

**Minutes of the Advisory Health Benefit
Committee Meeting of January 26, 2016 at the
District Office, Minden, Nevada**

Committee Members Present

Christine Cooley, DCPEA (*arrived at 4:35p.m.*)
Jim Mathews, DCPEA
Paula Henricks, DCSSO
Holly Luna, District Office
~~Debbie Haskins~~ Nancy Hamlett, DCSSO
Shannon Brown, DCAA (*left at 5:00p.m.*)

Absent

Gregory Walker, DCBDA
Andrew Fromdahl, DCPEA

Tom Marshall of L/P Insurance Services was present, along with Marilyn Stephens of Hometown Health. Meeting began at approximately 4:34 p.m. It was noted by Holly Luna that she was unable to record this meeting so electronic copy of the meeting will be unavailable.

Call to Order: Committee member and attendee roll call was taken. Shannon Brown moved to adopt the agenda, seconded by Jim Mathews; motion carried 5/0.

Public Comment: None

Committee Comment: None

Consent Items: Shannon Brown moved to adopt the December 15 meeting minutes. Motion died without a second. 12/15/15 minutes will be re-agendized for the February meeting.

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

Exhibit 1

Net paid claims for December \$522,368 are 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 \$630.67 compared to \$618.35 for the previous plan year, or an increase of 1.99%. Employee only claims costs were lower, \$437.45 compared to the prior year average \$456.08, a decrease of 4.09%. For dependent unit only claims, costs are up from the prior year monthly average of \$777.08 to current \$828.20, an increase of 6.58%. Additionally, the cost per member (employee or dependent) was down from \$442.16 to \$428.88, a decrease of 3.01%.

Exhibit 3

Total net plan costs for December of \$584,370 are higher 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 \$708.32 compared to \$692.03, or an increase of 2.35%. Employee only net costs are down from the prior year average of \$512.67 to \$495.26, a decrease of 3.40%. Dependent only net costs are

up from the prior year average of \$858.97 to \$915.23, an increase of 6.55%. Additionally, the net cost per member (employee and dependent) was up from \$494.86 to \$510.92, an increase of 3.25%.

Exhibit 5

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 seven (7) members whose claims have exceeded \$87,500 through December. 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. This exhibit does not include the Rx costs associated with the claim; medical only. The plan has received almost \$375,000 per Exhibit 3.

Exhibit 7

Our calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of December at \$776,480 or a decrease of 5.3% 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 \$820,207.

Tom Marshall noted that in both the Dental and Vision categories that claims were up due to the changes in benefit design prior to the 2015 calendar plan year. Dental claims were up about 11.5% or almost \$5k/month more than CY2014, while Vision was reporting 92.9% increase, or almost \$2.5k/month more than CY2014. In total, approximately \$55K more in dental expenses and \$27K more in vision expenses from prior calendar year.

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 indicated that there had been high call volume in December as was expected for Senior Care enrollment as well as the addition of the Nevada Business Group on Health (NVBGH). She also presented the Claims Turnaround Time data reporting that of 1,428 claims received + 211 open from the prior month, 1,413 were paid by month’s end, leaving few claims remaining open. Regarding claim payouts, 1,227 Claims were paid within 15 days (86.84%). An additional 174 Claims were paid within 16 – 30 days (99.15% in total), and claims that extended past 30 days totaled 12.

Self-Insurance Fund Projected Financials (Report): Holly Luna presented FY15/16 financials calculated through a rolling forecast based on revenue and claims received through mid-January reflecting an Ending Fund Balance (EFB) estimate of \$3,856,264 and estimated Cash Balance of \$4,671,296.

DCSD Plan Review (Information and Discussion): Tom Marshall presented a revised rate sheet calculating plan costs for CY2016 using the latest claims data through December. The projection of the rate increase had been greatly reduced from the last review in October (using September data) of 28.03% to 9.72%. Several major contributing factors to the decline in projected increases was that not only had the plan had several months of decreased claims, but had also received stop loss reimbursements. Additionally, the stop-loss renewal had carried a high trend rate for renewal of 20%, but the actual renewal secured was essentially flat. The 9.73% increase indicated that the plan would need to absorb \$652,943. Furthermore, Tom presented the rolling average of claims dating back to 2003. It was noted that the plan tracked to a trend of approximately 4%, and there was a phenomenon of a sharp increase in claims about every 5 years. Holly Luna noted that given this historical information that we should expect another sharp increase in 2017 to which Tom agreed is possible and given the historical trend, likely.

Holly also presented a summary of the expenses that the District and the Insurance Fund have incurred as a result of the Affordable Care Act (ACA). PCORI fees (taxes levied to fund medical research) had been incurred each year since the inception of the fees in CY2013 totaling \$5,508. Although the costs were minimal, they increased incrementally each year. These fees cannot be charged to the Health Insurance Fund and are charged to the HR Department's budget. The Reinsurance Taxes began in 2015 and were charged to the Health Insurance fund totaling \$60,228.

It was noted that additional items (noted below under Future Agenda items) would be presented over the upcoming months.

Correspondence (Report): Holly Luna indicated that she had received an ACA update from Lloyd Barnes indicating that the "Cadillac Tax" would be delayed for two years as part of the Omnibus approved in December 2015.

Future Agenda Items: Multiple items were added to a list for future committee review in conjunction with plan review for the calendar year 2017 to include: review of changing vision benefits from an allowance based system to a preferred provider system (L/P Insurance); review of the past two years of stop-loss costs (Holly); and U&C for out-of-network (Marilyn HTH).

Next Meeting(s): The next Committee Meeting was set for **Tuesday, February 16th at 4:30 p.m.** at the District Office.

The meeting adjourned at approximately 5:12 p.m.

Respectfully Submitted,
Holly Luna, CFO, Business Services
