

**Minutes of the Advisory Health Benefit
Committee Meeting of August 26, 2014 at the
District Office, Minden, Nevada**

Committee Members Present

~~Marie Parola~~ Debbie Haskins (replacement) DCSSO
Andrew Fromdahl, DCPEA
Paula Henricks, DCSSO
Jim Mathews, DCPEA
Shannon Brown, DCAA
~~Dwight Langdon~~ Ted Bates, (replacement) DCBDA
Christine Cooley, DCPEA
Holly Luna, District Office

Absent

Tom Marshall and Lloyd Barnes of L/P Insurance Services were in attendance along with Emma Guzman, Marilyn Stephens and Judy Britt of Hometown Health. Meeting began at approximately 4:03 p.m.

Call to Order: Committee member and attendee roll call was taken with change in members noted as Debbie Haskins to replace Marie Parola and Ted Bates to replace Dwight Langdon. Holly Luna requested that the May 20th meeting minutes be continued to the next meeting, and that the agenda be adopted with that change noted. Shannon Brown moved to adopt the revised agenda, seconded by Andrew Fromdahl Brown; motion carried 7-0.

Public Comment: None presented.

Claims Review: Tom Marshall of L/P Insurance reviewed claims data and provided REVISED claims data for the calendar year of 2013 to provide better “apples to apples” comparison for claims review given that there were numerous large claims stop loss reimbursements from 2013 paid in 2014, and were skewing data. He also provided updated 2014 claims data with the stop loss reimbursements associated with 2013 removed – again for comparison purposes associated for CY2015 rate reviews. Again stating that this is not a norm in reporting as usually reimbursements are recorded for claims review within the time frame received, not against the timeframe of the claim – these are one-time adjustments made for the purposes of premium projections for CY2015. [Notes below are provided for the revised CY2014 data only.]

(Debbie Haskins arrived ~ 4:11pm)

Exhibit 1 (with CY2013 & CY2014 REVISED as discussed above)

Net paid claims for the month of July (\$619,924) were higher than the monthly average for the previous plan year (\$455,790). On a composite basis the average monthly claims cost per employee for the current plan year to date is \$608.78 compared to \$597.43 for the previous plan year, or an increase of 1.59%. For employee only claims, costs were up from \$457.19 to \$455.73, an increase of 0.32%. For dependent only claims, costs were up from \$387.32 to

\$366.05, an increase of 5.81%. Additionally, the cost per member (employee or dependent) was up from \$430.70 to \$437.54, an increase of 1.59%.

Exhibit 3 (with CY2013 & CY2014 REVISED as discussed above)

Total net plan costs for July (\$677,533) were higher than the monthly average for the previous plan year (\$504,785). On a composite basis, the average total cost per employee per month for the current plan year to date was up from \$661.65 to \$682.26, or an increase of 3.11%. Employee only costs were up from \$509.72 to \$513.80, an increase of 0.80%. Dependent only costs were up from \$704.28 to \$816.68, an increase of 15.96%. Additionally, the cost per member (employee or dependent) was up from \$477.00 to \$494.51, an increase of 3.67%.

Exhibit 5

The inpatient hospital continues to run less in April than prior year average with # of days and cost per stay significantly less than prior year. Overall utilization of the various medical services coverage by the plan for the current plan year to date is relatively consistent if not less with those of the previous plan year.

Exhibit 6

There have been no claims that have exceeded \$87,500 though the month of July. 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 each of these claims has exceeded the specific stop-loss level of \$175,000 on a month to month basis.

Exhibit 7 (CY2014 REVISED as discussed above)

Our calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of July at \$688,271.

Exhibit 8 (CY2014 REVISED as discussed above)

Our calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of the previous month at \$657,695.

Holly Luna questioned the timing of the stop loss reimbursement. HTH and L/P indicated that they would true-up the reporting as much of the reimbursement owed had been received.

Hometown Health Statistics Review: Marilyn Stephens of Hometown Health presented the HHP Statistics Review, and issued copies of the “Hometown Health Customer Service Department Stats” (the Customer Service stats reflect HHP’s entire book of business, not solely DCSD stats). The Turn Around Time claims data was not reported. Customer Service call volume for July reflected abandonment rate and average seconds to answer within “norms” along with 8,238 calls answered versus 8,471 answered for the month of July.

Pharmaceutical Trends and Formulary Review: Judy Britt of Hometown Health presented pharmacy trend reports with key performance indicators (KPI) noting that data only reflected partial data for Q3'14 but were fully reported for Q1'14 & Q2'14. DCSD's KPI reflected both lower generic usage (negative trend) and specialty plan paid (positive trend) benefits than other self-funded plans. Suggestion for upcoming FY2015 plan revision is to align custom formulary to negotiated HTH formulary. Disruption report was requested for review at the September advisory meeting.

Self-Insurance Fund Projected Financials: Holly Luna indicated no new updates on financials.

(Shannon Brown & Christine Cooley left ~ 5:05pm)

Plan Review: Lloyd Barnes shared historical data to give committee insight as to estimated costs (PEPM) vs rolling 12 month average as well as actual costs (including stop loss reimbursements). Additionally, he provided proposed impact to FY2015 plan with estimated increase of stop lost as well as ACA required modifications. The resulting impact to the plan was ~ 7.92% which included inflation and an estimated margin of 5% for volatility between now and beginning of plan year. Recommendation was to keep rates flat and adjust both the PPO and HSA plans to align with ACA requirements of OOPM at \$6,000 single and \$13,200 family, and some revision to the HSA plan to align with standard. Holly Luna concurred with the recommendation along with consideration of the HTH Rx formulary as previously discussed. Exception report to be presented at next meeting.

Additionally, information was shared regarding the Vision plan (premiums collected versus paid claims), as well as proposed cost of aiding hearing aid benefit. The public entity comparison request was not presented based on the non-comparability of request indicating that it would be more appropriate to compare details of the plan benefits themselves rather than costs of a plan without notification of HMP, PPO, HSA, or self-funded compared to fully funded, etc.

Health Care Reform Update (Report):

None reported.

Correspondence (Report):

None reported.

Future Agenda Items:

Rx Exception report indicating impact of changeover from DCSD custom formulary to HTH's standard/negotiated formulary (August request for September meeting).

Next Meeting(s): The next Committee Meeting was set for **September 16, 2014 at 4:00 p.m. at the District Office.**

The meeting adjourned at approximately 5:23 p.m.

Respectfully Submitted,

Holly Luna, CFO, Business Services
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