

Notes from Dec. 2, 2010 PEBP Board Meeting held in Carson City

The PEBP Board approved the following recommendations from the PEBP Staff:

- Establish an individual family deductible of \$2,400 for a participant and his dependents, if the participant covers dependents. The deductibles for Plan Year 2012 will be:
 - Participant only coverage = \$2,000 deductible
 - Participant plus dependent tiers:
 - \$2,400 individual family member deductible
 - \$4,000 family deductible
- Include the deductible in calculating the yearly out-of-pocket maximum.
- Funding for HSA and HRA accounts for PPO Participants will be as follows:
 - For plan year beginning July 1, 2011, the entire HSA contribution will be credited to employee accounts at the beginning of the plan year.
 - For employees who are hired after the plan year begins, a prorated amount will be credited to their account based on the number of months that they are covered under the PPO Plan (For example, an employee hired in August will receive a credit of 11/12ths of the annual amount).
 - For the plan year beginning on or after July 1, 2012, provide 1/12th of the annual contribution each month.
 - For active employees ineligible for an HSA, PEBP will fund their HRA in a similar manner as the HSA.
 - Non-Medicare retirees will have a limited use HRA. They can use their HRA to pay for qualified expenses except for premiums.
 - Medicare retirees will be able to use the HRA to pay for qualified expenses as well as for premiums.
- Move forward with an RFP for a dental plan. The RFP will determine what is available in the marketplace. Two options could be pursued depending on the costs associated with a fully insured dental product:
 - Mandatory dental plan that includes coverage for both preventive and other dental benefits with partial or full subsidy from PEBP
 - Voluntary employee paid only dental plan. Preventive care coverage will still be provided under PEBP's self-insured plan, but an employee could elect to purchase additional dental benefits
- Ratified the Medicare Coordinator Service (Extend Health) Vendor selection effective on the Board of Examiner's approval
- If the Board of the Examiners does not approve the contract with Extend Health, PEBP will not be able to realize the savings they've projected previously since Medicare retirees will now need to stay in the plan. These costs will be passed on to the retiree group through an increase in their monthly premiums for Plan Year 2012 (during that time the Board would go out for RFP for the contract to start 7/1/2013). The CFO estimated that the shortfall would be about \$7 million dollars for the 12 month period. The cost increase to Medicare retirees would be approximately \$84/month (this was a very rough estimate).

Michelle Kelley did an excellent job of highlighting the Chancellor's letter and the concerns expressed by NSHE employees. John White of the UNLV Boyd School of Law also provided

comment regarding the effect of these benefit reductions in our ability to retain and recruit faculty. Jim Richardson echoed the sentiments expressed by both Michelle Kelley and John White and added that NSHE is also concerned with the implications of these changes to retirees.

Another item on the agenda is discussion on prioritizing benefits that could be restored in the event that additional funding may become available. Additional funding may become available if PEBP's claims experience results in a surplus in the plan's reserve or if the Legislature decides to provide additional funding to PEBP. If reserves exceed the 95% confidence level, then PEBP could use those additional funds to restore benefits.

The PEBP Board approved the following benefit restoration in the event of additional funding in the following order:

- Increase funding to the HSA/HRA. Each additional \$100 into this plan will cost approximately \$4.2 million.
- Adding back some dental benefits
- Decrease the deductible
- Restore the Long Term Disability Benefit to 60%

The Board also ratified the vendor selection of a new Third Party Administrator who would process medical claims for the plan beginning July 1, 2011. The vendor selected is HealthSCOPE out of Little Rock, Arkansas. There is some concern with interface with Sierra Health Care Network (PPO Provider Network) that PEBP staff is still looking into.

The next PEBP Board meeting is scheduled for January 13th. To accommodate board member schedules, as well as to allow more active employees the opportunity to attend the meeting, the board meeting is scheduled to start at 4:00 p.m. Locations for the meeting will be announced as soon as possible.