

NSHE PEBP Benefits Task Force

Summary Notes from Meeting – November 15, 2013

1. Review of November 21, 2013 PEBP Board meeting agenda

Potential items of interest include the following:

*Possible changes to how the state subsidy for health insurance is allocated to participants in the existing plans. A significant amount of discussion, but since there is no financial information available it is hard to understand the impacts of any of these shifts. Concerns raised about any attempt to move to a flat dollar amount for subsidy. Some interest in looking at 100% premium coverage for individuals under a base plan, but some arguments against, relative to impacts on families. The issue was raised about the fact that the state budgets for health care funding for all eligible employees, but PEBP only receives the employer subsidy amount IF they participate in PEBP. If the employee does not participate in PEBP, this ends up as salary savings to the state agency and does not go towards health care.

*Possibly adding a low deductible self-funded PPO plan option along with the CDHP and the HMO plan (i.e. a “Middle Tier” option). We have long advocated for a middle tier option, but this proposal does not include the premium level, so it is very difficult to evaluate the viability of this approach. It is possible many of the goals of a middle tier plan could be addressed through major changes in the CDHP, which are noted in another agenda item. However, here too there is no premium information and it is not clear how these changes would work together (or even if they could all be made within the reasonable parameters of available funding and premium levels). Continuing to consider a middle tier option is very important.

*Possible plan design changes for the CDHP effective 7/1/14. Our assumption is that the HSA contribution rates would remain as they are today. There are no premium amounts suggested for these changes, or how these changes could be/would be coordinated with the design of an effective middle tier option. Also, none of these options appear to include base raises in the HSA contributions, which seems like an important variable to consider in this evaluation. It was noted that there is some looming issue with the possibility the CDHP could come under “Cadillac” plan restrictions at some near-term date (we think this is 2018).

*Continuing the wellness incentive program for plan year 2015. Overall there is strong support for a well-designed and communicated wellness program, but concern was raised about bringing back this program after the legislature eliminated it, and not having sufficient information on how this plan would differ from previous plans (which had many complaints). Additionally, there does not appear to be information in the packets that documents the benefits seen from the plan run in the past (and isolates this variable from CDHP base incentives and the statistical self-selection impact for those who participated in the program), although this is suggested in the write up.

*Possible action to implement a private/corporate exchange effective 7/1/15. Note, the description of this approach should be broadened to include looking at fully insured program options for PEBP, which could include corporate exchange models. We

continue to strongly support the PEBP fully evaluating what options are available for our employees within the resources available for health care. We don't know if there are better options out there in the fully insured market, but the only way to determine this is to gather that comparable information and make an informed decision. We would urge the PEBP to set a very defined schedule for the RFP process, so there is ample time to review the document (and NSHE would again like to offer feedback on the draft that was developed), finalize it, offer vendors time to respond, and have sufficient time for a careful review of the submissions, specifically the comparisons in value to the existing PEBP products. Such a careful evaluation will allow PEBP to determine if the current approach for health care is the best value for the state, or if there are better alternatives to consider.

After a lengthy discussion, the Task Force decided it would be important to offer some public comments at the PEBP Board meeting. A summary of those overall comments is drafted below.

*We again recommend that the PEBP Board merge together in their schedule their decisions on plan changes with having the financial information available to make informed decisions. We continue not to understand the separation of decisions on plan changes with the pricing information on the cost of those options.

*The overall goal is to identify ways to provide higher quality, more affordable health care coverage for our employee and retirees. We remain of the belief that the quality of our health care programs has not sufficiently recovered in order to meet the needs of employees and retirees.

*Without all the financial data, it is very difficult to make firm recommendations on the vast amount of information in the PEBP Board packet relative to plan options for FY15. We would urge the Board to consider asking for firm pricing on several plan change options for their next meeting, so they would not have to go through an additional round of pricing. One example of plan change options is highlighted below.

-Keep subsidy rates as exist today. Include the middle tier option as outlined in the information. Keep the CDHP structure as exists today.

-Keep subsidy rates as exist today. Include the middle tier option as outlined in the information. Make most of the change options for the CDHP (deductible down to \$1500-\$1600 and similar levels of adjustment for the other noted changes). A variable in this approach should also include the option of increasing the HSA as one of the key variables.

-Keep subsidy rates as exist today. Do not include the middle tier option. Maximize all the improvements in the CDHP suggested, and include the option of an increase in HSA.

