

## NSHE PEBP Benefits Task Force

### Summary Notes from Meeting – May 24, 2012

#### **1. Review of May 4, 2012 PEBP Board meeting. Discussion of May 30, 2012 Board meeting agenda and any comments to highlight.**

The notes Michelle Kelley prepared from the last PEBP Board meeting were discussed. In particular, we noted some confusion on the discussion about our request for access to the E-PEBP system, so this will be an on-going follow-up with PEBP staff. In reviewing the May 30, 2012 Board meeting packet, several items were highlighted as noted below, but we did not have any specific recommendations for public comment at the May 30 PEBP Board meeting.

- Agenda Item IX: A bill draft request to commingle the rates for State and Non-State into a single rate pool for rating purposes only. This was requested by the Board at the last meeting to stabilize the Non-State pool. The rates for the retirees in the Non-State pool are very volatile causing large increases in premiums. With the departure of the City of Elko from PEBP, there are only 100 non-state active participants in the pool. There is also a discussion about revising the composition of the membership of the PEBP Board – this may specifically relate to the non-state position, given the withdrawal of Elko.

NSHE will want to track these items to understand the impact on future rates, but also to see what options might be available for better representation for NSHE on the PEBP Board.

- Agenda Item XII: Presentation on the result of the survey of Medicare Retirees. The survey results indicate that overall, Medicare retirees are satisfied with the plans. Summary information on this is highlighted below.

In February and March 2012, PEBP mailed 9,065 surveys to PEBP retirees who had transitioned their medical health care coverage through the Medicare Exchange, Extend Health. Responses were received from 3,582 retirees for a response rate of 39.5%. Following is a review of the survey results and an analysis of each question.

#### **Report**

When asked their overall satisfaction with the value of the health care benefits, the premium cost of the plan(s), and the contribution amount of the Health Reimbursement Arrangement (HRA), 79.1% responded they were satisfied or greater. The average score was 3.18 on a scale of 5 with 5 being the most satisfied. As to receiving enough information to make an informed decision, 76.5% responded as being satisfied or greater. The average score was 3.2.

The survey results indicate 80.8% believe Extend Health is committed to providing long-term support and advocacy and 60.6% believe concerns will decrease over time. The satisfaction scores decreased when retirees attempted to change their plan during the Medicare Open Enrollment in the fall 2011 to 74.8% being satisfied or greater with the average score being 3.08.

The survey indicates that 31.1 % experienced difficulty with HRA reimbursements and once

they had a problem with their HRA reimbursement, they were not as pleased with the HRA customer service. Only 66.8% were satisfied or greater. The average score was 2.89.

Age-in retirees (those who are already retired and are just turning 65), and new retirees (those who are already 65+ and are just retiring), are more likely to have enrollment issues than those who enrolled during the initial transition period.

Task Force members were surprised by the positive responses to this survey, as they seem very counter to the unofficial feedback. It was agreed that G. Bomotti and C. Cochran would be asked to review the survey details and report back.

- Agenda Item XIII: Presentation on the employee survey. Some of the data captured from the responses for all PEBP participants is highlighted below. In general, it appears the NSHE specific responses were slightly more positive than the rest of the PEBP participants, although overall the responses are very negative.

#### CDHP:

- 80.4% of respondents were dissatisfied with the CDHP (30.9% dissatisfied and 49.5% Very Dissatisfied)
- 67.3% understand the CDH Plan that went into effect on July 2011
- 74.9% of respondents were satisfied with access to care in the CDHP
- 87.2% of respondents don't believe that out of pocket costs are reasonable (includes premiums)
- 76.3% reported delaying care due to cost
- 66.7% indicated that the prescription drug coverage is NOT adequate.
- 74.2% reported that they are compliant with their prescriptions

#### HMO

- 57.4% of respondents in the HMO reported being dissatisfied
  - 89% understand the HMO plan that went into effect on July 2011
  - 66.1% of respondents don't believe that out of pocket costs are reasonable (includes premiums)
- Agenda Item XVI: Presentation by CFO.

It was noted that the “excess reserves” for the self funded plan increased by over \$2.6M from the March 2012 report (\$31M up to \$33.6M).

2. **Status of all data being received from PEBP in the format needed on NSHE employee claims.** The original data request from NSHE was sent to PEBP on 2/21/12, with a request for the data by March 6. The preliminary data was received from PEBP on April 16; however, the data was and still is incomplete. We have been working with PEBP to get the final data, in the format originally requested, and in particular the monthly data was not sent. After some discussion, it was agreed that we need to have a meeting scheduled with appropriate PEBP individuals as soon as possible to work through what the problems are in getting us the data requested.

