult to hire
12 an actuary. We have Aon Hewitt who provides our consulting
13 services and those are actuaries.

14 The position currently is contract manager.
15 They're my backup so when I'm out of the office the financial
16 analyst fills in for me. They help with budget building.
17 They do the payables and receivables. And essentially
18 supervises the accounting staff.

19 So, they have not been utilized as an actuary.

20 THE CHAIRMAN: Okay. Thank you. Well, based on
21 what you describe that sounds like an administrative services
22 officer to me. Those -- those are all my comments.

23 Does anybody else have any comments or questions?
24 Ana?

1 MEMBER ANDREWS: Ana Andrews for the record. On
2 number 2, thank you for the clarification on the HR working
3 group because -- and I wanted to ask Tina, how many
4 unclassified positions does PEBP have?

5 MS. GLOVER: Celestena Glover for the record.
6 PEBP has six total positions, so all the executive staff which
7 would include obviously the executive officer, the operations
8 officer, QC, chief financial officer, financial analyst, the
9 chief information officer, which is our IT chief and the
10 executive assistant.

11 The executive assistant position wasn't included
12 in this because that position is already at the same pay as
13 all the other executive assistants in the state as far as we
14 can see.

15 We have brought in a past meeting the difference
16 in our position pays for executive staff compared to other --
17 we compared specifically to PERS. There's -- obviously PERS
18 and us do very similar functions and so that's what we
19 initially used as a comparison.

20 But when we went back and revisited we thought
21 that the five percent would be appropriate to at least bring
22 us up.

23 I can tell you for my position specifically, the
24 chief financial officers around the state that are not

1 classified are ASO 4s, administrative officer 4s, and they are
2 at about six and a half percent higher pay than I am
3 currently. So whoever follows behind me when I vacate the
4 position similar to what Mr. Cates was talking about earlier
5 trying to get somebody out of an unclassified ASO 3 or a
6 classified ASO 3 into my unclassified position they'll pay no
7 overtime such it becomes difficult to recruit.

8 So, that is one of the things we've looked at.
9 We've compared our operations officer who essentially fills in
10 for as the deputy director. If you look at other structures
11 around the state, depending on the agency, that difference is
12 probably ten to 11 percent, depending on the position you use.
13 There are some administrators that actually are at a higher
14 level of pay than our -- essentially our deputy director.

15 So we did look at other unclassified positions
16 around the state. The ones we compare to, you know, they do
17 -- who do similar work to us and there's not a lot of them out
18 there, do tend to make about ten percent, 11 percent higher
19 than our positions do.

20 So, we felt like the five percent was an
21 appropriate request. It's kind of in the middle of --
22 actually it's below where we probably would fall in the other
23 agencies.

24 MEMBER ANDREWS: Mr. Chair? Follow up if I may?

1 Tena, thank you for that response.

2 So is it fair -- I mean, is it okay to assume
3 then that these numbers provided going by the five percent,
4 which Chair Cates said they haven't set a percentage, is it
5 fair to assume that these numbers are for all those positions
6 that you have just described or is it just one position, two,
7 three, how many?

8 MS. GLOVER: The request that we included
9 includes all our executive staff positions except the
10 financial analyst because we've requested the reclassification
11 for that position and the executive assistant.

12 MEMBER ANDREWS: Okay. Thank you.

13 THE CHAIRMAN: Go ahead.

14 MEMBER VERDUCCI: Tom Verducci for the record. I
15 just had a question on the inhouse, full-time counsel. You
16 may have already briefly addressed this, but in year 2020 the
17 salary would be 101,500 and it jumps up to 134, and I was just
18 wondering why there's such a big difference from year one to
19 year two?

20 MS. GLOVER: This is Celestena Glover for the
21 record. Part of the process within the State system when
22 you're requesting new positions even transfers from other
23 agencies, typically the first year it's only nine months
24 because the position doesn't become effective until

1 October 1st where the rest will come up July 1st in the next
2 year.

3 MEMBER VERDUCCI: Thank you very much.

4 MEMBER ZACK: Mr. Chair, Christine Zack for the
5 record down south.

6 THE CHAIRMAN: Go ahead.

7 MEMBER ZACK: I had a couple comments -- thank
8 you, on the budget framework. First is addressing the
9 inhouse, full-time counsel position.

10 So unlike the other board members I may have a
11 little bit of an advantage here because I am a licensed
12 attorney in the state of Maryland, I started my career as an
13 attorney, but I've also despite having that legal training
14 find myself relying on Dennis Belcourt from time to time. And
15 I could imagine how frequently the team at PEBP might be
16 relying on him and I'm certain that Dennis is spread very
17 thin.

18 On the issue of the salaries, when I started off
19 as a baby lawyer 15 years ago I made more in my first position
20 15 years ago as a first year attorney than what is being
21 requested for fiscal year 2020. And by year two I was making
22 more than what is being suggested for year 2021.

23 I think that goes to the larger issue of what
24 someone can make in the private sector versus working for the

1 State. And it's really important to keep that in mind when
2 considering this budget framework. I was shocked at how low
3 the salaries are at PEBP, particularly given the complexity of
4 the issues that we're dealing with. And -- and the caliber of
5 the staff that we have here. And I think it's really
6 important that we focus on retaining the staff that we have
7 and as people require recruiting the same caliber of
8 individuals.

9 On the technology investment of -- I actually no
10 longer practice law and I work for a health care tech company
11 and I can tell you that these numbers are -- are low compared
12 to what we're dealing with.

13 You know, I go back to what state agencies --
14 what was requested of them with this budget framework and it's
15 to identify critical needs, prioritize the requests and
16 include only the most important priorities in the budget
17 submissions.

18 I mean, ultimately the budget request, final one
19 will go to the governor -- the governor's office and the
20 governor's office will have that global perspective. We don't
21 ask for enhancements for cloud or for data privacy and
22 security than the governor's office doesn't know that that's a
23 priority and they'll be able to look across the board at all
24 the different agencies and say wow, this is an issue.

1 And maybe the office decides that they're going
2 to approach it globally, but without us including that how do
3 they know formally that this is something that we need.

4 You know, and then ultimately it's up to the
5 governor to include it in the budget and then the legislature
6 approves. You know, if -- if you don't ask it can't be
7 included.

8 And so I think what I'm saying here is that I'm
9 generally in favor of supporting the budget framework as
10 presented by PEBP staff. Thank you.

11 THE CHAIRMAN: Thank you. Other comments,
12 questions it? Go ahead.

13 MEMBER COCHRAN: Mr. Chair?

14 THE CHAIRMAN: Go ahead.

15 MEMBER COCHRAN: Hi, this is Chris Cochran for
16 the record. I -- I recall that when we were doing the search
17 for -- for the executive officer for PEBP a few years ago,
18 couple years I guess it is, how few candidates we had when
19 that position became available. And my big concern was based
20 on the salary structures that we had for leadership at the top
21 of PEBP.

22 So I have to echo what Christine has said and in
23 some ways I'm just wondering, I'm a little concerned that
24 maybe when we look at salaries they may not be enhanced

1 enough, I'm -- I'm -- I'm not necessarily saying, you know,
2 let's -- let's open up the henhouse, but what I really want to
3 get at is in terms of protecting this organization going
4 forward as we look at people who may be retiring from the
5 program or people who are taking other positions in the
6 program, this is -- this is such an important program for the
7 State employees that we need to make sure that we have the
8 caliber of people that it takes to run this organization.

9 As I recall back in 2000 -- I think it was 15,
10 when Mr. Haycock was hired, we didn't have that many
11 candidates who had applied for the position. And I think the
12 main reason for that, and I would have liked to have seen
13 people not just from within the State but from outside of the
14 State government who would have been interested in taking on
15 this position who could bring in the ideas of what has been
16 working in the private market.

17 I think at a minimum we should accept this. I'm
18 not sure it's quite enough, quite honestly, in some of these
19 areas, however, I also want to ask a question of staff. When
20 you looked at salaries, did you consider salaries of
21 comparable positions in other states?

22 And I recognize, you know, based on Mr. Cates'
23 discussion, and I've got an additional question on that, that
24 I appreciate the salary structures given I guess in terms of

1 not exceeding -- I think Mr. Cates said 95 percent of the
2 governor's salary, which I have a great appreciation for in
3 some ways, and maybe that's something that we're going to have
4 to address, the State is going to have to address sometime in
5 the future in terms of attracting the best people for -- for
6 state government in Nevada.

7 But, I -- I did -- did staff look at what senior
8 members were making in other state agencies outside of the
9 state of Nevada, comparable state agencies?

10 MS. GLOVER: Celestena Glover for the record.
11 No, we did not look at other states. We did keep our search
12 internal to the state system.

13 MEMBER COCHRAN: And then on the -- and I want to
14 thank Chairman Cates for the clarification on the HR working
15 group. The -- I guess has the HR working group, is it
16 possible that their recommendations would be higher or lower
17 than what has been recommended here? I guess obviously that's
18 the case.

19 But, have they considered whether or not it would
20 be higher?

21 THE CHAIRMAN: For the record, Patrick Cates.
22 Well, I think that's just it. We are not -- the discussions
23 that we have had we have not finalized any of our
24 recommendations, but the discussions we've had around pay is

1 to discuss its importance and discuss some ways that it could
2 be looked at and analyzed. But to refrain from suggesting a
3 specific percent or dollar amount that salaries should be
4 increased.

5 MEMBER COCHRAN: That's fair enough. I think
6 that it's -- it would help us in the future as we're looking
7 at these types of things to try to compare ourselves to -- to
8 other states and determine whether or not we are within the
9 same if not necessarily regionally, because obviously
10 California is a huge state, but maybe in looking at statements
11 of comparable size that we could ascertain whether or not our
12 salary structures are comparable.

13 So, I have to echo Christine -- Christine's
14 recommendation that we approve these enhancements at a minimum
15 to what was recommended.

16 THE CHAIRMAN: Thank you.

17 For the record, Patrick Cates. If I could just
18 make a follow-up comment on that and perhaps on Christine's
19 comment as well.

20 The -- as far as a comparison with other states I
21 can only speak globally because it's been a while since I've
22 seen any of this information, but department -- or the
23 division of human resource management, which is another part
24 of the Department of Administration has done surveys in the

1 past, and I can't speak specifically to comparable to the
2 specific positions we're talking about in PEBP, but in the
3 past the analysis for comparing us to other western states
4 varies.

5 California is kind of in its own league, but for
6 states that are probably a little more comparable say Utah,
7 Idaho, Arizona, generally we're fairly comparable from what I
8 recollect, and please don't quote me on that.

9 Peter Long could give a much better assessment of
10 that. But what I can say is this. The analysis, and they've
11 done analysis comparing the private sector, but what really
12 has stood out is the analysis with local government in Nevada.
13 And for the major metropolitan areas the local governments pay
14 quite a bit more.

15 Not all positions, but particularly when you're
16 talking about management positions or skilled professionals
17 they tend to pay quite a bit more in that.

18 That's one thing we've discussed in the HR
19 working group where we feel that really is our competition, I
20 mean, people are willing to move from state to state, but
21 people are especially willing to move to another government
22 entity right in their hometown. And we think that that's who
23 we're really competing with and I know we don't look very
24 favor -- we don't compare very well, very favorably to them on

1 pay.

2 And just one last thing that I wanted to mention
3 because we talked about this in the HR working group as well.

4 As far as the salary for the inhouse, full-time
5 counsel, I would agree it does seem low, but the one caveat I
6 would say when people compare these state salaries to private
7 sector pay, it's important to keep in mind that the State
8 still offers a find benefits pension plan that is pretty much
9 nonexistent in the private sector anymore. And I think that
10 has a lot of value that people sometimes overlook.

11 So if you're making a higher salary in the
12 private sector you're probably squirreling away a significant
13 portion of that in your 401(k) because you have nothing else
14 other than social security and the State has a pretty generous
15 pension benefit, although that's been eroded over the years,
16 but it's still pretty generous compared to the private sector.

17 That's the something the working group has
18 struggled to try to figure out how to articulate as we market
19 to people in the workplace to try to get them to come work for
20 us. Because while we think pay is an important issue we think
21 there's a lot of other value in our benefit package that --
22 that we need to quantify for people. So, just make that
23 comment.

24 Any other questions or comments?

1 MEMBER SHIPPEY: Thank you, Mr. Chair. For the
2 record, Glenn Shippey. And, Celeste, I just wanted to just
3 follow up on -- a question from the Chair and the
4 reclassification of the analyst position.

5 And the justification as it's written up here is
6 that it was originally established to provide inhouse
7 actuarial service support, and I just want to get an
8 understanding. You did say that this position currently
9 doesn't perform any actuarial services, but if the position
10 was originally created with that intention and there is an
11 opportunity, there is an actuarial analyst two position which
12 is a classified grade 39 position that's available in the
13 State system. And it is -- does -- does the system not feel
14 the need to have an inhouse actuarial analyst to -- to help
15 support that side of the operations?

