In The Matter Of:
Public Employees' Benefits Program Board vs
Zoom/Telephonic Open Meeting

September 24, 2020

Capitol Reporters
123 W. Nye Lane, Ste 107

Carson City, Nevada 89706
PUBLIC EMPLOYEES' BENEFITS PROGRAM BOARD

TRANSCRIPT OF PROCEEDINGS

ZOOM/TELEPHONIC OPEN MEETING

THURSDAY, SEPTEMBER 24, 2020

CARSON CITY AND LAS VEGAS, NEVADA

The Board: LAURA FREED - Chair
LINDA FOX - Vice Chair
MARSHA URBAN - Member
DAVID SMITH - Member
TOM VERDUCCI - Member
BETSY AIELLO - Member
DON BAILEY - Member
JENNIFER KRUPP - Member
TIM LINDLEY - Member

For the Board: BRANDEE MOONEYHAN
Deputy Attorney General

For Staff: LAURA RICH
Executive Officer
WENDI LUNZ
Executive Assistant
BRETT HARVEY
Chief Information Officer
CARI EATON
Chief Financial Officer
NANCY SPINELLI
Quality Control Officer
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Public comment will be taken during this agenda item. No action may be taken on any matter raised under this item unless the matter is included on a future agenda as an item on which action may be taken. Persons making public comments to the Board will be taken under advisement but will not be answered during the meeting. Comments may be limited to three minutes per person at the discretion of the chairperson. Additional three minute comment periods may be allowed on individual agenda items at the discretion of the chairperson. These additional comment periods shall be limited to comments relevant to the agenda item under consideration by the Board. Persons making public comment need to state and spell their name for the record at the beginning of their testimony. 6

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THURSDAY, SEPTEMBER 24, 2020, CARSON CITY, NEVADA

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CHAIRWOMAN FREED: Welcome Betsy Aiello, Michelle Kelley and Tim Lindley to the Public Employees' Benefits Program Board. It's not -- it's not an easy Board to be on. There are some challenging policy decisions. So you have my thanks and the governor's thanks. It's -- it can be a tough -- a tough Board to serve on. So you're to be commended for your service to the plan.

As we say welcome to our new Board members, we unfortunately say goodbye to a former Board member. I know this is not news to the members of the Board who have been on the Board to this point. But a couple of weeks ago we lost Jet Mitchell and we join her family and friends and colleagues in grieving her passing.

And if any Board members want to share a remembrance of Jet, if they feel comfortable doing so, please feel free to do so.

Okay. So with that, I will call the role.

Vice Chair Linda Fox?

VICE CHAIR FOX: Here.

CHAIRWOMAN FREED: Okay. Betsy Aiello?

MEMBER AIELLO: Here.

CHAIRWOMAN FREED: Don Bailey?

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MEMBER BAILEY: Here.

CHAIRWOMAN FREED: Michelle Kelley?

MEMBER KELLEY: Here.

CHAIRWOMAN FREED: Jennifer Krupp? Jennifer Krupp?

MS. RICH: I think Wendi is working trying to get her line. She wants to get in but she's not quite here yet.

CHAIRWOMAN FREED: Okay. Tim Lindley?

MEMBER LINDLEY: Present.

CHAIRWOMAN FREED: David Smith?

MEMBER SMITH: Here.

CHAIRWOMAN FREED: Marsha Urban?

MEMBER URBAN: Here.

CHAIRWOMAN FREED: Tom Verducci?

MEMBER VERDUCCI: Here.

CHAIRWOMAN FREED: All right. We have a quorum. All right. So with that we will move to Agenda Item Two, public comment, and I'll hand it over to the PEBP staff.

MR. CARROLL: Okay. Good morning. Thank you, Ms. Chair. We are having some difficulties here getting on the live Zoom, just a second, and trying to get Ms. Krupp in. So I'm just trying to get the public side going real fast here.

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So here is public comment. As a reminder the Zoom phone number is for public comment. To listen to the PEBP Board meeting please access the YouTube link on the agenda. So during this time for those that have called in for public comment I'll read the last three digits of the phone number and they will be announced and advised the phone has been unmuted. At that time an audible tone message will tell you your line has been unmuted and that you may proceed with your public comment.

The first number here that I have is ending in 003. Your line is unmuted.

Okay. The next one I have is 1721. You may go ahead and unmute your line.

Okay. The next one I have here is 688.

THE OPERATOR: The host would like you to unmute your microphone. You can hit star six to unmute.

MR. CARROLL: You may unmute your line.

The next one I have here is 6837. You may unmute your line now.

MR. ERVIN: Hello. This is Kent Ervin, E-r-v-i-n. Can you hear me?

MEMBER BAILEY: Yes.

MR. ERVIN: Thank you. Good morning, Chair Freed and Board members and Executive Director Rich.
I would like to welcome the three new Board members. You're joining the PEBP Board at a time of great stress. PEBP will need to defend against cutting benefits at a time of funding uncertainty, navigate the COVID bank team public health crisis and address the highly critical legislative audit on contracting procedures, and no good contract extensions which was largely deserved.

To respond to the audit PEBP is already undertaking comparative procurements for six major contracts, with more the next two years. Involvement of Board members on the evaluation's committee is critical. But it is also up to Board and each of you as members to improve the independent Board oversight and accountability of PEBP that the legislative audit criticized.

I'm very pleased that the governor appointed Michelle Kelley as the new southern NSHE on the Board. Michelle has long experience and benefits management and in conducting major RFP's and will be an asset to the Board and to the PEBP program. I have worked with Michelle since 2008 on NSHE's retirement plan, advisory committee, and I know she will be an excellent Board member.

However, it is a bit -- with a big touch of sadness for me that Michelle is here to replace Jet Mitchell who we lost since the last meeting. Jet made her fight with CAPITOL REPORTERS (775)882-5322
mastitic breast cancer not just for herself but as a fierce
advocate and activist for cancer patients and survivors
through the Cancer Action Network of Nevada. She was a smart
and active PEBP Board member looking out for participants, as
well as the health of the program.

I did not know Jet before southern colleagues and
the Nevada Faculty Alliance nominated her for the PEBP Board,
but I quickly learned about her as a genuine, forthright and
just plain nice person. It was a blessing to be able to get
to know Jet for a short time. Thank you.

MR. CARROLL: The next number that I have is 338.

Okay. The next number is 622. You may go ahead
and unmute your line.

Next one is 755. You may go ahead and unmute
your line.

Next one on is 404.

We have one more that just came in right now.
The last three ending in 818. You may go ahead and unmute
your line and make public comment.

Okay. Ms. Chair, the public comment has been
completed.

CHAIRWOMAN FREED: Thank you, Mr. Carroll.

I think it's a bit unusual that we've only heard
from one person. It might be appropriate to go back through
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the waiting room and give everybody a second chance because that feels like connectivity issues to me.

MR. CARROLL: Do you want me to go back through the list right now?

CHAIRWOMAN FREED: Yeah, please.

MR. CARROLL: Okay. Let me get the shared back up here.

MS. MOONEYHAN: Madam Chair, may I also make a suggestion?

CHAIRWOMAN FREED: You may, Ms. Mooneyhan.

MS. MOONEYHAN: Maybe repeat the -- maybe if Chuck can repeat the instructions for unmuting because somebody's tone and we have instructions on the screen.

CHAIRWOMAN FREED: Okay.

MR. CARROLL: Right now what happens is you should receive an audible tone on your phone asking you to go ahead and unmute your line. At that time when I call your number, I'll give you permission to unmute your line once I call the last three digits of your number.

Again, the first one I have for public comment is 003. You should hear the audible tone to unmute your line now.

The next number I have is 721.

The next number that I have is 622.
The next number I have is 688.

THE OPERATOR: The host would like you to unmute your microphone. You can press star six to unmute.

MR. CARROLL: 404, your line is unmuted. Go ahead if you have public comment.

MR. RANFT: Good morning. Can you hear me?

MR. CARROLL: Yes.

MR. RANFT: Yes. Good morning respective Board members. This is Kevin Ranft from the labor representative with AFSCME representing state employees. I just first want to give my condolences on behalf of AFSCME in regards to Jet Mitchell's passing. We're sorry to hear that and, again, our condolences goes out to her friends, family and Board members. She did a really great job on the Board and we were hoping we would have her around for years to come.

With that being said, we would like to welcome all of the new Board members, and we look forward to working with them in the future on behalf of AFSCME representing state employees.

With that being said, today is quite a bit on the agenda. We just want to, you know, understand that, you know, state employees impact -- are impacted greatly financially based off your guys' decisions. Although, I don't see any financial things coming up today in regards to
rates or benefits.

The last rate increase the state employees have received on their benefits, their -- a lot of concerns that came in regards to affordability of those. You know, very concerning for single families, single wives and husbands that are -- are -- lost their jobs due to the Covid-19 situation. This is a great impact. So we just ask for any decisions made going forward that we remember that huge impacts regarding COVID and, of course, we appreciate your time.

With that, thank you for your time.

MR. CARROLL: The next number I have here is 7338.

MS. MALONEY: Good morning, Chair Freed, members of the Board. Can you hear me?

CHAIRWOMAN FREED: Yes.

MS. MALONEY: Good morning all. My name is Priscilla Maloney. I am Mr. Kevin Ranft's counterpart for the AFSCME Retiree Chapter AFSCME 4041.

Just real quickly, I want to welcome all of the new Board members. Thank you for your service at this critical time in the healthcare for public employees in Nevada area.

I had not heard about Ms. Mitchell's passing, and
I'm just heartbroken. The retirees, of course, wish to give condolences to her family and all her southern NSHE family colleagues.

Furthermore, we would echo regarding the agenda this morning the comments given already by Mr. Ranft, Dr. Ervin and then Ms. Wells' written comment as well. So welcome to the new Board members. Thank the existing Board members for all you do, and thank you for your service.

Thank you.

MR. CARROLL: The next number I have is 755.

MS. LOCKARD: Hello. This is Marlene Lockard representing the Retired Public Employees of Nevada.

I too would like on behalf of RPEN would like to welcome the new Board members and extend our sympathies to the family of Jet Mitchell.

There are so many important issues now facing the PEBP Board and the next legislative session coming up. We're very concerned that the audit will have a negative impact on our issues in the next legislative session, and we pledge to work with the Board to try to enhance controls within the PEBP operation to satisfy concerns that may arise and that have been pointed out to the audit process.

One little item that I wanted to point out is I noticed in some of the reports that the employer contribution
is being referred to as subsidies again, and we would like to ask as we have for so many years in the past that that line item be identified as employer contribution. The Board subsidies gives an entirely different connotation, and I think all of us know that the public employees hired received the employer contribution as a part of their overall employment package and not a subsidy per se.

I look forward to hearing the Board agenda today and thank you for your time.

MR. CARROLL: Okay. The next one that I have here is an area code 562 ending in 721.

The other one is area code 858 with a 649.

And that appears to be all of them at this time now.

CHAIRWOMAN FREED: All right. Thank you, Mr. Carroll.

I want to remind everybody on the Board and everybody listening that in compliance with the open meeting law there are two public comments periods. So there will be one at the end also. So thank you everybody for bearing with our technical difficulties, and I'll have staff at the end reiterate the process for the public to comment and how you dial in and how you unmute your line and all that stuff. So again thank you for your patience and thank you everyone for CAPITOL REPORTERS (775)882-5322
your comments.

Moving on to Agenda Item Three. I'll turn it to Deputy Attorney General Mooneyhan.

MS. MOONEYHAN: Thank you, Madam Chair. This agenda item is to allow me to make a disclosure on behalf of the Board members who are eligible for PEBP benefits. Of course, most of the items on today's agenda have an indirect effect on those benefits. In particular Item Nine, regarding proposed changes to Healthcare Blue Book reward payments relates more directly to PEBP member benefits.

Pursuant to NRS 281A.420 on behalf of the Board members who are eligible for PEBP benefits or whose families are eligible for PEBP benefits. I offer this disclosure that they will be voting on those items that may affect the benefits available to them or their family members. I know the law does not preclude them from voting on these items.

And I also invite any member of the Board who has any additional disclosure to make it now. Thank you.

CHAIRWOMAN FREED: Thank you.

If there are no disclosures then we will move to Agenda Item Four. I'm sorry for the sirens in the background.

This is for consent is agenda. Board members I assume you read all of the many reports within Item Four, and CAPITOL REPORTERS (775) 882-5322
we will as usual take those in one motion unless there are
Board members who wish to pull specific items for more
discussion, and then we'll take -- approve those
subsequently.

And I will let you know that I would like to
discuss Item 4.5.

Board members, do you have any other items under
Agenda Item Four that you would like to discuss?

MEMBER VERDucci: Yes. Tom Verducci.

CHAIRWOMAN FREED: All right.

MEMBER VERDucci: 4.2.1, budget report, I had a
few questions.

CHAIRWOMAN FREED: Okay. 4.2.1.

Going once, going twice. Okay. I will accept a
motion to approve everything in Item Four except for 4.2.1
and 4.5.

VICE CHAIR FOX: Linda Fox for the record. I
will make that motion.

CHAIRWOMAN FREED: Thank you. Do I have a
second?

MEMBER BAILEY: Don Bailey. Second.

CHAIRWOMAN FREED: All right. Thank you.

Any discussion on the motion?

Okay. I don't mean to put Laura on the spot,
Laura Rich, but since I'm bad at role call votes would you mind doing it? Oh, okay. You're on mute.

MS. RICH: Okay. I couldn't unmute myself. It was saying that the host had to unmute me. I couldn't do it.

CHAIRWOMAN FREED: Oh, my gosh, okay.

MS. RICH: Okay. Yes. Actually, you know what, Wendi, are you on because you can probably take the role call on this.

CHAIRWOMAN FREED: I mean, I'll do it because I have the member role right in front of me, but I'm also -- we've learned I'm bad at this.

MS. RICH: Sorry. I don't have the sheet in front of me.

CHAIRWOMAN FREED: I'll do it. I'm sorry. I should have coordinated this with you ahead of time.

MS. RICH: I'm sorry.

CHAIRWOMAN FREED: I mean, all right, let's do this. Oh, my goodness, I apologize for my cell phone too.

All right. Linda Fox?

VICE CHAIR FOX: Yes.

CHAIRWOMAN FREED: Okay. Betsy Aiello?

MEMBER AIELLO: Yes.

CHAIRWOMAN FREED: Don Bailey?

MEMBER BAILEY: Yes.

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CHAIRWOMAN FREED: Michelle Kelley?

MEMBER KELLEY: Yes.

CHAIRWOMAN FREED: Jennifer Krupp?

MEMBER KRUPP: Yes.

CHAIRWOMAN FREED: Tim Lindley?

MEMBER LINDLEY: Yes.

CHAIRWOMAN FREED: David Smith?

MEMBER SMITH: Yes.

CHAIRWOMAN FREED: Marsha Urban?

MEMBER URBAN: Yes.

CHAIRWOMAN FREED: Tom Verducci?

MEMBER VERDUCCI: Yes.

CHAIRWOMAN FREED: Okay. Motion carries.

All right. So with that why don't we go to 4.2.1 and perhaps Ms. Eaton could talk about the budget report.

MS. EATON: This is Cari Eaton for the record. I would be happy to answer whatever questions Tom has.

MEMBER VERDUCCI: Thank you, Ms. Eaton. 4.2.1 in regards to the budgeted and projected expenses, where we're showing total reserves, the actual was 131,000,000, and right to the point is we're showing a difference of $28,819,000. And I was wondering if you could perhaps describe to us what that figure represents, and it's a very big figure, and I just want to have a better understanding of it.

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MS. EATON: No problem. This is Cari Eaton again for the record.

And it looks like you are referring to the table on page two of the report that is highlighted in yellow, and this table is just a second time. This is actual as of June 30th, 2020, and that is the real life funding available. So that is basically the actual cash that PEBP has on hand as of that date. So that's not actually all of the reserves.

So the next funding after all of the required reserves are taken out remains the cash differential available is the 12.5 million dollars at the bottom of that table because I believe that's what you were looking for.

MEMBER VERDUCCI: You know, specifically I was looking at the difference between the budget, the budgeted 125,000,000 and then the projected at 154 and the difference is $28,000,000. And my question would be pertaining to how the budgeted, how the projected amount is increased so much over the budgeted amount in the amount of $28,000,000.

MS. EATON: Okay. No problem. Again, this is Cari Eaton for the record.

Again, this is only as of June 30th, 2020, and a lot happens before the budget actually closes after June 30th. And we did see a lot of claim suppression for May and June due to COVID and people not being able to go get
their elective surgeries or go to the doctor. So we saw a
very very sharp decline in claims for those last two months
of the year. So that's what I would attribute to the
additional funding that was there because we were not
spending as much as we normally would in a normal year.

MEMBER VERDUCCI: Okay. Very good. As a
follow-up question, do we have any indication where the
differential cash available will be at the end of the year at
this point? Am I reading close to $8,000,000?

MS. EATON: Yes. So as of the close of fiscal
year '20 we had approximately 15.2 million but that gets
moved forward into fiscal year '21, and it all depends how
it's budgeted. So we did have some available, and then we
need to make adjustments for our required reserves for fiscal
year '21 and budgeted projections, and we are projecting
approximately 8.3 million at the start of '21.

MEMBER VERDUCCI: Well, thank you, Ms. Eaton.

And just one final question here. I also read the total
expenses for the period have increased $22,000,000 over the
same period last year. And what would be causing such a
substantial increase? So just reading the summary, summary
reads total expenses for the period increased by 22.1 million
dollars or six percent for the same period.

MS. EATON: Yes. Again, Cari Eaton for the
CAPITOL REPORTERS (775)882-5322
record.

And our expenses, we did have before COVID hit, we were having a severe increase in claims this year. Our trend was a lot higher than projected. As you know, we had a lot of high cost claimants. So I think that really was describing cost to the increase of expenditures.

MEMBER VERDUCCI: Thank you, Ms. Eaton. And I appreciate you providing clarity.

MS. EATON: No problem. Thank you.

CHAIRWOMAN FREED: So this is Laura Freed. Cari, is it fair to say that we have kind of an offsetting thing going as a per member per month cost increasing by seven or eight percent if you read the HealthSCOPE reports in Item Four offset by claims suppression due COVID.

MS. EATON: Cari Eaton for the record.

Yes, actually --

CHAIRWOMAN FREED: Okay.

MS. EATON: -- the 7.7 percent I believe it is per member per month cost, that includes the claims suppression.

CHAIRWOMAN FREED: Okay. Otherwise it would be high, okay.

MS. EATON: Otherwise, it would have been higher.
CHAIRWOMAN FREED: Gotcha, okay.

Mr. Verducci, are you satisfied?

MEMBER VERDUCCI: Chair Freed, yes, I am.

CHAIRWOMAN FREED: Okay.

MEMBER VERDUCCI: I do appreciate the additional discussion on that subject. I do think it's very important for us to have an understanding. So thank you.

CHAIRWOMAN FREED: Agreed.

MEMBER SMITH: Madam Chair?

CHAIRWOMAN FREED: Mr. Smith, go ahead.

MEMBER SMITH: I just had a question added to that. With the cost per member per month going up that there having been claims suppression does that mean the cost of the claims are driving that? Meaning the cost of the services have gone up?

MS. RICH: This is Laura Rich for the record. So throughout the beginning of the year we could have had a lot more utilization and, you know, then we were just I guess, you know, kind of, right word, but lucky that we did have that claim suppression towards the end of the year. So it's a mixture of cost and utilization.

MEMBER SMITH: Okay. Thank you.

CHAIRWOMAN FREED: Board members, any other questions on the budget report?

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Okay. With that I would like to briefly ask a couple of questions about 4.5, American Health Holding Contract Amendment. The staff report says this contract amendment will add language to the negotiated items to allow American Health Holdings to PEBP owned toll free number in their name in order to pay the phone bill more efficiently. Upon termination of the contract the phone line will be transferred back to PEBP.

Okay. Can you walk me through, if I am a participant who needs utilization management or -- or large case management I call American Health Holdings at a separate phone number or I'm calling a PEBP phone number but American Health Holdings is paying for it? I'm confused.

MS. RICH: This is Laura Rich for the record.

So, yes, this was a PEBP owned phone number and as we switch vendors the phone number goes with it, right. And so what we do is we charge back the vendor for the price of, you know, of that phone line.

CHAIRWOMAN FREED: Okay.

MS. RICH: So what happened here was American Health Holdings said, you know, we could get the phone number for a much more efficient price. Is there any way that PEBP would be willing to give us the phone number. And so this contract amendment basically says, yes, we'll give you the
phone number during the time that you have the contract. When the contract expires that phone number then is to be returned back to PEBP. And so there's consistency with that phone number for members to meet utilization management.

CHAIRWOMAN FREED: Okay. Okay. And it would be PEBP branded or American Health Holdings branded?

MS. RICH: It's -- so it's a phone number that goes to American Health Holdings.

CHAIRWOMAN FREED: Right.

MS. RICH: It's just the number.

CHAIRWOMAN FREED: UMCM's phone number that folks know to call.

MS. RICH: Right.

CHAIRWOMAN FREED: Okay. All right. And is this a zero dollar clerk of the board scope change, okay.

MS. RICH: Yes. Laura Rich.

CHAIRWOMAN FREED: Go ahead.

MS. RICH: Typically this would not have come to the Board. It's more of, you know, zero dollar housekeeping. This is not something that has been presented to the Board in the past.

CHAIRWOMAN FREED: Uh-huh.

MS. RICH: And then the situation and the later agenda items that we'll be going over.
CHAIRWOMAN FREED: Right. Right.

MS. RICH: We thought it might be wise to just include everything and anything that includes contracts presented to the Board.

CHAIRWOMAN FREED: Okay.

MS. RICH: So the Board members will be seeing all of these things come through. And if it's something to this degree where, you know, it's not -- it's a zero dollar, it will be included in the -- in the consent agenda item for obvious reasons. Other -- other reports obviously or other contract amendments would be a separate agenda item.

CHAIRWOMAN FREED: Okay.

MEMBER SMITH: Madam Chair?

CHAIRWOMAN FREED: Member Smith and Member Krupp both speak up so whichever one of you wants to go first please do.

MEMBER SMITH: Member Krupp, if you would like to go ahead, I'll follow you.