*Supporting moving ahead with the RFP to collect data on how fully insured programs would compare in cost and benefits to the existing PEBP programs. NSHE would be pleased to be allowed to participate in reviewing the draft material, and it is important to set a firm and realistic schedule as soon as possible.

2. HRAC scope recommendations for a public solicitation for a Broker of Record for the NSHE voluntary NSHE supplemental benefit offerings (for current line-up and possibly an extended line-up), and perhaps even including the current student health insurance program in

this solicitation. Tim noted this is on the agenda for the December HRAC meeting, and he will update us on the outcome.

3. Review updated migration report for NSHE tracked for 4 plan years. The attached data was distributed and briefly discussed.

4. Status of follow-up items from last quarterly meeting with PEBP staff, and schedule for next quarterly meeting. The following items remain on our listing for quarterly discussions with PEBP staff. The most recent quarterly meeting was held September 13, 2013.

*Provide read access to E-PEBP system for NSHE employees by some key NSHE HR staff. Concern was expressed about how long NSHE would stay with PEBP. Apparently PEBP will prepare a memo outlining the plan and costs for such an approach and send it to us in the near future. Additionally, this was noted at the last PEBP Board meeting and the impression was that PEBP was not pursuing this at all – we need to follow-up to check on status. *Most recent update: PEBP is back to asking if there are HIPAA issues that prevent such access. PEBP is also now expressing concerns that all questions should go directly to PEBP vs. being handled by trained NSHE HR individuals. As of early September we did hear from PEBP staff about the specific data elements that we needed access to. We hope this means that this item is back under consideration and that we will have access to the system in the near future. October update: PEBP does not appear inclined to grant any such access. March 2013 update: We still want to push this issue, but we should also discuss the broader issue of PEBP having an effective communications program with key contacts in each agency they support (for NSHE this would be the HR contacts at the institutions). By using the HR offices at each institution these individuals can have a better sense of what is happening with PEBP and they can better support (and communicate) that information to their employees. NOTE: Interest expressed in more strongly pursuing this item with PEBP, as it would help our employees greatly. **NO RECENT UPDATE.***

*Address the current delays in new NSHE hires receiving their information from PEBP. A new form was created that we think will be helpful, in addition to the plans for NSHE to add some language/information to the standard offer letters. *October update: PEBP is testing a new FAX process. March 2013 update: For the faxing of forms for new hires – PEBP was going to get in touch with NSHE benefits staff once they have their end set up to test our fax system for quality of the transmission. To date we have not been contacted by anyone from PEBP. May 2013 update: Leo indicated he would assist us in getting a response on this item. **NO RECENT UPDATE***

*Status of HSA/HRA changes that impacted NSHE distribution of W-2's. PEBP is going to make some schedule changes to help with this issue in future years, but noted they expect additional tax year 2011 adjustments to come forward in the near future – this will cause a problem for NSHE relative to manually issuing revised W-2's (and the fact some employees likely already completed their tax filing) and the potential for additional fines. In fact, NSHE received another round of corrections impacting the W-2's in April. We would like to recommend to PEBP that NSHE handle employee contributions to these accounts like all others

we already handle, and then feed these deductions to HealthScope. This would eliminate this as a problem for the future. Update: PEBP staff is now indicating that they are considering allowing NSHE to push the data to HealthScope for the HSA voluntary deductions. The recent issues with HealthScope and the June (now paid in July) payroll and failure to capture voluntary HSA contributions also were a problem for many NSHE employees. There were also comments on problems accessing the full funding in the HSA accounts early in the calendar year. *October update: PEBP indicates that the NSHE process for working with HealthScope is different/unique from other state entities and they will help us push our data directly to HealthScope; otherwise they are opposed to this option. PEBP staff indicated they were not aware of these more recent issues with HealthScope files with errors in it to NSHE but will address them with HealthScope. It was also noted that NSHE could create HSA accounts for its employees as a substitute for, or in addition to, what PEBP has – we will review this to see if there are any viable options for us to consider. March 2013 update: Relative to direct access to HealthScope, at the last quarterly meeting Jim Wells indicated that he needed additional information from HealthScope before making a decision. We have not received any updates since. However, we also noted that tax year 2012 has seen additional problems with issuing corrections to W-2's and we still have not fixed all the problems, or perhaps even identified all of them. To date PEBP has their IT staff focused on this issue, when in fact we believe this is not just an IT issue but an issue of proper accounting for the benefits so the W-2 can be issued by NSHE and NSHE can communicate to its employees with confidence that the information is complete and accurate. May 2013 update: Leo also indicated he would assist us in getting a response on this item. **November 2013 update:** Pat noted that NSHE is working with the PEBP to try and eliminate the errors that have occurred in the past, however our request to get data directly from HealthScope has never been responded to by PEBP.*

