

NSHE PEBP Benefits Task Force Meeting – October 15, 2010
Summary Notes by G. Bomotti

(Note: Two Task Force members were unable to attend this meeting)

1. **Don Heilman, Area Senior Vice President, Gallagher Benefit Services** joined the Task Force electronically to talk about status of his scope of work and to field questions/comments from the Task Force.

The first priority items under the scope of work given to the consultant are highlighted below.

- a. Evaluation of PEBP plan within a broader context, and in specific with what other employers support, and including comparing PEBP with what other Nevada private businesses of similar size provide to their employees. It would also be good to have this comparative data for similar sized private businesses in other states.
- b. Provide comparative data from other states/institutions of higher education (broken down by active and retiree, as well as employee, dependent, and domestic partner), and specifically considering how other public institutions of higher education structure their health care programs (i.e. are they part of large state pools; are there system pools; are there campus pools, etc.).
- c. Assist in developing viable near term (FY12/FY13 in specific) alternative options (if any) to supplement PEBP plan for NSHE employees, and estimating costs and possible effects on PEBP plans/projections. (Note: these options may or may not be programmatically and/or financially feasible.)

This was a productive discussion with Don noting challenges and opportunities relative to the scope of work and this led to a good discussion with the Task Force. Don was asked to join the Task Force next week as well, to continue this discussion and hopefully to have some updates on status. Some of the key issues discussed included the following:

- a. The first item in the scope of work may be challenging, given the issues with getting private comparisons. We discussed the major private firms in the state and we will develop a listing of these and call upon Task Force members to identify any specific contacts they may have with these firms, so that we can gather appropriate comparative information. We assume that all the information gathered will be required to stay confidential, and that we would not be reporting anything by individual private employer.
- b. Don will work up a simple draft of the information we would like to gather from each private employer, including a breakdown by benefits for executive/federal wage and hour exempt and federal wage and hour non-exempt (or an equivalent split); benefits and employee costs, etc. Don mentioned that an added challenge with private employer plans is that they may have different levels of compensation and benefits – i.e. executive compensation, corporate compensation (for those not belonging to a union) and Union compensation/benefits.

- c. It was also noted that we needed to include health care benefit comparisons with other publics in the state, to include Clark County; Washoe County; K-12, etc. It will be important to have this information in addition to the private employers.
 - d. It was noted that for all comparative information we need to gather the current benefits available along with what the expectations are for benefits in the next plan year, so that we can put the current PEBP coverage into perspective, but also put the FY12 plan into perspective.
 - e. It would be helpful to look at the broader issue of total benefits (mostly health and retirement) to understand our comparison within that context. It was noted that we should be able to get information from CUPA that puts our health care cost/benefit into context with percent of salary.
 - f. It was also noted that it would be helpful to understand the relative availability of health care providers in Nevada per capita compared with our regional states.
 - g. The comparative data on other public institutions seems more readily available, and Don highlighted this fact given the resources available to Gallagher. It was suggested we specifically focus on surrounding states (UT, AZ, CA, CO, NM, WA, MT, OR, etc.) to understand how the public institutions of higher education get their health care benefits now (i.e. part of a larger state pool or individually self insured, etc.), as well as the comparability of those benefits now, and projected into the near term (FY12 vs. the PEBP plan). It was also noted that some legislators and others have been saying “other states” are making changes like those proposed by PEBP, so we need to verify or correct those statements.
 - h. It was noted that the development of feasible alternative options to address holes in the PEBP plan will have some level of complexity. There are federal as well as state laws and regulations involved, and we discussed the likely need for some specific legal focus on these issues, as we further develop a priority list of alternatives. Bart Patterson will be in the lead on addressing these legal issues. Some of the issues also relate to the technical structure and responsibility of PEBP – for example, if they essentially do not offer dental coverage (other than cleanings) it may be more feasible to consider alternatives, while supplements to programs that are integrated tightly into the PEBP plan/deductibles (e.g. prescription drugs) may be more challenging to develop. Likewise, alternatives for life insurance and LTD may be easier to address vs. core health care coverage. There are many federal issues associated with the HSA option and structure that will involve some complexity, as it may or may not be feasible to simply add to this annual amount (issues relate to who the “employer” is for purposes of PEBP plan coverage as well as the high deductible requirement to allow an HSA option).
2. **Follow-up discussion on identifying and prioritizing adjustments to the existing PEBP plan that would be important to NSHE.** We discussed the previous draft listing of priorities and listed below is an updated version that arose out of the conversation.