MEMBER KRUPP: Actually, I didn't say anything but thank you.

MEMBER SMITH: Okay. I do have a little bit of a concern on this because the reason that PEBP took control of the 800 numbers was because if there was a contract dispute they could -- you know, the members, we didn't have to go...
spend all this money to change the number to tell the members
to call the new members. We could just switch it over. And
what if -- what would be PEBP's recourse if there was a
contract dispute and they wouldn't give us a number back and
we would have somebody else, and if it's not costing any
money we're just giving up control.

    MS. RICH: For the record Laura Rich.

    That is the purpose of this contract amendment is
to -- it is to insert language that says that this number
reverts to PEBP if and when the contract with American Health
Holdings ends. And so at that point it then becomes a PEBP
owned phone number.

    MEMBER SMITH: Well, and I understand that. But
if there was a dispute and people kept calling that number
and they weren't getting service because they didn't
relinquish it, we have given up control by letting them have
control of it.

    And so -- I'm not sure I believe all of the 1-800
numbers are owned by PEBP for all of our vendors, and the
purpose of that is to give us the control, not the vendors.
So to me it's, I would just be cautious about it because down
the road it could create a lot of problems if something were
to happen.

    MS. RICH: And this is Laura Rich.
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Cari, you can correct me if I'm wrong, but I think this is the only number that we actually own. I believe that all of the vendors have all of their own phone numbers. So when we change vendors we essentially change phone numbers too. Am I correct on that, Cari?

MS. EATON: This is Cari Eaton for the record.

I believe you are correct on that. This is the only number that has come across my desk as having issues. And I remember when we changed vendors from Hometown Health to AHH it was an issue, just making sure we wanted to keep the same number because I believe AHH wanted to start their new number, and we said no because we wanted it to be a smooth transition as possible.

And this number, just to clarify, is actually owned by the state. So each pay, well, phone on PEBP's behalf, so AHH was remitting payment to each monthly. So it is an each member and they would get it back for us if the contract were to terminate.

MEMBER SMITH: Okay. Just chiming in again. I think it may have changed. This was more than ten years ago when I was on the Board last time, and that was -- yeah, my belief was everything, PEBP took control of all of the toll free numbers back then and perhaps maybe that they didn't do all relinquish.

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But I would just say it's a really good practice that we control the 800 number because it's a very quick change if we have to change vendors and we don't disrupt services to the participants.

CHAIRWOMAN FREED: Okay. Board members, other questions about this contract amendment?

MEMBER LINDLEY: I have a quick question, if I may.

CHAIRWOMAN FREED: Yeah.

MEMBER LINDLEY: I heard that EITS zone is still a number; is that correct?

MS. RICH: That is correct.

MEMBER LINDLEY: Did we run this proposal through the phone number owner, EITS?

MS. EATON: This is Cari Eaton for the record. Yes, we worked with EITS, and they suggested adding language to our contract just to make sure we receive the number back. They were fine with handing it over to AHH but wanted to make sure that we got it back once the contract was terminated and this was actually their suggestion.

MEMBER LINDLEY: Thank you.

MEMBER AIELLO: This is Betsy Aiello. May I ask a question?

CHAIRWOMAN FREED: Of course.
MEMBER AIELLO: I'm just wondering what would
making it more efficient to pay the bill if they paid EITS or
they paid someone else but maybe that's way in the weeds. I
don't know because I'm a little confused about that.

MS. RICH: This is Laura Rich.

For the record it was and I don't know what the
exact pricing is. I'm just going to throw numbers out. So
American Health Holdings was paying $500 a month for that
line, and they were able to get it for 100 if it was in --
you know, if we relinquish that 1-800 number and give it to
them to control during the length of the contract, and so it
was just a way to lower costs overall.

MEMBER AIELLO: So following up on what everyone
said, if the contract should end and they didn't give the
phone number back there would be some legal recourse I guess
to get it because not only is it a hassle for your phone
number to change, but I have experienced that when one of our
800 numbers went away when I worked for the state, about four
months later the telephone company gave that 800 number to a
pornographic site, and there were still some documents out
there with that number on, and so we had a tremendous amount
of complaints that people were calling in for their
healthcare, and so I'm not sure if this makes it safer or
not, but it's an experience that we had that I would hate to
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see happen again.

MEMBER KELLEY: Michelle here. I have a question.

CHAIRWOMAN FREED: Sure, please.

MEMBER KELLEY: I was just wondering, so and I understand that the sample is 100 to 500 a month. Is that a flow through? Does PEBP pay that or does the vendor pay it? Is it part of the contract at the moment, and so we're actually saving them money and not getting anything back?

I guess I'm just kind of listening to David kind of indicate concerns. If there was a contract dispute then the only way to get that number back is to litigate it, and that's where the contract is helpful, right, but you still have to litigate which is time consuming and problematic. So I'm just wondering who is saving the money by signing it over to them?

MS. RICH: And so this is Laura Rich for the record.

I just got the actual amounts. They were paying $3,000 a month to EITS and, yes, there's -- there's some administrative, you know, work that goes into it as far as getting that from the vendor and then PEBP and then EITS. So there's some work that I guess is avoided by doing that. So they were paying $3,000 a month to EITS versus $500 a month.
to move that phone line.

American Health Holdings has been a very good partner. They have been a partner for about a year now. We have had no issues with them. And, you know, I know obviously they are a good partner today doesn't mean that they would be a good partner tomorrow. But this is just a way to alleviate some -- some unnecessary costs to -- to the vendor and some administrative work to, you know, both the vendor and PEBP.

CHAIRWOMAN FREED: Okay. So this is Laura Freed. So we're saving the vendor money, but we're not saving ourselves money in the per employee per month that we pay as part of our overhead. But, of course, that would probably be deminimis anyway.

So if staff could go over the legal risks inherent in the current situation as opposed to the legal risks involved with doing this amendment just to recap that for the Board.

MS. RICH: For the record Laura Rich. There's definitely a risk if American Health Holdings at the end of this contract would decide that, you know, they wanted to play hard ball and not give us the 1-800 number back. I don't see any motive to want to do that because it's -- it really took forever and ever.
American Health Holdings we had Hometown Health. They used that number as well. It's -- it's a risk. I don't know if it is a significant risk. Yes, we, you know, PEBP is not necessarily saving money by doing this. We are just being a good partner to a vendor and allowing them to reduce their costs on, you know, on something like this phone line.

CHAIRWOMAN FREED: Okay. And -- and then when the contract ends we go out to bid for UMCM's in the future. If we continued on as we were the -- there would be no legal risk because the vendor, whoever it was, would continue to pay EITS for the phone line.

MS. RICH: For the record, Laura Rich. Correct.

CHAIRWOMAN FREED: Okay. Got it.

Okay. Board members?

MEMBER SMITH: Chairman Freed?

CHAIRWOMAN FREED: Yes, Mr. Smith.

MEMBER SMITH: My comments are a little bit more than what the agenda item is, but I do think that it would be wise if staff could determine who owns what numbers. It's my understanding that --

CHAIRWOMAN FREED: Okay.

MEMBER SMITH: -- what happens with a toll free number, we just tell the phone company, AT&T or whoever the contract that we get the number from is to point it to CAPITOL REPORTERS (775)882-5322
whatever line the vendor wants it to go to. So I don't know why EITS is charging five or six times as much to point the line because that's all it is. It's just switching it to a -- to the incoming line that the vendors switch.

But particularly since we're in the middle of all of these contract negotiations, we're coming up on them, we may see changes in vendors, and if we don't own those numbers now it's going to be disruptive for our participants. So if we don't do it now it should be something we do in the future so that we don't have disruptions when we change contracts.

Just my comment.

CHAIRWOMAN FREED: I appreciate that. So what I hear is a request to PEBP staff to provide the Board a listing as follow-up to this meeting of the numbers vendors own versus the numbers PEBP own that they utilize which I think is suitable.

Okay. Having that discussion and I thank the Board for its active questioning. Board members, do you feel comfortable with this?

MEMBER SMITH: Madam Chair, this is David Smith. I would move not to approve this.

CHAIRWOMAN FREED: The amendment, okay.

MEMBER SMITH: Yeah.

CHAIRWOMAN FREED: Do I have a second for that
motion?

VICE CHAIR FOX: I'll second that motion. This is Linda Fox for the record.

CHAIRWOMAN FREED: Thank you, Ms. Fox, for identifying yourself. I thought you were -- I thought it was Jennifer.

All right. Okay. Let me go back to my sheet of numbers. Okay. Is there any discussion on the motion to not approve the amendment to the American Health Holdings contract? Okay. All right. I will call the role then.

Vice Chair Fox?

VICE CHAIR FOX: Yes.

CHAIRWOMAN FREED: Betsy Aiello?

MEMBER AIELLO: Yes.

CHAIRWOMAN FREED: Don Bailey?

MEMBER BAILEY: Aye.

CHAIRWOMAN FREED: Okay. Michelle Kelley?

MEMBER KELLEY: Yes.

CHAIRWOMAN FREED: Okay. Jennifer Krupp?

MEMBER KRUPP: Yes.

CHAIRWOMAN FREED: Tim Lindley?

MEMBER LINDLEY: Yes.

CHAIRWOMAN FREED: David Smith?

MEMBER SMITH: Yes.

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CHAIRWOMAN FREED: Marsha Urban?

MEMBER URBAN: Yes.

CHAIRWOMAN FREED: And Tom Verducci?

MEMBER VERDUCCI: Yes.

CHAIRWOMAN FREED: All right. Motion passes. So we will not be pursuing that, that contract amendment, and the staff will develop a list of the status of the 800 numbers utilized by our vendors.

Okay. And let me go quickly back to the budget report. I should have taken this all in one, but I thought maybe we should do a role call on this. Do I have a motion for acceptance, approval of the staff budget report?

MEMBER BAILEY: Madam Chair?

CHAIRWOMAN FREED: Yes.

MEMBER BAILEY: For the record Don Bailey. I so move to approve the budget report for 4.1.

CHAIRWOMAN FREED: Great. Do I have a second?

VICE CHAIR FOX: Linda Fox. I'd second the motion.

CHAIRWOMAN FREED: Great. Any discussion on that motion?

Okay. I'm going to just ask all in favor to say aye.

(The vote was unanimously in favor of the...
motion.)


And now we will move to Agenda Item Five, presentation on ethics and government. And I will turn it over to the executive director of the ethics commission.

MS. NEVAREZ-GOODSON: Yes, good morning, Madam Chair, members of the Board. Can everybody hear me okay now that I'm on-line? Okay. Terrific.

Thank you so much, Madam Chair, for the invitation to come and provide some ethics training to the PEBP Board. I think this is a great opportunity. It's one that you can bestow upon the ethics commission every year and certainly as you guys have new members and potentially new staff. We certainly appreciate the opportunity to have this type of outreach.

So what I would like to do today, given this sort of new platform with the Zoom approach is I do have a power point and some videos to help keep you guys awake through some ethics and government law. Hopefully you'll find some amusing and some kind of on the serious side but really just discussion points, but I'll also go ahead and ask for questions intermittently because I would like for this to be
your training and to the extent you have questions or
concerns, I would be happy to address those as well.

So for the record my name is Yvonne
Nevarez-Goodson. I presently serve as the executive director
of the Nevada Commission on Ethics. And today I'm going to
spend a little bit of time talking to you about the ethics
commission and our purpose which is to interpret and enforce
the Nevada Government ethics laws.

And more importantly I kind of like to run
through the concepts and the principles of ethics in
government law with you so that you have a better
understanding of what the ethics law is and how it applies to
you and what your responsibilities are under the ethics law,
as well as to help you understand perhaps what the ethics law
is not, and there seems to be a lot of misconception and a
lot of confusion about that issue.

Particularly as we are confronting some of these
issues with COVID I'm finding that we're getting a lot of
requests from members of the public, a lot of concerns about
certain functionings in government and things that are going
on, and I want to hopefully inform the public that might be
watching about some of those distinctions as well.

So kind of just jumping right in, I have my
assistant, Kari Pedroza, who used to be part of your team
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over there, who is going to assist me with this power point
and some of the business. So I'll ask for your patience and
indulgence.

And, Kari, if we could just run to the first
video that would be great.

(Whereupon, a video was played.)

MS. NEVAREZ-GOODSON: Okay. Just to kick-start
us off a little bit. I told you this would be fun. A little
bit about the ethics commission for those of you that are new
and maybe are not familiar with the ethics commission, we are
an eight-member public body, much like the PEBP Board. We
have four members appointed by the governor and four members
appointed by the legislative commission and our entire goal
is to interpret and enforce the ethics in government law
which is solely located in NRS Chapter 281A.

Primarily we're in charge of really looking at
what constitutes a conflict of interest for a public officer
or a public employee and that's really the depths of
information that we're going to get into.

We are asked the question, you know, why do we
have an ethics commission? Where does it come from? What's
the purpose of the ethics commission? And one thing I like
to kind of highlight for people, going back to, you know, the
1970s when we had the Watergate Scandal, right, most people
are familiar with what happened there.

And out of that scandal came some federal legislation, in particular to address, you know, what do we do when we have government officials or government employees engaging in conduct that essentially is self-serving, not for the benefit of the public but it's for their own self-interest.

And, of course, out of that scandal we now have all of the Gate like scandals, and we'll talk about some of those here today. But the entire goal at the federal level was to address, to put in laws and policies and procedures in place to address these types of issues that were happening at the federal elected official level all the way -- as well as all the way down into our public employees at the federal level.

And then in the 1970s the state and local governments all got together and thought, well, we probably should have a similar system of laws and commissions, if you will, or organizations or agencies to deal with this for our state elected officials and local government elected officials, as well as all the way down to our, excuse me, our public employees.

And so, of course, the entire purpose and mission is to ensure that the public has trust and faith in our
officials, our government actors, whether they be elected or appointed at any level of government, that they are carrying out their public duties in the best interest of the public and not in a manner that is self-serving.

And so I really find that that's interesting, and one of the interesting pieces of feedback that I'll give not only to the members of the Board but also the public employees who may be participating in the training today is that the very same standards of conduct that apply to our highest levels of government are elected and appointed officials apply equally to us as public employees, whatever level we serve.

And people might say, well, that's interesting. Don't we hold our elected officials or perhaps our higher level appointed officials to a higher standard? And while that may be true in terms of what we expect them to do, the public employees, those of us that are in the trenches carrying out these policies and carrying out these duties, we also have the potential to have a lot of public conflicts with our private lives, and so they are harder to identify when we're in the weeds and we're behind the scenes.

So that's the reason this law applies equally to public employees, and how we carry out those duties maybe slightly different, and we'll talk about that a little bit.
today as well. I think it's important for obviously those appointed to serve on the PEBP Board not only your own obligations but the obligations of the staff that are working to carry out the policies that you enforce or create rather.

So moving forward, what I want to -- oops. There we go, Kari, thanks. I want to talk about, you know, we talked about the Watergate Scandal. So here's kind of another fun little video to talk to you about. You know, where does ethics in government law come from? What type of scandals are out there and here's, you know, one of the worst we were able to come across on the internet.

(Whereupon, a video was played.)

MS. NEVAREZ-GOODSON: Okay. So, again, sometimes this draws a point, and I think you'll see several examples of that as we go through some of it.

But back to the kind of merits in ethics in government law, what is our jurisdiction? Our jurisdiction really involves all elected and appointed public officers and public employees in state and local governments throughout the State of Nevada. There are some exceptions. So while we do have jurisdiction regarding the conflict of interest of state legislators to the extent that conduct is through the core of the legislative function, for example voting or acting on a legislative floor or something that's protected
through a legislative privilege and immunity, those
classifiers are going to be subject to their respective house
ethics committee oversight.

Secondly, we do not have jurisdiction over judges
and judicial officers. Those individuals are governed by the
Nevada Commission on Judicial Discipline, excuse me, as you
can probably appreciate. Judges are held to a different
standard of conduct such as judicial canons and, therefore,
there's an entirely separate body that governs their conduct.

And then going forward, Kari, if you wouldn't
mind. Terrific. I want to talk to you a little bit about
the three primary functions of the ethics in government law,
as well as the role of the commission. The three primary
functions include, first, our advisory opinion process. This
is a process whereby any public official or public employee
can request the commission's confidential advice. Advice has
to be within the context of our law. So, you know, typically
that involves do I have a conflict of interest and if I do
have a conflict of interest under the ethics law is it
disqualifying or is there some other responsibilities that I
must carry out in light of that particular conflict.

That advice is going to be entirely confidential.
It is up to the individual public officer or public employee
to waive that confidentiality, and it's really intended to be
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a resource for the public. Well, to be part of the public
rather but the public employees and public officers.

The second function unfortunately is the
enforcement arm of the commission and this is ethics
complaint function. This is a situation whereby any member
of the public may file a complaint alleging that a public
officer or a public employee has violated the ethics law.

Now, sometimes those complaints will result in
formal investigations by my office at the direction of the
ethics commission. But I want to keep in mind without
getting bogged down in all of the procedural requirements and
issues involving an ethics complaint, the law, NRS 281A has
built in a tremendous amount of due process that requires
notice and opportunities to respond to allegations.

We have a bifurcated process whereby a review
panel will review an investigation to determine whether
there's enough merit to go forward to a full enforcement or
evidentiary hearing before any findings of violations will be
made.

So while it's very uncomfortable to be the
subject of an ethics complaint, what I would like to say is
that there's no rush to judgment on the commission side,
right. We are -- you know, if there's enough evidence to
warrant an investigation up front we will conduct an
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That investigation will be entirely confidential, including future protections of our investigatory file because more often than not I can tell you that there are no findings of substantial evidence to warrant an ethics violation once we've concluded an investigation. And it's really the rare circumstances where we have concluded that there is sufficient evidence that an ethics violation has occurred.

And more importantly we -- we recently in 2017, in particular, passed some legislation to get the commission a little bit more discretion to resolve some of these ethics violations. Now, certainly we can go all the way up to penalties for significant violations, but we also have the discretion now as a commission to impose less onerous types of penalties such as some kind of corrective action, ethics training, which is what we're doing here today. Those types of things can be done to avoid future ethics violations in the more minor cases.

And then our third primary function is really what I'm doing here today which is part of our outreach and education mission. Now, today we're doing this training in an open like meeting, but certainly AD70 from the 2019 Legislative Session authorized public bodies and public entities to have ethics training in private. If they are
incuring any sort of issues that they want to have that separate training or to avoid sometimes the difficulty with navigating notices and things like that, but certainly we're willing and able and capable of providing these trainings in open public meetings as well for the benefit of the public.

And then finally, while it's not necessarily part of our three primary functions, those of you who serve on the board and certain senior level staff of the board are required to file what's known as acknowledgment of statutory ethical standards form. Presumably when you're appointed you're getting some documentation from the governor's office or your appointing authority that indicates when this must be filed, but for those of you that are appointed we would like to get this form on file within 30 days of your appointment.

For the staff members, presumably the executive director, if you qualify as a public officer you're going to get this form on file on or before January 15th of each numbered year if you're serving an indefinite term, which means you're not -- you're serving at the pleasure of the board for example, much like I am. My position as the executive director of the ethics commission I serve an indefinite term at the pleasure of the commission, and I must also get my forms in on or before January 15th of each even numbered year.
And if you have any questions about that or have not yet gotten the acknowledgment form on file please don't feel as though that's going to result in an ethics violation for you.

Again, the mission is outreach, and if you have any questions or concerns about that form please feel free to reach out to us or to your executive staff to get that information.

Okay. Transitioning gears a little bit here, jumping into some of the merits of ethics in government law, what I would like to spend a little time talking to you today about are the types of private interests that can create conflict for you in carrying out your public duty.

And so the legislature has really defined what those types of private interests are that are going to be triggering for conflicts. And when I talk about conflicts of interest I'm talking about conflicts you may incur between your public duties and your private interest.

And so the first question I often get are what constitutes my public duties. And what I would say in response to that is but for you holding the official position you hold, whether as an appointed public board member or a staff member would you be able to make these decisions or engage in this conduct? And any time you're being asked to
do by virtue of your public position is going to be construed as a public duty.

And any time you're being asked to make those decisions or engage in this conduct that happens to affect certain private interests, you're going to be deemed under the law to have a conflict of interest.

Now, what I want to be careful about and make sure you understand properly is that the law is not telling you that you cannot have a conflict of interest. That would be impossible, right. From the very top, you know, our state legislators to our citizen based legislators, all the way down to our local government, we have no idea what your private interests are, what your financial dealings may be, what your relationships in your private life may be. And so what the ethics law is trying to do and what the ethics commission is responsible for helping you do is to acknowledge or recognize when you do have a conflict of interest.

And some of those conflicts will, in fact, be disqualifying. Our statute uses the word abstention, and you'll hear me talk a lot about that, but it's really synonymous with a disqualification because, but because of this private interest and how it's affected by your public duties you should not be asking in your public capacity. And CAPITOL REPORTERS (775)882-5322
you ask the question, well, why is that? Because we go back
to our mission. Is it really in the best interest of the
public for you to be carrying out a public duty that helps
you in your own private life or your own private interest,
and is that really in the best interest of the public.

So with kind of that principle in mind the
legislature has narrowed it down to certain types of private
interests that are going to create conflicts for you, and the
first one and most obvious one is what is referred to as a
pecuniary interest or financial interest.

And so any time you're being asked to make any
decision or engage in any conduct in your official capacity
that has the potential to affect your financial interest and
this is whether it's as a benefit or a detriment to your
financial interest you do have a conflict of interest, and
these are usually pretty obvious to most of us. Most of us
happen to know what our own financial bottom line is.

Where it tends to get a little bit more confusing
and where the questions come to the commission of this
juncture where really the most sophisticated and diverse
business interest that might be out there, and sometimes that
creates question for public officials and public employees
about, you know, how far down the line does it go. Is it
stock ownership? Is it, you know, through business
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affiliations and things like that? And the answer is really
anything that can be valued in dollars is going to ultimately
be a pecuniary interest.

Now, again, that's not always going to be
disqualifying and that's sort of another step in the analysis
that we're going to talk about, but really it's
acknowledging, listen, this duty that I have has the
potential to affect my personal finances and, therefore, I
have a conflict.