3. **Status of executive summary of health care survey** (and discussion about a potential follow-up after the start of the new plan year to track any changes by NSHE employees). Chris

Cochran led a discussion of the draft executive summary and the more detailed results. Several comments/suggestions were given to Chris to finalize the executive summary, including adding his results which determined that there was no significant difference in the responses from NSHE participants north vs. south, and the same held true when comparing NSHE responses vs. the rest of the PEBP participants in the survey – no significant difference (although on some questions about the overall satisfaction with the value of the health care plans, NSHE negative responses were slightly lower than those from the entire PEBP population, but not to a significant statistical level). Chris will finalize the draft executive summary. It was noted that we would like to talk with PEBP about another survey next fall, to track changes participants made in coverage, among other things. We will add this item to our quarterly meeting agenda with PEBP. The Task Force thanked Chris and his graduate student – Anne Wagner – for their great work on this survey. (See attached summary and graph.)

4. **Follow-up from last meeting on employer contribution increase for FY13 and PEBP Board options in using this increase.** G. Bomotti checked with PEBP on this question and wrote up the response. In general, the PEBP Board has the authority to set employer subsidy rates at any level, and could have raised the employer subsidy rates for FY13 in order to consume some/all of the projected up to \$15.5M that is currently estimated to be left in this account at the end of FY13. The Board considered options of increasing the employer contribution amounts for FY13, but in the end, rejected them.

5. **Review “health care concierge” options with PEBP and follow-up from BBI on their investigation into one specific vendor.** Included below is a summary of our concierge/ negotiation service company exploration done by BBI. In general the evaluation indicates that Jack London does appear to have a unique combination of services, and based on this, BCS would do a sole source contract for an NSHE pilot. We will follow-up with PEBP on this issue.

BBI contacted nine (9) major national employee medical management service providers to see if they offer BOTH medical concierge services and provide claims negotiations. Seven of the firms responded, all of which noted they only provided one or the other service, and not both. It therefore appears that the assumption that Jack London is unique in terms of providing both services is verified.

Four (4) references for the Jack London services responded to requests from BBI as to their opinion of this consultant. The references are summarized below.

\*Harrah's. Very positive reference.

\*Wynn Resorts. Very positive reference.

\*Aon Hewitt/San Francisco. Very positive reference.

\*New York-New York Hotel & Casino. Very positive reference.

6. **Status of PEBP Board Openings.** The following summary shows the status of the nine (9) Board seats. Jacque Ewing Taylor was just recently appointed to another term. There are currently two (2) vacant seats and one that expires this June 30 (retiree slot). Renee noted that there apparently is on-going discussion about the possibility of appointing another NSHE individual to one of these seats, but a legal review was requested regarding whether NSHE Academic or Administrative Faculty are “state” employees.

PEBP Board Member	Date Appointed	Expiration Date	Location	Additional information
George Campbell	9/2008	6/2012	Washoe County	
Leo Drozdoff	9/2008	6/2015	Carson City	
Charles Duarte	3/2012	6/2015	Carson City	
Jacque Ewing Taylor	2/2002	6/2016	Reno	Re-appointed 7/2012
Jeffery Garofalo	7/2011	6/2015	Las Vegas	Private atty. - Las Vegas
Cynthia (Cindy) Jones	5/2012	None	Carson City	Budget Director designee - no exp. date
Robert Moore	6/2011	6/2015	Sparks	Private employee benefits consultant
VACANT – non-state rep	Currently held by Dawn Stout, but City of Elko is leaving PEBP 6/30/2012 so she will leave Board and new non-state rep will need to be appointed			
VACANT – state-rep	Formerly held by Teresa Thienhaus			

7. **Discussion about presentation for May 31/June 1 Board of Regents meeting.** The PEBP update is an information-only item scheduled immediately following the lunch break on Friday, June 1, 2012, for 15 minutes. The Task Force discussed the priority items to highlight to the Board during this short presentation.

\*Status update on data request to PEBP for claims information for NSHE employees, so that BBI can work on potential GAP plans/options and schedule when more specific information may be available (including re-pricing overlay on PEBP claims data). We will need to note the problems with getting the data from PEBP. We will also highlight our expectation that NSHE will bring forward proposals to the Board in the future on PEBP/health related priorities for the next legislative session.

\*Interest in getting PEBP to move forward on a “health care concierge” program, or at least allow NSHE to move forward on a pilot basis (claims review service which is paid only if they find savings).

