

**Minutes of the Advisory Health Benefit  
Committee Meeting of May 17, 2016 at the  
District Office, Minden, Nevada**

**Committee Members Present**

Christine Cooley, DCPEA  
Jim Mathews, DCPEA  
Holly Luna, District Office  
Andrew Fromdahl, DCPEA  
Gregory “Scott” Walker, DCBDA  
Debbie Haskins, DCSSO  
Lisa Voss, DCSSO (replacement for Paula Henricks)  
Shannon Brown, DCAA

**Absent**

Marilyn Stephens of Hometown Health, Lloyd Barnes and Tom Marshall of L/P Insurance Services, Inc., and Cori Isherwood (*arrive @ ~4:35p.m.*), DCSD HR Benefits’ Coordinator, were present. Meeting began at approximately 4:31 p.m.

**Call to Order:** Committee member and attendee roll call was taken. Andrew Fromdahl moved to adopt the agenda as a flexible agenda, seconded by Shannon Brown; motion carried 7/0.

**Public Comment:** None

**Committee Comment:** Christine Cooley noted that the district’s extensive medical plan was a district asset, but also an employee benefit. Andrew Fromdahl indicated that the Committee should be included in Premium Holiday discussions.

**Consent Items:** Andrew Fromdahl requested that his statements regarding the ending fund balance be added to the April minutes and moved to approve with revisions, seconded by Jim Mathews. Motion passed 7/0.

**Claims Report:** Tom Marshall, L/P Insurance Services, Inc., reviewed the claims data.

**Exhibit 1**

Net paid claims for April \$645,978 were higher than the monthly average for the previous plan year \$511,578. On a composite basis the average monthly claims cost per employee for the current plan year to date is \$723.47 compared to \$630.67 for the previous plan year, or an increase of 14.72%. Employee only claims costs were higher, \$526.30 compared to the prior year average \$437.45, an increase of 20.31%. For dependent unit only claims, costs are up from the prior year monthly average of \$828.20 to current \$838.67, an increase of 1.26%. Additionally, the cost per member (employee or dependent) was up from \$428.88 to \$487.95, an increase of 13.77%.

### Exhibit 3

Total net plan costs for April of \$706,401 are higher than the monthly average for the previous plan year of \$574,569. 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 \$798.71 compared to \$708.32, or an increase of 12.76%. Employee only net costs are up from the prior year average of \$495.29 to \$582.79, an increase of 17.67%. Dependent only net costs are down from the prior year average of \$453.55 to \$447.01, a decrease of 1.44%. Additionally, the net cost per member (employee and dependent) was up from \$481.68 to \$541.11, an increase of 12.34%.

### Exhibit 5

Pharmacy as a percentage of utilization is still higher in the current plan year at 16% as compared to the prior year of 12%. 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 two members whose medical claims, pharmacy not included, have exceeded \$87,500 through April. 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. Neither of the claims have breached the specific stop-loss level of \$175,000.

### Exhibit 7

Our calculations estimate the Incurred But Not Reported (IBNR) claims liability as of the end of April at \$777,957 or a increase of 2.8% 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 \$756,448.

**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 the high call volume in January and February had dropped as was expected. Those months saw higher call volume for Senior Care enrollment as well as the addition of the Nevada Business Group on Health (NVBGH). As a result of the increased book of business, the stat –Average Seconds to Answer – was still beyond the standard 60 seconds, sitting at 70 seconds; the Abandonment Rate, however, had decreased below the standard rate of 5% to 4%. She also presented the Claims Turnaround Time data reporting that of 1,314 claims received + 171 open from the prior

month, 1,100 were paid by month's end, leaving 89 claims open. Regarding claim payouts, 1,022 Claims were paid within 15 days (92.91%). An additional 53 Claims were paid within 16 – 30 days (97.73% in total), and claims that extended past 30 days totaled 25.

**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-May reflecting an Ending Fund Balance (EFB) estimate of \$3,181,592 and estimated Cash Balance of \$3,996,624.

**Fund Balance Recommendation (For Possible Action):** Christine made the motion to have Andrew, Holly and Jim present the prior month's fund balance recommendation to the board, seconded by Debbie Haskins. Motion passed 7/0.

**DCSD Plan Review (Information and Discussion):** Lloyd Barnes, L/P Insurance Services, Inc., reviewed the latest budget rate calculation using May 2015 – April 2016 claims data, and used to project into mid-2017. Utilizing trend with inflation factors, the projected deficit of plan revenues to plan expenditures was estimated to \$1,049,571, or that rates would need to be increased by 15.53% to cover that estimated deficit. He also reviewed a trend line of the past 13 years noting that there generally was a 3 year cycle in underwriting with 1-2 years of bad claims and then the plan would reset. He noted that DCSD, per the chart, seemed to have a more extended time line of about 4-5 years with the expected reset occurring later than what he generally saw.

*(Andrew Fromdahl left ~ 5:19p.m.)*

Additionally, Lloyd reviewed the vision benefit and fee comparison. He indicated that he and Tom had struggled with getting an accurate comparison given that our self-funded plan used an allowance approach rather than an in- or out-of-network fully insured plan. Following some discussion, it was determined that additional information would be sought from a quote perspective of fully-insured proposal. This item will be brought back at the next meeting.

**Correspondence (Report):** Holly Luna provided notice to the Committee of Hometown Health's letter indicating that Dr. Robert Rand will no longer be a Hometown Health contracted physician based on recent allegations of felony charges.

**Future Agenda Items:** (OLD) Several items from prior meetings were still in queue for 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); and U&C for out-of-network (Marilyn Stephens, HTH); Andrew Fromdahl requested clarification of Committee bi-laws; Nancy Hamlett requested a discussion of what a maximum ending fund balance should be.

**Public Comment:** None

**Next Meeting(s):** The next Committee Meeting was set for **Tuesday, August 30<sup>th</sup> at 4:30 p.m.** at the District Office.

---

The meeting adjourned at approximately 5:40 p.m.

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

---