And the second type of private interest what the
legislature has said they made for us are what we call
relationship based conflicts. Now, our statutes
unfortunately use some terrible terms of art, and this one is
called a commitment in a private capacity to the interest of
another person, but hopefully I'm going to break this down
for you a little bit so you understand.

But basically what the legislature has told us
when we're engaging in public duties is that we have
relationships with certain persons that are so close and
personal in nature that the law is going to impute their
private interest to become our private interest to create the
conflict.

Now, I know that's a mouthful. So let me jump
kind of through and help make this a little bit more
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relatable. But basically what the legislature has said is that our relationships with certain family members, persons who employ us, persons with whom we share substantial and continuous business relationships, members of our household and substantially similar relationships are going to be in types of relationship that create conflict. So when our public duties affects the interest of these individuals they are imputed to us and we have the conflict.

So a couple of quick examples. It doesn't apply anymore but although I still use this hypothetical. My sister used to work for the state actually, and I am related to my sister obviously within the third degree of consanguinity. This relationship qualifies to create a conflict for me. But I think I said at the outset of my remarks that the commission has jurisdiction over all public officers and public employees in State of Nevada. And believe it or not it might surprise some of you to know that that's about approximately 140,000 people in the state and/or maybe not this part probably wouldn't surprise you because I'm sure a lot are subject to the PEBP benefits.

But interestingly enough, with such a large jurisdiction, it just so happens that I'm related to some of them, and up until last year my sister was a state employee and I would probably potentially have a conflict of interest.
if an issue came across my desk that affected the interest of my sister. So for example, one of my responsibilities as the executive director is to investigate ethics complaints. And if an ethics complaint were to cross my desk that alleged that my sister had violated the ethics law, I have an obvious conflict, right. It would presumably just from a regular bias perspective be improper for me to investigate allegations involving my own sister.

But then you kind of start to get into the weeds a little bit. Well, what do I do when I'm confronted with that? Do I hide the ethics complaint in my piles of paper so it never sees the light of day and nobody knows its exists because presumably I might have that authority, right. Maybe nobody would ever know better. Well, certainly I cannot do that. But that sort of leads to this obvious what do you do when you're confronted with one of these types of conflicts.

So first and foremost, and we'll get into the weeds again on some of this stuff, but first and foremost I have to disclose that I have the conflict. It may be that my own staff members or certainly my commission members may not know who I'm related to in my private life, and they may not recognize when a complaint comes forward that it's affecting the interest of my sister for example.

And so the first obligation I have when I'm
confronted with one of these types of conflicts is to disclose that possibility exists.

And so in my circumstance if I were a member -- well, in my circumstance I report to the ethics commission. So my responsibility is to disclose my conflict to the commission itself, the individuals who appoint me. If you're a member of the board and you're serving on a governing body your obligation is to disclose those conflicts to the public. The public has a right to know if you're being asked to vote on something or acting in your official capacity in the interest of your family for example.

And in my instance, kind of taking this hypothetical, and please indulge me through this because it's going to make all of the good statutes make a little bit more sense. I'm going to refer back to this example.

But say for example I report this to the commission. I say, hey, commission, I'm just letting you know this complaint crossed my desk. It happens to allege that my sister violated the ethics law. What would you like me to do about it. And because the commission believed that I am independent and objective in carrying out my job duties they say, well, hey, Yvonne. Thanks for letting us know. We appreciate it, but we don't have very many resources. So go ahead and investigate it and keep us in the loop.

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I imagine, and when I'm in person sometimes the
reaction on people's faces help cure that. Because I'm in a
Zoom platform I'm just going to assume that many of you would
suggest or react to that and say, well, wait a minute. That
still doesn't seem appropriate and we go back to the public
interest. Is the public really getting a fair and
appropriate investigation of this person who's alleged to
have violated the ethics law if her sister is investigating
the allegation.

And so I also would suggest that just because
your boss tells you you can break the law doesn't mean you
can break the law. And we are all responsible individually
for, number one, understanding the ethics law and how it
applies to us.

And, number two, if an ethics law complaint is
filed, it's going to be against me, not against the
commission who authorized me to violate the ethics law, and
sometimes this is a very challenging position to be in a
public employer or a public officer. And those of you who
are on the Board, the reason I talk to you about this is
because you likewise have a responsibility to acknowledge
that some disclosures are going to come to your attention
from staff members where they have conflicts, and it's not
okay for you to just allow them to go forward and violate the
ethics law because it's convenient or limited resources perhaps.

And so, again, my commission, being the ethics commission, would not do that. But they might say, okay, Yvonne, well, obviously you can't investigate this ethics complaint, but why don't we go ahead and delegate that to one of your subordinates. Well, again, that issue is ripe with potential conflict. If I am the director of an agency and I'm delegating that assignment to one of my subordinates who reports to me, I, again, have involvement or impact on an issue that involves my private life, my sister's interest. And so now I'm potentially improperly influencing a subordinate on a personal issue. And, again, I have to stay away from that, and the commission, my commission would know that.

So what's the answer? I mean, I guess what I'm getting at is we can be problem solvers when we do have limited resources and things at our disposal.

And so in a very significant case it may be that we would have to go, you know, to the governor's office or to the legislature and say, listen, we have this unique circumstance. We need some additional resources or we need an outside investigator perhaps or the commission itself could delegate that assignment to one of my subordinates with CAPITOL REPORTERS (775)882-5322
various protocols in place.

Perhaps they could say, okay, Yvonne, you could have nothing to do with this, but we as a commission are going to delegate this investigation to your subordinate, and that subordinate must report to us directly or they must password protect all documents so Yvonne can't get nosy and jump into the server and find out what's going on.

And if we find out, Yvonne, that if you've been involved in this investigation in any way, not only is this going to be a disciplinary issue for me, right, not following the direction of my boss but also is going to implicate that next responsibility on my end, potential ethics complaint on my end. And so these are kind of, you know, all around the issues that can affect an agency and an individual who are confronted with these types of conflicts.

So while that's one example, on the flip side, the majority of questions I get from boards such as yourself and more realistic types of issues that you'll be confronted with that are less obvious than a direct family member might be for example where a friend of yours has a particular issue before the PEBP Board. And you might say, well, listen this is a friend of mine or an acquaintance. I know this person. Does that, therefore, then create a conflict for me?

And what I would point out is if you look at the CAPITOL REPORTERS (775) 882-5322
list in front of you, the legislature has not specified that
a friend is going to be the type of relationship that's going
to create a legal conflict for you. But I caution you to be
a little bit careful because you might notice the last bullet
point there which is substantially similar relationships to
those that are described above, and it is your obligation
individually as board members or staff members to look at the
nature and scope of this relationship and ascertain how close
and personal is this relationship? Can I truly be objective
or unbiased in my pursuit of public duties on behalf of the
public?

And so if you're telling me this is a friend you
grew up with, you're still friends, your substantially
similar relationship to what you might have with a sibling,
that's going to get closer and closer to a disqualifying type
of conflict or type of relationship for you.

If on the other hand you're indicating, listen,
this is an acquaintance. We grab coffee once a year when
this person is in town, that may be appropriate. And, again,
you kind of have to look at that not only from an objective
standpoint would a reasonable person in your situation be
objective. And if that's true but individually in your heart
you're saying, well, wait a minute. I'm still bias. I'm
going to do everything I can to help this person out you need
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to probably step away from that decision.

And so last but not least on this nature of relationships, we talk about persons to whom you have these personal relationships. Well, the word person in our statute is not limited to a natural person. It can be an entity. So for those of you who in your private life serve on for example a nonprofit board of directors or in some fiduciary capacity to some other business entity you have a personal relationship to that business entity. You owe them a duty of loyalty through that fiduciary role. And to the extent that entity somehow comes before you in your public capacity, you, again, have a conflict and need to be able to separate those two interests.

Okay. So, again, I appreciate your indulgence in kind of talking about those types of private interests because as we jump into some of these statutory prohibitions, all of the things the ethics law says you cannot do as a public officer or public employees, it's always going to come back to one of those two things. What is the private interest at stake?

What we don't do as an ethics commission is get involved in the policy decisions that you are being asked to make in government. So for example, we're not appointed to serve on the PEBP Board. We don't know or understand or
appreciate the nuances that you're asked to address in your role. So if you make a public decision on the benefits program and a member of the public doesn't agree with it or doesn't like it and thinks it's an unethical way to address a benefits issue, we're not going to come in and second guess that. That's not our job. That's your job. It's a very difficult shoe to fill, and it's not our role to come in and second guess what decisions you've made on a policy basis.

But if you're making those decisions because they affect your private interest that's where we're going to come in and have a potential concern on the ethics side. So, again, we're always coming back in each of these statutes to what is the personal financial issue at stake or the relationship based conflict that is potentially at issue.

And the first statute I want to talk about and then I'll have a couple of videos to wake you guys back up here after listening to me drone on for a little bit here, but the first statute I want to talk about is the prohibition against gifts.

So every public officer and public employee is prohibited from accepting any gift of any value at any time from any person if it's the type of gift that's intended to improperly influence how you carry out your public duty.

And so the real controlling language in this CAPITOL REPORTERS (775)882-5322
statute and what the commission is always going to look at is
is this the type of gift that's intended to improperly
influence. And in the world in which you all live in in the
PEBP world you're dealing with a lot of private sector vendor
issues. You're dealing with a lot of issues that some other
public agencies don't really see on a regular basis. So
gifts become a real potential concern from a public
perception view.

And so any value of gifts in your world could be
deemed as intended to influence how you're going to make a
decision as a member of the PEBP Board, how you're going to
carry out a direction from the PEBP Board, and so I encourage
you to be very careful about this particular statute.

And also look at it from the perspective of why
is this person giving me this gift? Is it a simple thank you
for something that's already done that won't be back before
you in some capacity or is there some ongoing relationship
with this individual and it's intended to sort of influence
how you carry out things in the future. And we're going to
look at all of those issues.

And I think, you know, just to kind of address
the elephant in the room and I think it's important that the
PEBP Board understand this nuance is this issue that came up
about traveling on the vendor's dime, you know, for various,
we call it in our world travel on industry. And I think there's a real important nuance to understand here.

The commission has looked at this issue with various agencies, and particularly where we saw an evolution in this area of the law was when we had the last recession. And during the last recession there were very limited state and local government dollars. And what was happening, various vendors were agreeing to pay to bring employees, members of boards out to explain their product or to train on the use of their product.

And what the commission started to look at when it looked at this particular statute and whether or not that looked as though it was sort of a pay to play kind of opportunity is they said, well, wait a minute. If this is a legitimate proper purpose, in other words the agency, if they have the funding would send this employee for this training for legitimate public purpose then it's probably going to be okay under the ethics law.

Now, we're going to scrutinize that pretty heavily, and we're going to put some limitations on that, right. If you're going to a conference for example and a vendor is paying for this conference we're going to say, well, great. Go do the training. Go to the conference, but you don't get to go on the booze cruise that's being offered.
You don't get to, you know, do the golf junket that's being offered as part of this conference because that starts to look at, right, like you're getting a free trip out of the deal.

Say this vendor wants to wine and dine you. Be careful with that. What are you entitled to under your legitimate state per diem. If you're given -- I don't know, what is it up to now, 30 something dollars per dinner on per diem depending on where you're going and you're being taken to a 300 dollar dinner, that's where you need to be careful. That's where it starts to look like improper influence and trying to buy your vote or your networking or whatever it might be.

And so while we will give permission for appropriate public purposes there are some limitations there. So I just want that to be clear. The commission has a number of precedential opinions that do authorize this type of travel on the vendor's dime if it's for an appropriate public purpose. And I think in some respects we're going to refer that back to the agency to determine what appropriate travel or appropriate conference or things like that to attend. And, of course, if there are questions that the agency or the individual is welcome to come and ask the commission for confidentiality advisory opinion on the issue.

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What I don't want to do by virtue of what occurred as part of the PEBP audit is discourage your ability to do that. Sometimes it is appropriate for the vendor to pay for some of these things. But, again, what I want to caution is that there are some limitations, and the ethics commission only has as at its availability the information that you give us.

So if it's about, you know, there's a vendor and there's a software issue and they are going to come train you on their software because they are underperforming which I think perhaps is one of the issues involving a form of PEBP contract, that's great. The vendor can pay for that. Go do the training. Keep it all within the appropriate guidelines for state funding and separate and apart and distinct from that would be questions about whether or not that contract is being extended afterward, right. The commission wouldn't have that information.

And I think that issue, while it's been termed an ethical issue is a contracting issue, right. So obviously the ethics commission isn't going to say, oh, great. Go travel on the vendor and then give them a bonus at the end with an extended contract. Like, that's sort of obvious, and I don't think that's even been the intent along the way of any of these to sort of compare the issue. But we have to CAPITOL REPORTERS (775)882-5322
look at it from a public perception side, and we also have to
look at it from the ethics issue which is it appropriate
to go first and foremost.

And on the tail end, the issue is what if -- if I
go and attend this, am I in the midst of an RFP? We probably
would say no in that circumstance. Is there the potential
for this contract to be extended in some way? We would
probably say, well, that's ripe with potential concern,
right, because then it's going to look, again, like a pay to
play type of scenario, and it takes away from the
commission's interpretation if that's a legitimate public
purpose.

So I think all of those issues certainly do
involve ethical implications, but I want it to be fairly
understood that to the extent you have had Board members or
staff members travel on vendor, they have probably been
looking at precedent of the ethics commission or even
contacted us to get that authority. The limitation, of
course, would be that it's for a legitimate appropriate
public purpose and not extend it otherwise. So --

CHAIRWOMAN FREED: Ms. Nevarez?

MS. NEVAREZ-GOODSON: Yes. This is a good time
for questions.

CHAIRWOMAN FREED: Well, I didn't want to
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interrupt the flow of your presentation, but the Board has
been at it for an hour and a half plus, and I thought maybe
it was an opportune time for a quick bathroom break, if
that's okay.

MS. NEVAREZ-GOODSON: Yes, absolutely.

CHAIRWOMAN FREED: Okay. So I see that it is
10:37. Can everybody be back by 10:40 so we can continue the
presentation?

MS. NEVAREZ-GOODSON: Sure.

CHAIRWOMAN FREED: Okay, great.

MS. NEVAREZ-GOODSON: Yes.

CHAIRWOMAN FREED: Thank you. I apologize but I
want to give everybody a restroom break for a minute.

MS. NEVAREZ-GOODSON: No problem.

CHAIRWOMAN FREED: Thank you.

(Whereupon, a brief recess was taken.)

CHAIRWOMAN FREED: All right. Why don't we
return to presentation.

MS. NEVAREZ-GOODSON: Okay. Can everybody hear
me again?

CHAIRWOMAN FREED: Yes.

MS. NEVAREZ-GOODSON: What I would like to do is
move through some of these statutes just a little bit more
quickly. And certainly if I failed to mention this at the
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beginning, I'm happy to take questions. If there are any questions, if you want to reach out and raise your hand or just interrupt me that's terrific.

But moving on to the next statute, this is sort of what the commission would refer to as I guess almost every violation could fall into this particular statute, and this next statute makes it a prohibition for any of us to use our government position to secure or grant an unwarranted privilege or benefit or opportunity.

And so what I would like you to think about with this particular statute is sort of but for, but for you holding the position you hold would you be able to secure or grant this opportunity, this benefit, this privilege for yourself or for persons to whom you have one of these legal commitments that we talked about.

And this is really I guess a catchall provision, right. Most of the time when someone has misused their position or engaged in a conflict of interest they have also somehow triggered this particular statute.

So sometimes examples really draw the point. And from the distinction between the last prohibition on gifts and this particular statute, I have two sort of examples for you that you might recall in the media. And the first happened to involve former Governor Blagojevich from the CAPITOL REPORTERS (775)882-5322
State of Illinois. And if you guys followed that particular case many many years ago, we just had some recent developments that I'll kind of update you about in that particular case.

Then Governor Blagojevich was the governor when President Obama was elected as President. And when the President was elected he vacated the senate seat that was authorized to be filled by the governor of the state. And senator or excuse me, Governor Blagojevich then was caught on FBI tapes and other things attempting to effectively sell the seat. He was trying to get himself an advantage by either selling the vacancy in the senate, potentially giving himself the seat because of the financial benefits that could create for him, and he got in a lot of trouble and at the end of the day he was sentenced to 13 years in federal prison.

And so that really highlighted, you know, obviously the ethical implications and certainly that went over into the criminal side of things. That kind of highlighted this sort of misuse of one's position to accept favors and gifts and opportunities for himself.

Now, more recently in the news, you'll note that his sentence was recently commuted. And so, again, we have this question about, you know, where is the line, right, between the ethical implications or perhaps what statutes
apply. And at the state level we have very significant, very
strict statutes on this particular issue.

And by contrast, the other example that we have
and we often refer to is what some of you may be familiar
with in terms of Bridgegate. And Bridgegate involved then
Governor Christie out of the State of New Jersey. And what
that particular case involved was specific to campaign
related issues.

And for those of you familiar with that area, the
George Washington Bridge between New Jersey and New York,
it's the busiest bridge in the world, and there is an onramp
onto that bridge out of the town of Fort Lee. And it just so
happened that the mayor of Fort Lee was not supporting
Governor Christie's bid for reelection. And so Governor
Christie's staff took it upon themselves to create this
horrendous traffic jam from the onramp out of Fort Lee onto
this bridge, and the consequence of that was not just a
traffic jam, it was a day long traffic jam where first
responders couldn't get through, and school buses were stuck
on the bridge, and it was a very significant issue.

And when it all came out it was that the -- it
ended up that the governor's chief of staff, as well as the
port authority so had been charged criminally with having
caused this and it was essentially political payback, right.
If you're not going to support my campaign for reelection we're going to create this problem in your town and it backfired.

And what is notable about that particular case in my view is that Governor Christie was never found culpable for having had any involvement in that decision. It was the staffers who got criminal sentences for engaging in that conduct. And so, again, we have a situation where, you know, the public employees are sometimes really the ones who are charged with carrying out these duties. And all along those public employees had asserted that the governor, of course, knew about it, was involved and had directed it, but that was never proven to be the case, and so those individuals ended up getting federal prison sentences.

Now, more recently in the news, of course, the United States Supreme Court looked at those federal statutes and had a problem with certain aspects of those federal statutes. So it's now back under review for the prison sentences, and it's still a question of whether or not there was actually any involvement by that governor.

But the lesson here and the reason I share that is once again we have a situation where public employees are taking the fall essentially. Now, they would have anyway if they were really engaging in that sort of misconduct, but

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really kind of shows the disparity between, you know, the top of the top not finding culpability, but those of us carrying out the mission can often find ourselves in difficult positions, and so I just caution that to be careful in those terms.

And then moving forward to the next slough of statutes, what I want to say about this, and there's so many exceptions and there's so many issues that it really does necessitate the input from the ethics commission. But generally speaking, we as public officials and public employees are prohibited from having contracts in our private life with any governmental entity. So if you have a private business on the side that contracts with government you could be limited in your ability to have that type of contract.

Now, what is notable about this, and the commission has tried to change this for two sessions and it hasn't been defensible on this issue, is if any governmental entity, state or local government, which means it's not necessarily the governmental entity that you serve, and that's pretty broad actually. I mean, the commission has usually said from an ethical commission we would be worried about does your government position give you the potential to potentially influence these government contracts in some way. That's the real ethical potential and that's why there's so
many exceptions or different interpretation of this particular rule.

So what I would suggest to you is that if you in your private life own a business or have business dealings that have contracts with government there's generally speaking limitation on your ability to do that. There may very well be an ethics exception. The concern, however, is that we can only interpret and enforce the ethics law, and there are concurrent criminal restrictions on your ability to have these types of contracts that don't have the same exceptions. So if you find yourself in that circumstance I certainly encourage you to come to the ethics commission for its advice and also defer to your agency counsel about whether or not these types of contracts trigger any criminal liability for you.

And so with that, next statute and this really doesn't apply all that often to be honest. I'm not sure if many of you would raise your hand because the private sector wants to pay you a whole bunch of extra money for doing what you're already paid to do in your government job, but to the extent you had anybody willing to do that there's a statute that says you can't.

And, of course, on the more political side those individuals who are elected this is, you know, we really

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don't want the private sector to kind of boost our income to
carry out our public duties. That's what the taxpayers are
doing. That's why it's in the best interest of the public.

And the next two statutes and, again, a lot of
these are common sense. They are statutes that exist to kind
of put this in your mind to bring it to our attention but
really it is a lot of common sense, and the next two sections
follows that category for me.

I take these next two sections together and I
liken them in most respects to what we would understand in
the private sector as insider trading. Same thing applies in
government. We in government, particularly the ethics
commission, I imagine at the PEBP Board, we have access to
nonpublic governmental information.

Even if it's temporarily not public and we should
not be utilizing that information to either benefit ourselves
or suppress that information because it might potentially
harm our personal interest because that's not fair, right.
It's not fair to the public that you're acquiring access to
this information and then using it to your benefit, right, at
the behest of the public. So, again, it's kind of obvious,
but we need to be careful with the access to information that
we get and using it to our own benefit or own detriment as it
may be.
Okay. So the next statute, I'll spend a little bit of time on and here's where your next kind of videos will come into play a little bit, but this is still the most violated statute that we see at the ethics commission, and this is a prohibition against the misuse of government resources for a personal purpose.

And, of course, there are limited use exceptions here, but generally speaking it's sort of obvious. Most of us know what a general government resource is, right, our computers, vehicles, if we're in that type of agency. Any sort of physical office equipment we shouldn't be utilizing that for personal purpose.

For example, we had a significant case regarding then State Controller Kathy Augustine who had been charged ethically for utilizing all of the copy machines and staff members' time and all of those things in her bid for reelection. So the campaign was a private interest. She couldn't use government resources to benefit her private campaign.

Well, the same applies on a very nominal level, right. As public employees in particular, you know, our time when we're on the clock belongs to the taxpayers and we shouldn't be utilizing our time which is a significant government resource and I think probably the most expensive
on any budget line item and salaries and personnel cost. We shouldn't be utilizing that time for our own personal purposes. You know, if we're studying for a class on the side, if we have a business on the side, we're helping our kids with their homework, whatever it might be, that's inappropriate.

And, of course, limited use exceptions, right. If it's nominal value, your supervisor is aware of it, there's a policy that authorizes it, usually that's okay. But the caveat here is that it cannot create an appearance of impropriety.

