

**Minutes of the Advisory Health Benefit  
Committee Meeting of May 21, 2013 at the  
District Office, Minden, Nevada**

**Committee Members Present**

Christine Cooley, DCPEA  
Allen Gosselin, DCPEA  
Paula Henricks, DCSSO  
Holly Luna – District Office

**Absent**

Shannon Brown, DCPEA  
Christine Bredow, DCPEA  
Dwight Langdon, DCBDA  
Marie Parola, DCSSO

Mark Garrett and Tom Marshall of L/P Insurance Services were in attendance, along with Windy Culver-Molezzo of Hometown Health. Meeting began at approximately 4:33p.m.

**Consent Items:** Adoption of the agenda was motioned by Allen Gosselin, and seconded by Christine Cooley, adopted 4-0. The minutes of the regular meeting on April 26, 2013 were adopted; motioned by Allen Gosselin, seconded by Paula Henricks, and adopted 4-0.

Public Comment: None

**Claims Review:** Mark Garrett of L/P Insurance presented the monthly claims reports:

**Exhibit 1**

Net paid claims for the month of April (\$933,648) were higher than the monthly average for the previous plan year (\$458,787). Mark indicated that they are seeing a trend in the backlog of claims at hospitals. He asked if Windy had been seeing this as well, and she answered yes, although not usually to this extent, due to the lag time associated with the start of the New Year, and that it usually recedes around February/March.

On a composite basis the average monthly claims cost per employee for the current plan year to date is \$790.85 compared to \$602.35 for the previous plan year, or an increase of 31.29%. For employee only claims, costs were up from \$453.28 to \$543.73, an increase of 19.96%. For dependent only claims, costs were up from \$642.66 to \$1,101.60, an increase of 71.41%. Additionally, the cost per member (employee or dependent) was up from \$421.94 to \$584.13, an increase of 38.44%.

**Exhibit 3**

Total net plan costs for April (\$982,719) were higher than the monthly average for the previous plan year (\$518,128). On a composite basis, the average total cost per employee per month for the current plan year to date was up from \$680.26 to \$860.50, or an increase of 26.50%. Employee only costs were up from \$515.84 to \$602.74, an increase of 16.85%. Dependent only costs were up from \$708.84 to \$1,158.65, an increase of 63.46%. Additionally, the cost per member (employee or dependent) was up from \$476.51 to \$597.57, an increase of 25.40%.

#### Exhibit 5

There is an obvious spike in claim utilization in April for Inpatient Hospitalization (approximately \$132,000 monthly average) as compared with the utilization of the previous plan year (\$64,000). Mark also noted another spike in outpatient hospital utilization (\$126,000 for a monthly average versus \$87,000 last year at this time). Mark will be monitoring and obtaining information on two large claims that have been reported.

#### Exhibit 6

There were two claims that exceeded \$87,500 though the month of April. One of the claims has exceeded the attachment point at \$250,000 (dependent) and \$158,000 (employee) in claims. The top portion of this exhibit illustrates claims once they have exceeded \$87,500 which begins the tracking process, and shows the changes in total paid amounts from month to month. The bottom portion illustrates the amounts by which one of these claims have exceeded the specific stop-loss level of \$175,000 on a month to month basis. Mark indicated that these amounts were with the discounts, and were the actual submittal of the paid claims after the discount has been taken.

#### Exhibit 7

Our calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of March at \$836,362.

#### Exhibit 8

Our calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of the previous month at \$747,487.

Holly asked about the IBNRs regarding the number of lag days – was the lag as noted at 55 merely an estimate or an actual average based on trend? Mark indicated that the 55 days was an estimate used to apply the trend amount to, and that calculation produces a reserve point or the IBNR.

**Hometown Health Statistics Review:** Windy Culver-Molezzo presented the HHP Statistics Review, and issued copies of the “Claims Turnaround Time Report” and “Hometown Health Customer Service Department Stats” – both of which reflect HHP’s entire book of business, not solely DCSD stats. The Turn Around Time report shows that of 1,316 claims received, 1,271 were paid by month’s end, leaving 223 claims remaining open. Regarding claim payouts, 1,121 Claims were paid within 15 days (88.20%). 148 Claims were paid within 16 – 30 days (99.84%), and claims that extended past 30 days totaled 2. Customer Service call volume was reported at 7,602 calls, answering 7,238 averaging 43 seconds to answer. There was a 5% noted abandonment rate of calls.

#### **Health Care Reform Update (Admin Report):**

Holly asked Windy to provide an update regarding the new Plan Document. Windy indicated that they have created a very solid document, addressing all health care reform, sending the document out for legal review to adhere to guideline along with multiple internal departmental reviews. The document was posted and is now available for viewing.

Holly indicated that the previous document was difficult to read, and the new revision assisted in clarifying plan details and made the document more user friendly. Definitions had been added to clarify plan coverages and exclusions, and are a great reference point for the end user. She thanked the parties for their hard work and contributions, and indicated how proud she was of the document. She indicated that the plan document is posted on the DCSD website under the Human Resources Department page.

**Self-Insurance Fund Projected Financials (Report):**

Holly indicated that we had the tentative budget approved by the Board on May 15, 2013. There was a noted change in premiums and claims based on the previous year's information and projections. She explained that in 2011-12, the health insurance ending fund balance was at \$3.8 million. 2012-13 is currently projecting an ending fund balance of \$4 million, and the projection for the ending fund balance for 2013-14 was \$2.9 million. Changes included premiums, operating expenses, fees for purchased services (contract amount with Hometown Health), as well as for stop-loss insurance.

**Health Care Reform Update (Report):**

Mark handed out copies of the Notice to Employees template which must be issued to employees by October 1, 2013. This notice provides information to employees about the Nevada State Insurance exchange. Holly indicated she would compile the district's template in anticipation of the deadline, and provide in the fall as an update to the committee. Further direction is still being sought as to details in the notification to employees as to a "blanket approach" or with more specifics by employing grouping (e.g., eligibility for coverage).

**Correspondence (Report):**

Discussion of the Notification of Employee template as detailed above.

**Future Agenda Items:**

Normal business as usual. Holly explained for newcomers to the committee that the committee will not meet in June or July, and the upcoming format of claims reviews beginning in August meeting in anticipation of potential changes to premiums and benefits for the following calendar year. It was noted that the meetings in August, September and October were generally longer and needed to begin earlier than 4:30p.m.

**Next Meeting(s):** The next Committee Meeting was set for **August 27, 2013 at 4:00p.m. at the District Office.**

The meeting adjourned via motion by Christine Cooley, seconded by Paula Henricks.

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

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