16 MS. GLOVER: This is Celestena Glover for the
17 record. In our discussions at looking at reclassifying this
18 position we looked at whether an actuary was the appropriate
19 -- excuse me. I was on silent. Sorry, people.

20 We looked at whether or not this position would
21 be better as an actuary or as an administrative services
22 officer position.

23 As I stated, this position as far back as I know
24 has not actually been used as an actuary. They have not had

1 actuarial skills and we're not recruited with those requests.
2 In the last -- I know since the most recent financial analyst
3 Cari Eaton has come on she has acted as an administrative
4 officer more than anything else as well as our contracts
5 manager.

6 We do utilize Aon Hewitt. Our actuary services
7 are probably greater than one individual could do on their
8 own. Just getting our rates developed, doing our OPEBP
9 valuation and other things that we have done by Aon Hewitt I
10 think is greater than one position. And for the way the
11 accounting unit is currently set up the administrative officer
12 position is more beneficial to the agency as we sit currently.

13 MEMBER SHIPPEY: Thank you.

14 MR. HAYCOCK: For the record, Damon Haycock.
15 Mr. Chair, can I add a couple comments to this report?

16 THE CHAIRMAN: Yeah, go ahead, Damon.

17 MR. HAYCOCK: Thanks. I wanted to start at the
18 beginning real quick and I won't take up too much time. On
19 the inhouse, full-time counsel we share Mr. Belcourt, Deputy
20 Attorney General Belcourt with three other clients across the
21 state.

22 And as we have all seen recently in the last
23 month or so we have had some significant singular lit -- not
24 litigation, but legal issues that were raised where -- where

1 we feel we would have been able to benefit better had we had
2 Mr. Belcourt right there in the office.

3 And he and I have spoken at length about -- about
4 his service to PEBP and we are very pleased with what he
5 provides us, we think he does an excellent job, we just want
6 more of him. And so if that's not available through the
7 Attorney General's Office for whatever reason we believe we
8 need a full-time counsel. I have not spent a single day at
9 the organization where the organization was not under a
10 litigation hold.

11 And we are constantly dealing with legal issues
12 and there were times when we were potentially being litigated,
13 and I can't go into the details, but we had to consider
14 multimillion dollar war chests to meet class action lawsuits.
15 And these are not small matters, they require significant
16 legal assistance.

17 As far as the salary adjustments, you know, I'm
18 ex-military and so I believe in leading from the front and
19 never asking anyone to do something you aren't willing to do
20 yourself, but also we currently have 34 staff at PEBP. Ten of
21 them are going through the process for upgrades right now.
22 These are our classified staff. They're our lowest paid
23 staff, administrative assistants, they provide excellent
24 critical customer service to our membership, to our

1 stakeholders.

2 And we are going through a process right now,
3 they're not included in this report because we are optimistic
4 that the success will occur, but if you remember the last --
5 the last board meeting we had, I think it was in March, where
6 we discussed salaries, we spoke about these upgrades, these
7 additional, you know, salary enhancements for the staff and
8 we're optimistic those will go through.

9 If for whatever reason they get blocked we
10 definitely want to add them to this budget request because
11 they are working currently through these services and we want
12 to continue the high level of customer service.

13 Let's not also forget that, you know, we have
14 been able to as a team collectively propel this agency and the
15 health plan and the program services forward over the last so
16 many years. And I'll be honest with you, from a personal
17 standpoint, I'm very concerned about retaining the talent that
18 we have.

19 I have been approached by other agency directors
20 and administrators looking to poach my good talent and I
21 really don't want them to leave for higher pay. We've had
22 staff, and I won't call them out, that have put in for higher
23 paying jobs throughout the state because they want to retire
24 with a higher percentage. And we haven't accomplished the

1 things that we have done without the excellent team that we
2 have. And that's not just our executive staff, that's every
3 person that works at PEBP, all 34 bodies.

4 And so this is -- this is a recruitment issue and
5 I appreciate what Dr. Cochran said about the recruitment for
6 the executive officer, heck, you guys got stuck with me,
7 right, when you guys announced it. But how do you get
8 somebody that you want and how do you compete because this is
9 critical?

10 These are hundreds of millions of dollars of
11 costs and solvency and when you mess up you mess up big here,
12 right, and so the level of complexity and the overall
13 responsibility is daunting. And we're up to the challenge,
14 but retaining this talent and recruiting for placements are
15 important.

16 Which takes us to number 3, why we want to
17 reclassify this position to basically for succession planning.
18 We have a chief financial officer that has been recruited for
19 the most part outside of the organization multiple times
20 throughout the history of PEBP. And it was done because we
21 didn't prepare those folks within to rise up and meet that
22 need.

23 And this fiscal or financial analyst that we have
24 today, we're lucky to have Ms. Eaton with us who has been a

1 chief financial officer in another agency and who has these
2 skills. But nowhere in the original determination for this
3 position was it contemplated to have a succession plan.

4 And so it's important to us at PEBP to ensure
5 that when Mr. Glover decides she's tired of us and no longer
6 wants to work at PEBP that we have someone that can
7 potentially walk into her shoes who understands insurance
8 instead of just hiring a chief financial officer who knows how
9 to balance a sheet understands the intricacies of claims
10 administration and projections and on top of that understands
11 how to work within the budget structure of the State.

12 And so this is more of a recruitment and
13 retention process to ensure we have a succession plan up the
14 chain. So if for whatever reason Ms. Glover leaves and that
15 Ms. Eaton leaves we can hire somebody that we know can step
16 into these roles very fluidly.

17 And last but not least, the technology investment
18 notice, one of the things about the cloud base, we're
19 definitely not looking to be special snowflakes at the State,
20 we want to be part of the global solution. I know Chair
21 Caste, he and I have spoken about this and we have vowed, and
22 I'll do it here publicly, that we want to be part of the
23 statewide solution, whatever it looks like. But this request
24 for cloud-based system enhancements was predicated off of an

1 -- off of our accreditation.

2 Through our accreditation through URAC we did a
3 business continuity test, the first time we've done one that I
4 know of at PEBP. We always do disaster recovery. How do we
5 get that data back if something happens? How do we continue
6 standard business if part of our system is shut down for a
7 while? And we found a critical failure, and the critical
8 failure was housing those servers in-house.

9 And so based on that business continuity finding
10 that we did through our URAC accreditation, we feel that we
11 get another added level of safety and security to ensure we
12 can step back up within a day or two so that our members can
13 continue to receive the care and the services that they need.

14 And again, we want to be part of that solution,
15 we're not looking to go off on our own and maverick this idea,
16 we want to be part of the statewide cloud-based solution even
17 if it means waiting a little bit we're willing to. We've
18 recognized that we have a critical finding that we need to
19 adhere to, we need to do something about it, and this is our
20 request forward.

21 Last but not least, Mr. Chairman, I do apologize
22 for jumping the gun on the HR working group. I wrote this and
23 went to the meeting right afterwards and realize -- walk down
24 this path collectively so I'll own that, yes, everything you

1 said was true and there are some inaccurate statements in
2 here.

3 But what we do feel is based on the -- at least
4 on the executive level staff as you've heard from other board
5 members today that we think that it's not comparable. If you
6 go back and look at the report back on the March meeting
7 you'll see that, and I'll use me as an example.

8 I can take a responsibility cut and make 30,000
9 grand a year more and work for another state agency. That's
10 not what I'm doing yet, but that's -- it's something that we
11 all think about when we work for the State.

12 And so -- so I think it's important that we try
13 to address some of those things. And as you said before and
14 we talked about it, the HR working group, that there was a
15 five percent -- or yeah, five percent increase to classified
16 staff with the addition of a ten-merit salary adjustment and
17 that was never applied to an unclassified staff.

18 So hopefully there's a global solution. And if
19 there is a global solution that is presented or the next
20 governor and the next administration want -- this is an
21 enhancement unit, we can take out or the governor can as we
22 can be part of the global solution.

23 So thank you for the opportunity to add a little
24 bit of information and I'm willing to answer any questions.

1 Thanks.

2 THE CHAIRMAN: Thank you, Damon. Any other
3 questions or comments?

4 MEMBER BAILEY: I do.

5 THE CHAIRMAN: Go ahead.

6 MEMBER BAILEY: For the record, Don Bailey.
7 Damon, this is mainly for you. On a recommendation, your
8 recommendation to this Board is to approve this giving you the
9 leeway to work with the administration to make adjustments; is
10 that correct?

11 MR. HAYCOCK: For the record, Damon Haycock.
12 That is correct, Mr. Bailey.

13 MEMBER BAILEY: Okay. It's extremely important
14 because understanding state government, I think I do, I
15 understand it very well. Many of these things 1 through 4
16 will change drastically at the end of the governor's and the
17 administration's decisions on what they're going to present to
18 the legislature. And then they'll make changes.

19 So, these things, many of these things are going
20 to change I think really seriously. I like all of them to
21 tell you the truth. I think full-time counsel, because in the
22 past four or five years we've had some very legal things we
23 had to deal with as a board, and we could -- we got good help
24 from Dennis, but we could have used more help as a full-time

1 person working for PEBP.

2 As for salary adjustments, we have one of the
3 best staffs in the state of Nevada. And this Board should be
4 proud of them. I know I am. And many of them need to be paid
5 more. So, I would support that.

6 The financial analyst situation, I know about
7 that and we will in the future be losing very talented
8 individual and we need to prepare ourselves for that.

9 Technology, we're behind the ball already. So,
10 what you're asking for is probably small, but the
11 administration might find that adequate.

12 So I need to think about the recommendation. So
13 I just needed to say that on the record so that I do support
14 the PEBP staff, but I also know the way the administration and
15 the legislative body will work. And what they will do to PEBP
16 as an agency. Thank you.

17 THE CHAIRMAN: Thank you. If I could maybe just
18 follow up with that a little bit just so all those that aren't
19 directly involved in the state budget process understands
20 where we're at in the process.

21 We are in what is described as an agency request
22 phase of budget building. We will submit those budget
23 requests to the governor's office by the end of August. There
24 are some current discussions going on at the governor's office

1 about what initiatives they're deciding now they're going to
2 support.

3 The Board is making a recommendation basically in
4 support of where the executive director would like to go with
5 his agency request. It is entirely up to the governor what he
6 wants to include in his budget as is the legislature. So I
7 just -- I want to make sure the board members don't feel like
8 they are committing to something by supporting these.

9 It doesn't mean that we're approving these to be
10 put in the budget, it's saying we're recommending that he
11 recommend to the powers that be for consideration. So -- so
12 that's the kind of -- the consequence of what decision we'll
13 make today.

14 I think I'm generally supportive of all of these
15 requests with the one caveat that the justification for the
16 salary adjustments be changed to more along the lines of what
17 Tena discussed and not reference the working group. But other
18 than that, I think they're all reasonable requests.

19 You know, as far as the salary adjustments, I
20 talked about the tiers of classified employees and the banding
21 of those employees. I believe, if I remember, that the
22 positions that we're talking about in here are -- are not
23 within those tiers. There's a whole bunch of unclassified
24 positions that have been established over the years as one

1 office, so there's a whole bunch of them that have their
2 salaries set by whatever was determined at that time. Whereas
3 the tier structure has been in place for a long time and kind
4 of covers more standard positions like directors and
5 administrators.

6 So again, I don't know what's going to come out
7 of the HR working group, but we have kind of made a decision
8 when it comes to the unclassified employees we're just going
9 to focus on those in tiers. Because everyone -- all the other
10 ones, there's too many of them and they're all established at
11 some point in time for their own reasons.

12 So, and I think I talked to Damon about this a
13 while ago as well, I have no objection to PEBP pursuing
14 increases for those specific positions because they don't fall
15 in that anyway. And I think a lot of this stuff may get
16 wrapped up in wider initiatives, but that's okay too.

17 I don't know if we're ready for a motion, but I
18 would -- I would certainly accept a motion to approve all
19 these with the change in justification to number 2.

20 MEMBER ANDREWS: Mr. Chair --

21 THE CHAIRMAN: Does anybody else --

22 MEMBER ZACK: Mr. Chair, Christine Zack.

23 THE CHAIRMAN: Hang on, Christine. Ana, go
24 ahead.

1 MEMBER ANDREWS: Thank you. I'm ready to make a
2 motion, Mr. Chair. Ana Andrews for the record.

3 THE CHAIRMAN: Okay. Let's make sure there's no
4 other comments.

5 MEMBER ANDREWS: Yes.

6 THE CHAIRMAN: Any other comments? Glenn?

7 MEMBER SHIPPEY: Thank you, Mr. Chair. And this
8 is related to -- and I just wanted to make this comment for
9 the record. In the past there was an annual evaluation of the
10 executive director. I think it was the second quarter of
11 every year. And that was a change that was made in the
12 policies and procedures, one of the first meetings that I had
13 as a new board member.

14 And I would just want to ask that we before
15 considering an increase to the salary of the executive
16 director I feel as a board member that we have a
17 responsibility to evaluate the executive director.

