

**Minutes of the Advisory Health Benefit
Committee Meeting of November 15, 2012 at the
District Office, Minden, Nevada**

Committee Members Present

Allen Gosselin, DCPEA
Christine Cooley, DCPEA (4:35pm)
Christine Bredow, DCPEA
Dwight Langdon, DCBDA
Marie Parola, DCSSO
Diana Schefcik, DCSSO
Holly Luna – District Office
Shannon Brown, DCAA

Absent

Lloyd Barnes, Roger Olsen and Tom Marshall of LP Insurance Services were in attendance. Windy Culver-Molezzo with Hometown Health was also in attendance. Meeting began at approximately 4:33pm.

Public Comment: None

Consent Items: The minutes of the regular meeting on September 25, 2012 were delayed for adoption at the previous meeting, but were accepted, in addition to the minutes of the October 16, 2012 meeting. This movement was motioned by Dwight Langdon, seconded by Shannon Brown, and adopted 7-0.

Claims Review: Roger Olsen was present to review the claims report data.

Exhibit 1

Net paid claims for the month of October (\$785,492) were higher than the monthly average for the previous plan year (\$488,969). On a composite basis the average monthly claims cost per employee for the current plan year to date is \$589.05 compared to \$632.29 for the previous plan year, or a decrease of 6.84%. For employee only claims, costs were down from \$470.46 to \$439.12, a decrease of 6.66%. For dependent only claims, costs were down from \$697.85 to \$648.40, a decrease of 7.08%. Additionally, the cost per member (employee or dependent) was down from \$443.88 to \$412.76, a decrease of 7.01%.

Exhibit 3

Total net plan costs for October (\$843,023) were higher than the monthly average for the previous plan year (\$550,791). On a composite basis, the average total cost per employee per month for the current plan year to date was down from \$712.23 to \$665.14, or a decrease of 6.61%. Employee only costs were down from \$534.71 to \$499.90, a decrease of 6.51%. Dependent only costs were down from \$765.52 to \$715.01, a decrease of 6.6%. Additionally, the cost per member (employee or dependent) was down from \$500.00 to \$465.12, a decrease of 6.98%.

Exhibit 5

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.

Exhibit 6

There have been three claims that have exceeded \$87,500 though the month of October. The top portion of this exhibit illustrates claims once they have exceeded \$87,500 and shows the changes in total paid amounts from month to month, which increased \$263,365 over previous month, totaling \$461,567. The bottom portion illustrates the amounts by which each of these claims has exceeded the specific stop-loss

level of \$175,000 on a month to month basis. Only one claim has pierced the stop loss with \$86,894 returning to the plan.

Exhibit 7

Our calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of October at \$741,471.

Exhibit 8

Our calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of the previous month at \$712,070.

Hometown Health Statistics Review: Windy proceeded with the HHP Statistics Review, issuing copies of the "Claims Turnaround Time Report" and "Hometown Health Customer Service Department Stats". The Turn Around Time report shows that of 1,344 claims, 1,288 were paid by month's end, leaving 231 claims remaining open. The prior month had 177 claims open. Of the total open claims (1,521 of current and prior months), 1,219 Claims were paid within 15 days; 64 Claims were paid within 16 – 30 days, and claims that extended past 30 days totaled 5. Customer Service call volume was reported at 9,000 calls, answering 8,900 averaging 45 seconds to answer. There was a 4% noted abandonment rate of calls.

Summary of Benefits and Coverage Form: The form was forwarded to all members via email for review. The form is currently posted on the website. Holly has also requested to Information Services that a note be included that the current plan document is still posted, and will not match the Summary of Benefits and Coverage form. Once the Plan Document is available it will be placed on the website to replace the current document.

