

**Minutes of the Advisory Health Benefit  
Committee Meeting of September 20, 2011 at the  
District Office, Minden, Nevada**

**Committee Members Present**

Dwight Landon – D.C.B.D.A.  
Larry Lippman - D.C.P.E.A.  
Tami Beckett – D.C.S.S.O.  
Marie Parola – D.C.S.S.O.  
Shannon Brown – D.C.A.A.  
Holly Luna – District Office

**Absent**

Christine Bredow – D.C.P.E.A.  
Christine Cooley – D.C.P.E.A.

It was noted that Andrew Fromdahl was present as a D.C.P.E.A. committee member replacement for Christine Bredow. Holly Luna requested notification from the bargaining unit President to confirm change of member representation.

Also present at the meeting were Windy Culver-Molezzo and Emma Guzman with Hometown Health, Roger Olsen and Lloyd Barnes (*arrived at approximately 4:07 p.m.*) with LP Insurance Services, and Nikki Bertone with HR. One member of the public was in attendance. Meeting began at approximately 4:03pm.

Roll call of members and external representatives was taken. The committee members adopted the Agenda.

There were no sign-ups for Public Comment.

The minutes of the Regular Meeting of August 30, 2011 which had been presented to the committee members via email on August 13, 2011 were adopted with one change noted which was to reflect that Dwight Landon was not present at the August 30<sup>th</sup> meeting.

**Claims Review:** Roger Olsen, LP Insurance Services, reviewed the month of August's self-funded plan cost analysis data for the calendar year 2011. Net paid claims for the month of August (\$468,209) were lower than the monthly average for the previous plan year (\$503,817). On a composite basis the average monthly claims cost per employee for the current plan year to date is \$614.13 compared to \$640.65 for the previous plan year, or a decrease of 4.14%. For employee only claims, costs were up from \$421.15 to \$455.65, an increase of 8.19%. For dependent only claims, costs were down from \$1,006.04 to \$685.60, a decrease of 31.85%.

Total net plan costs for August (\$529,302) were lower than the monthly average for the previous plan year (\$559,731). On a composite basis, the average total cost per employee per month for the current plan year to date was down from \$711.75 to \$694.01, or a decrease of 2.49%. Employee only costs were up from \$478.92 to \$519.88, an increase of 8.55%. Dependent only costs were down from \$1,067.10 to \$753.33, a decrease of 29.40%.

Overall utilization of the various medical services coverage by the plan for the current plan year to date is relatively consistent with those of the previous plan year with the exception of Inpatient Hospital and Outpatient Surgery expenses.

There have been four (4) claims that have exceeded \$75,000 through the month of August, and one (1) has pierced the Stop Loss threshold of \$150,000 by \$14,069 which will be reimbursed to the plan.

Calculations estimate the Incurred But Not Reported (IBNR) claims liability from the previous twelve months of reported claims as of the end of August at \$782,146 which is down from July's calculation of \$788,733.

**Hometown Health Statistics Review:** A copy of the "Claims Turnaround Time Report" and "Hometown Health Customer Service Department Stats" were reviewed by Windy Culver-Molezzo. No significant changes were discussed. It was indicated the Emma Guzman will present at the next meeting.

**Early Retiree Reinsurance Program (ERRP):** Holly Luna indicated that the District's participation in the ERRP was verified, and that as claims are submitted on behalf of the District, the committee would be updated as needed.

**DCSD Plan Review:** Roger Olsen and Lloyd Barnes of LP Insurance Services walked the committee through the previously proposed changes to the plan as reviewed at the August meeting based on increased costs to the plan utilizing the last twelve months of actualized claims data having updated to include the most recent month's data (September 2010 through August 2011). Although calendar year 2011 has seen relatively low claims increases, the months of the previous calendar year were much higher thus affecting the outcome of the forecasting of next year's rates. Additionally, there were Health Care Reform mandated changes included in the projected costs.