18 THE CHAIRMAN: Okay.

19 MEMBER SHIPPEY: I just wanted to make that
20 comment. Thank you.

21 THE CHAIRMAN: Thank you. Any other comments?
22 Maybe just one thought on what you said. When unclassified
23 employees -- the salary is the top of the range. So, let's
24 just say that we went through, got approval to increase the

1 salary for that position. That does not automatically mean
2 that the salary of that individual would top out. Sometimes
3 people are at a lower salary than what is authorized for that,
4 if that makes sense.

5 So, by approving this today, and let's just say
6 it goes through the process and gets approved, that doesn't
7 necessarily mean that the executive director would get a
8 salary increase unless we wanted them to.

9 MEMBER SHIPPEY: Okay.

10 THE CHAIRMAN: Generally it's pretty automatic,
11 but technically it's up to the appointing authority, they do
12 bring people in at lower rates, they don't necessarily have to
13 give people the increase that's legislatively approved.

14 So it's a good point, but I think we could
15 proceed with a vote on this today and address the annual
16 evaluation later.

17 MEMBER SHIPPEY: Thank you for that
18 clarification. I appreciate it.

19 THE CHAIRMAN: Any other questions? Comments?
20 Christine, you had something?

21 MEMBER ZACK: Mr. Chair, Christine Zack for the
22 record, I was just going to make a motion.

23 THE CHAIRMAN: Okay. Go ahead, make a motion.

24 MEMBER ZACK: Thank you, Mr. Chair. I move that

1 we approve the framework for development of the agency budget
2 request for the 2020 to 2021 biennium and eliminate the
3 references to the HR working group.

4 THE CHAIRMAN: Thank you. We have a motion. Do
5 we have a second?

6 MEMBER ANDREWS: Ana Andrews, second.

7 THE CHAIRMAN: We have a motion and a second.
8 Any discussion on the motion?

9 Hearing none, I'll call for a vote. All those in
10 favor of the motion signify by saying aye.

11 Opposed? Motion carries.

12 (Motion carried.)

13 THE CHAIRMAN: Okay. Thank you. How are you
14 doing? Okay. Well, let's keep rolling then.

15 Next agenda item is number 6, discussion of
16 possible action on the development of a strategy for employee
17 and retiree choice for health care providers on both PEBP's
18 consumer driven health plan and exclusive provider
19 organization plan.

20 I'll go ahead and open this item up for public
21 comment. Do we have public comment in the north?

22 MR. WINDFELDT: Good morning, Mr. Chairman,
23 members of the board, my name is Ty Windfeldt, I'm the CEO for
24 Hometown Health. I would like to take a few minutes of your

1 time to address a topic on this PPO network access for the
2 State of Nevada Public Employees' Benefits Program.

3 Hometown Health has enjoyed partnering with PEBP
4 and has provided your employees and their families access to
5 our PPO network for more than 20 years. We are confident in
6 our product and we pride ourselves on the fact that Hometown
7 Health is the most comprehensive, highest quality and most
8 affordable provider network available.

9 However, over the past several months it's become
10 clear to us that PEBP disagrees. These several months have
11 proven to be very challenging for both PEBP and Hometown
12 Health. Despite our repeated attempts to work collaboratively
13 with PEBP we continue to find ourselves in a position where
14 PEBP is unwilling to honor and accept the existing PPO network
15 agreement terms.

16 Allow me to briefly review the facts. Hometown
17 Health participated in an open public and competitive bid
18 process in 2013 and was awarded a five-year contract.

19 That contract was then extended by an additional
20 two years making it effective through June 30, 2021. The
21 decision to enter into this contract and the extension of its
22 contract with Hometown Health was made by this Board.

23 Through the bid process PEBP invited bidders to
24 provide options on both an exclusive and nonexclusive basis.

1 Hometown Health's bid was exclusive as has been the case for
2 more than 20 years.

3 This was no secret when the contract was
4 approved. The debate over the exclusivity provision began
5 back in November of 2017 and since that time Hometown Health's
6 stance on the matter has been clear. That is we respectfully
7 request PEBP to honor the existing agreement which is
8 exclusive. And should PEBP no longer desire to honor the
9 agreement we support termination and solicitation of a new
10 contract.

11 Over the past seven months there has been
12 significant debate on this topic. There has also been a
13 significant amount of conflict, discontent and anger
14 surrounding this topic.

15 And most concerning to me there has been
16 inaccurate and untrue information provided to this Board about
17 our organization. None of the rampart and conflict
18 mentioned -- mentioned did Hometown Health create, support or
19 condone.

20 All we ever wanted was to follow the existing
21 contract you selected and should PEBP no longer desire to
22 follow the existing contract we asked that PEBP provide notice
23 of termination and negotiate a new agreement under the State
24 of Nevada procurement process.

1 Today we are finding ourselves in the same
2 position. Hometown Health holds an agreement with PEBP that
3 is exclusive and one which PEBP does not support. PEBP's lack
4 of support is evidenced by the statements and sentiments found
5 in today's board report.

6 Statements and sentiments such as pushback was
7 leveraged from PEPB's PPO network owned by the competing
8 hospital. The ultimatum to exclude the new PPO plan members.
9 The threat of increased hospital rates. The result was far
10 from optimal.

11 And this past week I received an e-mail from
12 Mr. Haycock that in part stated Hometown Health has painted
13 PEBP into a corner repeatedly.

14 I want to tell this Board today and I want to be
15 very clear, the statements being made about Hometown Health
16 are inaccurate and do not reflect who we are or how we
17 operate.

18 Hometown Health could not have survived for more
19 than 30 years as Northern Nevada's oldest and only not
20 profited health benefits organization had we acted with such
21 tremendous lack of integrity as has been suggested. All we
22 have ever asked was for PEBP to follow the existing agreement
23 or terminate it.

24 Hometown Health is a good partner and a good

1 steward. We want to restore confidence and trust and most
2 importantly we want the best health care for State of Nevada
3 employees and their families.

4 As such, we feel the best outcome at this point
5 in time is to provide PEBP with notice of termination
6 regarding Hometown Health PPO network agreement. This
7 termination effective June 30th, 2019 will allow PEBP ample
8 time to access and evaluate this PPO network needs and
9 objectives. It will provide time to develop a new request for
10 proposal and time to enter into a new agreement that PEBP can
11 confidently honor and stand behind.

12 We support competition and we welcome the
13 opportunity to once again bid for your business in an open
14 public and transparent RFP process. We believe through such a
15 process PEBP can negotiate an agreement that meets your needs
16 and one that this Board can support.

17 Thank you for your time this morning.

18 THE CHAIRMAN: Thank you, Ty. Any other public
19 comment?

20 MS. BOWEN: My name and words for the record is
21 Peggy, P-E-G-G-Y, Lear, L-E-A-R, Bowen, B-O-W-E-N. Two areas
22 that I wish to comment. One is in discussion about the
23 attorney. There is no need for you all to set up a payment
24 plan or outside attorney plan and since --

1 THE CHAIRMAN: That was the last agenda item.
2 We're on Agenda Item Number 6, provider choice strategy.

3 MS. BOWEN: Oh, provider's choice strategy --

4 THE CHAIRMAN: Yes.

5 MS. BOWEN: -- is that -- that -- thank you very
6 much for that clarification. Provider choice strategy is that
7 you do support proper bids and proper so that -- that we do
8 not feel that we're being held hostage by one insurance group
9 that was created -- the changes in insurance was created in
10 2011, that this Board work with -- going out with a new RFP
11 and making sure the insurance companies represent what the
12 members need in terms of benefits and payments.

13 And that -- that it be done so in an open public
14 process because it was discovered that what turned out to be
15 maybe some dissatisfaction and promises were thought to be
16 made and not made and it's necessary now that we have
17 insurance groups that represent us that truly state for of the
18 record what it is they do and that the concern is that if --
19 if we went into a process that included other hospitals and
20 other things and -- and the insurance company that we now have
21 was to terminate the doctors that they have purchased,
22 literally they've gone out and purchased the pulmonary groups,
23 the other groups, the cardiology groups and so forth and so
24 on, and tried to force that they were the only providers and

1 that if you didn't stick with them as an insurance group that
2 you could no longer access those doctors.

3 And it was thought that we could always -- while
4 we're negotiating and taking care of things that we continue
5 to be able to use the physicians that we're now using. And I
6 have to tell you there's only one pulmonary group in Northern
7 Nevada as such that handles those things.

8 And Renown has now purchased that group as part
9 of their -- as part of their base, and I'm going to use the
10 word monopoly base, of purchasing care groups so that if you
11 don't go with them as an insurance group then you also don't
12 get to have those doctors.

13 And -- and part of what you were doing with
14 competition was opening up access and -- and affordability.
15 That was the whole purpose. And -- and what we found out
16 during the interim is all of a sudden doctors were saying they
17 couldn't see us anymore because they were part of the group
18 that exists and not available anymore to us as in Northern
19 Nevada.

20 You cut our availability of doctors -- what I'm
21 getting from my doctors is I've now been bought up by the
22 Renown group or -- or the Hometown Health group and therefore,
23 if you're not part of that group I can no longer provide you
24 services.

1 And so it's -- it's a roundabout way of forcing
2 us to stick with an insurance company just to keep our
3 providers.

4 THE CHAIRMAN: If you could please wrap up.

5 MS. BOWEN: Yes. So if you would work very hard
6 to either incorporate in your agreements and what you do, that
7 those providers are available during the time that we are
8 doing negotiations or whatever else. People are being told no
9 more doctors in -- in areas of cardiology and areas of
10 pulmonology and things like that.

11 So please watch over us in those areas and work
12 with these people to get an interim agreement pertaining to
13 access to health care for -- for us. And that would be
14 probably statewide, at least in Northern Nevada it's very
15 true.

16 THE CHAIRMAN: Thank you.

17 MS. BOWEN: Thank you.

18 MS. LOCKHART: Thank you, Mr. Chair, members of
19 the board, my name again is Marlene Lockhart representing the
20 Retired Public Employees of Nevada.

21 I would like to say that I am pleased to see this
22 agenda item for today's meeting.

23 As you know, we have expressed frustration in the
24 past that decisions appear one day on an agenda item and we're

1 pressed to make a decision you all are within a very short
2 time frame.

3 And I have testified before that we're uncertain
4 of our position representing RPEN because there has not been
5 time allowable for us to properly reach out to our members and
6 get a good feel of where they are on some of these questions
7 that have come forward.

8 And I feel strongly if a more thoughtful approach
9 had been given with some of these questions asked and answered
10 that are on your agenda item today that we might have avoided
11 the unintended consequences that we were concerned might
12 materialize when making the decision without thoroughly
13 vetting the what ifs.

14 And so I hope that this becomes a process now
15 that the Board adopts when making important fundamental
16 decisions about moving forward and in what direction with
17 health care choice, et cetera.

18 So, I'm pleased to see that on your agenda and
19 thank you for the opportunity.

20 THE CHAIRMAN: Thank you.

21 MS. MALONE: Good morning to the Board,
22 Priscilla Malone representing the AFSCME retirees this
23 morning. On this agenda item I wanted to clarify something
24 that may have had some unintended consequences, which I am

1 trying in this forum, I know everybody in Nevada who comes in
2 this building tries to choose their words carefully.

3 At the March 22nd meeting I shared a personal
4 anecdote as a breast cancer survivor surrounded -- with the
5 issues surrounding the access to care, which is a Nevada
6 issue. It's also a national issue, especially in states where
7 we have large rural populations.

8 I shared this personal anecdote that I had the
9 option as part of a federal employee health care program to
10 choose either Renown or St. Mary's services one night when I
11 unfortunately during chemotherapy I had to go to the ER.

12 My only point that in making that comment was
13 that the focus as far as I know and like Ms. Lockhart, we have
14 not been able to come up with an effective way of surveying
15 our membership either on the access to care issue. I can only
16 share anecdotally and that's what I was trying to do.

17 Experiences that I personally had or that some of
18 my members have told me about the access of care issue,
19 especially in Northern Nevada.

20 So just to clarify for the record, I had
21 wonderful treatment at Renown, their staff was outstanding. I
22 had a very positive experience with Renown. And I know that
23 in the April meetings, both on the 20th and the 27th, somehow
24 we got into a discussion that pitted one entity against the

1 other and that's completely unacceptable to me. I'm here to
2 tell you like I said I got wonderful care.

3 It was simply part of an attempt to clarify that
4 for us as AFSCME retirees the issue is access to care. How we
5 get there as Ms. Lockhart said it's very gratifying to have
6 this on the agenda.

7 We're starting to have conversations now going
8 forward. And I see that as a very positive thing. Because
9 I'm sure that everybody in this room wants the best outcomes
10 in terms of the issue of access to care in Nevada since we
11 have some challenges here, especially in our rurals.

