

**Minutes of the Advisory Health Benefit  
Committee Meeting of August 27, 2013 at the  
District Office, Minden, Nevada**

**Committee Members Present**

Dwight Langdon, DCBDA  
Christine Cooley, DCPEA  
Jim Mathews, DCPEA  
Andrew Fromdahl, DCPEA  
Paula Henricks, DCSSO  
Holly Luna, District Office  
Marie Parola, DCSSO

**Absent**

Shannon Brown, DCPEA

Mark Garrett and Tom Marshall of L/P Insurance Services were in attendance, along with Marilyn Stephens of Hometown Health. Meeting began at approximately 4:05p.m. It was noted that Jim Mathews and Andrew Fromdahl would be new DCPEA representatives replacing Christine Bredow and Allen Gosselin. Introductions were made around the table with roll call.

**Consent Items:** Adoption of the agenda was motioned by Christine Cooley, seconded by Andrew Fromdahl, adopted 7-0. The minutes of the regular meeting on May 21, 2013 were not adopted formally by the Committee due to lack of attendance at last meeting and change of members. Holly Luna noted that the DRAFT minutes would be posted “as is” to the website.

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 July (\$493,036) were higher than the monthly average for the previous plan year (\$458,787). On a composite basis the average monthly claims cost per employee for the current plan year to date is \$681.51 compared to \$602.35 for the previous plan year, or an increase of 13.14%. For employee only claims, costs were up from \$453.28 to \$502.59, an increase of 10.88%. For dependent only claims, costs were up from \$642.66 to \$815.55, an increase of 26.90%. Additionally, the cost per member (employee or dependent) was up from \$421.94 to \$495.34, an increase of 17.40%.

**Exhibit 3**

Total net plan costs for July (\$542,172) 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 \$745.91, or an increase of 9.65%. Employee only costs were up from \$515.84 to \$556.59, an increase of 7.90%. Dependent only costs were up from \$708.84 to \$863.22, an increase of 21.78%. Additionally, the cost per member (employee and dependent) was up from \$476.51 to \$522.28, an increase of 9.60%.

#### 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, with the exception of Inpatient Hospital (18% versus 14% for the previous plan year) and Outpatient Surgery (22% versus 19% for the previous plan year).

Holly Luna asked if stop loss reimbursements were included in any line item on this exhibit. Mark indicated “no” (see Feb-13 column on Exhibit 5 versus same month on Exhibit 1. Ongoing review of increased claims activity was discussed.

#### Exhibit 6

There were four claims that have exceeded \$87,500 though the month of July. One of the claims has exceeded the attachment point. 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. 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. Holly Luna questioned reimbursement status from stop loss insurer. Update will be provided next month.

#### Exhibit 7

Calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of July at \$797,435.

#### Exhibit 8

Calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of the previous month, June, at \$772,283.

**Hometown Health Statistics Review:** Marilyn Stephens 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 1,525 claims received, 1,430 were paid by month’s end, leaving 325 claims remaining open. Regarding claim payouts, 1,158 Claims were paid within 15 days (80.98%). 246 Claims were paid within 16 – 30 days (98.18% in total), and claims that extended past 30 days totaled 26. Customer Service call volume was reported at 8,465 calls, answering 7,976 averaging 52 seconds to answer. There was a 6% noted abandonment rate of calls.

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

Holly Luna reported that no change had been noted from the last update given except that June Amended 2013 had been completed since last meeting. Current estimates indicated that FY12-13 ending fund balance would tally to \$3.8M. All financials could be found on the district website, located under Business Services.

#### **DCSD Plan Review (Admin Report):**

Tom Marshall and Mark Garrett reviewed budget rate calculations for the Plan using current rate tier ratios – without noting any changes to premiums, benefit levels, or stop loss coverage and

amounts. Projections were based on assumptions of 6 months of actuals and 6 months of projections through calendar year end 2013. Stop Loss insurance was noted as estimated increase of 20%, and overall plan costs were estimated to increase 20.08% or approximately \$1.2M. The variables were shown broken out by PPO and HSA plans, as well as with proposed rates by participant if the costs were absorbed solely by premium increases to show \$ and % differences from current. It was noted that last year at this same time, projections were noted as 32%+ increases, and that as time approaches and projections are replaced with monthly actuals, a more reliable rate projection emerges. One variable that is relied upon in the actuarial analysis is “trend” data or healthcare inflation costs. It was noted that medical trend last year was 10.5% while this year was 6.5%. Rx trend was noted as 6.5 with dental and vision as 3.8% and 2.6% respectively. It was discussed that one possibly difference impacting the reduction of year over year trend was increased HSA participation (nationally, not within DCSD plan) that directed choice and associated cost differentials in providers and services.

Several requests were made by Committee members to help guide the next month’s review of the rate projections. Review of what formulary changes that took effect from 1/1/13, and was the \$50 deductible (benefit change) implemented correctly by Catamaran. Additionally, requests were made to review the cost impacts of benefit changes made effective 1/1/13 including employee and family deductibles, out-of-pocket max, no annual limit to preventative care, and if costs associated with Health Care Reform could be reviewed for plan cost impacts.

Holly Luna indicated that given the current trend data given, she would not be recommending a change in district-funded premiums during upcoming negotiation discussions with bargaining units. Given the projected ending fund balance and noted current IBNR calculations, no change in premiums or benefit levels would be necessary for the next year to offset the projected increases.

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

Discussion ensued 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 Luna indicated that the letter would be issued in September, and a copy of the template would be provided to the Committee.

L/P was questioned as to what additional changes of the plan could be expected or required by 01/01/14. Tom Marshall indicated that although required reporting for employees and measurement period was delayed until 01/01/15, all other elements of the Affordable Healthcare Act would be in place. Minimal changes would be required by the district’s plan due to the number of changes implemented on 01/01/13 with the loss of “grandfathered status.” Discussion ensued about the upcoming reporting requirements and subsequent fines for incorrect or undocumented qualified participants without employer offered coverage.

**Correspondence (Report):**

Various questions concerning participants concerns of benefit changes. Committee members were requested to forward specific details to HTH directly or to route through Holly in order to help isolate questions or potential issues.

**Future Agenda Items:**

Upcoming agendas were to replicate today's meeting. It was noted that the meetings in August, September and October were generally longer and needed to begin earlier at 4p.m. and that any recommendations would need to be presented to the board in November for potential action.

**Next Meeting(s):** The next Committee Meeting was set for **September 17, 2013 at 4:00p.m. at the District Office.**

The meeting adjourned via motion by Dwight Langdon, seconded by Christine Cooley at approximately 5:10 p.m.

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

---