

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

**MINUTES
October 11, 2012**

I. Call to order

Chairman Fred Horvath called the City of Henderson Insurance Committee meeting to order at 1:04 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: Chairman Fred Horvath
 Connie Kershaw
 Norm "Doc" Halliday (left at 2:57 p.m.)
 Priscilla Howell
 Jayne Mazurkiewicz
 Tim O'Neill
 Dan Pentkowski
 Sean Simoneau (left at 2:42 p.m.)

ABSENT: None

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

ALSO PRESENT: Bill Bixler, The Loomis Company (via teleconference)
 Shawn Adkins, GBS (via teleconference)
 Pam Levy, Sierra Healthcare Options
 Lily Arslanian, HPN
 Tom Chiello, HPSA
 Judy Shulz, COH retiree

III. Acceptance of Agenda

(Motion) Mr. Pentkowski introduced a motion to accept the agenda as submitted, seconded by Mr. Halliday. The vote favoring approval was unanimous. Chairman Horvath declared the motion carried.

IV. Approval of Minutes

A. Special Meeting of September 5, 2012

(Motion) Mr. Pentkowski introduced a motion to approve the minutes of the special meeting of September 5, 2012, as submitted, seconded by Mr. O'Neill. The vote favoring approval was unanimous. Chairman Horvath 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 September 30, 2012. She noted that there is loss of \$920,000.00 due to medical claims and an increase in prescriptions.

B. Loomis Monthly Claims Report

Via teleconference, Bill Bixler, The Loomis Company, reviewed the monthly claims report and noted that there are 21 large claimants representing \$1.65 million in claims.

Shawn Adkins, GBS, said they will be watching two cancer claims and working with stop loss renewal.

C. Sierra Healthcare Options Report

Pam Levy, SHO, Pam Levy distributed and reviewed the 2012 Monthly Average Length of Stay report through September and the Northern and Southern Nevada Quarterly Provider report.

D. Status Report - Gallagher Benefit Services

Shawn Adkins, GBS, reported that they are in process of updating third quarter claims report. They expect that PPACA requirements on fees and assessments will impact the Self-Funded Plan and add approximately two to four percent to the cost of the plan.

Responding to questions by Chairman Horvath, Mr. Adkins said prescriptive drug costs, co-pays, and deductibles will be part of out-of-pocket maximums, which will impact the plan three to five percent.

Regarding an appeals process to address loss of grandfathering, Mr. Bixler said three vendors have been identified to be utilized through an external appeal process if the issue is not resolved by the Insurance Committee. If the vendor approves the appeal, the Plan would be responsible to pay the claim.

It was noted that the all of the changes should be communicated to employees during open enrollment. The Summary Plan Document (SPD) will also need to be updated to reflect many changes.

E. Committee Staff Report

Alysa Neilson, Employee Benefits Coordinator, reported that following the approval of Extend Health at the last meeting, staff identified a few employees who may not be eligible for Medicare. Some employees may be eligible through their spouse.

Mr. Adkins suggested removing amendment language in the Plan that states that the city would pay claims where Medicare is not primary for any new person turning 65 not Medicare eligible.

Following further discussion, it was suggested to add language in the SPD that would require members to provide a copy of the official denial letter from Social Security to remain on the Plan.

Ms. Neilson reported that staff is drafting the open enrollment material to be sent out by October 25, 2012. There was a consensus to schedule the next meeting for November 7, 2012. An agenda item will be to discuss and vote on an item for a potential stop loss bid renewal.

Ms. Neilson noted that after January 1, 2013, any plan changes must have a 60-day notice and they cannot be retroactive.

Regarding the new number on W-2 forms, the Finance Department will prepare to send an email in January to all employees explaining that this new number is based on insurance coverage and will not impact them.

VI. Public Comment

There were no public comments presented.

VII. Unfinished Business

A. Discussion and vote on contracting with the Health Services Coalition

Shawn Adkins, GBS, said he has not heard back from the Coalition regarding exit provision language that the City could terminate the contract with Health Services Coalition if they dropped covering the St. Rose hospitals. This is because the majority of City of Henderson employees use St. Rose hospitals. He noted that contracting with the Coalition would cost \$1.35 per member per month and saving the Plan \$600,000.00 annually.

