

**CITY OF HENDERSON
SELF-FUNDED INSURANCE COMMITTEE MEETING**

**MINUTES
January 11, 2012**

I. Call to order

Vice-Chairman Dan Pentkowski called the City of Henderson Insurance Committee meeting to order at 9:09 a.m. in the Westgate Conference Room, 1st Floor, City Hall, 240 Water Street, Henderson, Nevada.

II. Confirmation and posting

Ms. Neilson confirmed the meeting had been posted in accordance with the Open Meeting Law by posting the agenda three working days prior to the meeting at City Hall, Multigenerational Center, Whitney Ranch Recreational Center, and Fire Station No. 86.

Roll Call

PRESENT: Vice-Chairman Dan Pentkowski
Gerry Collins
Connie Kershaw (for Richard Derrick)
Norm "Doc" Halliday
Priscilla Howell
Fred Horvath (arrived at 12:30 p.m.)
Jayne Mazurkiewicz
Tim O'Neill

ABSENT: Richard Derrick

STAFF: Bob Osip, Risk Manager
David Hintzman, Assistant City Attorney
Alysa Neilson, Employee Benefits Coordinator
Tedio Jackson, Minutes Clerk

ALSO PRESENT: Bill Bixler, The Loomis Company
Shawn Adkins, Gallagher Benefit Services (arrived at 9:40 a.m.)
Lynn Brownlee, Gallagher Benefit Services (arrived at 9:40 a.m.)
Pam Levy, Sierra Healthcare Options
T'Shara Wright, HPN (arrived at 11:30 a.m. and left at 1:40 p.m.)
Tom Chiello, HPSA
Sean Simeneau, HPOA (left at 12:07 p.m.)

III. Acceptance of Agenda

(Motion) Mr. O'Neill introduced a motion to accept the agenda as submitted, seconded by Mr. Collins. The vote favoring approval was unanimous. Vice-Chairman Pentkowski declared the motion carried.

IV. Approval of Minutes

A. Regular meeting of December 14, 2011

(Motion) Mr. Collins introduced a motion to approve the minutes of December 14, 2011, seconded by Mr. Halliday. The vote favoring approval was unanimous. Vice-Chairman Pentkowski declared the motion carried.

V. Staff Reports

A. Financial Report

Connie Kershaw, Accounting Manager, distributed and reviewed the Self-Funded Health Insurance Fund report as of December 31, 2011, and noted that the fund lost \$577,788.00. She pointed out that the plan made \$119,000.00 in interest. Ms. Kershaw said payments for 2011 are reflected in this statement, and she expects to receive refunds from the stoploss carrier on some claims. She also noted that vision claims increased 20 percent this year.

B. Loomis Monthly Claims Report

Bill Bixler, The Loomis Company, provided an update on the subrogation issue and reviewed the large claims summary report. He noted that the stoploss carrier will not pay claims the last month; they will reimburse the City next month. He stated that there are currently 614 claims in inventory.

C. Status Report - Gallagher Benefit Services

Shawn Adkins, GBS, reported that pre 65 retiree claims are running well and there are 43 members in this group. Post 65 retirees are running at a loss. He predicted that four of the large claims will be ongoing through this year.

With respect to DCC, Mr. Adkins explained that this company treats dialysis patients, which is a specialty service. He noted that DCC charges a lesser amount than Sierra; however, Sierra offers better discounts for dialysis. He said patients would also be charged balanced billing, which would be more out-of-pocket cost to members.

Bill Bixler, The Loomis Company, commented that a person who needs dialysis treatment should use an in-network provider as dialysis is very costly.

There was a consensus that this issue is not necessary at this time, but could be reviewed for specific situations.

Lynn Brownlee, GBS, reported that Walgreens is still not in network with Express Scripts, and coupons for Walgreens have been mailed to members.

Mr. Adkins distributed and reviewed a packet titled “The Reformed Marketplace: What to Expect.” A discussion ensued regarding various topics and proposed changes outlined in the packet. It was recommended that employees are educated on all changes.

D. Sierra Healthcare Options Report

Pam Levy, SHO, distributed and reviewed the 2011 monthly average length of stay report through December. She also reviewed the quarterly provider report.

E. Committee Staff Report

Alysa Neilson, Employee Benefits Specialist, reported that she received complaints from employees that providers are not working for Loomis. This issue was caused by a change in the claims administrator for Clark County as of January 1, 2012. Providers were calling the Clark County Loomis number rather than the number for the City of Henderson.

Bob Osip, Risk Manager, noted that annual HIPAA training will be provided via CD for members to watch on their own time. He will check to see if this training can be added on Coastal online courses.

Ms. Neilson reported that retirees have until January 31, 2012, to sign up for the City’s insurance coverage. She noted that seven retirees on Public Employees Benefits Program (PEBP) have joined so far.

