

**Minutes of the Advisory Health Benefit
Committee Meeting of October 21, 2014 at the
District Office, Minden, Nevada**

Committee Members Present

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

Absent

Debbie Haskins, DCSSO

Tom Marshall of L/P Insurance Services was in attendance along with Marilyn Stephens of Hometown Health. Meeting began at approximately 4:33 p.m.

Call to Order: Committee member and attendee roll call was taken. Andrew Fromdahl moved to adopt the revised agenda, seconded by Christine Cooley; motion carried 6-0.

Public Comment: None presented.

Consent Items: Andrew Fromdahl moved to adopt the minutes of the regular meeting on September 16, 2014, seconded by Ted Bates; motion carried 6-0.

Claims Report: Tom Marshall of L/P Insurance Services reviewed claims data.

Exhibit 1

Net paid claims for the month of September \$359,971 were lower 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 \$600.51 compared to \$597.43 for the previous plan year, or an increase of 0.52%. For employee only claims, costs were approximately equal \$455.73 to \$455.82, an increase of 0.02%. For dependent only claims, costs were up from \$656.84 to \$698.19, an increase of 6.30%. Additionally, the cost per member (employee or dependent) was slightly down from \$430.70 to \$430.62, a decrease of -0.02%.

Exhibit 3

Total net plan costs for September \$418,753 were lower 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 \$674.09, or an increase of 1.88%. Employee only costs were up from \$509.72 to \$512.42, an increase of 0.53%. Dependent only costs were up from \$704.28 to \$780.11, an increase of 10.77%. Additionally, the cost per member (employee or dependent) was up from \$477.00 to \$488.78, an increase of 2.47%.

Exhibit 5

The in hospital continues to run much less in September than prior year average. 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 (3) claims that have exceeded \$87,500 though the month of September, though none have pierced the stop-loss threshold. 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

Our calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of September at \$687,283.

Exhibit 8

Our calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of the previous month at \$669,995.

(Shannon Brown arrived @ 4:39pm)

Customer Service Report: 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). HHP Statistics Review was retracted as it reflected another book of business.

Pharmaceutical Report: Holly Luna read into record the various committee member questions that had been emailed regarding the proposed formulary change along with the responses provided by HHP. Additionally, it was shared that the estimated savings by moving formularies was approximately \$37,000 utilizing the most recent claims review. Marilyn Stephens of Hometown Health reiterated that approximately 10% of the population would be affected (some positively, some negatively) by the change. Several committee members expressed concerns about the formulary change when the move from Catalyst to MedImpact had already caused disruption to members. Holly Luna reiterated that many of the prior issues were due to insufficient data provided to MedImpact by Catalyst throughout the conversion, as well as the failure of Catalyst to consistently follow the district’s plan document as it pertained to co-pays and tiering. Tom Marshall noted that the previous inaccuracies had been ironed out, and that the current proposal of formulary change allowed much better insight as to the specifics of the changes as well as the ability to provide plenty of notification to affected members.

Plan Review (For Possible Action): Holly Luna reviewed latest financials from preliminary audit with indications of a higher ending fund balance (\$4.358M versus previously estimated \$3.1 - 3.6M) due to multiple months of low claims as well as the restated IBNR which was used by the auditors. She also read into record the various committee member questions that had been

emailed regarding various benefit plan changes. Additionally, it was shared that approximately \$23,000 would be the projected cost to the plan if the \$50 prescription deductible was eliminated.

Tom Marshall was asked for L/P Insurance's opinion about the various proposals to which he responded that, as a self-funded plan, we have the ability and flexibility in determining the levels of benefits. He noted that while it was not unreasonable to review and potentially adjust the benefit levels for both the eye examinations and dental benefit maximum, it was not industry norm to provide a dental roll-over benefit. Holly Luna reviewed the different perspectives of insurance: as protection from an event that was catastrophic in nature versus a prepaid concept of a maintenance program.

Andrew Fromdahl presented a DCPEA proposal with multiple plan benefit changes along with a response that there was not an interest to change the formulary. Committee members reviewed the proposal and discussed how to review and / or propose changes as well as ability to grandfather, and for how long, members impacted by proposed formulary change.

Shannon Brown moved to accept the multi-pronged DCPEA proposals 1a, 1b, and 2, but also to approve the formulary change with no ability to grandfather. Motion failed through lack of second.

It moved by Andrew Fromdahl, and seconded by Christine Cooley, to address each change individually by separate votes. Motion passed 6/1 with Luna as "nay" indicating she preferred to detail all changes together. It was moved by Christine Cooley, and seconded by Andrew Fromdahl, to increase the annual dental maximum benefit from \$1,500 to \$2,000. Motion passed 7/0. It was moved by Andrew Fromdahl, and seconded by Christine Cooley, to allow for a dental coverage roll-over option of unused funds from the previous year. Motion passed 5/2 with Brown/Luna as "nays." It was moved by Christine Cooley, and seconded by Shannon Brown, to increase the coverage of an annual eye exam from \$45 to \$150. Motion passed 7/0.

Andrew Fromdahl requested special advisory meeting in order to provide the latest updates from this meeting to his constituents regarding the formulary changes. It was determined that a special advisory meeting would be held November 7 @ 4:30pm to discuss the proposed formulary change.

Holly Luna requested that the committee review the plan change submittal by L/P Insurance with regards to the proposed changes associated with ACA. The committee reviewed from August's meeting proposal to include ACA cap of \$6,500 including all medical and Rx out-of-pocket costs/deductibles. It was moved by Shannon Brown, and seconded by Andrew Fromdahl, to approve plan changes as presented at the August meeting. Motion passed 7/0.

Health Care Reform Update (Report):

Tom Marshall reiterated that the Transitional Reinsurance counts as required by ACA were due in November with actual payment due in January.

Correspondence (Report):

None reported.

Future Agenda Items:

Review proposed formulary change at the Special Meeting scheduled for November 7 @ 4:30pm.

Next Meeting(s): A *Special Meeting was scheduled for FRIDAY, November 7 @ 4:30pm.* with the next regular Committee Meeting was set for **THURSDAY, November 20 at 4:30 p.m.** – **both at the District Office.**

The meeting adjourned at approximately 5:48 p.m.

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