*Health Care Concierge program. We would like to see PEBP move forward to issue an RFP to bring on such a vendor, or allow NSHE to pilot this program for PEBP. PEBP was indicating that there are legal reasons why they cannot enter into such a program and the same reasons prevent us from running a pilot. We are trying to get more specific information from PEBP on the legal interpretation. *October update: PEBP in the midst of negotiations with Jack London group for a 6-month pilot program (July 2013 – Dec 2013); if the pilot can be worked out and shows benefit compared to their current vendor programs they will consider extending it, or decide if this is a unique service or not and whether they go out to bid. January 2013 update: This item was on the 12/10/12 PEBP Board agenda for discussion and PEBP has since executed a contract with Jack London for a pilot program effective 1/1/13 through 6/30/13. However, it was noted that we had not seen information going out from PEBP to inform participants of this program. Given the short time period of the “pilot” it seems as though an opportunity to communicate this no-cost program to participants was not taken. Michelle Kelley did get an e-mail about this program earlier this month and will share that e-mail with the Task Force and all NSHE campus HR contacts, so we can at least help get appropriate information out about this pilot program. We will also need to follow-up with PEBP in the future about the lack of adequate communications on the roll-out of this pilot program, and perhaps the next to extend*

*the pilot as soon as possible so that they can have valid results. March 2013 update: The Jack London pilot is underway at this time but we have not seen any report on what activity they have had to date. It would be nice to see this information and to be able to work with PEBP to get out better communications about programs like this to our employees. We also will want to discuss with PEBP, after we see some of the initial information, about extending the pilot for all of CY13, as a six month pilot on a program that was not well communicated with employees probably is not a long enough period to evaluate its impact. June 2013 update: The pilot has been extended to 9/30/13 and the PEBP Board will review it again in the fall. We discussed getting out more information on this program to NSHE employees. **Sept. 2013 update:** Pilot discontinued. Although PEBP elected to continue services until Sept. 30th, Jack Landon elected to end the relationship with PEBP effective June 30th. The Task Force strongly recommends that PEBP consider going out to bid to allow similar services to be offered in the future, under a longer term engagement and with better communications that the services are available to PEBP participants.*

*New Item – Status of PEBP Data Warehouse Program. **September 2013 update.** Jim Wells indicated that this project is moving forward and they have focused on the CDHP first. They expect to have this part of the project completed in the near future. Following that, in next calendar year, they will focus on the HMO data.

***New Item – September 2013 update.** Temporary Social Security numbers on PEBP enrollment forms. PEBP identified that there's been some issue with temporary social security numbers on PEBP enrollment forms which is causing administrative issues for PEBP staff. This situation typically occurs when NSHE hires internationals and it takes them a few weeks to get their SSN number. In the interim, NSHE assigns them a temporary SSN so that they could be entered into the HR system. PEBP staff recommended that if we have someone with a temporary SSN that we do not list that temporary SSN when we submit the Employee Hiring Form to PEBP. This will then trigger a process at PEBP that they would send a paper enrollment packet to the employee so that they could enroll by paper once they receive their correct SSN. Pat LaPutt was asked to update the HRAC on this issue.

* **New Item – September 2013 update.** Non-discrimination testing. PEBP is waiting on an opinion from the Attorney General's office regarding who is considered an employer for this purpose. They indicated that they would prefer to conduct one test for the whole state including NSHE because the regulations require that you use the same set of data when conducting the non-discrimination test for the Dependent Care FSA, the Medical FSA, and the Health Plan. Currently NSHE runs its own Flexible Spending Account and we have done Dependent Care non-discrimination testing in the past. The regulation now requires that this test be run each year. This test is run by our FSA vendor ASI Flex and we are scheduled to provide them with data around November so that the testing can be completed by January. Testing on the Medical FSA and the Health Plan is currently waiting additional guidance and is currently on hold. Jim Wells suggested that NSHE may want to consider having PEBP administer the FSA plan since they are using the same vendor that handles their HSA (HealthScope) and that it

makes it easier to coordinate benefits for the FSA and the HSA. The Task Force did not support this PEBP recommendation, as we would prefer to maintain our own FSA.