\*Present Executive Summary of recent PEBP health care survey. We will ask Chris Cochran to be available for this presentation and expect this will take at least half of the time allocated. We will want to finalize the survey results and get them to the System office early next week, so they can be electronically distributed to all Board of Regents members prior to the meeting.

\*PEBP Board Membership, and active participation by NSHE to promote NSHE employees for more than one of the nine Board seats. Currently only one of the nine PEBP Board seats is filled by an individual from Clark County, who is a non-state employee, even though nearly 45% of all active PEBP participants are from Clark County. Additionally, only one of the nine seats is provided to an NSHE participant, even though we make up one-third of the PEBP participants.

\*Regular follow-up meetings with PEBP on issues mostly related to customer service and suggestion that PEBP consider a “middle tier” option in the future.

**8. 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 next quarterly meeting with PEBP is scheduled for **June 7** in Carson City.

\*Development of a viable “middle tier” option for employees in the future. Rejected for FY13, but we have raised this issue for FY14/FY15 planning.

\*Improve the customer service response to employees, both in terms of access (number of customer service staff) and quality (consistency and accuracy of information provided). PEBP continues to consider this issue. The PEBP continues to look at some options to make improvements in this area. There are still some negative comments from staff, but the level of negative comments has fallen off (with the fact the peak period for the new program has passed).

\*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. Unfortunately, no significant action seems to have taken place on this item.

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.

\*Provide current contracted prices for health services to PEBP employees, in a similar approach to the prescription drug information currently available. PEBP indicated they are working with network providers to make this available, perhaps through a HealthScope secure website.

However, no specific schedule was indicated.

\*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.

\*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 health scope. This would eliminate this as a problem for the future.

\*Follow-up on PEBP health care survey for Medicare retirees. The results were provided by PEBP in their May 30, 2012 Board packet. G. Bomotti and C. Cochran were asked to review the results in more detail, especially relative to design of the survey questions.

\*Policy for when Medicare Eligible employees return to work. PEBP has expressed interest in revising their plan documents to allow Medicare eligible employees to retain their program if they end up back as active employees (i.e. retired but teach part-time and go over the ½ time level for a semester). They also agreed to consider plan revisions to address this issue during open enrollment.

\*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.

\*Work with PEBP to cooperate on a follow-up survey of participants next fall, so we can track who made changes and why.

9. **Next Task Force Meeting.** We will find a date in late June/early July that works for everyone, as well as the PEBP Chair (Leo Drozdoff), who has expressed an interest in attending our Task Force meetings.

10. **Potential Future Agenda Items:**

\*Status of BBI's analysis of data from PEBP on NSHE employee claims, and discussion of near term employee health care benefit options.

\*Status of executive summary of health care survey (and discussion about a potential follow-up after the start of the new plan year to track any changes by NSHE employees).

\*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 PEPP Board agenda for possible comments during public comment.

\*PEBP Board openings.

\*Information on HMO participant change from FY11 to FY12.

\*Meet with BBI to discuss longer term planning for NSHE health care options.

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

## **PEBP Insurance Benefits Satisfaction Survey Executive Summary**

In September of 2010, the Nevada System of Higher Education (NSHE) appointed a Task Force to examine the health insurance benefits provided to its employees through the Public Employees Benefits Program (PEBP). As part of its ongoing work, the NSHE Benefits Task Force identified the need for this survey due to plan changes made by PEBP in 2011. In collaboration between the NSHE Benefits Task Force and the PEBP, a survey was distributed from March 16, 2012 through April 15, 2012 to NSHE and State of Nevada employees to measure their satisfaction with existing PEBP insurance benefits. A set of 59 questions was agreed upon by representatives of PEBP and the NSHE Task Force. Those participating in the creation of the survey were Jim Wells, PEBP Executive Director; Nancy Spinelli, PEBP Public Information Officer; Renee L. Yackira, Executive Director of Government Relations; Gerry Bomotti, UNLV Vice President of Business and Finance and PEBP Task Force Chair; Dr. Chris Cochran, Associate Professor, UNLV Department of Health Care Administration and Policy and Task Force member, and Anne Wagner, MHA, who assisted with the project.

Approximately 7,500 state employees participated in the survey including 3,347 NSHE respondents. The NSHE respondents represented 44% of the number of state employees participating in the survey. Because NSHE respondents are over-represented in the survey – they comprise 33% of state employees – the information presented here represents only their responses. However, some comparisons are made to key questions that document both NSHE and State employees.