So if we -- you know, the internet is a flat rate for most government agency for example. You may have a policy in your agency that says, hey, when you're on your break you can surf the web. It doesn't cost us any more. It's okay. Well, what I would caution you is on a government computer you wouldn't want to be using the internet for inappropriate searches, right. That's going to be the type of thing that will create an appearance of impropriety.

And, again, some of this is obvious and some of it, for whatever reason, and where we've seen some evolution, this particular statute has to do with our use of government issued e-mail addresses, and so we shouldn't be using our government issued e-mail addresses for personal messages,
whether it's as a board member or staff member, particularly
in the realm of politics, right, where we have campaigns
going on. We don't have political discussions because it
sends the message that the agency is behind what you're
saying in an e-mail, same with the use of government
letterhead and things like that.

And so just to kind of draw the point, I think I
said at the beginning, sometimes the absurd draws the point.
So I have a video for fun and then a video that's kind of on
the more serious side to show this example. And so I'll let
Kari go ahead with the video.

(Whereupon, a video was played.)

MS. NEVAREZ-GOODSON: Are we having technical
difficulties?

(Whereupon, a video was played.)

MS. NEVAREZ-GOODSON: Okay. So I think those two
videos kind of show both extremes, but I think the IRS
eexample is pretty telling because, you know, even when Las
Vegas is not the one in trouble we're still in trouble,
right, for the fact that we have these casinos. So I think
it draws the point, right. I mean, we obviously have the
ability all the way to the more serious improper use of
government resources, and so I just caution you all to be
careful about keeping the appropriate separation between the
two.

And then the final statute I refer to in my hypothetical involving my sister, we should not be using our positions to improperly influence subordinates for personal purposes. And in government, right, this isn't the private sector. We simply have different rules that apply. And in the government sector we are not permitted as officials and appointed public employees to request our subordinates to do personal favors for us or otherwise improperly influence them in a way that's going to affect us personally, and we have to look at this from the perspective of subordinate, right?

Would the subordinate feel that their job is on the line or that their job performance is going to be on the line because they refuse to do a personal favor or something of that nature. And, again, this can be many extremes, all the way from, you know, personal, run and grab me lunch type of errands all the way to the more significant campaign related issues that we run into. And so just keep in mind in government we really have to keep that separate.

And then moving forward, Kari, if you wouldn't mind. I have a very significant power point that I'll share with you all after that kind of involves the specifics. But in the interest of time, what I wanted to end on here really quickly is just this distinction rather that I have between
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disclosure and abstention. And I think I mentioned at the outset that the entire goal of ethics in government law was to have you recognize when you have a conflict of interest and some of those conflicts will be disqualified.

Well, our first obligation when we're confronted with a conflict is, again, the disclosure requirement, and you are required to disclose the full nature and extent of the conflict of interest and how or to what extent it might be affected by your public duty.

And I think actually as I was watching the beginning of your agenda you guys have this issue come up, right. That it's the potential that you guys are the Board to be acting on issues that involve public employee benefits, some of which you all may receive yourself or your family members may receive. And so this is where, you know, technically that is a financial interest to you. It does affect your financial bottom line what your own healthcare benefits will be if -- if the PEBP benefits apply to you. So you do have a duty to disclose that.

Now, it's kind of obvious in this example, right, if you guys are employed by the state you receive these types of benefits. So it's the public that might be sort of obvious, but as a matter of fact, yes, your private interests are affected what you're doing in your public responsibility.

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But what you might have noted and the same
disclosure that was read by your attorney general is that it
was not a disqualifying conflict of interest, and the reason
for that is because it's the type of benefit that doesn't
affect you any more or less in the group that it's affecting.
So the percentages or the amount of benefits is going to be
the same for you as it's going to be for any other equally
situated public employee or retiree, and because of that
you're not individually affected any more or less in the
group that is to be affected by the policy decision.

And in that circumstance it would not be a
disqualifying conflict of interest, right. A conflict in a
sense, yes, it affects my private interest, but it's not
disqualifying because the law takes a look at that and says
you guys are being placed in this position to analyze these
issues and provide it for the statement it doesn't affect you
any more or less.

And, again, at the beginning I mentioned if
you're a member of a governing board you have a duty to
disclose these conflicts at a public meeting to the public
and to your colleagues. If you serve the board you have a
duty to effectively disclose it to the supervisory head of
the organization, and that's different for every agency.

It may be that it's appropriate that it goes all
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the way up to the executive director. It may be appropriate that it needs to go all the way up to the board. And the reason for that, right, is if we have intermittent layers of supervision, if for example a supervisor on a lower level is informed of a disclosure and it never gets up to Laura Rich’s position, and all of a sudden it comes out that Laura Rich is in a situation where she was never informed of a potential conflict, it not only affects the employee but it affects potentially the agency, and that’s why we need to make sure these issues are coming to the full attention of the supervisory head of your organization or the right circumstances the chair of the board.

So, again, now the real distinction between disclosure and abstention legally speaking is going to be that we’re going to be required to disclose these conflicts when they are reasonably affecting our private interest. But when they are materially affecting our private interest we have a duty of abstention or that’s what makes it disqualifying, and that is very much a case by case basis.

Now, we do have a lot of precedent on file that kind of shows up what qualifies as material and what doesn’t, but every circumstance is very different, and so that’s why we have the advisory process that we have because we want to make sure you’re only abstaining in clear cases in which your
private interests are materially affected by the official
duty or the government action, the agenda item or whatever it
might be.

Because if you don't vote you're taking away that
voice in government, right, and there's some strict public
policy considerations behind that and certainly some -- some
First Amendment issues. Now, you don't have a First
Amendment Right to vote when you're acting in your government
capacity when you have a conflict of interest, right. So
there's been some delineation in that -- on that issue in the
court, and so we need to be careful. You don't just get to
say whatever you want because it's your First Amendment Right
if you're serving in a representative capacity and you have a
conflict of interest. So there are some distinctions to be
had there.

And while I spend -- I'm certainly happy to
answer some questions, but I also said at the very beginning
of my presentation that there were issues that would not be
considered ethics in government law issues, and I think the
best way to sort of end this presentation, Chairman, is have
you jump ahead a little bit to the next video that shows you
effectively what the ethics law is not.

And so I said policy decisions, of course, we're
not in the business of second guessing the policy decisions
that you all make. We also don't govern campaign finance
issues. Those are governed by the Nevada Secretary of State.

With regard to allegations about sexual
harassment or harassment in a workplace or discrimination,
there could be some concurrent ethical implications but more
often than not we're going to refer you out to NERC or EEOC
is appropriate to better handle those issues.

And, of course, the last two which are kind of
silly but I can't tell you the number of complaints we get
about it are things like rude behavior and laziness, right.
Again, these are disciplinary issues that can be handled in
your respective agencies, but we do get a lot of complaints
that people are acting rudely or they are lazy in their
public jobs. And those are, again, not conflict of interest
issues but rather disciplinary issues to be appropriately
handled.

So with that, Kari, I'll kind of end on this last
video to kind of draw the point, and I'll be happy to take
any questions, Madam Chair.

(Whereupon, a video was played.)

MS. NEVAREZ-GOODSON: With that, Madam Chair, I
would like to turn it back over to questions.

CHAIRWOMAN FREED: Okay.

MS. NEVAREZ-GOODSON: What I would like to end
on, if you don't mind, and certainly in partnership with our agency legal counsel at the various agencies, in your case the Nevada Attorney General's Office. The ethics law does provide for what's called a Safe Harbor, reasonable reliance on the legal advice of the lawyers that serve your agency.

And so to the extent the commission cannot be available immediately to the needs of your staff or your members, I certainly encourage you to reach out to the deputy attorney for these issue because it will provide that legal Safe Harbor as we hope to partner with those individuals on these ethics laws legal issues.

And with that I thank you for your indulgence. I'll take any questions, and I appreciate your time.

CHAIRWOMAN FREED: Thank you very much for the presentation.

Board members, do you have any clarifying questions to pose to the ethics commission? Okay. Hearing none, this is an information item. So we thank you again for your presentation.

And we can move on to Agenda Item Number Six, which is presentation on the open meeting law. So I will turn it over to PEBP staff, the attorney general.

MS. MOONEYHAN: Thank you, Madam Chair. This may take a second. Chuck is going to run my presentation.
CHAIRWOMAN FREED: Okay.

MS. MOONEYHAN: I think he knows that.

MR. CARROLL: Yes. And we just lost the YouTube piece so let me get that back up and going for a second.

CHAIRWOMAN FREED: Okay.

MEMBER BAILEY: Are we still on?

CHAIRWOMAN FREED: Yes. I think we're waiting for the, our YouTube.

MEMBER BAILEY: Okay. Okay.

CHAIRWOMAN FREED: Thank you Board members and everyone for your patience while we cope with technical issues. Just a brief reminder, can everybody speaking, and I include myself in this, we have gotten a bit lax about announcing who is talking for the purpose of the minutes. So please do remember to state your name for the record before you speak. I appreciate that.

MS. RICH: This is Laura Rich.

I was just told that the YouTube streaming is for some reason down. I think they were making some copy violations or something that it was catching, and so staff is working on bringing it back up.

CHAIRWOMAN FREED: This is Laura Freed.

Do we have like an estimated time? And we're CAPITOL REPORTERS (775)882-5322
talking about the open meeting law, we can't continue the
meeting until the YouTube feed is up. Am I correct about
that?

MS. RICH: I believe it is now up.

CHAIRWOMAN FREED: Oh, okay.

MR. CARROLL: Yeah, I just got confirmation from
Wendi that it's back up now. Let me go ahead and clear the
screen.

CHAIRWOMAN FREED: Okay. We will now resume the
meeting.

MS. MOONEYHAN: Good morning again. Brandee
Mooneyhan, deputy attorney.

I want to start by apologizing. I have zero
funny videos in my presentation. So I apologize for that. I
can't even figure out how to share my screen. So there's no
way I can show videos.

But today we're going to have a fairly broad and
hopefully brief overview of Nevada's Open Meeting Law which
applies to this Board as a public body. We could spend a lot
of time on the open meeting law. There are a lot of attorney
general opinions, a lot of Supreme Court cases. Today we are
going to hit the highlights.

If you are interested in exploring the topic
further, during the presentation I will point you towards
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some resources, and I'm also available any time to answer questions both today. Please feel free to break in.

Interrupt if you have a question, and we'll have a question session at the end. And if something occurs to you later or any time feel free to call me because I want to make sure that we comply with the open meeting law.

Next slide, please. Every state, kind of like Director Nevarez-Goodson pointed out about the ethics laws, similarly the open meeting laws, every state, the District of Columbia, the federal government, they all have open meeting laws. Sometimes they are referred to as Sunshine Laws. And, of course, they are designed to procure transparency of government because you are doing the people's work and serving the State of Nevada on the Board.

Next slide, please. These are the resources I mentioned a few moments ago. Nevada's Open Meeting Law is set forth in Chapter 241 of the Nevada Revised Statutes. If you want to read it in its entirety you can consult that. You can find that on the Nevada Legislature's website if you don't have a set of NRS.

Many disputes over the open meeting law have been litigated all the way to the State Supreme Court. So there are several key Supreme Court cases that go into depth on some portions of the law. If you hear a case mentioned today CAPITOL REPORTERS (775)882-5322
or at any time and you want to read it in its entirety, you can, of course, consult the Nevada Reports. You can usually find cases by Googling the name or if you want a copy, let me know and I can get you one.

And if I can plug my own office for a minute. My great resource for information on the open meeting law is the A.G.'s website. There's a whole division in my office that is responsible for investigating and prosecuting violations of the open meeting law, and they provided a lot of resources on the website from providing and interpreting the law. You can go on the website. You can find a manual that goes into detail on every topic. You can see a video of a longer presentation of the one I'm going to give you today and a lot of opinions, issues that have come up over the years.

Next slide, please. Within the law itself the legislature has declared its intent which is on the slide there, but the bottom line is the public body is like the PEBP Board, public business, and actions and deliberation have to be done in the open with very limited exceptions.

Next slide, please. So there are few exceptions but they are very narrow. The legislature has declared in the law itself that use to try to circumvent the overall purpose of the law, and the Supreme Court has agreed and said that exceptions should be construed narrowly. So when there
is a close call we usually are going to err on side of openness.

Next slide, please. As I mentioned, PEBP clearly fits the definition that is set forth in the statute subject to the law and that includes any subcommittees that may be formed by the PEBP Board.

Next slide, please. So what happens if a public body violates the open meeting law? Some of the -- they are not good. Any action taken in violation of the law is void. So any votes and you know the way the PEBP cycle works that could cause a lot of problems with that system. You have to wait for the next meeting to fix a problem. Those colleagues that I mentioned earlier in my office, they may investigate, prosecute violations of the law. You can be sued by people whose rights were violated.

One of the good things about the law is usually violations can be corrected or mitigated and that is one of the A.G.'s primary recommendations is the Board like PEBP becomes aware of a violation and makes every effort to correct it. Usually that can include undoing an improper action and having a new independent deliberative action that fully complies with the law.

Some Board members who have been on the Board for a while may remember PEBP had an incident like this in 2019, CAPITOL REPORTERS (775)882-5322
a very minor technical violation of law. The agenda was not posted on the State’s notice website. That wasn’t intentional. The person who was responsible for it sent it along, and posted it but for some reason it wasn’t, and that came to PEBP’s attention when a member of the public called the A.G.’s office to complain.

So because that technically violated the law everything in that meeting was void, and so we follow that procedure. As I just said, we went ahead and had all of those items considered again at the next meeting. So that was better than a complaint and an investigation, but everything does need to be done. All of the checklist needs to be checked off.

Next slide, please. Those are the civil and administrative penalties. This slide talks about if you go out of your way to circumvent the law you can even face criminal penalties and some pretty heavy fines. Similar to the ethics law there is also a Safe Harbor with the open meeting law.

So if you ask for advice and you’re following it, you can always point the finger at me. So please always call me if a question arises. And the PEBP staff is very aware of the open meeting requirements and is in frequent contact.

Next slide, please. So, of course, the statute,
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it goes into great detail on a lot of issues. All meetings of a public body like PEBP must be conducted in the open, and that means the public should be allowed to observe and participate. That's why we took the little breather at the beginning of this presentation as our YouTube presentation went, stream went down. The public does need to be able to observe and participate in the meeting.

Of course the statute defines what a meeting is, and you can see in the slide that it boils down to there needs to be a quorum and that quorum either deliberates and/or takes action on a topic.

Next slide, please. The one issue that comes up here is the idea of constructive quorums and serial meetings and that basically refers, you know, if a group of two or three meet to talk about something that is before the Board and then talk whether those people hear, the next group of two or three, that can be a collective meeting and that could be a problem.

There is authority that may be okay to meet in subgroups to get a briefing on topics, but you cannot have any deliberation or make a decision or accumulate a vote or secret consensus. So because of the potential for abuse or appearance of abuse, generally I'm always going to recommend against meeting in subgroups unless we've talked about it.
beforehand and figured -- made sure that it's a very narrow circumstance. The courts have said it is okay.

Next slide, please. Again, I already mentioned the subcommittees are governed by the open meeting law.

So next slide please. The legislature has addressed the modern world. They have added provisions about electronic communications similar to the constructive subgroups or the serial quorums. Electronic communication can't be used to circumvent the open meeting law. So it's a good idea not to text about Board business with other Board members in the middle of the meeting or otherwise.

And I just want to point out that in addition to open meeting law concerns that may make your text messages subject to the Public Records Act. So it's always better to just avoid that altogether.

Next slide, please. There are some limited times when public body can close the meeting where they are going to talk about character, a person's character, misconduct, professional competence, physical or mental health. Unfortunately for Ms. Rich this doesn't apply to serving at the pleasure of the Board.

So for example, the Board conducts its evaluation of the executive officer in open meetings because she does serve at the pleasure of the Board. But if you were going to
talk about another employee of PEBP, for some reason there may be a time where a closed meeting would be appropriate. This usually comes up with licensing boards more often than it would be the PEBP Board.

Next slide, please. And there is a specific statute within PEBP's chapter, Chapter 287 of the Nevada Revised Statutes, and it sets forth a few exceptions to the open meeting law for the PEBP Board, and it's listed there. There's several times when the PEBP board can be in a closed session.

Again, we would talk about it if we were going to close a session to make sure that it fit this exception, one of the available exceptions.

Next slide, please. These next few slides address our agendas for the public meetings must be prepared. It's a very long section of the statute, and I'm not going to read it to you. It is there in the slide if you are interested. And, again, you can consult NRS Chapter 241. Rest assured, PEBP staff spends a lot of time pouring over each draft agenda and I do as well to make sure it complies with these statutes.

Some of the highlights are the agenda has to be clear and complete, and it needs to be noticed at least three days before the meeting to give the public an opportunity to CAPITOL REPORTERS (775)882-5322
Next slide, please. The reason it's so, besides the public there's also, of course, press. They need to be able to figure out if they are interested in attending the meeting. So the general requirements are pretty strict, and complete agenda can deprive them of their right to participate. So we want to make sure that we go into enough detail to alert the public and the press what the Board is going to be discussing.

Next slide, please. I forgot to mention that the permanent, the side of our last slide came from the Sandoval case. So on this slide you'll see this is the reason the Court discussed this issue was you can see the first, informational item. The agenda said they were going to review statutes, regulations, case law and policies.

We're going to talk about the public and the press may not be interested. But when they actually spoke about it at the meeting it actually involved a very controversial report, involved a dorm raid that occurred on UNLV campus. They went into details about it. They talked about the police officers, started talking about drugs on campus. So that was found to be an open meeting law violation. The trial court said he thought it was okay because the discussion was germane, and the Supreme Court
said germane is not enough. It needs to be a little bit more.

Next slide, please. Go ahead. I think this slide is to come up in a bunch of -- yeah. So it also said if the public has shown an interest it needs to be in more detail. So if you got a lot of public comment, if there's been a lot of debate among Board members, there's media interest, you're going to want to go into more detail. So the example on that case comes from an attorney general opinion on the topic.

The Reno City Council agenda for November 14th, 2012 had a discussion item that had discussion, direction of staff of possible approval of limited guaranteed settlement and restructuring. So, again, that sounds a little vague, something financial. It could pertain to a lot of business.

But if you'll hit the next forward button it has to do with funding that the Reno Aces were receiving from the City of Reno which, of course, the public and the press had expressed a serious interest in. So the A.G. opinion said that was not enough. It should have said something along the lines that it was about the Reno Aces to alert people that they may be interested.

But that opinion also provides another example of the mitigation that we talked about earlier. The Council, CAPITOL REPORTERS (775) 882-5322
Reno City Council kind of realized almost immediately that
this was not a good idea. So they rescinded their action.
They properly noticed it with a better description of what
they were going to talk about and to deliberate again. So
the A.G. found that was enough to resolve the inquiry. It
was wrong in the first place, but they didn't fix it. So
that is a good opinion for both topics.

Next slide, please. Some complaints have come up
about bill draft requests. Sometimes because of the PEBP
Board has dealt with legislative updates can move fast. So
in the Schmidt case that's cited on that slide it had more of
a vague description such as I think the legislative update on
various bill draft requests. There was a complaint made
about that. The Court said that one was closer. It was
close, but in that case it was okay because what it did was
provided a link to their website where people could check out
the bills that were going to be discussed at a specific
meeting. And PEBP follows a very similar process during the
legislature because things come and go so fast, as long as
there is a place for the public to get some more information
the Court said that was okay.

Next slide please. Again, if action isn't taken
regarding a specific person and in PEBP's case it comes up
more often if a PEBP contract is going to be adjusted in any
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way or entered into usually they are named to give them some
of, the person whose name they discussed notice and also the
public.

Next slide, please. The open meeting law also
requires that the Board make it clear when they are going to
act on an item. So for example on today's agenda this was an
informational item. The Board is not going to take a vote on
anything regarding the open meeting law, but the items that
are picked for possible action and the Board is going to vote
those are properly noticed and if they weren't the Board
could not take action on that item.

Next slide, please. Again, this doesn't come up
often for PEBP but wanted you to be aware that, again,
somebody's character or conduct or someone is going to be
discussed we need to have a discussion to see that they got
proper notice about that discussion.

Next slide, please. Next, please. Again, PEBP
doesn't take a lot of administrative action against persons.
Again, this is just to make you aware if something comes up
where somebody is going to be, their misbehavior is going to
be discussed we would want to make sure to comply with all of
the requirements without naming them and giving them proper
notice.

If you can go ahead and go through the next two
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slides. I want to end up at 27. Oh, yeah. This is about making -- I'm sorry. You don't need to go back but those were about making the meeting materials available to the public. So the meeting materials that you get PEBP also make available, but you as the Board members they also make this available to the public. They do a great job of that. It's always on the website. I want people to be aware of that requirement.

Meetings need to be recorded and minutes have to be prepared. And for example, today's meeting is being recorded, but even when we meet in person those meetings are also recorded. Minutes are taken and PEBP usually even has a court reporter transcribe the meeting.

Next slide, please. The open meeting law also requires that the public be given an opportunity to comment. Like today's agenda, must be given an opportunity at the beginning of the agenda and again at the end or if the Board preferred you could do it on each actual item one by one. And, of course, sometimes you've done both, and you can't go wrong with giving more than you need to, but you have to do at least the beginning or the end or after each item. You have to do one or the other.

Obviously I think the Board knows you can't take action on a new item raised at public comment. You can CAPITOL REPORTERS (775) 882-5322
respond to a public comment if you desire but no deliberation or any sort of action if a member of the public raises a new item in public comment.

The Board can place reasonable time, place Nevada restrictions on public comment, and PEBP also does a great job of this, of filling out those time limits, but you cannot stop comment based on viewpoint. If they are saying, you know, something you consider defamatory, something critical about PEBP or anything else, generally the public has a right to their comments, and so we are generally not going to stop that unless there is something generally repetitive or very disruptive to the meeting.

Next slide, please. I've been on public board for a long time. You may want to note some changes made in 2019 at the legislature based on the case from a few years that kind of interfered with public ability to litigate. You had to go in front of the Board for all kinds of decisions about litigation. If the Board so desires you can delegate that litigation, those decisions to the chair or an executive officer. Thankfully we're not faced with any of that right now, but we would probably do it on a case by case basis.

