

**Minutes of the Advisory Health Benefit
Committee Meeting of November 26, 2013 at the
District Office, Minden, Nevada**

Committee Members Present

Christine Cooley, DCPEA
Paula Henricks, DCSSO
Jim Mathews, DCPEA
Andrew Fromdahl, DCPEA
Holly Luna, District Office
Shannon Brown, DCAA
Dwight Langdon, DCBDA

Absent

Marie Parola, DCSSO

Lloyd Barnes and Tom Marshall of L/P Insurance Services were in attendance (*arrived approximately 4:20pm*), along with Windy Culver-Molezzo of Hometown Health. Meeting began at approximately 4:00p.m. Meeting began with member and attendee roll call.

Call to Order: Adoption of the agenda was motioned by Andrew Fromdahl, seconded by Christine Cooley, adopted 6-0.

Public Comment: Chuck Lacey spoke on behalf of wife, Susan Lacey, with regards to concerns of changes in pricing for prescriptions moving from Catamaran to MedImpact.

Consent Items: Andrew Fromdahl moved to adopt the minutes of the regular meeting on October 17th, 2013, seconded by Jim Mathews; motion passed 6-0.

Order of Agenda was revised

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 1,513 claims received + 117 remaining open from the prior month, 1,426 were paid by month’s end, leaving 204 claims remaining open. Regarding claim payouts, 1,358 Claims were paid within 15 days (83.3%). 66 Claims were paid within 16 – 30 days (87.4% in total), and claims that extended past 30 days totaled 13. Customer Service call volume was reported at 7,976 calls, answering 7,595 averaging 31 seconds to answer with a 5% noted abandonment rate of calls.

Dwight Langdon asked what the number one reason usually was for lag in payment. Windy responded that a number of things could cause non-adjudication of the claim, but generally certain classification codes, high dollar claims, etc., require manual review(s) and/or authorization for payment.

Self-Insurance Fund Projected Financials (Admin Report):

Holly Luna reported that the audited FY12-13 ending fund balance was noted to be \$3.6M. The December Amended budget for FY13/14 projections would be dependent upon the outcome of the Stop Loss Renewal. All financials could be found on the district website, located under Business Services.

Correspondence (Report):

Multiple members shared information with Windy Culver-Molezzo with reports that certain prescriptions were reported to have had price increases with the PBM change from Catamaran to MedImpact. Windy indicated that questions should be routed to her (Holly offered to forward through encrypted emails) for individual review by MedImpact.

Shannon Brown arrived ~ 4:20pm.

Claims Review: Lloyd Barnes of L/P Insurance presented the monthly claims reports:

Exhibit 1

Net paid claims for the month of October (\$1,325,979) 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 \$828.50 compared to \$602.35 for the previous plan year, or an increase of 37.55%. For employee only claims, costs were up from \$453.28 to \$471.96, an increase of 4.12%. For dependent only claims, costs were up from \$642.66 to \$1,640.31, an increase of 155.24%. Additionally, the cost per member (employee or dependent) was up from \$421.94 to \$598.45, an increase of 41.83%.

Discussion ensued regarding single large claims reported causing significant increases to not only the month, but also increasing the overall yearly monthly averages (*as noted above*).

Exhibit 3

Total net plan costs for October (\$1,375,366) 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 \$892.80, or an increase of 31.25%. Employee only costs were up from \$515.84 to \$525.95, an increase of 1.96%. Dependent only costs were up from \$708.84 to \$1,697.61, an increase of 139.49%. Additionally, the cost per member (employee and dependent) was up from \$476.51 to \$625.34, an increase of 31.23%.

Exhibit 5

This month there was a future spike in In-Patient utilization costs. The monthly average was almost four times that of last year. Out-Patient Surgery was almost back to normal levels this month; however, the monthly average categorical expenditures this year continues to be 15% plus higher than the monthly average last year.

Exhibit 6

There were six claims that have exceeded \$87,500 though the month of October. Four of the claims have 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. The plan is currently estimated to be reimbursed \$1,652,817 once the 4 specific stop-loss claims have been reviewed by Symetra.

Exhibit 7

Our calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of October at \$1,000,279.

Exhibit 8

Calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of the previous month, August, at \$775,717. Holly Luna indicated that August had been reported, but that Calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of September were previously reported at \$906,337.

Stop-Loss Insurance Renewal (Discussion / Possible Action):

Lloyd Barnes, L/P Insurance, presented stop loss renewal and marketing analysis. Six carriers were contacted, and three declined to quote. Three quoted, including a renewal proposal with Symetra as well as responses from two other carriers.

Lloyd indicated that due to several high claims, Symetra had proposed renewal at 279.6% increase. Further discussions with Symetra led to an alternative quote of 60.0% renewal increase along with a \$1,000,000 Laser Premium which isolated the risk of one participant so that the first \$1M in claims in 2014 would be attributable to the Plan, not the stop loss carrier. However, an alternate quote was presented by AIG indicating a 23.3% increase. There is an exception for one participant that requires coverage solely on a 12/12 contract basis (must be incurred and paid within the 12 months of the 2014 calendar year), whereas all other claims will be covered on a 24/12 contract basis (claims may be incurred in both the 2013 and 2014 calendar years, and paid within the 2014 calendar year). Lloyd recommended the AIG proposal indicating that it was the more favorable proposal, and that while there was risk associated with the AIG proposal it was a reduction in risk to accept their proposal over renewing with Symetra due to the Laser Premium requirement. He indicated that there was always risk associated with the gap due to the renewal timing.

It was motioned by Shannon Brown, seconded by Christine Cooley, to recommend acceptance of the AIG proposal of stop loss insurance coverage at a level of \$175,000 with a \$0 Laser Deductible at a premium of \$486,072 on a 24/12 contract basis with exception coverage for one claimant on a 12/12 contract basis; passed 7 – 0. Holly Luna asked whether representatives from Committee would present to the Board, and Committee concurred that Holly would present on behalf of Committee.

Health Care Reform Update (Report):

None noted at this time.

Future Agenda Items:

Holly Luna requested that L/P Insurance provide HIPAA training for the committee members in December, and noted that all members should participate to ensure on-going compliance.

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

The meeting adjourned via motion by Dwight Landon, seconded by Shannon Brown at approximately 5:06 p.m.

Respectfully Submitted,
Holly Luna, CFO, Business Services
Douglas County School District
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