Among the findings of the survey, some of the most notable include the following:

### **General demographics**

- 57% of the respondents have coverage only for themselves; only 11.5% include coverage for a spouse or domestic partner; 18.3% for employee and children; 13.2% for employee and family.
- 62% of the respondents were from Clark County; 33% from Washoe County, Carson City and Douglas County; and 4.9% were from rural Nevada.
- 77.2% described themselves as healthy or in excellent health.
- 18.5% indicated that they had a covered dependent with an ongoing (chronic) health condition.

### **Plan changes in 2011**

- For the current plan year, 83.9% kept their current health plan (High Deductible PPO or HMO).
- Of those that changed their health plan, more were likely to change to the HMO plan from the High Deductible PPO due to premium costs or higher out-of-pocket costs.
- 83.6% of employees made no changes to their plan's coverage for dependents.
- Of those that made changes to dependents, 23.2% cited cost of the plan as the reason, 10.3% indicated that their spouses plans were better.
- Of employees who declined the PEBP health plan coverage for themselves, 48.8% indicated that their spouse's plan was better, while 14% of those who declined coverage have no health care coverage.

### **Satisfaction with current plan**

- For the PPO, more than 79% indicated that they were dissatisfied or very dissatisfied with their current plan (for comparison, 81.5% of non-NSHE state employees were either dissatisfied or very dissatisfied). This compares to 55% of HMO covered employees who felt the same way (59% of non-NSHE employees were dissatisfied with their HMO coverage). It should be noted that most employees indicated that they understood the coverage that went into effect on July 1, 2011.

### **Other important findings:**

- A greater percentage of HMO plan employees have become more informed about their health care services than the PPO employees (51% to 39%).
- PPO covered employees were more likely to put off health care due to cost (71.5%) compared to HMO covered employees (59.2%); although both figures indicate concern regarding the out-of-pocket costs associated with both plans.
- 85.7% of PPO plan members and 61% of HMO respondents disagree or strongly disagree that out-of-pocket costs are reasonable.

### **Prescription drug coverage**

- 55.6% CDHP/PPO enrollees and 60.7% of the HMO enrollees indicated that they had switched from brand name prescription drugs to generic prescription drugs to save money.
- 30.8% of the CDHP/PPO covered employees and 26.9% of the HMO employees indicated that they stopped taking a routine maintenance medication due to cost.
- CDHP/PPO members (67.7%) were far more likely to disagree that current prescription drug coverage is adequate compared to 36.5% of those covered in the HMO.

### **Plan changes for upcoming year**

Of those who plan to make changes during the current new enrollment period, 15.1% indicate that they plan to make changes and 52.6% were unsure. Most of those who plan to make changes, nearly 80% indicated that their decision is based on high out-of-pocket costs.

Among some of the plan options mentioned to survey participants included paying higher premiums for lower deductibles and co-pays, lower premiums with higher deductibles and co-pays, and the option to purchase one's own insurance subsidized by the employer. More than 46% of the respondents indicated that they would be willing to pay higher premiums for a plan that would include lower individual deductibles and co-payments. In addition, 45.5% reported that they would like to have the option to purchase their own insurance subsidized by their employer; and 24.1% reported they are willing to purchase a bridge or gap plan in conjunction with the CDHP/PPO plan, while 59.3% were unsure and 16.6% said they would not purchase such a plan.

## **Conclusion**

Both NSHE and state employees indicated a high level of dissatisfaction with the current health care plans being offered through the PEBP. This finding is contrary to most health care plan satisfaction studies that indicate they are satisfied with their health care plans. Most studies of satisfaction with health insurance plans indicate a range of 70-85% satisfaction with their plans compared to nearly opposite numbers in the PEBP covered health plans. However, these results should be taken with caution. Most of the satisfaction with health plans studies were conducted prior to 2011 and many of those plans may have undergone changes similar changes to their plans in the interim. As we move forward, the Task Force will examine how our insurance coverage compares to other private and public employees health care plans. Also, while it is possible that individuals least satisfied with their health plans may be more likely to respond to the survey, the levels of satisfaction do not improve among non-NSHE employees. When comparing levels of satisfaction of PEBP coverage across all state respondents to this survey that NSHE rates are typically higher in satisfaction.

Because this is the first time NSHE has undertaken a satisfaction poll of its employees, we have little to which we can compare these findings. Certainly there appears to be serious concerns regarding the current coverage. Besides the responses identified in this report, there were also more than 800 comments made by employees regarding their level of coverage. Very few of those comments were positive, though, in many studies, those who are least satisfied are more likely to make comments. The study does provide a baseline for determining State and NSHE employees' satisfaction for future comparisons.