The way I read the statute is you can't just do a blanket delegation, but it would be for a specific matter, you know, to be able to pursue an appeal or something like that.
that without calling the Board together to make decisions like that.

They also have some language regarding teleconference or videoconference for a meeting which in no how that was but it did come in handy. They also made it so that public bodies can receive training outside of a public meeting as long as there's no deliberation or action. So today's training, the law I'm giving you now or the one about ethics could be done in a non public meeting if you so desired.

Next slide, please. Another change in 2019 was to the public body needs to make reasonable efforts to ensure that the facilities for a meeting are large enough to accommodate. Anticipate a number of attendees. There are some limitations on that. Of course it needs to be reasonable. The public body is going to have to go to great expense.

But if you know you were going to have a meeting where there was a lot of public interest and obviously you can't set the meeting in a very small room or something. But if you knew there was going to be a big meeting you try to get a bigger conference room or something like that and that was new in 2019.

Next slide, please. Of course, COVID-19 has
affected everything and that includes the open meeting law. You can probably tell by the fact that we're doing this by Zoom that's your first clue. The open meeting law usually requires a physical location where the rest of the public can participate. If we weren't -- if that vision had been suspended, if it wasn't we would have to have a public place where people can go to be part of the meeting, but the governor has suspended some of the provisions of the open meeting law. That's one of them.

If you do hold a meeting by teleconference or video similar to today the agenda has to explain how the public can provide public comment. So today's agenda is a good example. The open meeting law generally also requires the agenda be posted at a physical location, at least three of them. That has been suspended right now because most public buildings are closed because of the coronavirus, pandemic.

Again, agendas, the governor made provisions to make sure that agendas are still posted to the Nevada website and public body website if it has them and, of course, PEBP does, and if somebody has requested to get it by mail or e-mail that still applies. Same, similar provisions regarding supporting materials.

And the public body has to do their best to
ensure that any party entitled to or required to appear is able to do so for remote meetings and be able to fully participate. So if on today's agenda item for example when specific entities or persons are named PEBP would need to make sure that those people were able to participate.

Those are -- the governor was doing that kind of on a month by month basis, but in July he said those suspensions are going to be until he -- until further notice. So we're keeping an eye on that. But for now that is going to be how we handle meetings until he lifts the suspension.

Next slide, please. That is your broad and quick overview of the Nevada Open Meeting Law.

Does anybody have any questions? Okay. Thank you.

CHAIRWOMAN FREED: This is Laura Freed.

Thank you, Ms. Mooneyhan, for that was the quick version. I'm not sure I (technical issue) quick version but no offense.

With that, we'll move to Agenda Item Seven because that was an information item, the next information item which is the executive officer's report.


This is Agenda Item Seven, the executive officer.
There's not a lot on here but it's very important information. The first one is the COVID-19 update. Later on in the agenda item Stephanie Messier from Aon will be presenting a more in-depth analysis of the Covid-19 modeling, but in this report I do report that it -- that PEBP has paid approximately 1.5 million, and I actually got the new numbers yesterday. We're up to 1.6 million. Again, COVID-19 related testing office and treatment and you just heard me say over the course of the last month, the week, over week increase in costs have been going.

We have seen, you know, originally the week over rate increase was, you know, 20, 25,000 and we're up to about 100,000 difference, 100,000 dollar difference week to week.

So it's something we're monitoring very very closely. You know, as -- as you know, we're also reporting it to the governor's finance office who is also in charge of distributing CARES Act funding as well. We've received to date about $410,000 in CARES Act funds to offset some of these costs, but obviously those -- those are not guaranteed. We hope to get them in the future, but they are not guaranteed.

We are reporting these costs weekly to the governor's finance office to October, and at that point the GFO has requested all agencies provide estimates for the rest.
of the year through November and December approximate
estimates so that they are able to better determine
reimbursements in the future.

So for solicitations I'm just going to say right
now that has been, it's been a lot of work for PEBP staff.
We have a lot of solicitations out. This is constantly.
Everyday we have a new deadline for a solicitation whether
it's answering questions, whether it is, you know, valuation
committee. We have a lot of work to do, not just moving
forward once we award new contracts and have to get into
implementation. It is a lot of work to have six ongoing
conferred solicitations. I'll speak on behalf of PEBP staff.
We've been juggling a lot.

This is just a -- just a high level update on
where we are with the solicitations for the enrollment and
eligibility system. A notice of intent was issued on
September 15th and negotiations are underway. I do not
believe by NRS 333 I have the ability to announce who that
vendor is. So it is not in the report. However, we are in
negotiations right now and hope to bring this to the November
Board meeting.

We've also released the medical network RFP as
well. That was released on August 24th. Proposals are due
in a couple of weeks, and we expect this contract to come to
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the Board in January for approval.

The HMO network, the HMO product, sorry, was released also on the September 4th. Those proposals are due on October 13th and we're hoping to bring this back to the Board in November.

The dental network RFP was released on September 11th, and proposals are due on October 13th, and we will be bringing that back to the Board in November as well.

And all financial auditor, since that does not reflect until December 30th of '21 we do have a little bit of time to release this RFP. And so to be -- because we're juggling so much we have postponed this one. We have a little bit of time. We haven't released that one yet. So that will be released some sometime early 2021 we expect.

So the operational update, PEBP is currently staffed at, and this is an error on my part, it's actually 27 out of 34 employees. I failed to do the correct math. And when I wrote this report actually I think since I wrote this report we had submitted to the governor's finance office the request justification to sales because of the hiring freeze to fill four positions, and we have not received word yet of the time if those were going to be approved or not.

And, you know, I was very concerned because you've already heard that there's a lot of solicitations out.
right now. If we are to change carriers that causes, obviously there's implementation work that goes into -- that needs to happen. There is also updates, documents updates to benefit guides and the website and -- and, you know, coordinating with vendors and communicating to members, things like that. So there's a lot of work that has to take place when we move from one vendor to another. And so that was actually, that was very concerning to me being staffed as we are.

But the day before yesterday I believe we did get approval from the governor's finance office to fill four of those positions. So we are moving very quickly to get those positions filled and get PEBP staff to appoint where, you know, we're able to accommodate all of these changes moving forward and to being in plan year.

So in conclusion, the team has a lot to juggle. The staff are prepared and I can say everyone has jumped on board and is really doing their fair share of the work and making sure that all of this goes off as seamless as possible.

So with that, I'll take any questions.

CHAIRWOMAN FREED: Board members, any questions?

This is Laura Freed for the record.

MEMBER VERDUCCI: Yes, Chair Freed, Tom Verducci.
CHAIRWOMAN FREED: Go ahead.

MEMBER VERDUCCI: Yes. Officer Rich, I want to thank you for the work that you and your staff members are doing. You know, I'm aware that when you're low on staff and you have to work that much harder to make it up it is, you know, a very difficult position to be in.

And what positions do you see right now where you have an immediate need to be filled and what effects could happen on the agency if the positions are not filled, such as call center delay? You know, where do you see this going?

And I would just like to hear your comments on that.

MS. RICH: So, like I said, we have a lot of changes, and we have a lot of work that is going to come about. Sorry. For the record Laura Rich.

That has come about because of all of the solicitations out there right now and potentially moving to new vendors but not just that but we also have big plan changes for next plan year as well.

And -- and then we also have, don't forget, a legislative session as well. So that also requires a lot of staff time because we're constantly having to track BDR's. We're constantly trying to -- its not just one pair of eyes. You need, you know, several pairs of eyes to track these BDR's, to track the -- what is going on in the legislative
session. So you need someone -- you need several staff to
dedicate to that too.

And then on top with everything else that's going
on, obviously, you have to do the typical pre open enrollment
preparation, right. So you have to update benefit guides.
You have to do all of the communications to members. You
have to update master plan documents and things like that,
the website. There is a lot of work that goes into the
preparation for a normal open enrollment period, and then now
you add all of the different elements that we've got, you
know, changes going on. It -- it just makes it that much
more work on staff.

Where I see the need is we -- we have some call
center staff, members who are still staffed. Either they are
promoted or they were -- they retired or they just moved on,
and so we have some vacancies there. Moving into open
enrollment we really need to be able to answer, we expect a
large volume of calls, of member e-mails, things like that.
In order for us to be able to respond properly we needed to
fill some of those vacancies and member services.

We also have an open management analyst position
that will be very necessary from all of these implementations
that might be necessary, that are very likely to be
necessary, but not only that we need someone to -- that is
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the person who would typically track those BDR's and the
bills through the legislative session. They are the research
and analysis type person, and so a lot of -- a lot of work
falls on that position, and so we are hiring for that role as
well.

And I believe, I'm trying to think of the other.
I believe most of them are member services and management
analyst positions. So those are the four positions that we
are focusing on for now, and if we need to fill other
positions in the future we'll continue to make those requests
to the governor's finance office.

CHAIRWOMAN FREED: All right. Board members, any
other questions to the executive officer?

MEMBER AIELLO: This is Betsy Aiello.

CHAIRWOMAN FREED: Go ahead.

MEMBER AIELLO: Laura, I had a question. Is
there an additional solicitation from the list in your
report, the one that's in Agenda Item Ten so there's actually
another one or?

MS. RICH: Yes, there is. For the record Laura
Rich.

There is another one that we're asking for as
well and so --

MEMBER AIELLO: Okay. I was just wondering.
MS. RICH: -- that one as well.

MEMBER KRUPP: This is Jennifer Krupp.

I just wanted to ask too considering the upcoming furloughs and the already, the current staff positions, can you describe what some of the direct impacts would be to plan participants.

MS. RICH: For the record Laura Rich.

So that was my main concern is that the plan participants would be again e-mailing, calling in to PEBP and we would not be as available to answer their calls or to answer their e-mails and answer their questions. And going into a plan year where we are introducing a new plan we're making major changes to the existing plans. We're changing vendors. You really really want to have a stacked up call center who can be available for employees who have those questions. So, yes, that's a major impact.

Obviously, you need to be able to get noticing to those members quickly as well if there's any impact let's say when they get a network change and you have members who might need to -- might need to change their care provider or their, you know, specialist doctor or something along those lines because that doctor is no longer going to be in-network, and they need to change providers. You need to be able to communicate with those members and let them know that this is CAPITOL REPORTERS (775)882-5322
happening. That these changes are happening so they are not
caught off guard.

And if you don't do that, if you don't do a good
job of communicating early you just end up getting the
backlash, and you end up having to do that work later on
anyway and correcting a lot of the member issues that have
come about because of the lack of communication to members.
So it's better to -- to just have a very very robust
communication campaign as you go into any member plan changes
or vendor changes, you know, moving forward.

So this is something that staff is already
working on knowing that, you know, come January, February
there's going to be a lot of communication that goes out.

MEMBER KRUPP: Thank you.

MS. RICH: Of course.

MEMBER KELLEY: This is Michelle Kelley. If I
could ask a question.

MS. RICH: Of course.

MEMBER KELLEY:: So I guess I wanted to switch
gears, Laura, and ask about the make-up of the evaluation
committee, the RFP's that are out and the process. Is there
-- I'm wondering if there's one that a Board member or Board
representation on each of the evaluation committee. And,
two, if there's also an external member from a different
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agency than PEBP, some kind of what is the make-up of those
committees. Thank you.

MS. RICH: For the record Laura Rich.

So the make-up is actually in statute but, yes,
you must have at least one member who is outside of the
agency so that is by statute. We do have at least one person
outside of the agency on that, sometimes more. There's a
couple of them that have more than one outside member.

Board members have all been -- I think Board
members are on each of the evaluation committees, not just
that but they also had input into the -- into the development
of the actual solicitation so going into the -- developing
the request for proposal. Members -- Board members have had
access to that as well. So there's been a lot of engagement
from Board members on all of these solicitations.

MEMBER KELLEY: Okay. Thank you.

CHAIRWOMAN FREED: Board members, any other
questions?

Okay. Hearing none, I think that does it for
Agenda Item Seven. Before we move on to Agenda Item Number
Eight would the Board like a quick break?

MEMBER SMITH: Yes, please.

CHAIRWOMAN FREED: Okay. It is now 12 o'clock.

If everybody could be back on or before 12:10 that would be
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great.

(Whereupon, a brief recess was taken.)

CHAIRWOMAN FREED: Hello again everyone. It is 12:10, and we'll resume the meeting with Agenda Item Eight, discussion and possible action on proposed changes to Healthcare Blue Book rewards payments.

MS. RICH: All right. For the record Laura Rich. On -- back in 2017 the Board approved a plan year 2019 cost savings activity to include the implementation of Healthcare Blue Book. That's the transparency tool that provides incentive to members to shop for high quality low cost providers in the region.

In 2018 the Board was presented with some options regarding how those rewards were going to be provided to members using this tool. And the Board eventually approved the reward option that's separated the rewards by region and in turn capitalized on each market condition throughout the state.

So what we did is we had Healthcare Blue Book look at the services that were being utilized by members where they were -- they tended to choose the higher cost providers rather than the high quality lower cost providers. So we looked at those services and said it makes sense to incentivize those procedures, and they were different by each
region.

So we -- we made sure to separate them by the region, and a list of procedures were then approved by the Board and they were then members that have these procedures at what is called a green provider received a reward. So it would be a check for $25 or $50 and just by using that low cost high quality provider rather than using a high cost provider.

The -- what we're proposing today is to change that methodology of it. So in the past members did not actually have to use the tool. By luck, chance they could have chosen a green provider and a check showed up in their mailbox and they may or may not have done it on purpose.

And so this has actually happened in the past with a staff member who has since retired. He went and had cataract surgery, and he came in my office one day and said hey, you know, I got this reward check. What is this? And I said, well, you must have had a procedure recently that was under the list of procedures that receives rewards, and you must have chosen a green provider. He didn't know. He didn't realize what, that he had chosen a green provider.

So what we are doing here and what we're proposing is that we now tie these rewards to actual utilization. So we are incentivizing members in order to get
this reward they actually have to pick up the phone and use
their -- their tool, their Healthcare Blue Book application
in their phone and they have to search for that -- for the
procedure that they are going to have.

When they search for the procedure it's going to
show up -- show that there's red providers, yellow providers,
green providers or facilities, and they then can choose a
green facility. When they go and have a procedure done with
a green facility or a green provider then Healthcare Blue
Book then sees that this person actually utilized the
application and they actually searched using Healthcare Blue
Book, and then that reward is then issued as a result.

So we are incentivizing members to not only use
the tool but we are rewarding members by using the tool and
hopefully providing more incentive to people to -- to use
this tool more often and to really learn how to navigate
through this -- the Healthcare Blue Book application.

Additionally what we're doing because of the
volume of, obviously if you have to do nothing then you are
rewarding every procedure that falls under this category. So
moving to this we would be reducing the volume of rewards
that are actually naturally going to happen because not
everyone is going to use the app.

So what we're proposing as well is increasing the
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number of procedures in each region to then, either to, those
to incentivize more procedures, right, and then incentivize
those high cost procedures or procedures that are being used
in high cost providers and facilities and trying to
incentivize that more towards the high quality and I keep
saying high quality because we don't want -- we're not
looking at just costs. We are also looking at quality.

So we want to make sure that people are not just
going to the least expensive provider but we also want people
to be going to the highest quality provider too, and this is
something that Healthcare Blue Book asked us.

So with two years of utilization now we do have
an opportunity to change that reward methodology and start
expanding that list. This is a cost neutral. We expect this
to be cost neutral as far as rewards because we don't expect
to be rewarding -- to be issuing any more in rewards than we
are today.

What we do expect though is if people continue to
use this we are going to be steering people or the intent is
to steer people into these lower cost type quality facilities
which would then eventually bring in an additional ROI.

That is -- I wanted to bring in Healthcare Blue
Book because I think they will do a much better job at
explaining how this process works, and they put together a
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quick little presentation to really identify because I know some of the Board members were not around back in 2017. I think many of the Board members were not around back in 2017 when this was originally presented.

So I believe we have Julie, is it, Julie will be presenting on behalf of Healthcare Blue Book and she will also be available to answer any questions that the Board members may have regarding this application and tool as well.

MS. BURKHALTER: Absolutely. Thank you so much, Laura, and thank you all. I'm honored to be here. Hopefully everybody can see my screen, okay. Great. I don't want to take up too much of your time. So I will quickly --

CHAIRWOMAN FREED: Ms. Burkhalter, would you please state your name.

MS. BURKHALTER: Sure. I apologize. My name is Julie Burkhalter. I am the senior account manager at Healthcare Blue Book, and I've been working along side Laura and her team throughout the implementation process and as the account manager since July of 2018.

We have Bill Kamphine, our co-founder, who was supposed to be joining me as well but he had to drop off sadly at noon. So any questions I can't answer, obviously, I will -- please write them down and I will share those responses with Laura.

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But I did think it would be meaningful to quickly just give an overview of the program today and what Healthcare Blue Book does just to refresh everyone's memory. But we have been partnering up, Laura said, since July of 2018. We are a transparency tool and/or an on-line healthcare shopping installation but enabled employers to cut their healthcare cost by telling employees to easily navigate the high qualify cost effective facilities and position. So that's really the crux of what we're doing today for your membership.

And, again, that does partner with an incentive program. So you all have been utilizing our Go Green to get green rewards programs since the inception of the program which encourages that consumerism while awarding employees for choosing fair price and green providers.

The term (inaudible) we can go and reward processing and again it's a very successful program for not just PEBP but our entire group of business, but we did talk quickly about the problems we're trying to solve and speaking to cost.

We -- just to give you some orientation of this graph, this is -- these are knee arthroscopies that we are seeing in your claims data in the Reno market, and this slide is not unique to PEBP. It's not unique to Reno. We see it

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across the country nationally but these, but each line is a
claim. So that's an individual who has gone to have a knee
arthroscopy, and you can see that the price of that knee
arthroscopy can be as low as $2,000 or upwards of $16,000,
and we see this for numerous procedures across the country in
every market.

So what I think is the most, the thing to take
away from this graph is it's not the -- the position that is
causing that crisis experience. It's the facility. So that
light blue portion of each line is the professional. The
dark blue, the anesthesia, and then you'll see that line as
the facility fee and that's really what is driving the cost.
Again, this is a national product. I can't speak. It's a
national problem and we see it throughout the claims data
that we get across the country.

The second problem behind us to solve is
surrounding quality this cost everyday for those inpatient
complex procedures. We want to make sure we're driving your
employees to the best hospital for their care. We know that
hospitals do most services. They are not great, equally
great at all services. So we dig in to quality ratings at
each specific facility by procedure for your membership. So
that we make sure if someone needs a joint replacement they
are going to the best hospital for that specific need.
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And then this is where we align that cost to quality data. In our tool we have the ability to showcase both the quality and the cost rankings along side each other. So that we are driving people to not just the lowest cost provider, as Laura mentioned, but the highest quality provider and then rewarding those members who do.

Really quickly, I did want to give a brief summary over -- of the specific success of the program in year one. So we were able to save PEBP over 1.6 million dollars in savings from your membership utilizing the tool which equated to a 3.3 to one ROI. This is validated by Health Claim Auditors earlier this, that ROI metric and savings analysis and we have 23 percent average monthly utilization last year which was outstanding.

What we've been able to calculate today is that just under 40 percent of the households in your membership have engaged with the tool which is just staggering and so great to see.

And, again, please stop me if there are any questions. But I do want to get -- to respect everybody's time, I want to get to the crux of why we're here is to really talk through the proposals in switching this rewards program to more of what we call an attribution model. Laura did a wonderful job of explaining the rewards program as it CAPITOL REPORTERS (775)882-5322
exists today and how there are members who can be rewarded for going to a green provider without actually searching on the Bluebook tool.

Now, that has some -- some things going for it in that someone who may not have been familiar with Bluebook, once they receive that check in the mail they certainly are aware of Bluebook now. And for a small reward amount for $25, let's say, we -- they now know the tool exists and will be more likely to use it going forward. So -- so not to say that that was a bad program to start with. I think it increased you're utilization. It got -- it was a member engagement mechanism to be sure.

But what we want to do is -- is really start to attribute the savings to the specific use of the tool. So, again, primary -- primary change would be that we would require the member to shop and then go to that green provider in order to get a reward. In switching to this model we are then going to expand upon rewardable procedures that we would be rewarding for.

Today we reward for procedures that take or represent about ten percent of your medical spend, it would switch to about 20 percent of your medical spend. We would be rewarding for both inpatient and outpatient procedures.

And, again, those are select inpatient and outpatient procedures.
procedures that we would work with Laura and the team and you
too to hone in on what you would think is the most
appropriate based on your claims data.

Rewards would be higher than they are today.
Again, because it is required to shop. But, again, we would
anticipate higher engagement and utilization of the tool as a
result of these rewards expanding and the reward amount
increasing.

Just to give a brief overview of the rewards
program and the process rather as it would exist going
forward if approved. The member would use Bluebook and they
would shop for their needs. They can shop on our web
application. They can shop on the mobile app or they can
call us or send us an e-mail. All would apply.

They would then use the green cost effective
provider. We would validate in the claim that they went to
that green provider and also what was searched for that
specific need, and then we would issue the check.

And this is just a side by side example in Reno
to show you the estimated savings that you could anticipate.
It will show also those current reward amounts along side
what we would be proposing you switch to and the results in
savings.

Okay. Stay with us for a minute. I know there's
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a lot of numbers. And, again, you'll have the ability to
review this as well afterwards, but any questions please
don't hesitate to let me know.

As Laura mentioned earlier, this is a cost
neutral change. We would anticipate in what we've seen from
our other clients who moved to this model from the standard
Go Green to get green rewards model is that your rewards
budget will hopefully stay roughly flat with the savings
projection hopefully increasing.

So, again, knowing that we are now adding in that
requirement to shop, while the reward amounts our increasing,
the rewards themselves, the number of rewards we will be
issuing will go down, and so it ends up balancing itself out
such that your rewards budget should stay relatively the
same.

MEMBER KRUPP: I have a question. This is
Jennifer Krupp for the record.

MS. BURKHALTER: Yes.

MEMBER KRUPP: How would you be notifying plan
participants of these changes?