12 So that's all I wanted to clarify. Thank you.

13 THE CHAIRMAN: Thank you.

14 MS. HART: My name is Ruth Hart, H-A-R-T. I have
15 to speak for the senior care plus and Renown. They have been
16 outstanding to me personally. They're right down the street.
17 If you have a problem you can go right to the people that you
18 pay and get help. They work out things for you so you can see
19 a doctor within a day's notice. It might not be your doctor,
20 but it will be a doctor.

21 Also they have -- the community expansion has
22 been outstanding, what they've offered us as -- as members has
23 been the only one in the local area that has programs for us.

24 I just think that they're not getting a fair

1 shake because they have been outstanding in the community and
2 they've expanded to outside communities and they've expanded
3 to Vegas. And Vegas has many more choices than we do, but
4 they still are -- are working there with people.

5 So if you have a problem, say something, go to
6 them and say -- and they'll work with you to fix it or make
7 you happy or take your advice to change something. And those
8 advice -- those problems are brought to a committee and talked
9 about. And I'm very fortunate that I'm on their volunteer
10 advising board.

11 So I work with people all my life for 50 years
12 I've been in Reno. And I'm on the Board to speak up and to be
13 a person that will represent you and represent the people that
14 I work for every day. Their concerns are my concerns. And I
15 just think that they legitimately want a contract. That
16 should be taken as fact and not changed in the middle of a
17 contract.

18 But if they do not that's up to you to decide.
19 But I'm saying Renown has been an outstanding hospital. It's
20 available to you -- if the services aren't available at Renown
21 they see that you can go to San Francisco to other major
22 hospitals.

23 So keep an open mind that they have been a
24 wonderful partner. Thank you.

1 THE CHAIRMAN: Thank you for your comments. Any
2 other public comment in the north? It doesn't look like it.
3 Do we have any comment down south?

4 MR. HAYCOCK: For the record, Damon Haycock. No,
5 Mr. Chair.

6 THE CHAIRMAN: Okay. Thank you. Okay. So we'll
7 close public comment on this item and I'll turn it over to
8 Damon.

9 MR. HAYCOCK: Thank you, Mr. Chairman. Damon
10 Haycock for the record. This report is basically a response
11 to the significant communication PEBP has received over the
12 last month in making some very difficult decisions with very
13 little timing. And, you know, we can go through this process.

14 What I wanted to try to accomplish today with
15 this is to take it out of the weeds of provider versus
16 provider and group versus group and really talk about it from
17 a strategic standpoint.

18 There were some requests of PEBP over really the
19 last couple of years, this didn't just happen now, to help --
20 to try to help us determine who do we want to be. I think
21 you've heard that before at public testimony. What type of
22 plan do we want to be. And there's some basic questions and
23 conversations that help lead us there.

24 I want to take a second and thank Ms. Lockhart

1 from RPEN and recognize that yes, we often do have issues with
2 timing and they're not designed that way. They're, you know,
3 there was strategic planning that happens at PEBP and with the
4 Board and then all of a sudden we find ourselves the next day
5 in a situation where we need to take action. And it is by no
6 means intentional nor is it by no means desirable.

7 But when we have 70,000 members and hundreds of
8 millions of dollars to protect, the health care is so dynamic
9 and volatile and when PEBP provided information at one meeting
10 and then two or three meetings later that information changes,
11 we have to adjust. And we apologize, we know it's
12 disappointing.

13 So we're excited to be able to hit this now, but
14 based on the announcement you heard today, again, the timing
15 of course is of the essence.

16 So we have a strategic plan that guides all of
17 our actions. The Board approved it back in November and PEBP
18 utilizes that to help guide us down the path not only for
19 operational success but for recommendations to the Board.

20 And I want to talk a little bit about pieces of
21 that, not to cherry pick but hopefully it applies more to this
22 provider choice strategy discussion. You know, we have some
23 -- some goals to develop and provide benefits that are desired
24 by employers and members. We want that member experience to

1 improve and we want to optimize opportunities and continue to
2 evolve the program with partnership with current and future
3 vendors and partners.

4 One of the things that, you know, you've heard
5 today a little bit about is contracts have been signed five
6 years ago, six years ago. They need to move forward three
7 years from now.

8 But let's not forget that we did a complete
9 contract overview and assessment and we were able to over the
10 last 12 months present excellent opportunities to save cost,
11 increase services, receive revenue or a combination of all
12 three. And that's because the environment changes. And I
13 think it would be unfortunate to come up with an idea today
14 and assume seven years from now that that idea is going to
15 stand, right, it's just health care changes.

16 And so moving forward again back to the strategic
17 plan, we call that some opportunities and some threats. One
18 of the opportunities was to increase access to care and we
19 wanted to look at Medicare plus contracting. We almost had
20 it. Granted, there were some environmental issues and other
21 things that we can talk about why we don't today.

22 And then one of the threats, right, percentage
23 off billed provider contracts with our network. And I want to
24 give you an example and I want to make sure I don't -- don't

1 walk down the path that -- of protected information.

2 But I will tell you this, and I don't think this
3 is confidential, that on April 27th we held our meeting;
4 right? And four days, five days later Renown raised their
5 charge master. And -- and they changed their costs.

6 And true to Ms. Bosse, their -- their vice
7 president of government affairs, she said, you know, Renown
8 doesn't raise it more than five percent each year. We had it
9 analyzed by our auditor at their request, by the way. And our
10 auditor went out there and analyzed that charge master and
11 agreed, yes, it was less than five percent. But there were
12 some that were above ten percent in certain areas and some
13 that were reductions.

14 And so when you aggregate all of those line by
15 line it was -- I think it was about 4.7 percent.

16 But we did one step further, we took all of those
17 new costs and we had them evaluated against our current claims
18 today. And over the ten months of this plan year had those
19 costs been in place we would have been billed an additional
20 \$1.4 million.

21 And so let's not forget that there's always more
22 to the story than grabbing wording out of an e-mail, there is
23 statistics and data that have impact and that often, you know,
24 we need to negotiate. We felt we had a very successful

1 solution. It appears that it is not appreciated, but at the
2 end of the day we can move forward and that's what this
3 conversation is about.

4 But let's -- you know, that percentage off
5 billed, that -- the \$1.4 million doesn't even account for the
6 per diem changes that were done. That was simply on the
7 percentage off bill charge master versus charge master
8 comparison. So it could be better, it could be worse. But,
9 you know, that's -- I think that's very illustrative of
10 exactly what happens four or five days after, you know, a
11 board meeting.

12 So, let's talk a little bit about some of the
13 strategies, increasing access to care, improving member
14 experience, reducing costs to the program, that's what all
15 health programs want to do, right, that's nothing new. But
16 when we combine them all that helps provide kind of a
17 framework to have these types of strategic discussions. And
18 if those need to change then we need to go back and reevaluate
19 what our core beliefs and our core goals are.

20 So as you all are well aware, I'm not going to
21 read it to you, what happened, you know, at November 30th and
22 how that situation started to kind of spiral out and where we
23 ended up not being able to implement the St. Mary's system of
24 care in that very -- I'll call it lucrative Medicare-plus

1 contracting model, you know, at the end we're able to -- to
2 basically be where we're at today and we thought we had a good
3 signed amendment with Hometown Health.

4 However, I think today we need to talk about, you
5 know, some of those factors that lead into this type of
6 strategy of what we want for the program or what you all want
7 and we can implement as the program itself.

8 So when we talk about the current marketplace,
9 what current contracts we have, current strategies. And then
10 there's that -- that -- that conversation, that comparison
11 between choice and cost and that comparison between quality
12 and cost.

13 Other factors to consider, then of course PEPB's
14 recommendation. So the current marketplace, it's important
15 for everybody to understand that we have three main regions
16 that we provide health care. Often we talk about it north and
17 south, but there's the rural environment that is significantly
18 different in marketplace makeup than the two urban areas in
19 the state of Nevada.

20 In Northern Nevada there are, you know, less
21 providers than Southern Nevada, less competition, right, you
22 heard enough talked about exclusivity, I'm not going to walk
23 down that path too much further.

24 There's higher costs that is very apparent when

1 you look at the HMO offerings in north and south based on the
2 access to providers and the cost of care.

3 And there's a percentage off billed models, we
4 have talked to that death. And again, that exclusivity.

5 Southern Nevada just by nature of having, you
6 know, more than that million people down here there is more
7 providers, there has been more competition and we can show
8 year over year the costs are less because of it.

9 They do have some Medicare models, not a hundred
10 percent through all their provider contracts. And that there
11 is open access, it hasn't always been that way in the HMO
12 plan, but we're not necessarily talking about HMO plans today,
13 but it is today an open access model.

14 However, in rural Nevada, of course those are the
15 least amount of providers, there really isn't any competition,
16 generally there's one major hospital and sometimes not even
17 one in every town obviously, which means that there's higher
18 costs, they do have a lot of percentage off billed models and
19 there is access issues for these folks. And not necessarily
20 for the services within their own town, but the fact that
21 those services are not provided within those areas and they
22 have to travel.

23 So, let's talk a little bit about current
24 contracts, right, we maintain contracts with Hometown Health

1 providers, right, the PPO network service is statewide. They
2 partnered with Sierra Health-Care Options in Southern Nevada
3 to provide a seamless access to PPO services in the state.

4 And one of the great benefits of this current PPO
5 network contract with Hometown Health is that they pick up the
6 HCA hospitals in Southern Nevada, so Southern Nevada has that
7 PPO access on their consumer driven health plan.

8 The current contract term today is through
9 June 30th, 2021. And some of the highlights of course if you
10 heard there's exclusivity with Renown in Reno. There are some
11 new cost controls which we felt were very favorable to PEBP
12 and to -- to of course the membership moving forward.

13 However, there was and still is some percentage
14 off billed and per diem provider contracts that are pretty
15 predominant in Northern and in rural Nevada.

16 We also have an out of state PPO network that
17 wraps around the state, that's through HealthSCOPE Benefits.
18 That is through the Aetna -- I think it's called the Aetna
19 signature network, we implemented that back at the beginning I
20 believe of 2016.

21 And that is good through July -- or excuse me,
22 June 30th, 2022. It is an open access model that wraps around
23 Nevada and there's significant savings over the former
24 provider. I think if you remember the auditor had confirmed

1 that we had saved approximately \$2 million in the first year
2 just changing for somewhere around 900 members.

3 So it would have been our current strategies
4 because it's important to know where we are and what we've
5 done to determine if that's what we want to do moving forward.

6 So we narrowed the network as has been said
7 repeatedly, right, our instate network contracts were signed
8 in 2013 and we agreed to a narrower network, some exclusivity
9 in certain circumstances in certain regions across the state.

10 And unfortunately I wasn't around at the time,
11 but I'm going to assume that this was developed to ensure
12 lower costs from -- from the hospital system, right, and I
13 think you've heard enough testimony that says if you push all
14 the volume to one provider, then that provider can leverage
15 their fixed costs across all of the -- the services and
16 therefore lower costs to those participating in with that
17 provider.

18 And so it's kind of a high volume, low cost
19 scenario. We've adjusted the benefit, you know, we've placed
20 many programs or put in place many programs to either help
21 members choose providers and/or save money, we've also
22 narrowed the network ourselves internally.

23 So in 2011 we created a freestanding lab
24 requirement for members to go seek lab services that aren't,

1 you know, due to an inpatient stay or if they -- if they have
2 an opportunity to seek those services within 50 miles, if they
3 don't, then of course we allow them to go to the hospital.

4 But that was to reduce the overcharging and high
5 costs of lab services, and that was done in 2011.

6 In 2012 we had the Centers of Excellence for
7 bariatric surgeries and transplants. So again, we narrowed
8 the network and said this is where you need to go. In 2016 we
9 started messing -- messing, that's bad. We started adjusting
10 the specialty drugs process that were being billed on the
11 medical plan and we started steering to certain providers that
12 wanted to participate with PEBP to lower costs.

13 In 2017 we did that telemedicine virtual visit
14 provider, again, steering folks to utilize that instead of
15 high costs for urgent care and at times emergency room visits
16 for nonurgent and nonemergent services. We also dedicated
17 exclusive facilities for hip and knee replacement surgeries so
18 we can ensure that we -- we pay an appropriate amount for high
19 quality low cost care.

20 And this year starting in July we're going to
21 implement that incentivized transparency vendor, continue
22 reference-based pricing to add infusions. Of course we
23 developed a new EPO plan establishing all of the cost savings
24 above.

1 So -- so not just our networks, we too internally
2 have adjusted what providers can be accessed by our membership
3 to try to control costs and to steer towards hopefully higher
4 quality lower cost services.

5 So really one of the biggest questions to ask is
6 the choice versus cost type of conundrum, right, the
7 comparison. Now, are there are two prevailing ideologies, I'm
8 sure there's one someone will tell me later, Damon, what about
9 X or Y?

10 But there's the idea that less choice equals more
11 guaranteed volume; right? And that more guaranteed volume
12 equals lower costs. And I've said this a little earlier about
13 taking fixed costs and spreading them over a larger group of
14 people to lower the overall costs of whatever good or services
15 that is being provided. This isn't just in health care, this
16 exists in other marketplaces around the world.

