

NSHE PEBP Benefits Task Force

Summary Notes from Meeting – July 16, 2012

1. Review of July 19, 2012 PEBP Board meeting agenda:

The Task Force discussed the agenda to determine if there were any specific items where we should provide public comments. Several items were discussed, but none of which we felt were important for specific NSHE comments during the public comment section. PEBP Board Chair Leo Drozdoff and Vice Chair Jacque Ewing Taylor attended this Task Force meeting and engaged in a very good discussion about PEBP Board agenda items as well as some background on PEBP activities. One specific follow-up question revolved around the assumptions on PEBP/employer budget for the next biennium, and how the (FY13) 13.8% increase in employer contributions might factor in positively even with the assumption of a “flat” state budget. G. Bomotti indicated he would provide the previous information that PEPB staff provided on the financial assumptions for FY13 and future years. This information is pasted below, and basically indicated the state employer contribution account will end FY13 with a \$13.8-\$15.5M surplus (meaning the PEBP is not fully consuming the 13.8% employer increase budgeted for FY13).

Summary Notes from G. Bomotti – Based on 4/10/12 Discussion with J. Wells.

The employer (state) contributions are deposited into a clearing account, but PEBP can only draw funds from this account based on the individual coverage of PEBP participants. In other words, this account is not used as a general revenue source for PEBP as part of their overall budget. The actual and projected balances in this clearing account are noted below:

6/30/11 actual balance	<\$1.6M>
6/30/12 projected	\$3.8M - \$4.5M (so \$5.4M - \$6.1M change over one year)
6/30/13 projected annual	\$10M - \$11M of the 13.8% employer contribution not used in FY13
6/30/13 projected net balance	\$13.8M - \$15.5M

These balances would be used to reduce the employer contributions in FY14, if the legislature did not take other action on these balances.

Follow-up question from last Task Force meeting:

The PEBP manages the “state” account into which is deposited employer contributions for PEBP participants, but the PEBP does not directly control this account in that they can only take out funds from it based on the specific enrollment decision of an individual employee. Based on this, PEBP is projecting perhaps a \$13.8-\$15.5M balance in this account at the end of FY13. A question raised by one of our Task Force members is: Why can't the PEBP Board set the percentage of premium coverage level high enough to consume these funds (and therefore lesson the out of pocket costs for employees)? Does the state give the PEBP parameters for the percentage of premium coverage by the employer?

Response from PEBP:

The Board does set the percentages for the employer contributions. One of the options provided to the Board in March was to lower the difference between the PPO and the HMO, which the Board rejected.

The Board sets the employer contributions in an attempt to minimize adverse selection between plans. The Board also is cognizant of rate spikes. If the Board had changed the relationship or increased the percentages this year, it would have been unsustainable in the future and rates would have increased significantly next year. By using the approach they did, the Board will smooth rate increases for the next biennium.

2. Follow-up for June 1, 2012 Board of Regents meeting agenda item on PEBP:

The presentation at the last Board meeting was well received. The assumption is that the next Board of Regents item on PEBP would be the report from BBI on options, after the data is fully received and reviewed.

3. Status of PEBP Board openings:

Ron Bratsch (AFSCME/Dept. of Corrections) of Gardnerville, was appointed June 13, 2012 to fill the position formerly held by Teresa Thienhaus. Of the nine (9) Board seats, there is currently one vacant seat open (formerly held by Dawn Stout, City of Elko).

We hope to hear some feedback from the Governor’s office in the near future, and it was noted that both Jim Richardson and Chancellor Klaich supported the nomination of Dr. Chris Cochran for this remaining vacant seat.

PEBP Board Member	Date Appointed	Expiration Date	Location	Additional information
Ronald Bratsch	6/2012	6/2016	Gardnerville/ Carson City	Replaces position formerly held by Teresa Thienhaus
George Campbell	9/2008	6/2012	Washoe County	Term expired but will serve until further notice
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	Formerly held by Dawn Stout, but City of Elko left PEBP 6/30/2012 so new rep will need to be appointed and doesn’t need to be a non-state person			

4. Status of data request to PEBP on NSHE participants and use of that data to develop options/recommendations for NSHE:

The original data request from NSHE was sent to PEBP on 2/21/12, with a request for the data by March 6. This was discussed at the quarterly meeting with PEBP staff on June 7, 2012, with

the expectation that we would get all the information we needed within 2-3 weeks from that time. Additional data was received from PEBP on July 3, but upon close review, it was not complete. PEBP is sending us some additional information on dental claims, but the largest amount of missing data is claims information from all PERS retirees who worked at NSHE.

After some discussion it was agreed that Pat, Michelle and Tim will work together to precisely evaluate the options and needs, then work with Renee to schedule a meeting with appropriate PEBP staff to talk about how this needed data can be retrieved.

5. Status of existing NSHE supplemental benefit offerings: (See table – attachment #1)

NSHE offers a number of existing voluntary programs for employees outside of PEBP and Pat LaPutt and Michelle Kelley have been looking at these and working on an overall plan and schedule to address them. Overall, the conclusion is that the existing programs are reasonably priced and should continue. There was a discussion about the feasibility of adding a voluntary vision and long-term care program, and Pat and Michelle will work with BBI to examine this option.

6. 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. Updates are noted based on the June 7, 2012 quarterly meeting, which will be discussed. The next quarterly meeting with PEBP has not yet been scheduled, but we hope that it will be scheduled for the near future.

*Open enrollment data from this last cycle. We would like to get from PEBP the open enrollment details for all NSHE employees, specifically relative to changes made (including dropping PEBP coverage).

*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. No recent update.

*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. 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.

*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. 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 health scope. This would eliminate this as a problem for the future. Most Recent 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 were also 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.