MS. BURKHALTER: We can work with Laura and your
team. PEBP is actually a shining example of how we can
communicate to your membership and that they are currently
sending monthly e-mail communications to the membership, and
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that is largely why and how your utilization is what it is.
And we have specific communications that are already created
that we will supply the team so that they can effectively
communicate these changes to your membership.

MEMBER URBAN: Marsha Urban for the record.
When you're communicating those are you going to
communicate which items are included in those rewards? I
mean, not everything that you do gets rewarded even if you go
to the high quality cheaper place, right?

MS. BURKHALTER: Absolutely. And we've actually
been working with Laura to get more specificity in the
communication so that we can educate the membership on the
exact rewardable procedures that are available. And just so
you know, they still will be different by region. We try to
dig in and determine what is most appropriate in the
different regions, but we will absolutely and can absolutely
do that so people know exactly what those changes are and --
and which -- which procedures to search for.

CHAIRWOMAN FREED: This is Laura Freed, sorry.
Since we clearly moved into Board questions
because there's a lot of interest, and I also have a list of
questions. Thank you to Members Urban and Krupp with their
questions. Let's just get right to it.

So the folks use green providers right now sort
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of by accident, perhaps without ever consulting Healthcare Blue Book. And then staff report says paragraph three, PEBP has two years of the Healthcare Blue Book data showing excellent member utilization rates. I want to ask PEBP staff what does that mean quantitatively in terms of participant numbers in covered lives. How many people use Healthcare Blue Book?

MS. RICH: This is Laura Rich for the record.

So when we're referring to utilization it's activity on the Healthcare Blue Book application. So Healthcare Blue Book tracks activity by PEBP members. They have to actually -- you have a log in, right. So you can track that member activity, and there is, I have to pull up the last report, but there's definitely -- Julie, I don't know if you have it right on hand, but there's definitely a very high utilization compared to other Healthcare Blue Book plans. So we feel like there's been -- Healthcare Blue Book has said over and over we're a great case study for utilization among their clients, you know, their book of business overall.


MS. RICH: It is setting up an account and
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searching. So actually using -- using -- so there is an initial set up an account and there's usage of the app and so people actually going in there and doing searches performing those searches.

CHAIRWOMAN FREED: Okay. I would request an actual number of participants who set up an account and then have gone in and had staff use it.

And that leads to another question. How would participants prove they used Healthcare Blue Book? I mean, walk us through the process if you see somebody unique with a knee replacement or some other procedure using Healthcare Blue Book and getting the reward check in the mail.

MS. BURKHALTER: So and, Laura, I was just going to jump in since I do have that number that was first originally recovered.

We have over -- when I say on this slide it's 39 percent of health participants have engaged I'm talking about your subscriber account that's coming over to us. So we have over 10,000 subscribers who have interacted and searched with our site. So that is, you know, a very very impressive number. So and I can give you the exact number. I think it's like 10,592. I just looked at it yesterday.

CHAIRWOMAN FREED: Okay.

MS. BURKHALTER: So that I could share that with CAPITOL REPORTERS (775)882-5322
you. But and you want to understand the process today.

CHAIRWOMAN FREED: Yes. How does Healthcare Blue
Book, how would they know that you had done this, just by log
in?

MS. BURKHALTER: Absolutely. They log in and
because we receive eligibility from PEBP on a weekly basis.

CHAIRWOMAN FREED: Okay.

MS. BURKHALTER: We're able to see that that
member has authenticated onto our platform and we are able to
validate that on our end.

CHAIRWOMAN FREED: Okay. And who determined the
revised rewards in the attachment? Was that PEBP working
with Healthcare Blue Book or was that Healthcare Blue Book
folks or who?

MS. BURKHALTER: That's our rewards
recommendation.

CHAIRWOMAN FREED: Okay.

MS. BURKHALTER: And so if it's not set in stone
we can work with the team to tweak as needed and adjust.
That is up evaluating your claims data. We want to
understand too -- we want to -- and that's one of the reasons
that we tweak by region what we're rewarding.

So for instance Las Vegas has different
rewardable amounts than the Reno region and certainly the
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Elko region because we already found your claims data for instance the Vegas market, but a number of individuals were already going to green providers --

CHAIRWOMAN FREED: Uh-huh.

MS. BURKHALTER: -- for MRI's. As such we knew that we would be issuing a lot of rewards to people who were already making a good decision. So we are not rewarding for that specific procedure today. So we're trying to make sure that our analysis is very protective of your own budget expenditures so that you are not issuing rewards, you know, for people who are already making those good choices. The goal is to try to encourage that.

CHAIRWOMAN FREED: Dependent on the budgets I think. If the Board would approve this when would it be effective?

MS. BURKHALTER: It can be effective whenever it works for you and your team. We obviously -- the question came up about communication which I think --

CHAIRWOMAN FREED: Yeah.

MS. BURKHALTER: -- is a wonderful point because we do want to give the team time to make sure that we can put together appropriate communication plans that this is -- this is rolled out to members in a meaningful and thoughtful way. So however long -- we obviously have communications created CAPITOL REPORTERS (775)882-5322
and can do so very quickly but to the extent it needs to happen in a calendar year or during open enrollment, those are also options on the table as well.

MS. RICH: This is Laura Rich for the record. So for that, this isn't a major change. We can implement this basically with how we want. We can do it, you know, in a claim year of January 1st or we can make it a part of open enrollment material, but ultimately the -- this isn't a major change. It's just the way that we provide those rewards and who gets those rewards. So it's -- we're very hopeful on when that could be implemented.

CHAIRWOMAN FREED: Okay. Again, this is Laura Freed.

So I was intrigued by the year one 1.6 million in total savings as opposed to reward budget appears to be a lot greater of 26 to $55,000. What do we spend on Healthcare Blue Book rewards now? What did we spend on in year '20 if you know, Laura?

MS. BURKHALTER: So far we're trending I think to have spent close to $26,000 in rewards in FY20. We spent 29,000 in year one, so and not surprising that that went down this past year given COVID, and there were fewer rewards that were issued. I'm trying to quickly --

CHAIRWOMAN FREED: The reason I ask is I'm not
understanding the 3.3 to one ROI, a total savings of
1.6 million, a third or so half a million in expenditures.
So we're only spending $23,000 in rewards. Can someone
please connect those dots for me.

MS. BURKHALTER: Sure. This is actually your
year two. So I want to pull up this so that you have an
example just to show you how we're getting to that
calculation. So, again, this is -- this is FY2020. The
total PEPMB, so what you're paying today for your membership
as --

CHAIRMAN FREED: Okay.

MS. BURKHALTER: -- as of the tool is that
440,000 dollar number. And, again, this isn't the 3.3. This
is year two. So --

CHAIRWOMAN FREED: Okay.

MS. BURKHALTER: -- the ROI year two which did
include COVID.

CHAIRWOMAN FREED: Okay. Contract payment plus
rewards.

MS. BURKHALTER: Yeah.

CHAIRWOMAN FREED: Got it.

MS. BURKHALTER: So we have program cost and then
we do, we can get into the savings that we calculate savings
based on -- you know, again, we calculate the savings based
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on who is going where and utilizing the tool.

CHAIRWOMAN FREED: Uh-huh.

MS. BURKHALTER: And then we calculate it this way. So for FY2020 we are actually 2.9 to one ROI which again using circumstances.

CHAIRWOMAN FREED: Okay.

MS. BURKHALTER: It's stats including March, April, May and June of 2020. These are outstanding results. So and especially knowing that we're seeing elective procedures and nonessential procedures start to get scheduled again, we're seeing about 80 percent of those procedures that were paused are going to be scheduled within the year. You know, we're seeing that utilization ran back up.

CHAIRWOMAN FREED: Okay. And for PEBP staff, is this contract positive with what's in the bank budget for '22 and '23?

MS. RICH: Laura Rich for the record.

Yes, it is. It is actually not a direct contract. PEBP is a direct contract with Healthcare Blue Book. This is through RTPA.

And so I believe, Cari, if you want to add something to that, this contract is through HealthSCOPE but I don't know --

CHAIRWOMAN FREED: Okay.

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MS. RICH: -- if you have anything to add to that?

MS. EATON: This is Cari Eaton.

Nope. This is the cost that's in our base budget. It's per member per basis so it's enrollment.

CHAIRWOMAN FREED: Okay. Thank you for answering my question. This is Laura Freed for the record.

I'm going to open it for Board members. Board members, thank you for indulging me with these questions.

MEMBER AIELLO: This is Betsy Aiello.

And I'm wondering the base for why we feel we need to increase the reward up to 1,000. Are there certain procedures that the reward was too low to drive a change that you have identified? That's question one. Hand in hand, is the 1,000 a year maximum or somebody that might have more than one issue? That is another question if they go higher.

MS. BURKHALTER: Betsy, that's a wonderful question. And just so you know, we structure that 1,000 dollar parameter that was provided for one specific procedure that we no longer reward for today. As I mentioned earlier, we are going to be expanding the rewardable procedure list. It does not include inpatient procedures today. So we are rewarding for lower cost procedures but which have a very high impact on your medical spend like imaging,
colonoscopies.

However, we know there are a number of individuals in your claims that we see going to, for instance, red cost and red quality providers for spinal fusions which is a very complex, very expensive procedure, and so we would then start rewarding. You can see here hopefully on my screen for the benign breast tumor removal, hysterectomy and spinal fusions, and that's where those reward amounts would be the highest because -- because they are the most expensive and the price difference between where -- between a green and a red is large.

So it warrants that higher reward amount to hopefully steer them to the best quality low cost provider that we can. And, again, we would never for those more expensive complex procedures, we're as you can see wrapping in the quality metric into how an individual would earn a reward.

So for those inpatient procedures, the three listed here, we -- they have to go to a green quality provider to get a reward. They would get a higher reward if they went to a green quality and green price provider and a slightly lesser reward if it was a green quality yellow price, but those we are not rewarding solely on cost. For things like an MRI we will, and this gives you just an
example of the outpatient procedures and those rewardable
amounts.

We don't see that while they are higher they are
not significantly higher but the gold meaning that we are
going to really entice more of those members who are going to
red providers to use Blue Book in order to find a better
lower cost high quality provider to go to.

But, again, no one will no longer be able to just
stumble into an imaging center and be rewarded for that.
They will have to shop on the tool and we will be validating
that on our end.

MEMBER URBAN: For the record Marsha Urban.
I know I have asked this about notifying people
about what procedures are covered. Is there anyone in the
program that you can, when you're doing a search say there is
a reward for this one?

MS. BURKHALTER: Absolutely, and we show that on
our tool. I'll quickly jump around, and I really appreciate
everyone, your patience with me as I do this, but this is
just an example. This is from our site. Again, these aren't
applicable here. These reward amounts are just more of an
example. But if for instance someone were to shop for any of
these procedures, and this actually occurs in the tool today,
right underneath our color bar which shows what their price
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for that procedure is we highlight the rewardable amount so
that the member does know that this is a procedure for which
they would receive a reward if they used a green provider for
their care.

MEMBER URBAN: Thank you.

MEMBER KELLEY: Michelle Kelley here for the
record.

Can you help me link a person who already has a
provider but doesn't have the facility, especially for
inpatient, in my experience people often have the doctor,
right, and they go where they tell you to go because that's
where they have the admitting privileges or whatever. So how
does the participant link those two pieces?

MS. BURKHALTER: That's a great question. I wish
I had the site pulled up to give you a quick of how one could
navigate that specific situation. Today the physicians and
providers in our solution have what we call a patient savings
rating. So you can look up your doctor, and it will show
where they refer.

What we see that occurs quite often is that
physicians have admitting privileges at a number of locations
and it's not just a hospital. It's often let's say the
ambulatory surgery center across the street. This is a
common problem. That's why we try to arm all of our clients,
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employees with the app. So that when they go to that scheduler they can say, okay, I want to stay with Dr. Moore, but I see on my app that he is -- he practices in both the hospital and the surgical center down the street. Which day is he at which facility. That's the day I want to schedule it.

So but you are correct, and the goal with Blue Book is not to switch your provider. Obviously, if you are in need of finding a specific provider for a certain need you can do that here. The goal is to open up that conversation to understand where they have admitting privileges and then being able to look up in the tool which is lower cost so you can stick with the high quality doctor that you've selected.

MEMBER KELLY: And so just a follow-up then.

Michelle Kelley for the record.

So does the app provide quality reviews of the physician?

MS. BURKHALTER: It doesn't today. We do link out to Health Grade for all of the physicians in the tool, and so you do have that -- that data available through Health Grade. But you -- but we do do it on patient to patient base rating is really we do that today. It's where -- it shows where they refer.

Are they a green provider because they referred
to a green facility primarily or red because they are more frequently at red facilities.

MEMBER KELLEY: And then last follow-up I promise. Sorry. Michelle Kelley for the record.

Can a participant request the physician then. So say he wanted to do the hysterectomy, he wanted to use University Medical Center, can they then -- do you help them get the physician that referred them?

MS. BURKHALTHER: We can. So what you can do you can actually shop by the specific facility. I have this example up here because for instance I could drill down into University Medical Center of Southern Nevada here for total abdominal hysterectomy. And then it would show me if I have the ability to do that right now it would show me the doctors who are performing that specific procedure at that hospital.

MEMBER KELLEY: Thank you.

CHAIRWOMAN FREED: Laura Freed.

Board members, other questions?

MEMBER LINDLEY: Tim here. I got a couple of questions if I may.

CHAIRWOMAN FREED: Sure.

MEMBER LINDLEY: Tim Lindley for the record.

Please bear with me. This is my first time. And I just had a couple questions regarding that 1.6 million
dollar figure.

MS. BURKHALTER: Sure.

MEMBER LINDLEY: If you can pop that up on the screen please.

MS. BURKHALTER: Absolutely.

MEMBER LINDLEY: The 1.6 million dollars in total savings in regards to the -- there was a prior discussion regarding an employee who conveniently received a payment. Does that 1.6 take into account people who have accidentally or erroneously forfeited a facility or does that 1.6 reflect more specifically searched?

MS. BURKHALTER: We do take into site utilization. What we've done to develop your benchmark outcome which we delivered to Laura and team last year is that we will look -- we received two years of historical claims data during the implementation process. So we were able to have a two-year picture of what your claims story was, if you will, prior to Blue Book.

So we knew for every procedure the number of individuals who were going to red providers, yellow providers and green. And then what we will look for on a year to year basis to calculate, excuse me, that savings, and we do take into account the overall utilization of your site is how are we able to shift those percentages so that more people are
going to green and that the red portion is skinnying down, if
that makes sense.

I'm trying to do this on a visual so I apologize.

The goal is to take your pre Blue Book picture and show how
we're shifting people by use of the tool to go to more green
providers, and we can see that go down and hence calculate
the average savings by procedure in total.

MEMBER LINDLEY: So the 1.6 includes the
erroneous person that just randomly picks the green facility;
is that correct?

MS. BURKHALTER: It's really more -- it's more
global, if you will.

MEMBER LINDLEY: Okay.

MS. BURKHALTER: It's not taking into
consideration each person. That, however, will change if we
move to the new -- the new --

MEMBER LINDLEY: Targeted system.

MS. BURKHALTER: Exactly. Because this is just
an example of the recording that we would be able to provide
also on a quarterly basis as opposed to an annual basis that
we're doing now because it is more real time. We're going to
take into account every single person and despite the case
count.

So in this example 230 individuals received a
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136
reward for colonoscopies. That's 230 people who have received a reward and shopped. So the goal being is that this is really going to tighten up our report for you all so that you can more adequately attribute savings to use of the tool.

MEMBER LINDLEY: Is it possible to I guess narrow the scope? For example, I go to a local food store and (technical issue) I want to buy and it's on sale but if I go through and I just pick up the random meat I'm not automatically given a discount. I have to go to the app and add it to my cart it order for it to be applied. Is there a way for someone to just, you know, get a check box for the facility they prefer and kind of get a more targeted detail approach?

MS. BURKHALTER: So I'm sorry. So you're saying they would go into the tool and select?

MEMBER LINDLEY: A facility or all green facility, for example, to use the total hysterectomy example.

MS. BURKHALTER: Uh-huh.

MEMBER LINDLEY: And I actually log in on my end and UMC Henderson Hospital and Carson Tahoe Regional Medical Center. So if I'm thinking about a hysterectomy I could just select those three, and you actually have more of a rough data other than me just doing a generic search.
MS. BURKHALTER: By more robust do you mean --
and I'm so sorry if I'm misunderstanding.

MEMBER LINDLEY: More accurate data to show that
the participant specifically selected the green versus just a
generic search.

MS. BURKHALTER: No. Here's what we are doing
and it was essentially not a generic search. I hope I
understand what you're saying. For instance, I now am going
to get a, I need a knee MRI. So I'm going to go into Blue
Book and I'm going to search for a knee MRI. I have to
search for the knee MRI. I don't -- I don't have to
specifically see that they have clicked on the specific
procedure in the tool. I do have to see that they have done
that search for that specific procedure.

Because if you go into the tool you'll see that
you search for a knee MRI you have three options that show
up. You may not need at that point to drill down a specific
facility. You might know it. It might be near you. You now
know it's green. You're going to call them and schedule it.
But we are requiring them to shop for the specific procedure
that they actually need.

So for instance if I had -- if I shopped for a
knee MRI but then I went and had a colonoscopy I'm not going
to get a reward. I have to shop for the specific procedure.
I don't know if I'm answering your question and I so
apologize if I'm not.

MEMBER LINDLEY: I guess I'm kind of thinking
along the lines of like a grocery store example where I have
to physically add it to my cart to get the benefit.

MS. BURKHALTER: You can't do that. It's not how
it works today but --

MEMBER LINDLEY: Okay.

MS. BURKHALTER: -- but maybe some day. Maybe we
need to change how we -- how the app functions.

MEMBER LINDLEY: I would kind of go with what
further is where I'm thinking.

MS. BURKHALTER: Right.

MEMBER LINDLEY: So then you can give it more
measurable, hey, this is -- it would be excellent a step
further and you have more accurate data that Healthcare Blue
Book is wondering why they chose the green versus convenient
or the hospital right down the road or hospital that the
doctor said, yeah, I can do that as well.

MS. BURKHALTER: Well, I think that's why we want
to change this because if they didn't shop for that reward
and they stumbled into green if they were new to this, they
would not receive a reward, and they would not be calculated
in the reporting. Those individuals then fall out of future
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MEMBER LINDLEY: We can go that far a direction, yeah.

MS. BURKHALTER: Right. It's only those who shop and went to that provider for that knee.

MEMBER LINDLEY: Thank you.

MS. BURKHALTER: Absolutely.

MEMBER KELLEY: Michelle Kelley for the record.

Just picking up what you were saying. So, in fact, there's almost two decisions for the Board today, right? Because it sounds like the Board could choose to keep the same list of rewards but put in place the requirements that they only get the reward if they search for the procedure and the Board could choose to expand the list of procedures. Is that accurate?

MS. BURKHALTER: That's a great question. Typically the move to this program would require expanding that list. We can certainly work with your team to customize it to a point where you're comfortable because we do put in place that requirement to search. We want to really incentivize people and drive them to the site and not put in a higher reward amount or, you know, secure it with that approach. That's where we really get that increase utilization is by raising that reward amount and -- and...
increasing the communication, requiring them to shop and making it more of -- more of an incentive, if you will.

MEMBER AIELLO: This is Betsy.

I'm really sorry if I missed it but my guess would be for the suggested changes you have made a projection of what the new savings might be based on our past behavior, and I probably saw it and then forgot, but I would appreciate that if you could remind me.

MS. BURKHALTER: Absolutely. It is here. So again that reward that we estimated at 26 to 55,000 and then with savings from 1.3 to 1.73. So, again, this will be your -- we hope that, you know, obviously in regards to the savings that we would continue to capitalize on this and move that needle more and more as we -- as we hopefully continue to partner with you.

MEMBER AIELLO: Yes, because that actually looks similar to what we've already achieved. Hopefully it would be more.

MS. BURKHALTER: Hopefully it would be more. The reason though we have to think about too in your line which we use that as a benchmark because of COVID, right. And I wanted to show you what a COVID three picture looks like, but I will say that again that it was a new program that we rolled out that takes a few months for people to, you know,
to learn about and start using and feel comfortable using. And so we want to take into account that even in year one ROI of 3.3 to one is very impressive, and that utilization that you're seeing is quite staggering. Our goal is really closer to five to ten percent utilization for a large employer like yourselves because we know that not everybody needs healthcare every single day thankfully. So we don't expect 100 percent of your membership shopping on Blue Book. So to see the numbers that you're seeing are, you know, very very impressive. But you're right, because of that, this is not so different, but the hope is it will continue to grow.

CHAIRWOMAN FREED: This is Laura Freed.

To Board members, how do you feel about this and to Member Kelley's question or observation that there be sort of two decisions for the Board. Does the Board wish to move in this direction to, you know, ask participants to do a bit more to get these monetary rewards. And if yes, does the Board wish to keep the rewards that are the same or does the Board wish to delegate the responsibility to the professional PEBP staff to work with Healthcare Blue Book to develop a more targeted reward framework?

MEMBER LINDLEY: I think adopting the process of having a member go on-line and search is a step in the right
direction. So I'll support that.

CHAIRWOMAN FREED: Thank you.

MEMBER LINDLEY: I don't know how to put that into a motion.

CHAIRWOMAN FREED: I tend to agree with that. I think -- I think this is a good step forward because I think there's -- we're clearly appealing to the process notice of participants to a certain extent while that's cynical and natural.

Other member observations?

MEMBER AIELLO: Well, this is Betsy.

And I agree with what Tim said. I also agree with the expanded list of procedures. For full disclosure I have used the Blue Book two or three times. Took it at recommendation once but the second time and I never got any rewards. So I must have -- I don't know why I didn't even pay any attention. But that thing I'm saying is that I utilized it because I was interested in the quality rate, and so maybe I didn't go to a good enough price person.

But I think it's a very handy tool when you have a procedure out of the clear blue you don't know. So even to help guide you towards the quality providers, and I think by having the expanded list of procedures it helps people find out who and where they can go get some procedures done also.
So I'm supportive of both from just helping you make healthcare decisions.

CHAIRWOMAN FREED: Okay. The other thing I would like, whoever of you to, if you were -- if a member were to put forth a motion approve the rewards payments, such the reward amounts are given only with members search for a qualifying procedure and then subsequently choose a green provider I would like any maker of the motion to specify when you would like this to be effective, whether that be at the beginning of a plan year or the beginning of a calendar year, I would appreciate it and I think PEBP staff would appreciate that specificity.