17 One of the examples for -- for this type of -- of
18 choice versus cost -- reducing choice to reduce cost type of a
19 discussion is our current network agreement with Hometown
20 Health where members that are in the Reno area will
21 exclusively use Renown and therefore, they provide with us
22 exclusive rates, which means PEBP pays ultimately less for
23 services at both of the Renown hospitals.

24 So that's steering folks to -- to a singular or a

1 small group of narrow network providers and receiving a
2 discount for it. There's that one choice versus cost
3 discussion.

4 However, there's another choice versus cost
5 discussion about more choice will it mean more competition.
6 And therefore, more entities have to fight for business and
7 they will, you know, look for efficiencies and find ways to
8 lien what they're offering and reduce those fixed costs. So
9 therefore, they are competitive which ultimately lowers costs
10 across the board.

11 And the idea is that competition of course makes
12 folks have to compete. And either they compete on cost, they
13 compete on quality or a combination of both. A good example
14 of this is those higher competition environments like Southern
15 Nevada here in Las Vegas where you have more providers
16 available and they're all fighting for -- for access to
17 members across all health plans and so they need to find
18 efficient ways of lowering their costs to incentivize people
19 to come see them.

20 So that's -- that's one of the very important,
21 you know, ideology to think about because if -- if you go away
22 from a -- a, you know, exclusive or narrow network process you
23 want to open up access, there's an argument to be made that
24 you will pay initially higher for that access but over time

1 you may end up paying less overall as competition lowers the
2 costs to all of your membership.

3 So it depends on when you want to pay the money
4 and how you want to pay the money may have an impact on this
5 cost versus choice comparison.

6 Moving on to the quality versus cost, again,
7 another two prevailing ideologies is higher quality equals
8 higher cost. And a lot of us do this today in other areas of
9 our lives, maybe we want to go to a higher cost -- or excuse
10 me, a higher quality restaurant or we want to put maybe our
11 children in what we believe is a higher quality school and
12 willing to pay more money for it.

13 And that the development of higher quality means
14 more resources are needed and therefore, those entities,
15 right, will invest more in providing higher quality but then
16 need to pass some of those costs back onto folks that are
17 utilizing those goods or services.

18 And so an example, you know, I'm going to use the
19 doctors that offer concierge services, right, they provide a
20 higher quality of care, they're generally on call 24/7,
21 sometimes they'll come out to your house and see your family.
22 They'll have extended hours of services and are available to
23 you when you need them, but you pay a higher membership fee
24 for that higher quality.

1 The other side of the coin is higher quality can
2 equal better outcomes, which means that there may be less
3 complications and less overall need for care, which can lower
4 the overall cost of care, right, and so the idea is that
5 investing in higher quality up front saves the cost of
6 continued lower quality services.

7 And avoiding care, maybe going to a highly rated
8 hospital for joint replacement surgery, paying more than a
9 lower rated hospital but avoiding complications and
10 unnecessary additional costs to recover from a less than
11 optimal procedure.

12 You know, there -- I think there -- it was years
13 ago, I think it was Toyota that implemented like just in time
14 philosophy and higher quality philosophy that they were going
15 to invest more into this process because it would mean less
16 defects and less defects would be less costs overall and they
17 could lower the costs of their automobiles, but that's an
18 automobile example.

19 But in health care, right, there's -- there's a
20 definite argument, I think you heard -- I think you heard St.
21 Mary's make this argument last month that higher quality means
22 better care and better care means less trips back for
23 additional care.

24 But there are numerous factors to consider from

1 these topics above to other opportunities that are still
2 unknown to us today. PEBP does not does not boldly state that
3 we know all of the options and opportunities that are
4 available within our networks within the provider community
5 and we consistently learn and react accordingly.

6 We have presented multiple models of
7 reimbursement, right, from percentage off billed and per deems
8 which we believe are unfavorable and risky to Medicare
9 benchmarking which, you know, uses some form of national
10 standard and can be defensible.

11 But there's still more models to explore; right?
12 There's the bundled payments type of model where you come up
13 with a total overall cost for a certain service and that
14 includes inpatient cost, outpatient cost, prescription drugs,
15 you know, things like physical therapy, durable medical
16 equipment, you lump it all together and you say this is what
17 we feel is an appropriate amount of money or we're going to --
18 we're going to incentivize, find a way to take that bundled
19 payment and give the providers an opportunity to become more
20 efficient and lower costs so maybe they get a cost savings as
21 part of it. So there's a shared savings model as well. But
22 there are many different payment options and people are
23 creatively looking at doing them today.

24 And I think something that you'll see later in

1 our recommendation that we don't quite know everything that we
2 need to know before PEBP is prepared to make a recommendation
3 on the network.

4 So, here are some questions to ask, you know, and
5 answer to develop the PEBP strategy moving forward to help
6 guide the discussion, these are by no means the only
7 questions. Do we understand the nuances of the regional
8 marketplaces that we have? Are we willing to sunset current
9 contracts to adhere to a new strategy? Are we willing to talk
10 with our partners and say, you know, this process worked years
11 ago, but we want to do something different?

12 Will a new strategy compliment or contradict our
13 current successful strategies? Nothing's more frustrating to
14 implement one solution and an unintended consequence means it
15 creates a problem somewhere else. Where do we sit on the
16 choice versus cost or quality versus cost ideology, how much
17 market destruction are we willing to create?

18 Do we know all the opportunities available and do
19 we have the right partners today, are they supportive or
20 unsupportive of our vision and goals? You know, it's
21 important that we align agendas and align the vision of where
22 the program is going and ensure we have those partners that
23 are with us that want to achieve the same shared results.

24 So I'm going to move on to our recommendation.

1 It may need to change a little based on the information we
2 received earlier today, but basically depending on the answers
3 to those questions above, you know, we would like some
4 strategic direction from the Board on how you'd like us to
5 move forward.

6 But our recommendation is that we ask the
7 questions. We -- we assess the available opportunities by
8 developing an issue -- issuing a request for information as
9 early as next month. That's just a fancy way of basically
10 surveying the providers in the area and saying we'd like to
11 know are you willing to, are you interested in different types
12 of payment models, what do you think about partnering directly
13 with PEBP, if that's a direction we want to move forward?

14 Are you willing to accept certain membership?
15 Are you okay with steerage? How do you handle bundle
16 payments? There's a lot of questions that we can develop and
17 ask so that way we can get a good idea of what exists in the
18 marketplace and then present the findings back to you all at
19 the Board.

20 We'd like to do this rather quickly because
21 timing is of the essence because if we need to do an RFP, and
22 it definitely sounds like we do for our PPO network next year
23 we're going to make some decisions and if what we currently
24 have is -- is troublesome for either us or our partners, we

1 don't want to paint them into a corner either and make them do
2 things that are against their model. And so as partners we
3 need to come up with a solution and if it means going a
4 different direction then we need the time to be able to do
5 that.

6 We'll need to issue an RFP soon late summer and
7 then present them back to you all. And we gave kind of a
8 timeline here what it would like if we needed to hit that
9 July 1, 2019 start date for plan year 2020.

10 One of the things that I'm going to add here and
11 hopefully this doesn't rain on anyone's parade here, but
12 there's another part of this that I think we should add to
13 this recommendation. I had a conversation with a Board Member
14 and they said well, we should ask the people, we should ask
15 our members. And I think that's an excellent idea.

16 We generally do that, I felt that maybe we have
17 given them some saturation of surveys or survey saturation,
18 but I think it's important to know if the membership, you
19 know, value is willing to pay more for higher quality or is
20 willing to pay more for additional access up front.

21 And we can ask some very simple questions and
22 then stratify it by demographics like we do in other surveys so
23 we can come back and say this is what hospitals or the systems
24 or the other providers have given us and here's also what the

1 membership thinks.

2 And so I'd like to revise my recommendation on
3 the fly and add that we also do a membership survey. I want
4 to thank Mr. Verducci up there in Carson City who came up with
5 this excellent idea.

6 And that's a lot of information so with that
7 please fire away questions.

8 THE CHAIRMAN: Thank you, Damon. We'll open it
9 up for questions. Go ahead, ma'am.

10 MEMBER LAMBORN: Leah Lamborn for the record.
11 Damon, can we just go back to your statement about the charge
12 master was increased four to five days after the board meeting
13 ended.

14 Hometown Health and Renown honor the agreement, I
15 mean, you said that we would have spent 1.4 million so we
16 avoided that through the agreement of the April 27th meeting
17 or are we -- our costs increasing due to that charge master?

18 MR. HAYCOCK: For the record, Damon Haycock.
19 Thank you for the question, Ms. Lamborn. We made an agreement
20 and signed this amendment here recently that we would not pay
21 any more than what we are currently paying today.

22 And we thought that was an excellent final
23 negotiation, it was tough getting there, but we got there and
24 we wanted to honor that agreement and move forward for, you

1 know, at least through this next year, if not the two percent
2 thereafter.

3 The \$1.4 million increase was an exercise in what
4 the new charge master would look like with current
5 utilization.

6 And so had we done nothing, had we not in placed
7 any cost controls the billed charges, and we're talking billed
8 only, I can't talk about network discounts because those are
9 confidential, but the bill charges if we were to apply them
10 today back to the beginning of this plan year with those
11 increases would have netted about \$1.4 million in bill
12 charges.

13 We're not looking at paying \$1.4 million in
14 additional bill charges, we did agree to a zero percent
15 increase and we have developed with our internal auditor a
16 successful mechanism to oversee and make sure that occurs.

17 My understanding is that Renown and Hometown
18 Health have agreed to what our internal auditor has imposed,
19 which is what led us to sign that amendment back I think on
20 the 15th.

21 So -- so we feel we have a very good deal, we
22 were just showcasing what could have happened had we done
23 nothing. And so -- so it's important to understand that when
24 folks come up and say this is what it's going to cost, that,

1 you know, on a line by line if everybody uses every versus
2 service, yeah, it may only be a five percent increase, but
3 when you apply utilization, which is key, when people utilize
4 higher cost services then you really ensure that you're paying
5 more of the lion's share of those costs and that's what those
6 figures look like. So hopefully that -- that makes more
7 sense, Leah.

8 MEMBER LAMBORN: Mr. Chair, if I may?

9 THE CHAIRMAN: Go ahead.

10 MEMBER LAMBORN: Yes. Thank you. So I just
11 wanted to make sure that the rates do not increase, and I
12 think you answered my question. Thank you. I just wasn't
13 clear in your response before.

14 And then one other clarification I would just
15 like to get on the record, because we talked about access to
16 care versus choice. And so I don't believe there's an access
17 to care issue or concern really and the pilot project wasn't
18 really about access to care, it was more about patient choice.

19 So as we go out and survey our members, our
20 participants, I think it's very important we make that clear
21 and are you -- because I would be willing to pay more if we
22 had an access to care issue so we have access for our members,
23 but I'm not really necessarily willing to pay more for choice.
24 And so I think we need to make that very clear in our survey

1 that we send out to our members.

2 THE CHAIRMAN: Thank you. Any other questions or
3 comments? Tom?

4 MEMBER VERDUCCI: Yes. Tom Verducci for the
5 record. This initially started off as a pilot project. We
6 did get into the exclusivity issue. And I think the most
7 important thing to move forward and get as much information
8 would be to release the RFI, survey the members and hear back
9 from the hospitals.

10 We heard from back from our membership if they're
11 willing to have increased costs, we've heard from a lot of
12 members prior meetings that they'd like to have a choice. But
13 I think this slows the process down and gives us time to
14 really analyze the best direction to go and also to be fair to
15 the providers in the membership.

16 THE CHAIRMAN: Thank you. Glenn?

17 MEMBER SHIPPEY: Thank you, Mr. Chair. For the
18 record, Glenn Shippey. I just want to first go back to
19 something, Damon, that you had said. I just want to make sure
20 that we understand when you said in 2013 this -- the Board
21 made a decision to narrow the network.

22 I think that may be confusing to use that term.
23 And I know you did have the word exclusive in parentheses, but
24 the breath of the network is usually measured in terms of the

1 number of providers available.

2 I don't believe in that sense there was a
3 narrowing of the network up here in the north through the
4 Hometown contract in 2013.

5 So would you -- would you agree with that
6 statement, Damon?

7 MR. HAYCOCK: For the record, Damon Haycock. I'm
8 going to try to use a different set of wording because I don't
9 want to -- I don't want to misstate anything.

10 When the contract was approved in 2013 from my
11 research that there was a section that asked if there were any
12 exclusive arrangements and they did -- Hometown Health did
13 state that Renown was an exclusive arrangement in the Reno
14 area. And I think they provided that to the Board a few
15 times, at least at the last board meeting.

16 And so by approving that contract, that meant
17 that any members that utilized those services in network would
18 be utilizing them through Renown. And just in the Reno area.
19 And so narrowing the ability for folks to go to other
20 providers by purposefully reducing the amount of in network
21 providers I think is a narrowing of the network. Maybe it's
22 not narrowing of their network because that was the network
23 they bid. So I can retract that.

