

NSHE PEBP Benefits Task Force Meeting – October 8, 2010
Summary Notes by G. Bomotti

(Note: Three task force members were unable to attend this meeting)

1. Jacque Ewing Taylor, the NSHE representative to the PEBP board, was able to participate in this Task Force meeting. She highlighted some key issues, from her perspective, and responded to many Task Force member questions. Some of the key items discussed/noted are highlighted below.

*Jacque noted that the PEBP is an executive branch office, and they are bound to comply with the financial parameters that they are provided. They developed their plan as best as they could within the parameters they were given.

*Jacque highlighted some of the discussions/focus at the PEBP Board meeting from 10/7/10. There was a good deal of discussion about the Medicare Exchange program, and how that would work for retirees. There was also discussion about potential priority “add-backs” into the plan, should the legislature find additional funds. The PEBP Board plans to take up the discussion of the priority add-backs at their December Board meeting. Some items noted in the PEBP discussion included increases for the HSA/HRA accounts; dental coverage; life insurance and LTD increases; higher co-insurance coverage; and vision (although it was noted vision has not been the focus of too many constituent comments to date). It was also noted that under the current plan for FY12 the individual and family deductible amounts will be in addition to the “stop-loss” amounts, and not included in them as in the current plans. Jacque indicated PEBP will be looking to address this issue, however.

*Jacque also noted that the PEBP staff is looking at the possibility of a supplemental employee paid fully insured dental option, and to date the perception is that the rates may be good and this might be something to consider.

*It was noted that there is some information on assistance to employees for prescription costs (outside the plan) that is on the PEBP website now, and this might be of interest to NSHE employees (and this was discussed at the PEBP meeting yesterday).

*Discussion about the HSA rules coming from IRS regulations, and therefore these funds can be used to pay for some things that may not be covered in the PEBP plan.

*It was noted that any faculty living out of state would come under the CDHP, but the out of state network was being maintained.

*PEBP has, in the past, talked about premiums based on salary levels, but has never taken action. One significant issue is that technically this might be too challenging to actually implement.

*It was noted that PEBP decided on the HMO rate blending not as a significant cost savings to the plan, but due to “equity” issues, and the fact that the PPO plans are under blended rates now.

*A question was asked about how PEBP would police the requirement that spouse/domestic partner with eligibility through another plan could not be covered under PEBP. It is not yet known how/if PEBP can police whether someone has another option they declined, but if there is dual coverage at claims processing this will lead to follow-up at that point.

2. Update on discussions with PEBP Board chair (10/1/10), including status of getting access to NSHE retiree data and data on NSHE employee experience.

The following summary was provided to Task Force members about the meeting and follow-up since that time. It was also noted that the head of PEBP indicated that he already has received the written request from NSHE for data, and that he talked about it in a positive manner. It was also noted that depending on when this data is received, we have left open the option of using our consultant to help analyze this information (and the consultant was involved in drafting the request).

Summary of Meeting on Friday, October 1, 2010, With PEBP Chair Randy Kirner (edited from information from Jim Richardson and Mark Stevens)

We had a pleasant lunch with Randy, and spent much of the time discussing PEBP issues, with him explaining in some detail what the board had done, and why. We raised the need for experience NSHE data from PEBP. Randy was receptive and said he thought we should be able to access those data. He did not know of any policy that would preclude our getting the data, but thought there might be some logistical/technical issues that would need to be resolved. We did stress to Randy that we are not making plans to try to leave PEBP, but that we needed those data to help us plan how best to react to the changes being made in PEBP.

Mark Stevens contacted Jim Wells on Monday morning, October 4, 2010, and let him know that a written request would be coming from NSHE for PEBP to provide claims experience data for System employees. He indicated that if a request was received from NSHE for System claims experience that the information would be provided. We discussed the time period for which claims experience should be provided and three years seemed to be the time frame that Jim thought would be adequate. The request to PEBP was drafted and is included below

NSHE requests actual end of plan year claims experience data for all NSHE employees participating in PEBP health care programs for the past three full years, broken down by program offering. We understand we likely cannot get individually identifying information, and we are not requesting that type of information. In detail, our request is highlighted below.

Data Sorted by Plan years noted below, and further sorted by programs offered during these years:

- *7/1/07 - 6/30/08. Sort by High Deductible; Low Deductible; and HMO
- *7/1/08 - 10/31/09. Sort by High Deductible; Low Deductible; and HMO
- *11/1/09 - 6/30/10. Sort by PPO and HMO
- *7/1/10 - 9/30/10. Sort by PPO and HMO

Further sorted by the following for each plan year noted above:

- *Active employees (pick as of beginning or end of year and define the standard). Further sort by employee and dependent(s).
- *Early (non Medicare eligible) retirees (same note as above). Further sort by retiree and dependent(s).
- *Medicare-eligible retirees (same note as above). Further sort by retiree and dependent(s).

For each plan year noted above, please provide the monthly paid claims, broken down between medical, pharmacy, and dental.

For each plan year, please provide a listing of claimants in excess of \$100,000 in paid claims, along with total amount paid.

Our preference, if possible, would be for the data to be provided in electronic format in a "separated value" - "CSV" format.

Separate Request - for NHSE Retiree Contact Information

We would like to ask PEBP if they could provide us with the names and contact addresses for all retirees from the NSHE system with retiree health care benefits thru PEBP.