VI. Public Comment

There was no public comment.

Note: A lunch recess was taken from 11:00 a.m. to 11:34 a.m.

VII. Order of Business

A. Discussion and vote on dental plan provider and plan design.

Shawn Adkins, GBS, reported that Delta Dental offered to co-exist with the City Self-Funded plan, which would allow employees to stay on the current dental plan or use Delta Dental. This change would greatly benefit members who are currently using dentists out of network. The cost per employee would stay the same; however, there would still be a cost to the plan because Delta Dental's rates are higher. He estimated that Delta Dental would pick up about half the membership, which would cost the plan approximately \$70,000.00.

Pam Levy, Sierra Healthcare Options, noted that she does not see a conflict with the offer from Delta Dental as it relates to the contract with Sierra. Regarding a question as to whether Sierra would increase their dental premiums if they lose half the membership to Delta Dental, Ms. Levy said she does not think so, but will check and report back.

A suggestion was made that the Committee change the Self-Funded dental plan design to increase the dental benefits under Sierra.

Mr. Adkins commented that it would cost the Plan much more to change the City's plan design. He noted that some employees who participate in the Section 125 plan may be impacted by this change.

Bill Bixler, The Loomis Company, suggested making this change effective April 1, 2012, to allow staff and Loomis to prepare necessary paperwork and provide information to Delta Dental. He noted that Delta Dental is a fully insured plan so any appeals would be processed through Delta Dental and not the City Self-Funded Insurance Committee.

After further discussion, there was a consensus that open enrollment will be on March 1, 2012. Staff will schedule informational meetings to educate employees on this offer and the open enrollment period.

(Motion) Mr. Halliday introduced a motion to offer Delta Dental as a second option to the City Self-Funded dental plan, with carryover benefits, to be effective April 1, 2012, and open enrollment available March 1, 2012, seconded by Mr. O'Neill. The vote favoring approval was unanimous. Vice-Chairman Pentkowski declared the motion carried.

(Amended Motion) Mr. Halliday introduced an amended motion to offer Delta Dental as a second option to the City Self-Funded dental plan, with carryover benefits, with a two-year rate guarantee, to be effective April 1, 2012, and open enrollment available March 1, 2012, seconded by Mr. O'Neill. The vote favoring approval was unanimous. Vice-Chairman Pentkowski declared the motion carried.

B. Discussion and vote regarding coverage for genetic testing.

Note: This item was discussed following Ambulance services and out-of-pocket maximum.

Alysa Neilson, Employee Benefits Coordinator, reviewed a document regarding hereditary hemochromatosis, a genetic disorder. She explained that the doctor said it was necessary for the member to have a blood work done to see if the member had this disorder. The member was charged \$413.00 because the Plan does not cover genetic testing.

Shawn Adkins, GBS, reviewed information in packet about genetic testing and confirmed that genetic testing is not covered and there are no resources to check on this issue. He recommended the Committee not do anything on this issue at this time.

T'Sharra Wright, HPN, stated that HPN does not cover genetic testing either.

There was a consensus that no action be taken on this issue.

Discussion on Future Committee Initiatives:

- **Medicare retiree options**

Vice-Chairman Pentkowski said this is tied with the overall retiree discussion, so no action will be taken at this time.

Shawn Adkins, GBS, commented that we are partly subsidizing the retirees. He noted that the committee could also consider carving out the RX piece for post 65 retirees.

Alysa Nielson, Employee Benefits Coordinator, noted that there are 53 pre-65 retirees, of which 26 have Medicare. If any post 65 retirees try to join the Plan, they will be told the Committee is discussing this issue.

- **Life insurance for over 65 retirees**

Bob Osip, Risk Manager, explained that post-65 retirees currently receive a \$25,000.00 life insurance benefit. He asked if the Committee is interested in reducing or eliminating this benefit.

Shawn Adkins, GBS, noted that reducing the amount to \$8,500.00 would have a significant impact on GASB 45 liability.

There was a consensus that this issue will be addressed as part of the retiree discussion.

- **Pre-existing Condition Limitations**

Bob Osip, Risk Manager, reported that there is pre-existing limitation language in the Summary Plan Document. He asked what the Committee would do if a new employee had a pre-existing condition and has a large medical bill.

Shawn Adkins, GBS, noted that in 2014 due to PPACA, businesses will be required to cover employees with pre-existing conditions. He noted that there are no pre-existing limitations for anyone under the age of 19.

There was a consensus that this issue not be addressed in 2012.

- **Ambulance services and out-of-pocket maximum**

Bob Osip, Risk Manager, reported that ambulance services are not specified in the Plan Summary Document as in plan or out of plan maximums. He suggested that the Plan be amended with specific language and suggested that staff present language for the Committee to consider at a future meeting.