24 But when -- when a member can go to one in

1 network provider and then we can't create another in network
2 provider across the street, my opinion is that it does -- it's
3 a form of narrowing. But yes, for specificity of the wording
4 when we signed the contract or when the Board at the time
5 signed the contract for that network of care it was signed for
6 all of the pieces within that network which included
7 exclusivity in the Reno area.

8 MEMBER SHIPPEY: May I follow up, Mr. Chair?

9 THE CHAIRMAN: Go ahead.

10 MEMBER SHIPPEY: The -- this should be relative
11 to what it was prior to the exclusion of that new contract, I
12 thought I remember comments from Hometown that exclusivity was
13 what existed for a long time.

14 I don't think that there was a choice prior to
15 the 2013 contract to go across the street to those other
16 providers. Am I misunderstanding all of this?

17 MR. HAYCOCK: For the record, Damon Haycock. I
18 concede the point, Mr. Shippey, you are correct. The
19 situation had always been that way. I guess I think the way I
20 was writing it was if there is an opportunity to not do it and
21 you choose to continue to do it, it's an action, you know,
22 you're taking an action to do so.

23 And so the absence of one action is an action. I
24 guess that was the logic behind the statement, but you're

1 absolutely correct. If the network went from say a hundred
2 providers in one area and then it went to the same hundred
3 providers it didn't get narrowed.

4 The way I was looking at it is if there was a
5 hundred providers yesterday and there's 105 available, making
6 sure you continue with only a hundred providers is reducing
7 again that philosophy. But you're absolutely correct, we
8 didn't take anything away from our members for years
9 participating in the Hometown Health network that they were
10 used to going to year and year as we continued with those
11 agreements.

12 MEMBER SHIPPEY: Thanks for that clarification.
13 Thank you, Mr. Chair.

14 THE CHAIRMAN: Other questions or comments?

15 MEMBER LAMBORN: Mr. Chair?

16 MEMBER COCHRAN: Mr. Chair, this is
17 Chris Cochran.

18 THE CHAIRMAN: Go ahead, Chris.

19 MEMBER COCHRAN: I just want to confirm, I know
20 that when we had the meeting in March when we were talking
21 about exclusivity with regards to Renown hospital, that we had
22 some discussions saying well, the contract doesn't really
23 stipulate that it's an exclusive contract, and then we got
24 into the situation in April. Are we now acknowledging that --

1 that the contract that we have with Hometown Health did meet
2 an exclusive arrangement with Renown hospital?

3 MR. HAYCOCK: For the record, Damon Haycock. I
4 can take that, Mr. Chair, if you want.

5 THE CHAIRMAN: Yes. Go ahead.

6 MR. HAYCOCK: So I think the biggest distinction
7 of exclusivity is that the network has exclusivity
8 requirements in Reno for members utilizing services that are
9 hospital services, the Renown. What we had come up with
10 collectively is that PEBP does not have an exclusive
11 arrangement with Hometown Health.

12 Therefore, we can put members on the Hometown
13 Health network where they must use the Renown system of care
14 in Reno, or we can put members outside of the network on
15 another network and they can use services outside of Renown.

16 So the membership does not have to go to Renown
17 if PEBP decides it doesn't want them all to go there. That
18 the health plan maintains the autonomy through the contractual
19 process in the legal review that says they don't have to, that
20 we can sign agreements outside of the network.

21 But failing to sign agreements outside of the
22 network, then the only agreement we have for in network
23 services is the exclusivity requirement for Renown in Reno.
24 Does that make sense?

1 MEMBER COCHRAN: I think so, but I guess it
2 raises the question of how do we get to the same areas
3 arrangement in the first place because it was -- if I'm not
4 mistaken, St. Mary's is within the Reno area, which would have
5 made it part of a violation of that exclusivity at that time.

6 Am I correct in that?

7 MR. HAYCOCK: So for the record, Damon Haycock.
8 Not entirely. So, the -- the legal review was determined
9 through the Attorney General's Office purchasing administrator
10 and myself, I believe the chair as well, I won't speak for
11 him, that PEBP had the legal authority to pilot a program
12 outside of the network; right? I mean, if you think about it
13 we can do -- we pilot programs all the time outside of the
14 network.

15 We actually did one with Carson Tahoe and
16 diabetes if you remember a few years back, you know, Dr.
17 Cochran. So that was not an in network paid benefit, that was
18 a specific pilot because we wanted to see what would occur if
19 we changed up the diabetes care model, if it was going to
20 provide better services to our members with diabetes. And we
21 did that I think in 2015, 2016, it was a two-year pilot. And
22 so along that vein we looked at doing another pilot with
23 another hospital.

24 So -- so, yes, Hometown Health and Renown have

1 come up repeatedly saying they felt that's a violation of
2 their contract. PEBP had countered with the Attorney
3 General's Office -- or at least our deputy attorney general
4 and our purchasing administrator and myself saying no, we
5 believe it's not. And so that's why we wanted to move
6 forward.

7 But I think what Leah said was very important.
8 That, you know, we're looking at a new payment model. It
9 really wasn't to increase access, that was a great unintended
10 consequence, but the idea was to pilot a new payment model
11 because we weren't getting any responses internally from our
12 network and a willingness to try that payment model.

13 So that -- that's why we went out to find another
14 partner because we wanted to see how this payment model would
15 work. And then it just kind of dovetailed from there.

16 MEMBER COCHRAN: Okay. But, I mean, I think in
17 comparing the diabetes pilot is not exactly the same thing, I
18 mean, we're talking about a specific medical condition that
19 was -- that didn't expand beyond patients who had that -- that
20 specific condition versus looking at a different payment model
21 that actually affected the ability of all members within that
22 network at that time to have gone to another -- another
23 provider that we were going to be able to potentially pay them
24 less, which frankly, I -- on the surface I support.

1 But I, you know, I'm not so -- I'm not so sure
2 that that necessarily in my mind is something that is outside
3 of the exclusivity arrangement if you were looking at it.
4 Because it really all comes down to dollars and cents, you
5 know, in terms of, you know, who we're paying for the same
6 services and how much we're paying.

7 But I just -- I just wanted to be clear on that
8 because I know that we -- it just -- and it may not have been
9 an issue with other members, but it was something that kind of
10 had been sticking with me throughout the two months of
11 meetings that we had in March and April when we were -- we
12 were having this discussion and we -- we -- we got to the
13 point where we are today. So that's an -- I'll just leave my
14 comments at that. Thank you.

15 THE CHAIRMAN: Thank you.

16 MEMBER ZACK: Mr. Chair? Christine Zack.

17 THE CHAIRMAN: Go ahead, Christine.

18 MEMBER ZACK: Thank you, Mr. Chair. I just had a
19 brief follow-up to Ms. Lamborn's point. I agree with her that
20 access to care and choice are distinguishable. However, I
21 think what we heard from the members is that they want access
22 to quality care.

23 And so if you talk about quality care and choice
24 then I think they're intertwined. And so if I use the example

1 of someone that needs a heart procedure and they want to go to
2 the cardiologist in Reno who's done the most number of
3 successful heart procedures. If that doctor's only on the
4 Hometown Health network, then you need access to that network
5 in order to have that choice.

6 And so I just think you can -- if you add in that
7 qualifier that people were asking for quality care, they just
8 want to have that ability to whether the doctor's with
9 Hometown Health or with St. Mary's or Carson Tahoe to be able
10 to have access to that particular outfit. Thank you.

11 THE CHAIRMAN: Thank you. Leah, go ahead.

12 MEMBER LAMBORN: So, before we make any motions
13 or move forward, I just have a concern here. One of my
14 concerns originally was the current contract had no cost
15 controls. I'm definitely a financial person in case you
16 didn't figure that out. But it didn't have any cost controls.

17 And so I was actually very pleased with the
18 outcome of the last meeting that we were able to negotiate
19 control and cost at a very reasonable, you know, no increase
20 and two percent the following year.

21 And so what I would like to know --

22 OPERATOR: We're sorry, your conference is ending
23 now. Please hang up.

24 MEMBER LAMBORN: Hometown Health on the spot, but

1 now you're coming back to us today and your recommendation was
2 to go for the RFP in June -- June 19th -- or 2019. June 30th
3 of 2019.

4 Is that recommendation based on you in good faith
5 negotiated a contract and now based on today's agenda there
6 are these items here and you're I guess upset because the
7 recommendation is being made to the RFP or is it based on some
8 other reason? I just would really like to know that before I
9 vote either way.

10 THE CHAIRMAN: Are you posing that question to
11 Hometown Health?

12 MEMBER LAMBORN: I am.

13 THE CHAIRMAN: Do you have any desire to come up
14 and speak to that?

15 MR. WINDFELDT: Thank you, Mr. Chairman. And for
16 the record, Ty Windfeldt with Hometown Health. I think it's a
17 fair question, and it's not -- we were fully committed to the
18 contract amendment that we put in place and negotiated.
19 Clearly that hospital negotiated -- agreement was through
20 Renown and that team.

21 But what's apparent to us and what's apparent to
22 Hometown Health with this agenda item and with the chain of
23 events that have occurred since the last board meeting, is
24 that it's felt that this is still not an agreement that this

1 Board is willing to support. And we continue to say if this
2 is not an agreement that the Board is willing to support that
3 means you go back out to bid and get one that is negotiated
4 that covers all the points.

5 We continue to agree to disagree on the facts.
6 We feel strongly that our contract's exclusive, we believe our
7 legal counsel has reviewed it, we've had outside legal counsel
8 review it and everybody has agreed with us that it is
9 exclusive and would hold merit should it be contested.

10 And we don't want to go down that path. So it's
11 our strong desire to have the PEBP organization put a bid
12 together that meets all the needs. I think the dialogue today
13 has been wonderful, I think the comments and suggestions about
14 getting member feedback is amazing. And that is where we're
15 at, we would strongly recommend that PEBP does that so that
16 everybody feels good about the network that you have going
17 forward.

18 THE CHAIRMAN: Thank you. Other questions or
19 comments?

20 MR. HAYCOCK: Mr. Chair, Damon Haycock. I just
21 have a follow-up.

22 THE CHAIRMAN: Go ahead, Damon.

23 MR. HAYCOCK: Thank you, Mr. Chair.

24 THE CHAIRMAN: I also received a caution from our

1 attorney about staying on topic with the agenda and not
2 getting too much into the weeds, so be careful.

3 MR. HAYCOCK: I'd like to echo Mr. Windfeldt's
4 statements that we signed an amendment I think in good faith.
5 And although we don't always agree on terms, I think in the
6 end we signed something that worked for the State and for the
7 membership.

8 What you don't see here is a recommendation to
9 terminate the Hometown Health providers' network or to no
10 longer partner with Hometown Health. We wrote it this way
11 because we wanted to simply ask the questions; right?

12 Who do we want to be, and honestly I took that
13 cue from Mr. Windfeldt who sat at the table months ago and
14 said PEBP, who do you want to be and if you know what you want
15 to be, then maybe you need to go back out to bid.

16 What I outlined here was an RFP just to show what
17 it would look like if the results that come back from this who
18 do we want to be question back in July, if you as board
19 members decide I think we know who we want to be and we want
20 to go out to bid, this is what it would look like. But in no
21 way, shape or form is PEBP suggesting that the answer doesn't
22 include keeping everything the way that it is.

23 If we decide that this is the best program for
24 us, if you as board members, you know, tell PEBP this is where

1 we want to be, we have a good deal with Hometown Health and we
2 would like to continue to honor that contract, then that is
3 what our recommendation will be. And that is what we will
4 want to do.

5 And so this was simply asking the questions and
6 it was -- and meant in no terms to signal to Hometown Health
7 that we didn't want to partner with them, it was actually
8 following their guidance and asking the questions.

9 So if we have misstated or if we have said
10 anything that we're looking to RFP next year regardless of
11 what happens is completely false.

12 If it turns out that the membership comes back
13 and says you know, Damon, I appreciate that there was about a
14 hundred people that came out and they were very vocal, but
15 there's tens of thousands of people that want things to remain
16 the same, I'm going to share that information back with you.
17 And that will become data for you all to make a decision,
18 right, on what direction you want us to move forward and of
19 course we will provide a recommendation.

20 But if -- if -- you know, the old saying if it's
21 not broken don't fix it, I think the lack of cost controls, at
22 least in my opinion it was broken and that we fixed that in
23 some stance.

24 However, the next phase is do we want to again

1 include other folks like St. Mary's or any other hospital
2 systems that we don't have and do we want to look down that
3 path? In a very measured intelligent knowledgeable approach.

4 And so, you know, my -- my apologies to
5 Mr. Winfeldt and Hometown Health providers, we had no
6 intention of cancelling this contract at this point issuing a
7 termination or even a RFP, we simply wanted to do the request
8 for information and ask the questions of what's available
9 because maybe we do have the best that there is. And we just
10 wanted to be able to validate that in a measured process.