MEMBER KELLEY: This is Michelle here.

I wouldn't make a motion just yet but I do want to just make that point. You know, one of the things I'm uncomfortable with is making changes to any of the benefits mid year. You know, I think that even in estimates but obviously just like what you take away. This is an enhancement.

I really think these things, unless there's a compelling reason otherwise that they need to be discussed during open enrollment and rolled out on the plan year, you know, calendar year for health insurance is meaningless for participants, right. You know, get out there and educate.
separately because the calendar is ending. So I just wanted
to make a comment on that. Thanks very much.

CHAIRWOMAN FREED: Thank you. I would agree with
that. I think it makes the most sense to add any -- to add
it into all of communication changes to members that are
dependent on a new plan year upcoming.

MEMBER VERDUCCI: This is Tom Verducci for the
record.

I would concur with Member Kelley that starting
with fiscal year would make the best sense. The PEBP staff
is very overwhelmed right now, and this appears to be pure
savings to the participants, and I'm very supportive of
implementing this new rewards program.

CHAIRWOMAN FREED: Mr. Verducci, I just want to
make sure you're supportive of beginning at a calendar year
which would be January 1st as opposed to a plan year which
would be July 1st which is what I heard Member Kelley say.

MEMBER VERDUCCI: Yes. So that would be
July 1st, the new plan year. I think earlier than that --

CHAIRWOMAN FREED: Okay.

MEMBER VERDUCCI: -- is going to be overwhelming
for the PEBP staff.

CHAIRWOMAN FREED: Okay. All right. So I'm
hearing a bit of a consensus form.

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MEMBER LINDLEY: Do we need a motion?

CHAIRWOMAN FREED: I would love a motion.

MEMBER LINDLEY: All right. I'll motion that the PEBP recommendation will go into effect the next fiscal year.

CHAIRWOMAN FREED: Okay. So recommendation, let me just restate that for the purpose of the minutes. You are moving to approve the Board recommendation to change the rewards payments for Healthcare Blue Book so the rewards happen only when members search for that qualifying procedure and subsequently choose a green provider to perform that same procedure effective in the next plan year which would be plan year '22? Did I read that effectively?

MEMBER LINDLEY: That is correct.

CHAIRWOMAN FREED: Okay. Thank you. Do I have a second on that motion?

MEMBER KELLEY: Michelle Kelley. I'll second.

CHAIRWOMAN FREED: All right. Thank you. Is there a discussion on the motion on the floor or question?

MEMBER KELLEY: I have a clarification question. I just wanted to make sure that recommendation is the expanded list of procedures.

CHAIRWOMAN FREED: Mr. Lindley, is that your incentive?

MEMBER LINDLEY: The intention is as presented.
CHAIRWOMAN FREED: Okay. All right. Terrific.

Thank you for the clarification.

If there's no further discussion on the motion,

let me put back to my role call.

All right. All right. I will call the role.

You heard the motion.

And, Vice Chair Fox? Uh-oh. Did we lose her?

Okay. I'll move on. Member Aiello?

MEMBER AIELLO: Yes.

CHAIRWOMAN FREED: Vice Chair Fox, are you a yes or a no?

VICE CHAIR FOX: I'm a yes.

CHAIRWOMAN FREED: Okay. Thanks great.

Mr. Bailey? I'll give him a moment to unmute himself. Mr. Bailey? Okay. I'll come back to him.

Member Kelley?

MEMBER KELLEY: Yes.

CHAIRWOMAN FREED: Member Krupp?

MEMBER KRUPP: Yes.

CHAIRWOMAN FREED: Member Lindley?

MEMBER LINDLEY: Yes.

CHAIRWOMAN FREED: Member Smith?

MEMBER SMITH: Yes.

CHAIRWOMAN FREED: Member Urban?

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MEMBER URBAN: Yes.

CHAIRWOMAN FREED: Member Verducci?

MEMBER VERDUCCI: Yes.

CHAIRWOMAN FREED: And, Member Bailey, are you on the phone with us still? I'll mark him not present for the vote.

Okay. Thank you everybody.

Onto Agenda Item Nine, discussion and possible action regarding the legislative commission audit subcommittee findings and PEBP's corrective action plan.

MS. RICH: All right. For the record Laura Rich.

We finally get to the elephant in the room. So this is the report that summarizes the LCB audit finding and proposed corrective action plan by PEBP staff. So in March of 2019 PEBP was notified by the legislative counsel bureau's audit division that they would be performing a contract and operational audit of the agency.

If the Board recalls, right prior to this we had a -- we actually had another audit performed by the LCB as well for IT. So this followed subsequent of that or actually concurrently to that audit as well.

So throughout 2019 PEBP staff worked to assist the auditors and correct all of the respective data and all of the information they needed to perform their audit. And CAPITOL REPORTERS (775)882-5322
in May 2020 PEBP was provided an initial draft of the finding
by the LCB audit division. We were required to submit a
written response to those findings indicating whether we
accepted or disagreed with the findings.

So this -- the report includes the total of five
findings, three regarding procurement practices, one
regarding the acceptance of gifts and one regarding
inappropriate or improper expenditures. Each finding also
recommends, includes recommendations offered by the auditors
for staff and the Board. PEBP did accept all five findings,
and we have provided an initial plan on how the agency
intended to rectify and identify them out in the report.

The findings and associated responses which you
can see in Attachment A were reported to and accepted by the
legislative commission audit subcommittee on September 3rd,
2020. PEBP is required to provide an initial six directive
action plan followed by a six-month status report due at a
later date.

So I'm going to go through each of the
recommendations and/or the findings and the recommendation
and also talk briefly about the PEBP recommendation to
include in this corrective action plan.

So the recommendation, number one, is the PEBP
Board shall develop policies and procedures to ensure that
competitive procurement and contract of services. I'm sorry.

Competitive procurement of contract of services once the original term of the contract ends in compliance with state policies, a contract and contract amendment have supporting documentation, including proper approval by the Board and the -- and by the Board, state purchasing division as well and that changes to a contract original scope of work are competitively bid.

So this comes in response to some findings that the auditors did not feel that in the past the agency has taken the proper measures to go back out to bid, go back out to, you know, to solicit new contracts and instead has -- there's been a trend to inspect change the original scope of the contract and to offer contract extensions rather than going out to bid.

The concern there is that even though negotiations have taken place to extend those contracts or to, you know, to make changes to scope that there's no guarantee that PEBP is getting the best deal if we don't go back out to bid.

So PEBP did respond and accepted the recommendations. In the findings the proposed corrective action here is that the Board, I think the best course of action here is for the Board to form a subcommittee with the

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purpose of editing any existing policies or developing new policies that really talk about the PEBP procurement practices and address what it is that PEBP staff must -- what kind of requirement we must meet as PEBP staff and as the executive officer before we are to present this to the Board and, you know, what the Board feels like are proper benchmarks and guidelines to basically memorialize this in the policies and procedures of the Board. So that is the first recommendation.

The second recommendation is involving the auditors recommended to comply with state law and agencies -- in agency policy concerning gifts and include the periodic training and documented out-of-state board member and employees of the policies. So obviously we just had an ethics training today. I think that's a step in the right direction for this.

This comes in response to some previous staff member travel that was paid for by a poor performing vendor at the time. This was done -- the intent of it was PEBP did not want to pay for the travel of these -- of the staff to fly out to fix a problem that the vendor was trying to resolve. So the executive officer at the time basically asked the vendor to pay for the travel in response to the -- the performance that in response to or because it was in CAPITOL REPORTERS (775)882-5322
response to a poor performance by the vendor and he did not
believe that at the time that PEBP should take on the expense
of this travel.

As you heard today there's a -- there's a very
fine line between what is appropriate and what is not. We,
PEBP will be working with the department of human resource
management, as well as the commission on ethics to ensure
that PEBP policies and procedures are updated to reflect the
state gifting policies and ensure that all employees sign
updated forms

We will continue to request ethics training as we
did today to be provided not just to the Board members but on
to staff on an annual basis as well.

The third recommendation is to establish formal
policies and procedures regarding the request for
information, process and compliance with state purchasing
guidelines. This was in response to a situation that
occurred a couple of years ago where, again, we had a vendor
that we were considering replacing at the time, and the
executive officer had two other competing vendors presented
to PEBP staff as to what was available on the market today so
that we would have a better idea of, you know, what it was
that we were getting versus what we couldn't get if we went
out to bid.

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Unfortunately that is a formal process through state purchasing which is called a request for information that we should have followed. We had done that. If the Board recalls, I recommended that earlier this year for two I believe, yeah, it was the actuarial review and the enrollment and eligibility vendor so we could actually follow that. That is something that we will be a part of this recommendation. We will be editing or even developing new policies and procedures for our internal procurement practices to make sure that we align with state purchasing guidelines.

The fourth recommendation includes developing policies and procedures that require accurate information to be provided to the Board and other governing bodies when speaking to amend contracts and supporting documentation to be provided. So, again, this finding has to do with the auditor's report that states that they did not feel that sufficient information was reported to the Board or that was presented to the Board by either PEBP staff or the executive officer.

And so there is a recommendation that the Board policies and procedures be updated and edited to possibly reflect the, again, the benchmarks, the requirement, what is it, what are the standards that the Board wants to set in

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writing for PEBP staff to be able to, you know, present to
bring these solicitations to the Board and to ensure that in
the future, you know, there's a check box, so to speak, for
the Board members to follow and from PEBP staff to follow too
that are again documented, memorialized in writing in the
Board policies and procedures.

So, again, in the proposed corrective action plan
what PEBP staff is recommending that in this subcommittee
that was recommended in the first recommendation the
subcommittee also established that the criteria and/or
guidelines to be met by staff before any of these contract
amendments can be brought to the Board for consideration.

And then once the subcommittee does make those
recommendations to the full Board then PEBP staff will also
take those -- those final recommendations or the final edits
to report the PEBP Board policies and procedures and we will
also incorporate it into internal policies and procedures
accordingly.

The last recommendation, again, is very similar.
The Board shall develop policies and procedures and
consultation or I'm sorry. PEBP will develop policies and
procedures and consultation with PEBP Board to ensure the
funds and resources directly relate to the purpose of the
agency and the statutory intent for those -- for the use of
those resources.

This finding has to do with in the past PEBP has -- PEBP has utilized funds to do a couple of things. First, we utilized to get accreditation, the URAC accreditation for some of the Board members who were on the Board at the time. PEBP did take the URAC's organization to, we were one of the, actually the only public entity that received health -- health plan accreditation in the nation.

The audit report did not find this as an appropriate use of funds. As well as you recall PEBP has won some awards in the past, Stevie award for innovation. I can't remember the one off the top of my head. I remember one of them was innovation, but we've received a couple of awards from the Stevie award organization, and that was yet again another finding that was considered an inappropriate use of funds.

And the proposed corrective in this case again is in that subcommittee the subcommittee will also propose criteria and/or guidelines to address NRS 287.0434 subsection 1 regarding authorized expenditures to be met by staff before any proposed expenditures are brought to the Board for consideration.

And once that subcommittee then brings those recommendations back to the Board and those recommendations CAPITOL REPORTERS (775) 882-5322
are approved by the full Board PEBP will then take those
policies and procedures and -- and criteria and -- and
incorporate that into our own internal policies and
procedures as well.

So I will stop right there and I know there is --
there's a lot to this report. I know that there is, you
know, there was obviously a newspaper article that came out
about this. I think a lot of Board members have opinions on
this. I am ham happy to answer any questions. I am happy
to, you know, take any thoughts and opinions as to, you know,
what should be included in this corrective action plan that I
have not included in the proposed recommendations.

CHAIRWOMAN FREED: This is Laura Freed.

Thank you for that extensive summary of the
audit. Thank you to you and your staff who have done so much
work with the LCB and it's never fun to be audited. I can
say that I've been a department director. We've had three or
four going this year and they are a lot of work. So thank
you to you, Laura.

And that, questions from the Board about the
recommendations, the audit subcommittee meeting which I also
attended or the proposed corrective actions?

MEMBER AIELLO: This is Betsy.

And I think I just want to understand because I
hear Board policies and procedures and PEBP policy and procedures. Are the two separate? Okay.

CHAIRWOMAN FREED: Yes, they are different documents.

MEMBER AIELLO: Thank you.

CHAIRWOMAN FREED: Okay. Other questions, comments?

MEMBER VERDUCCI: Yes. Tom Verducci for the record.

CHAIRWOMAN FREED: Okay.

MEMBER VERDUCCI: I just want to point out that all of our contracts come into the Board, did go through purchasing and the purchasing administrator, Jeff Haye, testified and was present at several of our Board meetings and provided testimony to the procedures we followed and, you know, ultimately all of the contracts did go through the board of examiners, checked off by the governor and secretary of state and attorney general and it appears we followed proper channels. We carefully followed NRS 287, NRS 333.

And Board members are involved in policy decisions not gotten into the nitty gritty of the operations in the past. You know, for that expertise we do rely on the Board Chair, provides her fiscal expertise. We rely heavily on the executive officer to carry out expectations of the CAPITOL REPORTERS (775)882-5322
state to incorporate layers of state oversight and sound recommendations. And, you know, we rely on input from the deputy attorney general to ensure contractual obligations are being met and followed, and we also rely on input from legislative counsel bureau, the governor's office and we listen to their voices, and we have not received any guidance in the last four years until the auditor's report suddenly came out.

And, you know, had we received guidance to send all plans out to RFP we certainly would have followed those instructions, and it seems like it did come in at, you know, as a one-sided story. And, you know, there were contracts where we saved millions of dollars with E-Script, and the discussion at the time, it was a no brainer.

And I think the major HMO contracts and network contracts, they are out to bid. You know, with major contract changes you're going to experience disruption, changing physicians and perhaps even hospital changes.

And in terms of Laura Rich' business trip to Canada to meet with a poor performing vendor that was approved by her boss and the ethics commission was made aware of the trip without objection prior to the travel. You know, Laura traveled to Canada in the dead of winter to get a better deal for state employees at no cost to the state, and
I don't think she was even investigated by the ethics commission or they found formally of any wrongdoing. And it appears when I run through the report there was a presumption of guilt.

And, you know, I do believe there are things we can improve. There's older contracts that have never gone to bid like the life insurance and disability and has been a hands off approach there. I think there could be improvement made there.

90 percent of your members requested vision hardware and the former executive officer responded and held that benefit out, and I think that the accreditation and rewards to the program is not really an uncommon practice, and there was plenty of opportunity not to seek those awards beforehand. We didn't see any objection.

I've seen since 2016 relationships with the advocacy groups and PEBP culture greatly improving, and I think I heard over 20 public employees in Board meetings from the advocate groups that the former executive officer was doing a good job. And I just think there was a lot of opportunity for input as opposed to having it all come out in one report at the very end.

And there's layers of oversight, you know, from a multitude of sources, and we haven't heard once to send every
contract out to RFP. I don't think it's a requirement of
state statutes. All of that would have had to happen as one
layer of oversight could have come to us and we would have
been willing to put every plan out to bid.

CHAIRWOMAN FREED: Mr. Verducci, are you --

MEMBER VERDUCCI: I'm going to go ahead and wrap
that up. I don't want to go on too long. And I do think it
makes sense to develop the subcommittee and to follow the
direction that's been given to us through lawmakers.

CHAIRWOMAN FREED: Okay. This is Laura Freed for
the record.

You know, I think, Mr. Verducci, you're correct
that there's perhaps more nuance than the audit reflects. I
would -- you know, we heard in the ethics presentation under
Agenda Item Five, you know, the ethics commission director
covered the issue of the travel. So, and that it's not
always inappropriate. So, and I know that the executive
officer has brought that up to LCB fiscal.

Having said that, you know, the Board's job is
oversight. I mean, I want to say for the record that I
support the executive officer and I think she's doing a very
good job. And I think I've told her she's doing a very good
job in probably the most difficult set of circumstances that
any executive officer has faced in the whole time I've been
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in state government in a historic fiscal crisis and a
historic pandemic.

Having said that, you know, I don't feel it's my
job as the Board Chair and I don't feel it's the Board's job
and I feel like NRS 287 states this, it's not our job to
blindly support her, and I believe that there was a tendency
in the past to, you know, convince the Board that RFP's and
RFI's are expensive and time consuming and a headache, and
they are all those things. I mean, nobody would deny that
but that's no reason not to conform to NRS 333, the
purchasing law. So things should be put out to bid
regularly.

Now, in a big -- in a big organization like PEBP,
with multimillion dollar contracts with vendors, you know, is
the four-year traditional term always appropriate? No. But
the staff and the Board should attempt to, you know, put
things out to bid.

You know, we're going to talk about the auditor
in a second and, you know, we all noted in the staff report
for Health Claim Auditors they have been under contract for a
long time and we're putting it out to bid because Mr. Carr is
retiring. That's appropriate.

You know, I wanted to make that point about of a
Board's fiduciary duty. And I also wanted to make the point
that there was some oversight of provided or attempted to be
provided that wasn't always -- wasn't always given credence
by PEBP leadership in the past. I think, you know, it's
pretty clear if you read the incident to the staff report
down at the bottom, six of 18 contract extensions took place
without state purchasing's approval or being discussed at a
PEBP Board meeting thereby circumventing policy and law.

You know, it's PEBP staff's job to bring contract
amendments like the one we just did not approve this morning
to us, and it's our job to, you know, ask the hard questions,
which is request, you know, this is not an easy Board to turn
on which is why I appreciate all of you serving on this Board
so much because it's not -- it's not easy and it's not warm
and fuzzy a lot of the time.

So, you know, we -- you know, PEBP has assured
the legislative commission's audit subcommittee that takes
this finding seriously. And, again, while I think there's,
you know, you raised a good point about the former purchasing
administrator and you raised a good point about the gift
acceptance, you know, having more nuance than maybe was
reflected in the audit, you know, the fact is, you know, PEBP
and the Board did not do all of what they were supposed to do
and we will do better.

MEMBER VERDUCCI: So, and thank you, Chair Freed.
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But I want to point out I'm not a state employee. I'm not paid from the state, and I was asked by the previous governor to step in and help. And for me to get involved in the day-to-day operations to go into PEBP to see if a contract is being issued we trust everything moves through the Board.

And I would also suggest in the future we do have presentations from purchasing outlining what a state statute, what a state policy, and I have seen major contracts in the past for compelling reasons get extended, and our major contracts have gone out to bid. And I'm all for following the direction that we've received from the lawmakers and putting everything out to bid and getting the best deal.

But I do get there is some critic that should be given to the former Board for some of the cost savings that, you know, I do see that there was one contract where it was a hypothetical example of maybe her benefit, pharmacy manager's policy and if that's the case, there's no contractual obligations let's set it out to bid and see if there is cost savings there.

CHAIRWOMAN FREED: Thank you.

MEMBER VERDUCCI: I've been on the Board for a few years. I want to provide some input, and I just did not like what I read in the local paper about our executive
officer. I just, I could not really agree with what I was -- what I read there. So that's my comments.

CHAIRWOMAN FREED: Thank you, Mr. Verducci. This is Laura Freed for the record.

Other comments?

MS. RICH: This is Laura Rich. I did want to add that I think, and I just put this in writing, but it was something that I was going to reach out to the purchasing administrator and should we form a subcommittee I think that this would be very helpful to the Board as those that are serving on the subcommittee because as Tom pointed out, not everybody has the contract expertise on this Board to be able to know whether things, you know, are appropriate or not and many Board members are not even familiar with the procurement process whatsoever.

So I think that should the Board form a subcommittee and take this recommendation that we need to invite the state purchasing administrator, Mr. Doty to this meeting and have him provide his guidance expertise.

CHAIRWOMAN FREED: This is Laura Freed.

I couldn't agree more. Mr. Verducci, your point about the Board members aren't all, you know, contract, state contractor, NRS 333 is well taken and, in fact, I think, you know, both the executive officer and I made that point to the
legislative audit subcommittee, legislative commission on the subcommittee saying that, you know, not everybody came up in a bureaucracy and certified contract manager. So we absolutely I think agree that some contract training for the Board so that they know the type of things to look for is warranted.

MEMBER VERDUCCI: Well, thank you, Chair Freed. We do have pharmacists, hearing officers, deferred compensation representative in the private sector. We have an auditor. And I do think if there are expectations of us understanding all contractual matters that we should have a little better training on the end of purchasing.

But if our roles have changed from the policy making board to one that is involved from the day-to-day contractual matters that should be put into policies so we can meet those expectations maybe that's done -- maybe that's done through a subcommittee, and I do think that these are good issues, that they are being looked at and some positive changes come, and I do think that RFP's in the future will overall bring costs down in the program. I actually appreciate the work. I might not agree with everything that was said in the report. I do find it a bit bias, but I do think that positive change comes from raising these kind of issues.
CHAIRWOMAN FREED: Okay. Thank you for those comments.

MEMBER VERDUCCI: You're welcome.

CHAIRWOMAN FREED: With no additional comments and I'm not seeing anyone raise their hands, I would accept a motion to approve this corrective action plan so that PEBP can submit it.

MS. RICH: This is Laura Rich.

There might be one -- one more component to that. If we are going to -- I developed -- if we're going to be providing this corrective action plan you may need to call this subcommittee and form the subcommittee while we are on this agenda.

And, Brandee, please let me know if this is something that is related and we can do on this agenda topic.

CHAIRWOMAN FREED: Yeah. Thank you. I was just going to page the deputy attorney general to see if that works within the open meeting law. Yes.

MS. MOONEYHAN: Brandee Mooneyhan for the record.

Yes, I believe this is encompassed within the scope of the described agenda item.

CHAIRWOMAN FREED: Okay. All right. I have another question. Again, Laura Freed for the record.

Is it appropriate for us to appoint a
subcommittee here on the record or is it okay to request a
member from the, Board members off line?

MS. MOONEYHAN: We can -- I'm sorry. Brandee
Mooneyhan for the record.

Looking at the agenda, this was discussed in the
materials, and so I think either way is fine, either way you
want to do it will be acceptable.