*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. Most recent follow-up: See attachment #2 - write-up/summary from G. Bomotti on his views/opinions on this survey.

*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. Most recent update: PEBP is now indicating that HealthScope is in discussions with Jack London to possibly contract directly with them to provide these services, but a new wrinkle is that this may be in conflict with existing PEBP contracts. Further discussion is clearly needed.

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

*We would like to talk with PEBP staff about any opportunities in the "medical tourism" area, which they are apparently investigating. We will share this item with Marcia Turner as an FYI.

7. Next Task Force meeting:

The next meeting of the NSHE PEBP Task Force will be held on Wednesday, September 12 at 9 a.m. (this is the day before the PEBP Board meets).

8. 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 Voluntary NSHE Supplemental Benefit Offerings, and specifically the feasibility of Vision and Long Term Care being added.

*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 PEPB Board agenda for possible comments during public comment.
- *PEBP Board openings.
- *Information on HMO participant change from FY11 to FY12, as well as changes from FY12 to FY13.
- *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.

Below are participation numbers as of 12/31/11:

PRODUCT TYPE	BCS NUMBERS		BCN NUMBERS		TOTAL NSHE PARTICIPANTS		VENDOR VIA PEBP CONTRACT	VENDOR VIA NSHE CONTRACT	VENDOR VIA STATE DEFERRED COMP COMMITTEE
	# OF PARTICIPANTS	TOTAL MONTHLY PREMIUMS	# OF PARTICIPANTS	TOTAL MONTHLY PREMIUMS	# OF PARTICIPANTS	TOTAL MONTHLY PREMIUMS			
Auto/RV/Boat Insurance/Home Insurance	350	\$ 70,920.24	403	\$ 71,097.31	753	\$ 142,017.55		LIBERTY MUTUAL	
Cancer Care Insurance	85	\$ 4,217.42	84	\$ 4,975.90	169	\$ 9,193.32		AMERICAN FIDELITY	
Long Term Care Insurance	32	\$ 2,256.69	18	\$ 614.86	50	\$ 2,871.55		AFLAC	
Voluntary Indemnity Plan Accidental Death and Dismemberment	152	\$ 997.01	242	\$ 1,653.60	394	\$ 2,650.61		AFLAC	
Short-Term Disability Insurance	98	\$ 3,226.60	101	\$ 3,610.80	199	\$ 6,837.40		HARTFORD	
Voluntary Term Life Insurance	669	\$ 42,301.46	562	\$ 37,444.02	1231	\$ 79,745.48		AMERICAN FIDELITY	
Legal Services	275	\$ 4,783.80	259	\$ 4,493.65	534	\$ 9,277.45		WESTERN INSURANCE	
Critical Illness	7	\$ 192.66	8	\$ 166.54	15	\$ 359.20		METLAW (HYATT LEGAL)	
								METLIFE	

Follow-up on PEBP health care survey for Medicare retirees – Notes by G. Bomotti

Hello,

I reviewed the Medicare eligible retiree survey distributed by PEBP. I did not see anything in the structure of the questions that might lead to some bias in the responses. In general the questions were simple and easy to understand. It appears to me that the survey was valid and there are some good reasons to understand the overall positive responses.

In looking over the potential population of individuals who received this survey, the positive response seems something that can be accounted for based on several facts. For example:

1. A very large portion of this population group were non-state retirees, who in the past may have had premiums of \$150-\$200/month more than their state counterparts. These individuals would have all seen a significant decrease in their premiums.
2. As Pat LaPutt notes below, even those state retirees under Medicare might have seen a reduction in premiums based on the example she used.
3. Overall it appears a good portion of the retiree population responding to this survey liked the flexibility provided to them through the options in the Medicare Exchange program.

The e-mail below from Pat LaPutt provides some other information about the Medicare Exchange program that might be of interest (it was in response to my question to her).

Thanks,

Gerry

Gerry,

Medicare retirees would have had the same coverage as active employees had they not started the Medicare Exchange. Retirees that had Medicare Part B also received a reduced premium compared to pre-Medicare retirees because PEBP gave an additional subsidy for Medicare Part B. Any retiree who is has Medicare Part A and B had to purchase their insurance through the Medicare Exchange.

The Medicare Exchange does provide for more flexibility and in some cases retirees may also see a reduction in their premiums. This is especially true for the Non-State retirees since before the exchange, their premiums were much higher than state retirees. Below is a comparison of what a 69 year old male will be paying in the exchange starting July 1 to what their premium would be through PEBP. The Medicare supplemental coverage does have a higher deductible, but once the deductible is met, the plan pays 100% of the cost.

The High Deductible Plan-F is a very popular plan option, so this was chosen. The example below assumes 20 years of service (so \$200/month contribution). Under this example the Medicare Retiree might be paying \$13.50 per month in premiums, vs. a pre-Medicare retiree paying \$50.04/month.

Pre-Medicare Retiree	\$50.04	High Deductible \$1900
Medicare Retiree		
HRA contribution per month	-\$200.00	
Medicare Part B	\$100.00	
Medicare Supplemental		
High Deductible Plan F	\$59.53	Deductible \$2070
RX plan	\$15.10	
Dental Through PEBP	\$38.87	
Monthly Premium After HRA	\$13.50	

The other value is the retiree and their spouse can choose a plan that would benefit their individual needs since they will each need to choose their own Medicare supplemental coverage. However, the downside is it's quite possible that they may end up paying more per month in either deductibles or for premiums.

The most common complaint I hear from Retirees that still contact me is the inconvenience of filing a claim for reimbursement from the HRA for their out of pocket costs. It could take between 6 to 8 weeks to be reimbursed.

Pat LaPutt