An additional option was reviewed as a result of last month's inquiry by the committee. The third option showed premium increases of 20.69% with some alterations to plan benefits and deductibles – although at a reduced impact of option one or option two. Deductibles were proposed to change taking an employee premium from \$575.00 to \$692.76. Alternatively, it was indicated that the reserves of the plan could be utilized to off-set the differential in increased estimates of plan expenditures rather than increasing the premiums.

Differences between a fully insured plan versus a self-funded plan were noted with indications that current trend is self-funded plans as well as control maintained by the District rather than an outside insurance company. Fully insured plans were described as "bundled approach" with the insurance company managing every aspect of the plan versus a self-funded plan as "unbundled" meaning that there were various contracts with TPA, Rx PBM, stop-loss reinsurer, etc. Holly Luna indicated that she had requested a quote for the committee review if the District were to change to a fully insured plan. Lloyd Barnes indicated that the RFP had been released, and they would provide responses at the October meeting.

Stop-loss reinsurance was discussed with regards to annual renewal and potential review at the October meeting. Roger Olsen indicated that approximately 8-10 companies were usually requested to quote.

The committee again reviewed the triggers for the projected increases as well as the ability of the plan to leverage or off-set the proposed increases. Essentially, to off-set the projected increased plan costs, plans may utilize any of the following trigger points: reserves, plan benefits and deductibles, and/or premium changes. Additionally, the proposed plan changes were intended to

allow for simplification of the plan, a more “apples to apples” comparison, and trend with standardization of plan language.

The proposed QHDHP Plan was reviewed and noted that for purposes of the proposal, that the employer contribution would remain unchanged. Andrew Fromdahl questioned the change in annual deductible for Individual versus Family. Lloyd Barnes indicated that it was structured to be more beneficial for families rather than individuals but less complex in that the annual deductible could be met on a per person basis up to two people.

Although the committee had requested a proposal to specifically capture the increases to the plan due to Health Care Reform, Lloyd Barnes indicated that 2% of current and projected costs were associated with the Reform Act. It was further discussed that the loss of “grandfathered” status was estimated at less than 1% of the costs, and that cost benefit analysis would indicate it was better to make the plan changes than try to maintain the grandfathered status.

There was further discussion reviewing the projected increase of almost 30%. Lloyd Barnes and Roger Olsen reported that approximately 11% was due directly to inflationary costs of health care, that 2% was due to previously mentioned Health Care Reform, and the differential due to the last 12 months of utilization of the plan.

Marie Parola requested the estimated Self-Insurance Fund ending fund balance for the FY10-11. Holly Luna left the meeting at approximately 4:50 p.m. to return a few minutes later with a pre-audited preliminary estimate of \$3.2M.

Committee discussed again the timeline required to present the Board with changes for the regularly scheduled Board meeting in November in order to allow HHP appropriate time to implement changes during open enrollment and prior to the new plan year (correlates to January 1, 2012).

**Next Meeting(s):** The next Committee Meeting was set for **October 18<sup>th</sup>, 2011**, at the District Office @ 4pm. It was also determined that an additional meeting was agreed to for October 25<sup>th</sup>, 2011, at the District Office @ 4pm in the event that a decision could not be made in the first October meeting. It was also discussed that members should be relaying this information to their respective bargaining groups in anticipation of upcoming meetings as action will need to be taken at the committee level no later than end of October.

Roger Olsen reviewed local public entity plan benefit comparables. This review was intended to show at a high-level view how the District’s plan benefits were compared to other plans from a “richness” perspective. Discussion ensued with regards to employer versus employee contributions, and whether or not the other public entities shown as comparisons were school districts. Various criteria was utilized in the comparison such as: individual and family deductibles, out of pocket maximums, coinsurance percentages, office visit co-pays, prescription drug co-pays and/or coinsurance percentages, and dental plan designs. Based on the plan design criteria provided, Holly Luna indicated it would appear that in most cases the District’s plan design represents a “richer” plan.

The meeting adjourned at approximately 5:35pm.

Respectfully Submitted,  
Holly Luna, CFO, Business Services

