Minutes of the Advisory Health Benefit Committee Meeting of October 20, 2015 at the District Office, Minden, Nevada

Committee Members Present	**Absent**
Christine Cooley, DCPEA	
Andrew Fromdahl, DCPEA	
Debbie Haskins, DCSSO	
Jim Mathews, DCPEA	
Paula Henricks, DCSSO	
Holly Luna, District Office (*left at 5:40p.m.)*	
Shannon Brown, DCAA (*arrived @ 4:53p.m., left @ 5:50p.m.)*	
Ted Bates, DCBDA	

Lloyd Barnes and Tom Marshall of L/P Insurance Services were present, along with Marilyn Stephens of Hometown Health, and Cori Isherwood and Keith Lewis with DCSD Human Resources. Meeting began at approximately 4:37 p.m.

Call to Order: Committee member and attendee roll call was taken. Andrew Fromdahl moved to adopt the agenda, seconded by Ted Bates; motion carried 7/0.

Public Comment: None

Committee Comment: More discussion was had regarding lab work and fees. Recommendation was for Debbie Haskins to look at SPD and benefits summary. Additionally, there was extended discussion on wellness or preventative items versus maintenance or treatment coding. Recommendation was to review the SPD, and locate the U.S. Preventive Services Task Force A & B Recommendations which our plan adopted as "wellness or preventative" guidelines. [*Holly Luna provided items via email after the meeting to Nancy Hamlett and Debbie Haskins.*]

Consent Items: Andrew Fromdahl moved to adopt the minutes of the meeting of September 15, 2015 which was seconded by Christine Cooley; motion passed, 8/0.

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

Exhibit 1

Net paid claims for the month of September $726,777 is higher than the monthly average for the previous plan year $486,380. On a composite basis the average monthly claims cost per employee for the current plan year to date is $712.11 compared to $618.35 for the previous plan year, or an increase of 15.16%. Employee only claims costs were higher, $506.63 compared to the prior year average $456.08, an increase of 11.08%. For dependent unit only claims, costs are up from the prior year monthly average of $777.08 to current $872.94, an increase of 12.34%. Additionally, the cost per member (employee or dependent) was up from $442.16 to $483.59, an increase of 9.37%.

Exhibit 3

Total net plan costs for September of $789,399 are higher than the monthly average for the previous plan year of $544,341. On a composite basis, the average total cost per employee per month for the current plan year to date compared to the prior year average was higher at $789.94 compared to $692.03, or an increase of 14.15%. Employee only costs are up from the prior year average of $512.67 to $564.44, an increase of 10.10%. Dependent only costs are up from the prior year average of $858.97 to $963.02, an increase of 12.11%. Additionally, the cost per member (employee and dependent) was up from $494.86 to $570.21, an increase of 15.23%.

Exhibit 5

Average Hospital Admits and Average Length of Stay are similar year over year, but Cost per Stay and Cost Per Day have almost doubled from $9,620 to $16,056 and $3,829 to $6,256 respectively. Outpatient Hospital and Outpatient Surgery appear anomalous due to reporting changes. Overall utilization of other various medical services coverage by the plan for the current plan year to date are within a five (5) percent variance to those of the previous plan year.

Exhibit 6

There are five (5) members whose claims have exceeded $87,500 through September. 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 indicates that none of these claims have 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 $898,207 or an increase of 6.9% compared to the prior month.

Exhibit 8

Our calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of the previous month at $839,894.

Customer Service Report: Marilyn Stephens presented the HTH 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). She reviewed the report, and indicated that new reporting data points had been added to distinguish between member and provider calls. She also presented the Claims Turnaround Time data reporting that of 1,179 claims received + 299 open from the prior month, 1,417 were paid by month's end, leaving 72 claims remaining open. Regarding claim payouts, 1,058 Claims were paid within 15 days (74.66%). An additional 335 Claims were paid within 16 – 30 days (98.30% in total), and claims that extended past 30 days totaled 24.

Self-Insurance Fund Projected Financials (Report): Holly Luna presented unaudited financials for FY14/15 reflecting an Ending Fund Balance estimate of $4,060,230 and estimated Cash Balance of $4,760,909. She also provided preliminary FY15/16 financials reflecting an Ending Fund Balance estimate of $2,592,986 and estimated Cash Balance of $3,293,665.