We also asked Randy about the idea that there might be a mandatory match for the HSA and he said he had not heard that idea and did not support it, which was a relief.

He explained that the PEBP Board was going to consider listing some possible add-backs so the Legislature would know what they might cost, and what the Board's priorities would be if there was add-back funding.

3. Initial discussions on identifying and prioritizing adjustments to the existing PEBP plan that would be important to NSHE.

The Task Force members had initial discussions about specific priority issues they have heard from their campuses about "add-backs" for coverage. We will continue to discuss this issue at future Task Force meetings, but the initial listing is summarized below, and there is a general concern that the current PEBP plan for FY12 will not be a competitive benefit for retaining and recruiting faculty and staff.

*Prescription Drug Coverage

*Dental Coverage

*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.

*HMO issues, including the blended rate north and south, but also wondering if there are options to strengthen the HMO offerings with more doctors in the plan.

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

*Eligibility of spouse/domestic partner, or at least requiring comparable coverage for non-eligible.

*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.

*The issue was raised about whether the PEBP plan was going to be affordable, especially for lower paid individuals, and whether we will see many more opt out of coverage.

We will work to identify rough cost ranges for these options above, from the information PEBP already looked at when estimating the savings from plan changes.

4. Finalize, if possible, data on historical information on PPO and HMO premium and plan changes over the past five years (awaiting feedback from institutional HR offices).

No comments were received on the current draft, so we assume that it is now final.

5. Status update on consultant work.

It was noted that our consultant would be joining us via teleconference next week, and we would ask him to give a status update on his work to date, and we would leave ample time for Task Force members to ask him any questions.

6. Status update on NSHE web site.

NSHE staff have done a very good job in developing this web site. We will ask Chris to make sure that every NSHE HR office and each Task Force member gets a chance to see this draft web site before it is rolled out throughout NSHE. It was noted that the web site is designed to compliment individual campus HR office information, and not duplicate.

7. Jim Richardson noted that the Benefits Coalition has arranged a meeting with Senator Horsford and Assemblyman Ocegquera for October 25, at 3:15pm, which will be a video discussion on the PEBP benefits plan, with connections at the NSHE System North and South offices.

8. DRAFT Agenda Items for October 15, 2010 Task Force Meeting:

- a) Don Heilman, Area Senior Vice President, Gallagher Benefit Services will join the Task Force electronically to talk about status of his scope of work and to field questions/comments from the Task Force.
- b) Follow-up discussion on identifying and prioritizing adjustments to the existing PEBP plan that would be important to NSHE.
- c) Status update on NSHE web site.
- d) Status update on information from PEBP in response to data/information request.
- e) Update future meeting schedule and plan of work for the Task Force.

Overall High Level Summary of Major Changes Proposed (DRAFT)

1. Retain the PPO plan structure relative to in/out network, but essentially it would become what might be described as a Catastrophic Health Care program (or high deductible program). HMO options will continue, but the rates will be blended for north and south, leading to significant increases in the south and potential decreases in the north.
2. The Consumer Driven Health Plan (CDPH) would have high deductibles (\$2,000 annual individual and \$4,000 Family) without any co-payments until after these were met, leading to much higher out of pocket costs until after these were met.(current PPO deductibles are \$800 individual and \$1600 family).
3. The Co-insurance rate that employee's will have to pay is going up from 20% to 25%. Annual out of pocket maximums ("Stop-Loss") will increase from \$3700 for an individual to \$3900. Family out of pocket maximums increase from \$7400 to \$7800. However, the Individual and Family deductible amounts will be in addition to these "stop-loss" amounts, and not included in them as in the current plans (note: PEBP has indicated they may address this latter item)
4. Introduction of Health Savings Accounts (HSA) for active employees to "seed" a portion of the high deductibles (and Health Reimbursement Accounts (HRA) for retirees). \$600 seed money for employee and \$200 for each dependent up to max of \$1,200. HSA's roll-over from year to year, HRA's don't. The current intent at least is that the seed money would be provided annually, and build up over time for HSA's. There is no assumption of mandatory contributions by employees.
5. Prescription medications are now subject to the high deductibles.
6. Blending the rates for the HMO programs north and south, which will lead to much larger increases for those in the southern HMO program (subsidy of the northern HMO).
8. Elimination of \$125 every other year for glasses, frames, or contact lenses
9. No coverage for spouse or domestic partner who has, or who are eligible for, coverage under their own employer sponsored health care plan (PEBP will have to police this issue).
10. All Dental benefits are eliminated, other than four (4) cleanings per year.
11. Medicare Retirees (current and future) will be moved to a Medicare Exchange program. A Medicare Exchange program is a broker service that provides retirees with information on various Medicare supplement plans available in the market. Services provided include negotiating discounts, identifying providers, and comparing costs.
12. Premiums for employees not yet set, but clearly a significant decrease in the current percentage that is paid for the employee. Combined with high deductibles it is possible many more employees will opt out of health care covered through PEBP.
13. Basic life insurance amount reduced by half (\$10k vs. \$20k for actives and \$5k vs. \$10k for retirees). Eliminated dependent life insurance.
14. Reduction of Long term disability income, from 60% to 40% (some NSHE employees may not qualify for LTD under Social Security)

Other Potential Task Force Adjustments to Discuss:

1. Subsidy rate for employee vs. dependents.
2. Premium rates tied to employee salary level.