11 So I wanted to make that clear and hopefully that
12 clears up a little bit of the concerns. And I can speak with
13 Mr. Winfeldt offline. But this was no intention to blindside
14 him or his or his company saying we don't want this network,
15 it was that who do we want to be based on his recommendation.
16 And we took it to heart.

17 THE CHAIRMAN: Thank you. Just a comment, I
18 mean, the recommendation is to do an RFI and then if it looks
19 promising to do an RFP. So, certainly there is some
20 recommendation to do an RPF. And implement new services by
21 July 1 of next year, which would seem to be consistent with
22 Hometown Health's intention to end the contract at that time.

23 And I for one was happy with the agreement that
24 we negotiated, cost controls, I think that was a win-win. I

1 do know that even after that some of the negotiations, there
2 was still some misunderstanding about terms and some back and
3 forth that we had to resolve.

4 I think it's pretty clear now if Hometown Health
5 wants the agreement to end in a year that we need to go down
6 to the course of doing an RFI and an RFP and be systematic
7 about it. And that's something that they've asked for all
8 along, even when we were doing the St. Mary's pilot. So I
9 think in my opinion the recommendation that Damon is making is
10 consistent with what Hometown Health has been asking for. So
11 I for one am pretty comfortable with the recommendation.

12 MEMBER VERDUCCI: Yes, sir. Mr. Chair, I'm going
13 to suggest a motion.

14 THE CHAIRMAN: Any more discussion before we go
15 there? Ana?

16 MEMBER ANDREWS: Ana Andrews for the record.
17 Excuse me. As you announced earlier I'm leaving the Board
18 after today's meeting and I've served on the Board for about
19 six years.

20 And the only comment I have for the board -- the
21 remaining board members moving forward is having participated
22 in the RFPs and, you know, the awards of the contracts and
23 everything else and having been asked by PEBP staff on past
24 occasions or meetings, we're asking to extend this contract

1 for two more years and promises are made if those extensions
2 are done.

3 My word of caution to all of you is please do ask
4 questions. Damon has always been very open, you can pick up
5 the phone, call him, ask him and say -- and present the
6 scenarios that you have, that you believe you have. Because
7 sometimes I think we have approved contract extensions where
8 maybe we shouldn't have and we should have asked further
9 questions.

10 And for my part I take responsibility. But just
11 think about that. And sometimes it's not so much about how
12 much money we're saving, it's also our members are getting
13 everything that they need to get that the program has offered
14 and promised them that they will get.

15 Thank you.

16 THE CHAIRMAN: Thank you for that, Ana. Any
17 other comments or questions before we go to motion?

18 MEMBER LAMBORN: I just have one, I'm sorry.

19 THE CHAIRMAN: Go ahead.

20 MEMBER LAMBORN: I just have one and I'll be
21 done. I just have the concern about the RFP, because there's
22 just no guarantee what's going to happen with the rates. I
23 mean, it could result in much greater rates. And I think we
24 have a really good deal right now, so.

1 THE CHAIRMAN: Yeah, I agree. Other questions or
2 comments? I would say that I agree, but based on the
3 announcement we've heard from Hometown Health it doesn't sound
4 like that's -- it doesn't sound like that's a path forward
5 unless there's anything else Hometown Health wants to add?

6 MR. WINDFELDT: (Shakes head.)

7 THE CHAIRMAN: No? Okay. Thank you. Okay. Any
8 other comments? I'll call for a motion.

9 MEMBER VERDUCCI: Tom Verducci for the record.
10 I'd like to make a motion that we accept staff's
11 recommendation with the addition on Item Number 1 that we add
12 that the RFI would be issued in conjunction with the
13 membership survey.

14 THE CHAIRMAN: Okay. We have a motion. Is there
15 a second to that motion?

16 MEMBER BAILEY: For the record, Tom Bailey. I
17 second that motion.

18 THE CHAIRMAN: Okay. We have a motion and a
19 second. If you accept staff's recommendation with the
20 addition of a survey of our members. Any discussion on the
21 motion? Seeing none, I'll call for a vote. All those in
22 favor of the motion signify by saying aye.

23 Any opposed? Motion carries.

24 (Motion carried.)

1 THE CHAIRMAN: Okay. Close Agenda Number 6,
2 we're now on Agenda Item Number 7, discussion and possible
3 action on a three-year contract extension opportunity with
4 Standard for voluntary life insurance and short-term
5 disability insurance. Okay.

6 MS. EATON: Thank you, Chairman, Cari Eaton for
7 the record. PEBP is currently contracted with the Standard
8 Insurance Company for voluntary life insurance and voluntary
9 short-term disability services for PEBP members. These
10 contracts went into effect on June 1st, 2014, and are due to
11 expire June 30th, 2020.

12 The Standard reached out to PEBP for an
13 opportunity to extend the current contracts for an additional
14 three years. The voluntary short-term disability contract
15 would be extended through June 30th, 2023, with a guarantee to
16 hold rates flat and their current levels for the remainder of
17 their contract.

18 The voluntary life insurance contract would be
19 extended for the same term, June 30th, 2023, with rate
20 reductions beginning July 21st, 2019, that will be guaranteed
21 for the remainder of the contract.

22 The voluntary life insurance rates are age
23 banded, so some age bands will see higher reductions than
24 others. The total projected premium savings to our members

1 will be -- excuse me -- will be a 15 percent savings for
2 retirees and a 25 percent savings for employees.

3 So, PEBP recommends that the Board authorize
4 staff to complete a contract extension between PEBP and the
5 Standard for voluntary life insurance services at a reduced
6 rate for plan years 2020 through 2023 and short-term
7 disability services at a flat rate for plan years 2020
8 through 2023.

9 THE CHAIRMAN: Thank you. Any questions or
10 comments?

11 MR. HAYCOCK: Mr. Chairman, Damon Haycock, if I
12 can add something to what Ms. Eaton said.

13 THE CHAIRMAN: Go ahead.

14 MR. HAYCOCK: These -- these voluntary benefits
15 are in addition to our Standard Life Insurance benefit today.

16 And so having voluntary benefits or basically
17 buy-ups or add-ons to your life insurance with the same vendor
18 is often more favorable because you're only putting in one
19 life insurance claim if unfortunately a family member passes
20 away.

21 They -- they had approached PEBP and as Ms. Eaton
22 said very eloquently to reduce those rates. And it's based on
23 experience. We asked the Standard why, why were you reducing
24 rates so significantly and -- and the answer that I got back,

1 hopefully the Standard isn't frustrated about me sharing this
2 publicly, but because we have taken measured steps to
3 appropriately manage our health plan the risk on the life
4 insurance side appears to be reducing.

5 And so everything kind of fills in together, it's
6 interdependent. And so folks that -- that are taking better
7 care of themselves and we are taking better care of the plan
8 hopefully results in less life insurance claims and thus
9 people are living longer, right, and living better.

10 But one of the things that's really important
11 about this one is generally the plan offerings that we provide
12 to membership on a nonvoluntary basis, right, our standard
13 health plan dental and regular life insurance, right, the
14 costs are offset -- our premiums are offset dramatically by
15 the -- by the State; right? A large percentage of it is
16 employer contribution.

17 This is a hundred percent going to the member.
18 So every dollar that is saved on a voluntary benefit is a
19 dollar back into the employee and the retiree's pocket.

20 So you'll see on page 2 of the report that we did
21 some projected savings, you're talking almost a half million
22 dollars for a year, that's not any money that goes to PEBP.
23 That doesn't go into our reserves, we don't take that money
24 and build other programs, that's money directly back into the

1 pockets of the membership. And so when we're able to
2 successfully negotiate significant cost savings for the
3 members on a voluntary product, the member themselves win.
4 And they within a hundred percent. And I think that's
5 something that needs to be stated.

6 Thank you.

7 THE CHAIRMAN: Thank you, Damon. This one seems
8 like a no-brainer. Any questions or comments? Seeing none,
9 I'll call for a motion.

10 MEMBER ZACK: Mr. Chair? Christine Zack.

11 THE CHAIRMAN: Go ahead.

12 MEMBER ZACK: Thank you, Mr. Chair. I move to
13 approve the three-year contract extension through 2023 with
14 the Standard for voluntary life insurance and short-term
15 disability insurance.

16 THE CHAIRMAN: Thank you. We have a motion. Do
17 we have a second on the motion?

18 MEMBER LAMBORN: Leah Lamborn, I second the
19 motion.

20 THE CHAIRMAN: Okay. I have a motion and a
21 second. Is there any discussion on the motion?

22 Seeing none, I'll call for a vote.

23 All those in favor of the motion signify by
24 saying aye. Aye.

1 Any opposed? Motion carries.

2 (Motion carried.)

3 THE CHAIRMAN: At least we're all very agreeable
4 today. I think we're having unanimous votes on everything.

5 Okay. We'll close Agenda Item Number 7, move to
6 Agenda Item Number 8, executive officer report. Damon.

7 MR. HAYCOCK: Thank you, Mr. Chairman.

8 Damon Haycock for the record. This report centers on some
9 activities we've had really since the last board meeting last
10 month.

11 We have a plan year 2019 open enrollment update,
12 right, we began open enrollment on May 1st. And this time we
13 decided to save some money and not implement an overflow call
14 center through our eligibility enrollment vendor.

15 We did a cost benefit analysis and thought we
16 could absorb those calls internally if we got creative and a
17 little bit more efficient inhouse which we could save that
18 money and use it towards other things, which ironically we
19 ended up needing to build the EPO plan in the system so we
20 just kind of shifted money from one bucket to another.

21 However, we -- we have some statistics here that
22 we can showcase. But what we -- what we did is normally all
23 calls that come into our member services unit, our call center
24 and they would either answer the questions and they would do

1 probably 98, 99 percent of them.

2 And then when it became an issue that had to go
3 outside they would transfer those calls. So a lot of those
4 calls were stuff like password resets. I don't know if you
5 are all familiar, but if you have access to an account that's
6 secured and you don't look at it for a year or multiple years,
7 you forget what your password is.

8 And so you want to make a change, told you're
9 locked out and you got to call and get a password reset. And
10 so we have a decent amount of those, at least through the
11 first half of the open enrollment we've taken over 800 of them
12 already.

13 But we decided to basically carve up where these
14 calls were going and implement a phone tree to help get people
15 to the right folks quick enough so we can provide better
16 customer service.

17 So one of those things we did is they updated the
18 phone system menu, we redirected password resets to our IT
19 staff and redirected payments and finance questions from the
20 call center to our accounting staff.

21 Normally over the 11 months of the year that
22 aren't open enrollment we can take credit card payments right
23 there at our call center, which I say it's our call center,
24 it's about 20 feet from my office door, right, it's a series

1 of cubes and houses ten folks.

2 But -- but they usually take those services and
3 they're able to do those very easily with their workload, but
4 we wanted to ensure with implementing a new plan and the
5 changes that were coming down that we took some of those
6 easier services and moved them back to accounting just for the
7 month.

8 But you'll see there's some statistics here, you
9 know, we've taken 2400 calls at our member services unit, 831
10 password resets, 134 accounting questions. But what's
11 important is that we're picking up the phone quick, we're --
12 we have a very small abandonment rate and we're spending
13 depending on the type of service anywhere from almost three to
14 five minutes.

15 So we're meeting those industry standards or
16 exceeding them and basically it validates our decision to not
17 implement an overflow call center where we can manage the
18 operation inhouse.

19 We're averaging just under 280 calls per day.
20 And one of the things that we've also received again since the
21 beginning of the month is over 1600 e-mails. And so a lot of
22 folks are using that medium as well.

23 We also, you know, have shared already today a
24 PPO network update. On May 15th we signed the amendment --

1 amendments with Hometown Health it's being routed through for
2 final approval either through the Board of Examiners or
3 through the clerk of the board. But we anticipate that going
4 live July 1 with no issue.

5 We are very proud and excited to share that we
6 did win two American business awards, there was a press
7 release that went out for -- one for nonprofit or government
8 organization of the year.

9 That we shared with another entity as a gold
10 award. And then most innovative company of the year we got a
11 silver award for that. What's really interesting about the
12 silver award, and I'm not a huge fan of coming in second on
13 anything, that award was for all organizations across the
14 nation, not just government or nonprofit.

15 So we basically were competing with private
16 sector for innovative company of the year. And I think that
17 that's a testament to a lot of the things that you all have
18 approved that we have recommended and that we've collectively
19 implemented for our membership and we were very successful in
20 receiving those awards.

21 There's very few health plans that actually have
22 these, I think we're the only government sector that does.
23 We're attempting again to continue to showcase Nevada as an
24 industry leader, which then we leverage for things like better

1 contract negotiations and hopefully better programs for our
2 membership.

3 We did return recently earlier in the month from
4 the 2018 national conference. We had an opportunity to speak.
5 We had a couple of board members that came out and attended.
6 And in a couple minutes I'm going to turn it over to them to
7 see if they have any comments about the process. But we felt
8 it was a very successful opportunity for us to not only
9 showcase Nevada but learn from those around us.

