

**Minutes of the Advisory Health Benefit
Committee Meeting of November 17, 2015 at the
District Office, Minden, Nevada**

Committee Members Present

Christine Cooley, DCPEA
Andrew Fromdahl, DCPEA (*left at 5:28p.m.*)
Debbie Haskins, DCSSO
Jim Mathews, DCPEA
Paula Henricks, DCSSO
Holly Luna, District Office
Shannon Brown, DCAA (*left at 4:57p.m.*)
~~Ted Bates~~ Scott Walker, DCBDA

Absent

Lloyd Barnes and Tom Marshall of L/P Insurance Services were present, along with Marilyn Stephens of Hometown Health, and Cori Isherwood with DCSD Human Resources. 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 agenda with flexibility for the Stop-Loss Insurance item to be heard first after public comment, seconded by Shannon Brown; motion carried 8/0.

Public Comment: None

Committee Comment: Paula Henricks stated that she did not appreciate Holly Luna's expressed disappointment with the Committee at the last meeting for putting forward increased costs. She also indicated that the Committee members should be able to speak their minds and that Holly interrupted questions being asked by Committee members. Holly Luna apologized for the interruptions, and in turn pointed out her frustration with what she observed as grandstanding and delay tactics by Committee members.

Consent Items: Shannon Brown moved to adopt the minutes of both the regular meeting of October 20, 2015 as well as the special meeting of October 27, 2015, and Andrew Fromdahl seconded the motion. Paula Henricks requested a friendly amendment for two grammatical revisions to October 20th minutes which both Shannon and Andrew agreed to accept; motion passed, 8/0.

Option to Join Nevada Business Group on Health "NVBGH" (For Possible Action): Minimal committee discussion occurred pertaining to the District joining NVBGH before Shannon motioned to approve joining the NVBGH co-op with Andrew Fromdahl seconding. Motion passed 8/0.

Stop-Loss Insurance Renewal (For Possible Action): Lloyd Barnes, L/P Insurance, reviewed the marketing analysis for the District's excess loss renewal. While several firms had declined to quote, the District had received multiple offers that were competitive. AIG, the current carrier, had proposed renewal with a 12.3% increase over existing, while the best renewal was

propose by HCC Life at a 13.3% reduction over current. However, there was an outstanding request from HCC for data on several claims which Lloyd indicated could lead to a revision in the proposal or addition of laser deductibles. Discussion ensued as to whether or not the District would be harmed by moving from one carrier to another, potential perceived by the market as insurance hopping. Lloyd indicated that in this particular market with stop-loss renewals that was not an issue. Given that the timeline of presentation to the Board for final approval was approaching and that L/P Insurance did not have final submittals, it was motioned by Andrew Fromdahl that the Committee tentatively approve the HCC proposal. Shannon Brown seconded the motion. Further discussion about the outstanding HCC claims questions led to a friendly amendment to include a caveat that the carrier and final stop-loss renewal was to be selected based on least risk and best price to the District. Friendly amendment was agreed to by both Andrew and Shannon. Motion passed 8/0.

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

Exhibit 1

Net paid claims for October of \$55,518 are lower than the monthly average for the previous plan year \$486,380 due to specific stop loss reimbursements. On a composite basis the average monthly claims cost per employee for the current plan year to date is \$648.39 compared to \$618.35 for the previous plan year, or an increase of 4.86%. Employee only claims costs were lower, \$449.44 compared to the prior year average \$456.08, a decrease of 1.46%. For dependent unit only claims, costs are up from the prior year monthly average of \$777.08 to current \$847.63, an increase of 9.08%. Additionally, the cost per member (employee or dependent) was down from \$442.16 to \$440.44, a decrease of 0.39%.

Exhibit 3

Total net plan costs for October of \$117,717 are lower than the monthly average for the previous plan year of \$544,341. On a composite basis, the average total net cost per employee per month for the current plan year to date compared to the prior year average was higher at \$726.16 compared to \$692.03, or an increase of 4.93%. Employee only net costs are down from the prior year average of \$512.67 to \$507.25, a decrease of 1.06%. Dependent only net costs are up from the prior year average of \$858.97 to \$963.02, an increase of 9.00%. Additionally, the net cost per member (employee and dependent) was up from \$494.86 to \$524.02, an increase of 5.89%.

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 \$15,056 and \$3,829 to \$5,955 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 six (6) members whose claims have exceeded \$87,500 through October. 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. Two claims have exceeded the specific stop-loss level and the plan will be reimbursed for a total of \$308,476.

Exhibit 7

Our calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of October at \$841,443 or a decrease of 6.3% 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 \$898,207.

Andrew Fromdahl questioned the reimbursement amount shown on Exhibit 6 in that Exhibits 1 and 3 reflected reimbursements received at \$345,081. Tom Marshall indicated that he would look into the variance, but indicated that the differences were likely due to timing of reporting.

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 1,175 claims received + 243 open from the prior month, 1,183 were paid by month’s end, leaving 34 claims remaining open. Regarding claim payouts, 1,139 Claims were paid within 15 days (96.28%). An additional 29 Claims were paid within 16 – 30 days (98.73% in total), and claims that extended past 30 days totaled 15.

Self-Insurance Fund Projected Financials (Report): Holly Luna presented preliminary FY15/16 financials calculated through a rolling forecast based on revenue and claims received through mid-November reflecting an Ending Fund Balance estimate of \$2,574,293 and estimated Cash Balance of \$3,274,972.

Correspondence (Report): Holly Luna indicated that Renown Hospital was hosting another private tour that was only open to NVBGH, and that she would provide interested parties the date and time. Andrew Fromdahl indicated that he had received questions pertaining to the HDP and the ceiling in prescription costs.

Future Agenda Items: none

Next Meeting(s): The next Committee Meeting was set for **Tuesday, December 15th at 4:30 p.m.** at the District Office.

The meeting adjourned at approximately 5:30 p.m.

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