CHAIRWOMAN FREED: All right. Well, knowing that
it's okay if we do it. You know what, I think I'll ask for
volunteers. Anybody who wants to be on this subcommittee to
provide policies and procedures for the Board with respect to
conformance with purchasing laws please raise your hand or
press your button and if nobody volunteers, then Laura and I
will reach out to someone.

Okay. We will handle it off line.

MEMBER KELLEY: I'm sorry. I was on mute.

Michelle Kelley. I'm happy to volunteer.

CHAIRWOMAN FREED: Terrific. Thank you.

Okay. Do I have a motion then to accept the
affirmative action plan and endorse ideas that there is to be
a board subcommittee with not too many members that would
violate the open meeting law to review policies and
procedures to ensure that perform to state laws and
procurement?
MEMBER KELLEY: Michelle Kelley here. So moved.

CHAIRWOMAN FREED: Thank you. Do we have a second?

MEMBER URBAN: For the record Marsha Urban. Second.

CHAIRWOMAN FREED: All right. Any discussion?

MS. RICH: Chair Freed, this is Laura Rich.

I do have a question to Deputy Attorney General Brandee Mooneyhan. Does this have to be -- if we form a subcommittee I presume this must follow open meeting law and occur in public or is this something that we have less than a quorum can be done and without a public open meeting.

MS. MOONEYHAN: Brandee Mooneyhan for the record.

It appears that the subcommittee will be deliberating and/or taking action. So would the -- there was a clarification of the definition of subcommittee in the 2019 legislature and the fact that the subcommittee will be making recommendations to the whole Board will be included within the open meeting law. It's, again, to be a discussion and no deliberation or action or recommendation to the whole Board then you can do it privately.

CHAIRWOMAN FREED: Okay. Okay. Thank you.

Laura Freed. That helps.

Okay. All right. With that and without any
discussion on the motion I will call the role.

Vice Chair Fox?

VICE CHAIR FOX: Sorry. That was a yes. I was on mute.

CHAIRWOMAN FREED: Okay. Member Aiello?

MEMBER AIELLO: Yes.

CHAIRWOMAN FREED: Member Bailey? He's still missing.

Member Kelley?

MEMBER KELLEY: Yes.

CHAIRWOMAN FREED: Member Krupp?

MEMBER KRUPP: Yes.

CHAIRWOMAN FREED: Member Lindley?

MEMBER LINDLEY: Yes.

CHAIRWOMAN FREED: Member Smith?

MEMBER SMITH: Yes.

CHAIRWOMAN FREED: Member Urban?

MEMBER URBAN: Yes.

CHAIRWOMAN FREED: Member Verducci?

MEMBER VERDUCCI: No.

CHAIRWOMAN FREED: Okay. All right. Then motion carries.

So with that we can move on to Agenda Item Ten,
discussion and possible action on solicitation for PEBP
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auditor.

MS. RICH: This is Laura Rich.

I am not sure if our auditor Bob Carr is on the line still but if he is I will -- I'll call him.

CHAIRWOMAN FREED: He is.


So PEBP had contracted with Health Claim Auditors for our health plan auditing services. It was from 2011 actually and I believe his contract, Bob has been around forever and ever and ever. So the original six-year contract was extended an additional five years with a termination date of September 30th of 2022.

Unfortunately staff has been notified that Health Claim Auditors is closing their doors. They made the decision to retire. Mr. Carr has made the decision to retire, and so in that case he will be terminating the -- we will need to terminate that contract early. And as a result we will need to solicit for a new health plan auditing service in order to continue to meet the contract auditing requirements of our vendors and, you know, fulfilling contractually agreed upon performance standards.

So this report does provide a scope of work for the RFP and basically what we need from the Board today is just the approval to go out to bid for this -- the CAPITOL REPORTERS (775)882-5322
solicitation.

I do want to add that Bob Carr has been an amazing partner throughout the years. I've had the pleasure of working with him even in my previous job at the Silver State Health Insurance Exchange where he had probably the worst job of all and that was when the healthcare platform fell apart back in 2013. And -- and I don't know if everyone remembers but healthcare dot gov was falling apart so was every other state, exchange platform as well and Nevada platform. I had the pleasure of working with him back in the day on that and subsequently here at PEBP. He has been amazing.

Bob has really done an outstanding job. You don't want him to audit you. He will find it and so he's been great. This is a huge loss for PEBP.

And, Bob, I don't know if you have anything to say, but we just want to thank you for the services that you've provided PEBP throughout the years.

MR. CARR: Thanks, Ms. Rich. And for the record Robert Carr of Health Claim Auditors Inc.

I do have a few words I would like to say. Most importantly I wish to state that it's been a distinct honor and privilege for Health Claim Auditors to be an old time independent auditor for the past 20 years and truly a
privilege, a service. Also the Board, chairpersons, executive officers at PEBP staff over the years, each Board member contributed to the positive development of your plan.

Back when we were originally hired PEBP was in fear of termination, lowering funds from your state government and at which time we presented some very interesting and challenging findings. Since that time now we have conducted thousands of audits across the nation. In our opinion due to the challenge and multiple expertise exhibited by this Board, PEBP staff and at times making such difficult decisions like you are now, sometimes not popular decisions, the PEBP staff has developed into one of the best operated and it built some of the finest relationships and productive partnerships in an industry which provides some of the greatest deliveries to your members.

As Ms. Rich stated, a proximal circumstance has necessitated that I retire. As a long time vendor I want to thank all of you for the considerations and the cooperations that were afforded me and my staff over the years, and more importantly as a citizen of this great state I thank you for the hard work and please keep up what you're doing now.

MEMBER VERDUCCI: Tom Verducci for the record.

Mr. Carr, you've done an awesome job. They don't come better than you. Thank you for your service and you've CAPITOL REPORTERS (775)882-5322
always been very responsive and right on with everything you've been asked to do and thank you so much. You'll be truly missed.

MR. CARR: It's my pleasure.
CHAIRWOMAN FREED: Laura Freed for the record.
I just want to echo the executive officer and Member Verducci. Mr. Carr, I've watched PEBP for a long time, and I just want to thank you for always keeping PEBP vendors honest. We appreciate you.

MR. CARR: Thank you.
CHAIRWOMAN FREED: With that I would accept a motion to approve PEBP staff going forward with an RFP for an auditor.
MEMBER AIELLO: This is Betsy. I just have a couple of questions.
Definitely I want PEBP to go forward with an RFP for an auditor. But, Laura Rich, is this the current scope of work or did you make changes or additions, just curious.
MS. RICH: This is the current -- for the record Laura Rich.
This is the current scope of work. I believe staff did make some minor changes. We are working on the RFP, the development of the RFP as well. Hopefully because of the urgency we have it almost ready to go. And so what I
do welcome is if there's any changes, if there's any, any
input from the Board it is very fine.

MEMBER AIELLO: This is Betsy.

I didn't have any, but I figured with past
history, every time we've done an RFP you always felt like
something was missing a couple years. So I just was
wondering but I also appreciate the number of RFP's you're
having to do. The speed scares me because I don't want
anything missing that shouldn't be, but definitely I know we
need to move forward. Thanks.

MS. RICH: And this is Laura Rich for the record.

I echo your concerns. It is -- I don't sleep at
night thinking I'm missing something in these RFP's, as well
as I'm sure I have staff that are doing the same thing. I
can think of a couple of people that aren't sleeping at
night.

MEMBER AIELLO: This is Betty.

I don't know Mr. Carr but listened to what
everyone said. If he had any suggestions I think he probably
would have shared them too and would have probably been a
good place to get some of those.

CHAIRWOMAN FREED: This is Laura Freed for the
record.

Is there any member feedback on this scope of the
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work? Okay. Okay. Then I would accept a motion. Don't all
speak at once.

MEMBER VERDUCCI: Tom Verducci for the record.

You know, we do need an auditor, and I think we
need a motion to get an auditor and so moved.

CHAIRWOMAN FREED: Okay. Thank you.

Do I have a second?

Mr. Bailey, can you repeat that, please.

MEMBER BAILEY: (Inaudible).

CHAIRWOMAN FREED: Mr. Bailey was that a second?

MEMBER BAILEY: Are you talking to me, Madam
Chair?

CHAIRWOMAN FREED: I am. Mr. Bailey, this is
Laura Freed. Did I hear a second to Mr. Verducci's motion or
are you just getting reconnected?

MEMBER BAILEY: No. I'll say second but I have
been cutoff.

CHAIRWOMAN FREED: Oh, no.

MEMBER BAILEY: Yeah, I called Wendi and I'm
working on a land line plus my cell phone. They cut me out.

I do want to state for the record that I concur
with everything Tom said on the audit. That's the oldest
form there of audit which I had done when I was working for
the state. I think we did the very best we could with the
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information we had. We saved a lot of money, and I stand by
what Tom said. I know we recited that NRS and everything,
but I concur with that, and I just want to go on record as
saying that we will correct everything that the staff has
agreed to on the recommendations and wholeheartedly we've
already decided to go out for bid on every time which we are
out now which I'm coming on now, and I just want to go on
record as saying I'm all for this.

CHAIRWOMAN FREED: Thank you.

MEMBER BAILEY: That's all I can say. I'm sorry.

Then he told me that I was mute and I wasn't mute, and then I
shut the phone off and redialed and he put me straight
through. So I guess I'm on now if you can hear me.

CHAIRWOMAN FREED: I can hear you.

MEMBER BAILEY: Okay. I'm sorry. I've been

yelling and screaming at the phone.

CHAIRWOMAN FREED: Okay.

MEMBER BAILEY: So I second that motion.

CHAIRWOMAN FREED: All right. That sounds great.

So it's been moved and seconded. I'm going to -- I'm going
to just ask all in favor of the motion signify by saying aye
or wave your hand in your little box. Sorry, too fast as
usual. Any opposed say no.

(The vote was unanimously in favor of the
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MEMBER BAILEY: Wendi?

CHAIRWOMAN FREED: Motion carries.

Mr. Bailey is having a conversation with

Ms. Lunz.

MEMBER VERDUCCI: Chair Freed, Tom Verducci.

I would suggest we count the members of the PEBP

Board that are on the call. It seems like one or two may

have vanished here.

CHAIRWOMAN FREED: Okay. Let me go ahead and do

that. I would be happy to.

So, Linda Fox, are you still with us?

VICE CHAIR FOX: I am.

CHAIRWOMAN FREED: Okay. I can see that Betsy

Aiello. Mr. Bailey is back on with us.

MEMBER BAILEY: Yes, ma'am.

CHAIRWOMAN FREED: Thank you.

I can see Michelle Kelley.

Jennifer Krupp, are you still with us?

MEMBER KRUPP: I am, yes.

CHAIRWOMAN FREED: Okay, great.

I can see Mr. Lindley.

David Smith, are you still with us?

MEMBER SMITH: I am.
CHAIRWOMAN FREED: Great. Thank you.
I can -- I can see Ms. Urban. Thank you.
And I can see you.
So we're all here. We're all present and
accounted for.
All right. With that thank you everyone.
We'll move to Item 11 which is an information
item. Presentation by Stephanie Messier of Aon on COVID-19
modeling.
MS. MESSIER: Hi everybody. Thanks for hanging
with us. I'll try to go fast because I know I'm standing
between you all and lunch. So without further ado I will
share my screen. Just a nod if anyone can see it. Perfect.
Thank you.
Unfortunately, again, even though we're six
months in I still need to have my disclaimers. This is very
much illustrated and subject to change. Things are not
changing as fluidly as they were when I met with you all in
April or maybe it was May to talk about this the first time
around, but as you might imagine things need to change.
The transmission rate really probably is the most
fluid that we see. These numbers that I compiled here for
you today were ran last week, and I don't know if you've been
paying attention just with everything that's going on and
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there's a lot of news items. The transmission rate is
definitely starting to pick up in the last seven days. So
some of that even already would probably need to be updated
based on again our up-to-date information. So I just want to
give you that disclaimer as we go through this.

I did understand you guys get this in the Board
packet a week in advance so I'm certainly not going to go
through and read these items to you. But I do think as I was
doing my research with other actuaries and firms that a lot
of these were kind of good information for you all to have.
So certainly I don't need to read these to you. I believe
you probably have done your prep work.

But just some interesting statistics, you know,
where you got 7,000,000 confirmed cases in the U.S., the
actual cases are likely thought ten times higher than that
just based on those being the reported cases. The fatality
rate is good news. It's lower than what was initially
anticipated. We still are not sure about reinfection rates
yet as to whether those are actually occurring, but there's
been no scientific data that's been proven to show that
people are being reinfected with COVID. So we're hoping that
stays in the good news column. That once you get it you do
not get reinfected with it.

And clearly there's some ongoing concerns.
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There's some good news and some setbacks as well on the, in terms of, you know, developing a vaccine. Certainly schools have been reopening, reaching, hoping their all sports come back. But we're also coming up on the fall and winter flu season and also just the colder weather where people are going back inside and, again, breathing the same air, and so that certainly can provide some future spikes in transmission rates.

This one is more interesting. Being an actuary I don't if it will be as interesting to you as well, but this is kind of a graphical representation of first at the top of the page the United States seven-day moving average of the fatality rate, and then the red bars are the fatality rates that were assessed by our impact model.

So the good news here is that our models have done a really good job based on all of the different data sources. It goes out and gathers information about it in terms of predicting fatalities which is obviously not a super positive topic to talk about, but it's good to know that the model that was done and presented to you back in April and May has been a pretty darn good job of kind of predicting the ebbs and flows of this pandemic as time has gone on.

The other right-hand portion of the graph there is specifics to the State of Nevada. It is not specific to
your population, but it is Nevada as a whole so all
employers, you know, all members.

And then below is the most updated information
again as of last week showing your live transmission rate.
Again, the goal is to be below one so that for every one
percent infected they are expecting less than one person.
Definitely going to keep that trend transmission of the virus
down once you're below that one level. And really for the
last almost 30 days Nevada specifically has been below the
line. There's some good news.

Moving on to the impact that we've seen and this
is on a national basis in terms of medical costs. So we
talked about it a little bit earlier in the presentation.
There was definitely some claim suppression being seen,
particularly in the second quarter of the calendar year so
April, May. And then June you'll notice it's starting to
return to a little bit normal levels.

So the first column here is the second half of
March. So obviously the first two weeks, very normal.
Things really hadn't started to shut down. We weren't really
hearing too much about the coronavirus at that time, but
there are five different categories here. As you'll notice,
things are affected differently as we go across in terms of
time. So we have inpatient admits. That's what IP stands
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for, inpatient surgeries, outpatient surgeries, ER visits and then finally office visits.

So the largest one that was impacted is obviously going to be elective type procedure which was outlined as surgery. In April dropped 75 percent of their normal level. So a lot of folks were not going in obviously to get those procedures done in April.

Other things that were impacted were inpatient surgeries were down by about half. The office visits also down by about the same amounts. And then ER office visits went down even further at 55 percent.

You will notice the state started to kind of reopen, particularly in the south and some other places. In May those numbers were less impacted than April but still down about 30 percent, in some categories 15 percent from the inpatient. And then as I mentioned in June, almost returned to normal but not quite. And just down below we kind of listed our different data sources so that if you're curious at all you can kind of go out and find these and kind of check our figures.

So far what we've heard is that medical claims also still uptick in July but are still kind of remaining a little bit below what we used to see, like let's say in July of 2019.

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Moving on to slide five. Here we wanted to show you PEBP's actual incurred claims versus what we expected in terms of your pricing as compared to Aon's book of business. So in some cases and it's split by medical, pharmacy and dental. So as you might imagine, pharmacy was the least impacted by COVID. People definitely got a few more of their prescriptions filled, either at the site of retail or they got their mail order added. They did not want to be going to get those filled. There was an uptick we saw in March, similarly in April.

May, of course, some of these had gotten a three-month fill here. Again, we didn't need to fill it as much as in May. But overall it's pretty black right until actual expected and then we saw that with the Aon book of business.

With medical, here's where PEBP was a little bit different. You saw less of a suppression than the rest of our folks. So where your March was only about five percent less than what we were expected to see, nationally everyone else on average, of course, saw about 15 percent suppression. In April, you only saw about 25 percent. Where as our book of business saw a 40 percent drop off and it kind of continued in May. In May you almost got back to normal versus, you know, it was still 25 percent suppression in the

And then dental you were pretty darn close to what we saw naturally with the rest of our client book. April was definitely the month where dental claims really almost stopped 20 percent of normal rates but then started to bounce back up and return to normal. If anything, in July you actually saw a larger than expected amount. So a lot of those folks that were not getting services in such quarters started to see those come in the third quarter in terms of a calendar year, so first quarter of your plan year.

And I do want to say this is on an incurred basis. You definitely saw payment probably drop off a little bit more. But, again, when we set rates for your plan we set that on an incurred basis. So we wanted to kind of reflect that here. So we've applied completion factors to your claims. Just be aware that July is still very immature, and so the actual results once we get that tail claim payments coming in to change the figures probably a little bit more than you'll see these change.

And moving on to slide six. Here's an update of what was, I believe it was at the state board meeting. Really, you're peak infection rate occurred for you all toward the end of July, not surprising coming off of the 4th of July period as well as when you all re-opened your economy.
starting I believe at the beginning of June.

Here's what the expected costs are as of the
dates we ran this which was September 23rd. We anticipate
that you've incurred 4.1 million dollars of benefit costs.
As Laura indicated earlier, you've seen claim payments of
1.6 million. So that's just a lot of that is a lag that you
see between once getting services versus when the bills are
actually coming in.

And this also takes into account the cost of
people that may not have actually gotten a test that maybe
they have gone in to get other services or that kind of
thing. You'll notice that the -- in terms of the mild cases,
some of these mild cases won't necessarily have gotten the
test, but that's how many people we think have been infected
overall in your population is about 2,400 out of the total
47,000, and this is just looking at your self-funded
membership. It does not include those folks on the fully
insured HMO itself.

Here you'll notice this chart changed a little
bit from the last time that we showed it to you. Our model
has been updated to kind of try to narrow it on what your
transition rate currently is so we no longer have the nine
number which is really just this history.

So our best guess as of your transmission rate up
until last week through the end of calendar year '20 is that we think you're going to incur about 4.7 million dollars of COVID claims. We do know based on how your claims came in through the end of July that you saw points of suppressions. And specifically with PEBP you might continue to see some of those claims will not come back.

So people that we're expecting to get a surgery for example are just going to put that off because financially they no longer, you know, want to come up with the out-of-pocket money. They are a little bit more worried about the economy or furloughs or those sorts of things. So you may see a high level of claim suppression, most likely to occur is the medium level of claim suppression.

But if you end up seeing less claim suppression people are more foolish about going out and getting services or feeling ill and trying to get those things taken care of. The total cost impact to the plan could be a cost of 1.3 million dollars through the end of 2020. And, again, when I talk about 2020 because it's on a calendar year basis because that's how our model is running at this point in time, it's really hard for us to go out and try to predict through June of '21.

And I think you saw really that claim suppression when it comes to Cari's report on where you ended up the last
fiscal year of '20 where you -- we originally were thinking you would come in flat, if not a little bit short in terms of a claims surplus. There was some of that suppression happening which kind of helped you to end up at a more positive state at the end of plan year '20, and that's what really this number is too here.

So this dental claim suppression added 2.5 million dollars of surplus so far in calendar year '20, and the majority of that came through in what we would call fourth quarter of 2020. And showing the impact of the claim suppression by quarter really occurred again as you might imagine April through June there was a little bit more that we expected in that period as we've seen with payments in August. Things are really returning to normal and we don't expect you to continue to see claim suppression based on how your claims have been running.

So the net impact of savings that you saw most likely that already have been booked, if you will, and you're most likely just going to be saying as more indicated every week is going to go by and you're going to see more of those type payments come in from COVID claims, and it's actually going to look like a cost to the plan for remainder of calendar year '20.

And I know that was a lot but just the usual CAPITOL REPORTERS (775)882-5322
disclaimer, some things are obviously changing. There are
still some things that are unknown. Healthcare system
revenue pressure, for example the new drugs that could be
coming out, the new treatments that come up with new ways to
treat folks hospitalized by COVID, as well as the
vaccinations and then as well as people continue to stay
home. They distance, wear masks and those kind of things
obviously heavily impact the transmission rate on a go
forward basis.

Any questions?

CHAIRWOMAN FREED: Okay. Laura Freed.

Thank you very much for the update. With that
we can move to public comment, the second public comment
period of the meeting. And I will turn it over to PEBP staff
to manage that.

MR. CARROLL: Thank you, Madam Chair.

As Laura Freed stated, this the second public
comment for the PEBP Board meeting here. I'm going to go
ahead and click on your name to unmute you. You should have
instructions on how to unmute, and I'll call the last three
of your phone numbers.

The first one that I have is ending in 837.

MR. ERVIN: This is Kent Ervin. I don't have any
public comment at this time.

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MR. CARROLL: Okay. The next number I have is 688.

THE OPERATOR: The host would like you to unmute your microphone. You can you press star six to unmute. The host would like you to unmute your microphone. You can press star six to unmute.

MR. CARROLL: Okay. And the next one I have is 404.

MR. RANFT: This is Kevin Ranft. No public comment. Just listening.

MR. CARROLL: Madam Chair, that's the only three numbers we have for public comment at this time.

CHAIRWOMAN FREED: Thank you very much, Mr. Carroll.

So with that we are finished with our business for the meeting. I want to thank everybody on the Board, everybody on staff and everybody who listened for your active participation which what makes the Board run.

And thank you to our vendors who brought expert testimony when we need it.

It is 2:12 p.m. and we are adjourned. Thank you.
STATE OF NEVADA, )
) ss.
CARSON CITY. )

I, KATHY JACKSON, Official Court Reporter for the State of Nevada, Public Employees' Benefits Program Board, do hereby certify:

That on Thursday, the 24th day of September, 2020, I was present on a teleconference for the Public Employees' Benefits Program, Carson City, Nevada, for the purpose of reporting in verbatim stenotype notes the within-entitled public meeting;

That the foregoing transcript, consisting of pages 1 through 190, is a full, true and correct transcription of my stenotype notes of said public meeting.

Dated at Carson City, Nevada, this 5th day of October, 2020.

KATHY JACKSON, CCR
Nevada CCR #402

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September 24, 2020

Public Employees' Benefits Program Board vs Zoom/Telephonic Open Meeting

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