Marie Parola had questions regarding details provided on the form, as it states the overall limit was \$2,000,000 and she had previously understood it to be unlimited. Holly explained that the annual limit is \$2,000,000, the life time amount is unlimited per the healthcare Reform Act. Additionally, she questioned the PPO deductible on page 7 had been discussed to increase \$500, but the information provided via the email didn't reflect that. Holly indicated she would find the most recent version which shows that the deductible will be changing from \$250 to \$500.

Shannon Brown moved that the form be adopted with the correction on page 7. Marie Parola seconded the motion. Motion passed 8-0.

DCSD Stop Loss Insurance Renewal: LP Insurance had requested competitive market quotes from a total of 18 companies, and provided documentation of the results to the committee. Nine declined to respond or were not competitive. Roger Olsen explained that the current carrier, HM Life, initially requested a 15% increase, but were negotiated down to 3%, or an annual increase of \$16,053 based on current enrollment figures, resulting in an annual fee of \$549,748. Through the marketing and negotiating process, the top two responses (for the \$175,000 specifically) were Symetra (formerly SafeCo) and National Union Fire for a one year term. Symetra proposed the equivalent of a rate reduction of 19.6% below the current rate for an annual premium savings of \$104,484, a firm offer contingent on the receipt of a disclosure statement that there is no one who has been hospitalized for 30 days or more. Hometown Health has been asked to confirm this.

National Union Fire also lowered their original quote, by the equivalent of 23.5% savings over the current rate, but with a condition specific to one employee. This condition is a contract basis at 12/12, meaning the plan will only cover those claims for that enrollee for claims that were incurred and paid after January 1, 2013. Claims incurred prior in 2012 (October, November, December) will not be paid until after January 1,

2013. There is no way to determine how large that amount might be due to this person's condition. However, they have indicated that if additional information (already being requested from Hometown Health) is provided, they would reconsider that limitation, changing that contract basis from 12/12 to 24/12. (24/12 contracts have claims incurred in from the first of 2012 through the end of 2013, and paid in 2013 are covered.)

At this point, Holly stopped the meeting to redact the document provided, as it included confidential information as it is not meant to be public. A member of the public was excused for a moment, the document was corrected, and the public member was invited back in.

Regarding changing Stop Loss limits from \$175,000 to \$200,000, in looking at the amount of savings at the current level by going with either company, your risk increases from the current level. At the \$200,000 level, it would have increased the risk \$25,000 per incident in additional risk. Holly explained that in previous years, based on claims data and to somewhat offset increased costs of the stop loss insurance, they had to up those limits incrementally year after year, but noted that we are not in that position this year.

Holly suggested that since the committee would not be meeting (from a timing perspective) before she is required to take the committee's recommendation before the Board, that the committee choose to select the option offering the greatest savings. At this point, the fiscal choice would be to hold the Stop Loss limit at the current limit of \$175,000 with the intent of moving forward with Symetra, *UNLESS the brokers can satisfy National's request for confirmation and secure the proposed savings (ie., Meeting National's requirements and getting that 24/12 contract basis)*. The finalized option will be brought before the Board in December. Shannon Brown motioned, Christine Cooley seconded the motion. Adopted 8-0.

Correspondence:

Marie Parola asked, due to Open Enrollment, if an employee chooses to enroll in an HSA plan, can they choose to contribute more monthly? Holly answered that the employee can deposit what they choose into their account, provided they do not exceed the IRS limits.

Also, notification of the Health Benefit program change was issued, to be incorporated in the upcoming enrollment. Holly indicated the Benefits Coordinator position had been filled by Cori Isherwood, and that an email regarding Open Enrollment had already been issued.

Future Agenda Items: Discussion of a mathematical error found when reviewing the rates.

Next Meeting(s): The next Committee Meeting was set for **December 18, 2012 at 4:30pm at the District Office.**

The meeting adjourned via motion by Christine Bredow, seconded by Marie Parola at 5:14pm.

Respectfully Submitted,
Holly Luna, CFO, Business Services
Douglas County School District
(775) 782-5131