Option to Join Nevada Business Group on Health (For Possible Action): Lloyd Barnes and Tom Marshall led the discussion on potential for DCSD's plan to reap the benefits of participating in a Reno-based cooperative that recently made the decision to move their contract for hospital services from St. Mary's to Renown. Given that DCSD's plan is aligned to Renown through Hometown Health network, the plan would benefit through a reduction in hospital fees if DCSD were to participate in the Nevada Business Group on Health (NVBGH) cooperative. $700,000 in prior plan year costs at Renown that would have been reduced by approximately 13% or $35,000 with co-op participation was given as an example of estimated savings to the plan. There would be a per member/per month fee to join the co-op, estimated at $4,000 – 5,000, leaving approximately $30,000 in savings to the plan. This change would not negatively affect plan participants. After deliberation and pros and cons of joining the cooperative, Shannon Brown motioned to approve DCSD plan membership with NVBGH, seconded by Andrew. A friendly amendment was made and agreed by both Shannon and Andrew to approve membership pending review of the "opt out" or "cancellation" clauses of the cooperative agreement. Motion passed 8/0.

DCSD Plan Review (Report): Tom Marshall reviewed the latest trend data of projected claims estimates and rate sheet for the upcoming 2016 calendar year. The projected claims cost had increased to 28.03% indicating that a favorable month had rolled off and a new month with higher claims had been incorporated into the projected claims cost. The trend factor applied in the projections is 7.5%. In essence, without reducing benefits or increasing premiums, the ending fund balance of the health insurance fund would be decreased by the deficit between high claims cost and low revenue streams, or ($1,902,507).

Andrew Fromdahl provided a proposal to the committee that based on the potential savings provided by joining the NVBGH co-op would be reinvested to increase benefits of adding hearing aids and increasing the lenses and frames allocation although he recognized the massive deficit projected as noted in prior discussion. (*Holly Luna left*.) Proposed changes to benefits were contacts' allowances going from $90 to $100, frames' allowance to go from $100 to $130, and lenses' allowance would go from $40 to $100 (single), $50 to $110 (bi-focal), $60 to $120 (tri-focal), and lenticular allowance going from $120 to $180. Hearing aids' benefits were proposed to include as a benefit with 80% coverage, $200 deductible applied and $2,000 lifetime max. Andrew made motion to approve as proposed, Christine Cooley seconded.

Shannon Brown declined to support the motion to increase benefits when the plan was facing a 28% deficit, and with no committee intention to adjust benefits or employee participation in premiums' increases. L/P Insurance was requested to provide input as to whether the plan was out-of-line with "industry standard" to which Lloyd Barnes replied that they were asked only to provide potential cost impacts to the plan, not to review industry standards or bench-marking. (*Shannon Brown left.)* Average cost and benchmarking would be gathered by L/P Insurance in anticipation of Special Meeting on October 27.

Andrew tabled the motion on frames and lenses until comparability figures could be had, but remade motion on hearing aids to be included as a benefit with 80% coverage, $200 deductible applied and $2,000 lifetime max. Jim Mathews seconded.

Lloyd Barnes cautioned about the $2,000 lifetime max because of a requirement in the Affordable Care Act to disallow limiting an essential health benefit. The plan is not required to have the benefit, but if a benefit were instated, the plan could not put a dollar limit on the benefit. Further discussion was had regarding definition of the specific benefits allowed as proposed.

Andrew requested to table the hearing aid item until the next week's Special Meeting in order to allow L/P Insurance time to review the essential benefit regulation under Affordable Care Act.

Committee agreed to wait on both proposals until the Special Meeting on October 27th.

Correspondence (Report): Update was provided on Barton issue as to reinstatement as an in-network provider.

Future Agenda Items: NVBGH contract clauses were to be brought to the November meeting.

Next Meeting(s): The next SPECIAL Committee Meeting was set for **Tuesday, October 27th at 4:30 p.m.** at the District Office, and the regular Committee Meeting was set for **November 17, 2015 @ 4:30 p.m.** at the District Office.

The meeting adjourned at approximately 6:05 p.m.

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