5. Next Task Force Meeting. We will schedule this prior to the January 16, 2014 PEBP Board meeting. (That meeting date could change based on Board action at the Nov. 21 meeting).

6. Potential Future Agenda Items:

*HRAC scope recommendations for a public solicitation for a Broker of Record for the NSHE voluntary NSHE supplemental benefit offerings (for current line-up and possibly an extended line-up), and perhaps even including the current student health insurance program in this solicitation.

*Priority items to highlight at future Board of Regents meetings.

*Status of follow-up items from last quarterly meeting with PEBP staff, and schedule for next quarterly meeting.

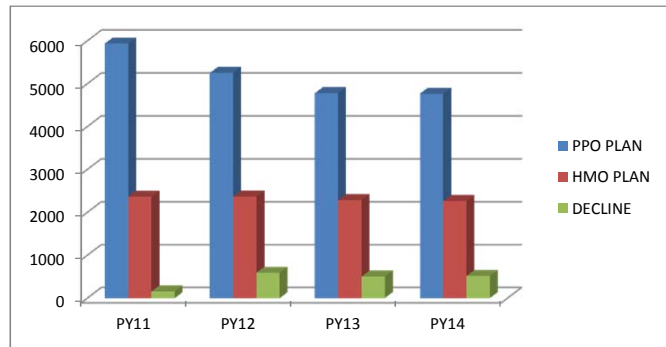
*Review Next PEBP Board agenda for possible comments during public comment.

* Review/discuss the 2011 action by the Legislature to eliminate any/all health care subsidy for state/NSHE employees hired after 1/1/12

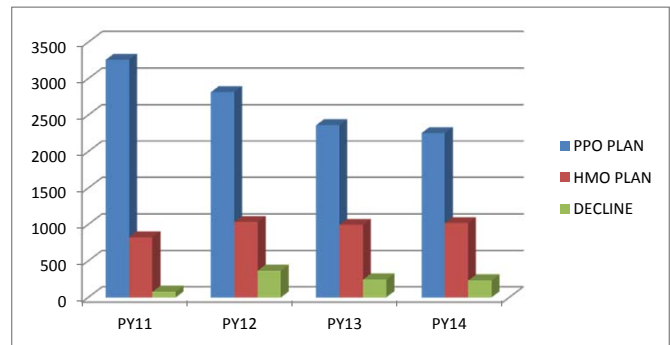
*Invite SDM and UNSOM representatives to discuss options for providing services to NSHE Employees.

Migration Report for NSHE (covering 4 plan years)

NSHE				
	PY11	PY12	PY13	PY14
PPO Plan				
Employee Only	3127	3063	2644	2552
Employee Plus Spouse	864	512	495	500
Employee Plus Child	845	862	846	890
Employee Plus Family	1100	814	792	824
Total	5936	5250	4777	4766
HMO Plan				
Employee Only	1277	1285	1249	1227
Employee Plus Spouse	332	309	270	261
Employee Plus Child	359	478	483	491
Employee Plus Family	391	296	278	282
Total	2359	2366	2280	2261
Declined	156	592	501	515



BUSINESS CENTER NORTH				
	PY11	PY12	PY13	PY14
PPO Plan				
Employee Only	1674	1580	1199	1053
Employee Plus Spouse	473	269	261	263
Employee Plus Child	483	508	475	493
Employee Plus Family	629	459	427	444
Total	3259	2816	2362	2253
HMO Plan				
Employee Only	443	522	501	498
Employee Plus Spouse	107	148	122	127
Employee Plus Child	130	222	227	246
Employee Plus Family	145	140	145	148
Total	825	1032	995	1019
Declined	76	366	244	231



BUSINESS CENTER SOUTH				
	PY11	PY12	PY13	PY14
PPO Plan				
Employee Only	1453	1483	1445	1499
Employee Plus Spouse	391	243	234	237
Employee Plus Child	362	354	371	397
Employee Plus Family	471	355	365	380
Total	2677	2435	2415	2513
HMO Plan				
Employee Only	834	763	748	729
Employee Plus Spouse	225	161	148	134
Employee Plus Child	229	256	256	245
Employee Plus Family	246	156	133	134
Total	1534	1336	1285	1242
Declined	80	226	257	284