*Prescription Drug Coverage.

*Overall affordability of the Plan/Out-Of-Pocket levels. Address the high deductible amounts, and the fact that in the current plan the deductibles are in addition to the “stop-loss” amounts (note: Jacque indicated PEBP intends to address this issue). It was even noted that there might be a desire for a “low” and “high” deductible option as existed in the past. The co-insurance level also comes into this discussion, specifically the move down to 75% coverage after the deductible is met. There is a major concern that the PEBP plan may not be perceived as affordable, especially for lower paid individuals, and whether we will see many more opt out of coverage (which in some cases could mean no medical coverage, with an expectation that when they consume medical care it is paid for through other sources, including the public hospital and other state/county health and human services programs).

*Dental Coverage (Note: there is confusion as to why PEBP proposes four cleanings per year and whether a change to two cleanings per year would allow a redirection of funds to some other higher priority area).

*Eligibility of spouse/domestic partner, or at least requiring comparable coverage for non-eligible (also added question about spouses on a CY vs. FY plan basis – how is PEBP going to address this? It was noted that PEBP is now aware of the question, but they have not provided a response). It was also noted that this change will have an even greater impact on employees where the spouse/domestic partner also works for NSHE or another state agency, as the cumulative deductible for a family under this circumstance will be \$6,000 (individual of \$2,000 and then family of \$4,000).

*Life Insurance and LTD reduction and the note about many NSHE employees not being eligible for LTD under Social Security.

*HMO issues, including the blended rate north and south (and what the rate will be, for those who are concerned about the CDHP as a viable alternative), but also wondering if there are options to strengthen the HMO offerings with more doctors in the plan. It should also be noted that there is a split on the reception of this issue, with those in the north supporting the PEBP plan and those in the south being against it. A concern also is being expressed as to whether the HMO programs would even be able to support any significant increase in participants (given the number of health care providers now supporting those programs), especially a migration from the PPO plan, and how the premiums might impact any possible migration.

*A discussion of whether it would be better to delay the Medicare Exchange program implementation for a year, so that more information and understanding of the change could be effectively communicated to faculty and staff.

*Extend the enrollment period, as was done last legislative session. Concern is being expressed about how easily employees will be able to adjust to the radical changes in the PEBP plan, and still have July 1, 2011 implementation date.

3. **Status update on NSHE web site.** It was noted that this web site went live earlier this week, and there have already been a great deal of employee input. Chris Haynes will gather all this input and summarize it in an appropriate manner so that it can be shared with the Task Force. This will be very important feedback for the Task Force. It was also noted that we need to contact PEBP to find out where they are on developing communications for FAQ's about their plan, including the technical issues associated with the HSA's, HRA's, tax exempt benefit accounts that annually lapse, etc. There is a great need for additional information on these changes and their impacts to individual employees.

4. **Status update on information from PEBP in response to data/information request.** There has not been a response from PEBP to the request at this time. It was noted that having this data will be very useful to understanding what NSHE employees specifically consume relative to the current health care program, and might assist us in developing a prioritized listing of alternatives.

5. **A question was raised whether the Task Force could finish by mid November, which is the date the Chancellor requested.** We will continue to move forward using that date, and determine in the future if we are able to complete all our tasks. Bart Patterson was asked to update the Chancellor on this discussion.

6. **DRAFT Agenda Items for October 22, 2010 Task Force Meeting:**
 - a. Don Heilman, Area Senior Vice President, Gallagher Benefit Services will join the Task Force electronically to follow-up our discussions from the 10/8 meeting.
 - b. Follow-up discussion on identifying and prioritizing adjustments to the existing PEBP plan that would be important to NSHE.
 - c. Status update on employee feedback received through the NSHE web site.
 - d. Status update on information from PEBP in response to data/information request.
 - e. Develop a summary update on the projected Health Care impacts from federal regulations, including those that take effect in 2014.
 - f. Update future meeting schedule and plan of work for the Task Force (there is no scheduled meeting for 10/29/10)