10 And we came back with some ideas that we're going
11 to be further investigating. We're doing a nonstop analysis
12 on claims and costs and partnerships. And we really leverage
13 I think the opportunity to meet with our cohorts across the
14 nation and participate in creative solutions.

15 One of the things that has resulted from that --
16 from that conference is, you know, I had a commissioner from
17 New Jersey get ahold of us and ask how we were implementing
18 certain programs and wants us to maybe participate on a
19 strategic group with their state.

20 And so we're looking to not -- it's not that
21 we're doing the greatest and we're leading the nation,
22 although I think we are in some areas, but we're partnering
23 better with those folks and we're learning from them. And
24 what I usually take back from these conferences is

1 opportunities to present to you all as board members a lot of
2 the cost saving activities we get at these places, and I think
3 we all benefit from them.

4 2019, we have been selected to provide the
5 regional conference here in Henderson, Nevada so we're excited
6 to provide it, it's a two-day event on January 15th and 16th.
7 I've already reached out to other states, we're going to have
8 the -- the planned administrator for the state of Montana
9 who's doing some really amazing things right now in her state
10 to come out and talk with us.

11 We're working with other current partners to help
12 present. We may talk again about our -- our process with
13 specialty drugs in the medical setting and then south was
14 looking at creating an opportunity or session on predisease
15 programs; right? That was pre-diabetes, pre-chronic disease.

16 So we're excited to be a part of that. We're
17 going to be partnering with Optum and United Health Care, do
18 a -- I believe a tour of their specialty drug facility in
19 southwest Vegas. As well as a tour of their mobile clinic.

20 And so we think it's going to be a really
21 excellent opportunity to share with our other states and local
22 governments and we're excited to be -- not to be -- not
23 nominated, but to be selected to provide this conference in
24 January. Right -- right before session. Should be fun.

1 And so we are having a successful open
2 enrollment. We are implementing that new plan. We are
3 ensuring members do have access to the provider, if they need.
4 We solidified those networks and those issues that we believe
5 were -- were causing some concern on our membership and we're
6 providing the highest levels of customer service.

7 What I would like to do with -- if you're all
8 right, Mr. Chair, is I know that we had a couple board members
9 attend south, and I think their perspective may be best served
10 to hear from.

11 THE CHAIRMAN: Great. Anybody like to share?
12 I'm not sure who went to the conference.

13 MEMBER BAILEY: I'll share.

14 THE CHAIRMAN: Okay. Share.

15 MEMBER BAILEY: I'll share. This -- this was my
16 third national conference. And at every conference I brought
17 things back that I could use as a board member.

18 They move us around and you can pick the topics
19 that you are interested in. And a number of our board members
20 were there. And our state, we attended pharmaceutical
21 meetings and also what would relate from board to members.

22 And the big thing I got out of it was they pushed
23 a lot on more communication with our memberships. And I'm big
24 on that anyway. I think we need to communicate all the time

1 with our membership. And do the best for them. Because
2 that's what our job is.

3 It was an interesting flight over. I got some
4 kind of midget plane, took me five hours to get there from
5 Denver to Jacksonville, five hours. And I just couldn't
6 believe that the plane I was on it had two seats on the left,
7 two seats on the right. To me it was a commuter -- commuter
8 flight, it was a long flight.

9 But the conference itself was outstanding. Very
10 well done. And I'm glad to see that we were going to host a
11 regional. I think it's in our best half -- our best interests
12 because we are starting to get recognized and I saw that in
13 conversations with some of our counterparts at the conference.

14 Nevada is being really recognized as one of the
15 leaders. So, I think it's great as a board member, I'm proud
16 of that. And I think all board members.

17 I recommend at the next conference beyond the
18 regional conference, I'd recommend all the Board go to the
19 regional conference. But I'd like to see a number of --
20 bigger number of board members go to the national conference.
21 I think you'd get a lot out of it.

22 So if you can put that on the drawing board,
23 Damon will give us dates and his staff and then we can start
24 lining up because it takes your private time, but it's well

1 worth it.

2 So, I say go for it. Thank you.

3 THE CHAIRMAN: Thank you. I just want to echo
4 your encouragement to have other members go to these
5 conferences. I had an excuse, it conflicted with another
6 conference that I had to go to, but I'll do them in the
7 future. Go ahead, Glenn.

8 MEMBER SHIPPEY: For the record --

9 MEMBER FOX: My name is Loretta Fox.

10 MEMBER SHIPPEY: Oh, I'm sorry.

11 MEMBER FOX: Sorry.

12 THE CHAIRMAN: We're not -- just hang on, let
13 Glenn go.

14 MEMBER SHIPPEY: We're limited, I just want to
15 understand for the regional conference or national conference
16 we're still limited as to the number of members, board members
17 that can attend one conference together by open meeting law or
18 is that something that we have to -- I thought we were subject
19 to a -- we couldn't all be together for purposes of discussing
20 the system.

21 MR. BELCOURT: Dennis Belcourt with the attorney
22 general. I haven't been in on any of those meetings so I'm
23 not sure what happens. But, I mean, the important thing is --
24 I mean, you can be at a meeting, but you want to -- together,

1 but you want to avoid, you know, entering into any discussions
2 amongst yourselves which would constitute deliberation, of
3 course. I mean, to receive information you can attend those
4 meetings.

5 It's probably better to have a sub quorum go, you
6 know, less than six people. But -- but there's no absolute
7 prohibition on more than that presence as long as we don't
8 conduct activities that would be, you know, a quorum meeting
9 to deliberate or discuss on an item that the Board has
10 consideration of.

11 And of course --I mean, that does -- I don't know
12 if it helps you, but.

13 THE CHAIRMAN: So it sounds like what I heard is
14 we could have multiple members go, we just can't huddle and
15 talk about, deliberate about things we would be considering,
16 we'd have to kind of keep our distance a little bit. Any
17 other comments? We had a comment down south?

18 MS. FOX: Linda Fox. I just wanted to say this
19 was the first time I attended that conference and I was happy
20 to be allowed to do that and it was very educational for me.

21 It was good to meet other people in the business
22 and I was happy to go. And I hope to go again.

23 THE CHAIRMAN: Thank you. I have a place in the
24 next administration I hope I have the opportunity to go in the

1 future.

2 Any other comments? Okay. We'll close that
3 agenda item. And we're going to public comment. Public
4 comment. We have public comment down south -- I mean, sorry,
5 in Carson City. Start up here.

6 MS. LOCKHART: Thank you, Mr. Chairman.
7 Marlene Lockhart representing Retired Public Employees of
8 Nevada. On behalf of RPEN we would like to thank Ms. Andrews
9 and Dr. Cochran for their many years of service and their due
10 diligence and commitment to this Board.

11 We appreciate your service very much. And thank
12 you.

13 THE CHAIRMAN: Thank you.
14 (Applause.)

15 THE CHAIRMAN: Okay.

16 MS. BOWEN: My name and words for the record,
17 Peggy, P-E-G-G-Y, L-E-A-R, B-O-W-E-N. And I only want to
18 comment about two things.

19 You talked about technology and all that you want
20 to accomplish in the future. And to be part of that you need
21 to upgrade the wiring and the plugs in your Richard Bryan
22 building. They cannot handle -- it's like getting a new
23 refrigerator or new washing machine and you go to plug it in
24 and you blow your fuses. They're constantly having to trip --

1 it keeps blowing out the building when you have things working
2 at the same time.

3 Your building is not up to standard to handle the
4 new electronics and things that you want to have to conduct
5 all these services that are involved.

6 Another comment or observation, when it comes to
7 an attorney for this group, I would suggest that you use the
8 model that the Gaming Control Board uses, that you don't have
9 to worry about private pay or anything else, you simply ask
10 that within the Attorney General's Office that an attorney
11 like the Gaming Control Board has their attorney who's
12 constantly available for the Gaming Control Board and that's
13 their job. That's their assignment within the Attorney
14 General's Office of the State of Nevada.

15 The Attorney General's Office pays the benefits,
16 the Attorney General's Office covers the hours and there's
17 inner billing, however you want to work it out.

18 But I do not think that you need an outside
19 attorney. When it comes to your matter of actuarial, you had
20 comments made in previous meetings that the insurance
21 companies who are providing their -- their -- their plan to
22 qualify to be our insurance carrier, they have actuarials who
23 are already doing all of that work. And that work is a can
24 and should be made available to you so you don't need your own

1 actuarial at the time because the insurance companies are not
2 going to make an offer to you that actuarials for that company
3 haven't already fine tooth combed.

4 And so taking on expenses that are already being
5 covered, that -- that wheel doesn't need to be reinvented.
6 And I strongly recommend that you utilize the monies available
7 to you and through the legislature and those sources that --
8 that they be utilized for the members for benefits and -- and
9 re-establishing the benefits that we have had in the past as a
10 benefit and -- and to maintain and go forward with additional
11 benefits that the members are asking for.

12 And it when it comes to a wellness or -- that's a
13 bad word, but a program to find out the State of Nevada's
14 health, which was part of what the wellness program is, has
15 been they weren't anti-wellness.

16 They needed money in the last legislative session
17 to literally -- or the last session to literally try and
18 offset the tremendous costs that were being incurred by the
19 retirees and their benefits and the nongovernmental retirees.
20 The orphans as I called them during the legislature.

21 And that's when wellness money went away, it
22 wasn't dissatisfaction for the program except for it was way
23 too cumbersome in what they were having. It was very, very
24 simple, you know, the wellness program was to be considered

1 that it be one -- that -- that didn't have all these hoops in
2 place, the wellness -- to qualify for your \$200 stipend, I'm
3 sorry, I'm concussed and posttraumatic stress are entering
4 in a little bit.

5 In order to qualify for that \$200 benefit for
6 paying for your insurance and reducing your premiums, that way
7 simply have them meet this criteria that they go to their eye
8 doctor once for at least once a year and get their exam, that
9 they go to their -- and for their annual physical and get
10 their exam and that they fill out -- Damon. Please help me on
11 this one.

12 There were four areas, that they went to their
13 exam, they went to their dental exam, their eye exam, their
14 physical, and -- and -- and there was a fourth one and it had
15 to do only with the -- the filling out the paperwork here that
16 they applied for or notified you that they had done that.

17 And they're already pre-notified by the fact that
18 the insurance company has been asked to cover that as a
19 hundred percent covered benefit and that there were no
20 additional paperworks, exams or playing through hoops, that
21 you simply meet the requirements, dental exam, eye exam,
22 physical exam, and -- and that you guys are already on notice.

23 So nobody needs to interact with the insurance
24 company. That nobody needs to interact with anyone else but

1 simply follow what you have put in place that is available for
2 the hundred percent covered benefit.

3 And again, that anything to do with the
4 mammogram, the initial one and the follow-up for it, that it
5 also be covered at a hundred percent. Thank you very much.

6 THE CHAIRMAN: Thank you. Any other public
7 comment?

8 MEMBER ANDREWS: Mr. Chair?

9 THE CHAIRMAN: Yes, go ahead.

10 MEMBER ANDREWS: Ana Andrews for the record. I
11 reserve my comments for the end because now we're done
12 basically.

13 It's been an honor to serve on this Board for as
14 long as I have. And I wanted to thank you for your
15 leadership. I wanted to thank my fellow board members. And
16 most importantly, I want to thank Damon and his executive
17 staff and the rest of his staff, all 34 of them. At one point
18 or another I've had to talk to each of you, whether it's a
19 personal reason, whether it's a Board matter.

20 And everybody has been extremely helpful. We've
21 come a long ways so take it away and continue with it. Thank
22 you very much.

23 THE CHAIRMAN: Thank you, Ana. It's a double
24 loss for me because I'm losing a good board member and a great

1 administrator, so. But thank you very much for your service.

2 Any other questions or comments? Oh, I'm sorry,
3 go ahead.

4 MS. STEINER: Good morning, my name is
5 Elaine Steiner, S-T-E-I-N-E-R. I just had one comment. And
6 that is that you carefully word the question as to what people
7 would like because you skew the answer ahead of time. Thank
8 you.

9 THE CHAIRMAN: Good point. Thank you.

10 Any other public comments? North or south?
11 Okay. We're going to close. Close Agenda Item Number 9.
12 Agenda Number 10, this meeting is adjourned.
13 (Proceedings concluded at 11:49 a.m.)

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1 STATE OF NEVADA,)
) ss.
2 CARSON CITY.)
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5 I, MICHEL LOOMIS, Official Court Reporter for the
6 State of Nevada, Public Employees' Benefits Program Board, do
7 hereby certify:

8 That on Thursday, May 24, 2018, I was present in
9 Carson City, Nevada, for the purpose of reporting in verbatim
10 stenotype notes the within-entitled meeting;

11 That the foregoing transcript, consisting of
12 pages 1 through 123, inclusive, includes a full, true and
13 correct transcription of my stenotype notes of said meeting.

14 Dated at Carson City, Nevada, this 5th day of
15 June, 2018.
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MICHEL LOOMIS, RPR
NV CCR #228