**PPO Responses Only**

- I am satisfied with the value of my healthcare plan
- I have delayed getting needed or necessary healthcare due to costs
- My out-of-pocket healthcare costs are reasonable
- I have stopped taking a routine maintenance medication due to cost
- Prescription drug coverage is adequate in my current plan

Strongly Negative  
Negative

Four Questions Only

Strongly Negative  
Negative

**HMO Responses only**

- I am satisfied with the value of my healthcare plan
- I have delayed getting needed or necessary healthcare due to costs
- My out-of-pocket healthcare costs are reasonable
- I have stopped taking a routine maintenance medication due to cost
- Prescription drug coverage is adequate in my current plan

Strongly Negative  
Negative

Four Questions Only

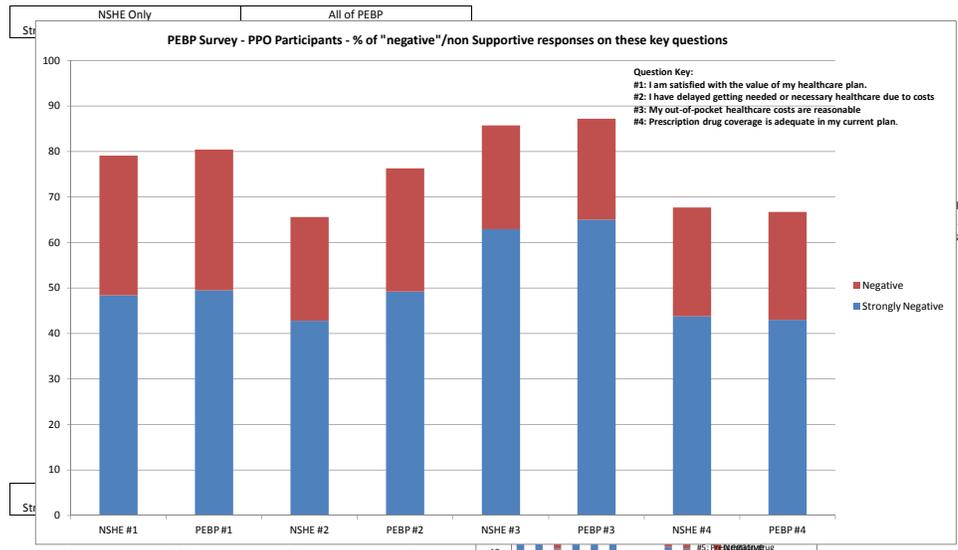
Strongly Negative  
Negative

Five Questions:

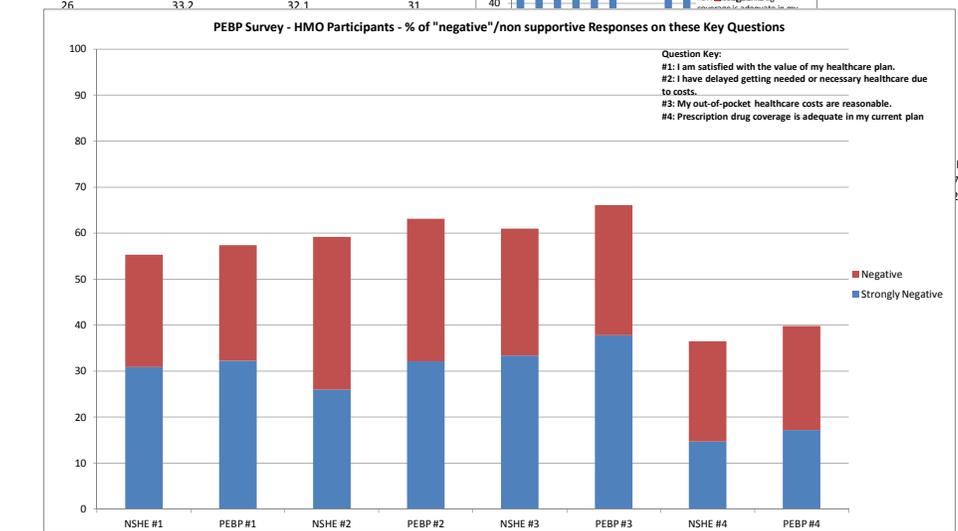
- #1: I am satisfied with the value of my healthcare plan
- #2: I have delayed getting needed or necessary healthcare due to costs
- #3: My out-of-pocket healthcare costs are reasonable
- #4: I have stopped taking a routine maintenance medication due to cost
- #5: Prescription drug coverage is adequate in my current plan

Four Questions:

- #1: I am satisfied with the value of my healthcare plan
- #2: I have delayed getting needed or necessary healthcare due to costs
- #3: My out-of-pocket healthcare costs are reasonable
- #4: Prescription drug coverage is adequate in my current plan



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P #5  
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