Bill Bixler, The Loomis Company, noted that they are applying ambulance claims as an in-plan service.

- **Dependent eligibility audit**

Mr. Horvath reported that the Teamsters Trust paid a lot of money for the same audit and had a lot of frustration on this issue. Given that experience, he is not sure it would be worth the aggravation for this Committee to deal with.

There was a consensus that no action will be taken on this item at this time, but this issue will be reviewed next year.

- **Provider network for out-of-area participants**

Bob Osip, Risk Manager, questioned whether the Committee wants to explore an out-of-area network as the retiree base grows.

Bill Bixler, The Loomis Company, reported that he is preparing a report on this issue that he will discuss at the next meeting.

Mr. Horvath suggested it would be beneficial to determine how much money is being spent on wrap networks.

- **Define Reasonable and Customary charges**

Bob Osip, Risk Manager, explained that the Plan does not state reasonable and customary charges (R&C), and asked if there is an interest in documenting that the Plan pays 70 percent of R&C.

Alysa Nielson, Employee Benefits Coordinator, reviewed the current language in the Plan and noted that the out-of-pocket maximum does not include balanced billing.

Chairman Horvath commented that it seems punitive to charge a member who is out of area versus out of network.

It was noted that at the November 2011 Insurance meeting, the Committee voted to change the adjudication for out-of-network claims to 90 percent of R&C, to be effective January 1, 2012.

There was a consensus to discuss this item at the next meeting to clarify out of area and out of network.

- **Claims administration and network services**

Bob Osip, Risk Manager, stated that Sierra Healthcare Options (United Health Care) is currently the network provider we use and The Loomis Company is our third party administrator (TPA). Some network providers do not work with all TPAs and you must have a package contract.

Pam Levy, SHO, explained that United Health Care uses UMR as their TPA. She said The Loomis Company is grandfathered in as the TPA; however, if the City chooses another TPA, it would have to be UMR. She noted that UMR does have a local office in Las Vegas, but they are based in Ohio.

Chairman Horvath disclosed that staff is doing an analysis on how Sierra's hospital rates compare to the coalition. He said he assumes that would impact the renewal contract and pricing for the physicians and the PPO network. There is no need to act on this issue at this time since we have a two-year contract with Sierra.

There was a consensus that no action be taken on this issue this year.

Continue discussion on future committee initiatives.

Bob Osip, Risk Manager, asked if the Committee is interested in creating an in-house provider clinic.

Shawn Adkins, GBS, commented that there are probably enough employees and dependents for this to work, but there are many pieces to discuss. He explained that most in-house provider clinics are staffed by physician assistants. He estimated that the cost for medical would be \$120,000.00 to \$225,000.00 per year depending how many days the clinic would be open. He noted that another alternative is contracting with a company called Teledoc, which allows members to chat with a doctor online to discuss symptoms and the doctor could write a prescription if necessary.

Bill Bixler, The Loomis Company, noted that the upfront cost would be significant.

Discussion and vote on retiree medical pricing.

Chairman Horvath reported that any employee participating in the VESP would not be eligible for retiree medical pricing. He said there will not be any reference to the VESP in the medical retiree pricing document. He noted that there are currently 52 employees on the waiting list for the VESP, which the Council should approve funding for on February 7, 2012.

Chairman Horvath commented that the Committee will hopefully know the determination regarding the national healthcare issues later this year. He said the bargaining groups need to meet and discuss funding and other issues pertinent to their contracts.

Vice-Chairman Pentkowski suggested that an effective date for the retiree medical pricing be established.

A lengthy discussion ensued regarding Medicare retiree options, GASB 45 liability issues, and possible risks. Suggestions moving forward include the Committee discussing a working design at the next meeting; establishing a reasonable start date of January 1, 2013; making a decision on the pre-65 retirees and post-65 retirees by February or March; and determining where to go with an aggregator.

VIII. Committee Concerns

Shawn Adkins, GBS, will check into the increase in vision claims.

Chairman Horvath expressed concern that many insurance vendors solicit staff to be given access to City employees. He noted that it would be nice if City employees would pay the extra insurance companies on their own instead of through payroll deduction.

It was noted that 2012 is the third year of the principal and LTD insurance

contracts. There was a consensus to see if these rates could be locked in for a year or two years before going through the Request for Proposal process.

IX. Public Comment

There was no public comment.

X. Set Next Meeting Date and Adjournment

The next meeting was scheduled for February 8, 2012, from 10:00 a.m. to 12:00 p.m.

There being no further business to come before the Committee, Vice-Chairman Pentkowski adjourned the meeting at 2:45 p.m.

Respectfully submitted,

Tedie Jackson, Minutes Clerk