Chairman Horvath suggested that City legal staff should review the agreement before it is signed. He provided information as to the Coalition membership, how they operate, and noted that there are incredible savings as a result of the large number of members.

Pam Levy, SHO, commented that if the City leaves the Sierra hospital network to join the Coalition and then drops the Coalition Sierra will accept the City back. She said the Coalition would replace the hospitals and four surgical centers through Sierra. She said City employees can still access any surgical centers within Sierra's network that are not contracted with the Coalition.

Bill Bixler, The Loomis Company, reported that claims are sent to Hometown Health, Coalition representatives price the claims and send them to Loomis to be processed. Any claims not re-priced by Hometown Health will run through the Sierra network. If the claim is not covered in the Sierra network, the claim will be run through the wrap network.

Mr. Adkins said they may need a letter of understanding between all the parties. He noted that Coalition will not let the City contract directly with hospitals, but the City can maintain our contract with the Mayo Clinic.

Regarding negative impacts to using the Coalition, it was noted that there is confusion with the hospitals because people cannot use their primary doctors. The coalition mandates that employees use hospitalists. The employee's personal care physician will still work with the hospitalist. Regarding child delivery, Mr. Adkins said he believes the ob/gyn would be the primary doctor, but a hospitalist would be involved in the delivery.

In response to a question regarding if there would be any impact if the City has secondary coverage and the primary insurance is not part of the coalition, Mr. Bixler said there would not be any difference.

(Motion) Mr. Pentkowski introduced a motion to approve a contract with Health Services Coalition hospitals, subject to legal review, to be effective upon approval of the Coalition, seconded Ms. Mazurkiewicz. The vote favoring approval was: Those voting aye: Kershaw, Halliday, Horvath, Howell, Mazurkiewicz, Pentkowski, and Simoneau. Those voting nay: O'Neill. Those absent: None. Those abstaining: None. Chairman Horvath declared the motion carried.

B. Discussion and vote to add genetic testing as a covered benefit

Shawn Adkins, GBS, said approving genetic testing as a covered benefit will have an approximate cost to the plan of \$30,000.00 to \$35,000.00 the first year, but is expected to decrease a little the second year to 25,000 due to a drop in utilization.

A concern was expressed that a doctor will order tests, but the patient does not know it is genetic testing and is shocked when they receive the large bill. It was noted that there are protocols for certain genetic testing that must be met and most tests must be preauthorized.

Mr. Bixler reported that \$10,143.00 was billed for genetic testing through June with 17 different unique diagnosis codes in these claims. He noted that these claims would probably be denied because of how they were coded. They need a claim, a CPT code, and a valid diagnosis code to process the claim.

According to the presentation at the last meeting, Ms. Howell said she believes that genetic testing is a well managed and controlled process.

Lily Arslanian, HPN, noted that they have a prior authorization for everything and the member would be responsible for 25 percent of eligible medical expenses.

(Motion) Mr. Simoneau introduced a motion to add the genetic testing with the preauthorization type protocols and all genetic testing should be preauthorized no matter the allowable, to be effective December 1, 2012, seconded by Mr. Pentkowski. The vote favoring approval was unanimous. Chairman Horvath declared the motion carried.

C. Discussion and vote on funding retiree health insurance

David Hintzman, City Attorney, commented that this trust will be separate from the City and independently run.

Chairman Horvath said there would be nothing to preclude the committee from voting on the pricing mechanism. He suggested engaging outside counsel to help draft the trust language. As soon as the trust is created, it must be approved by the City Council. He questioned whether staff could administratively manage the trust to be effective January 1, 2013.

Note: Mr. Simoneau left at this time.

A concern was noted from the police and fire union representatives that the members were told the trust would be in place by January 1, 2013. Mr. Pentkowski expressed concern that he would prefer to have solid information in place and funds identified. A meeting between the City and union representatives will be scheduled for November.

Note: Mr. Halliday left at this time.

(Motion) Mr. Pentkowski introduced a motion to provide the City Council with a recommendation to establish a retiree trust and authorize using \$1 million from the Self-Funded Insurance account as seed money to begin a retiree health insurance pricing benefit, seconded by Mr. O'Neill. The vote favoring approval was unanimous. Chairman Horvath declared the motion carried.

D. Discussion and vote to restrict coverage to in-network surgical centers

Alysa Neilson, Employee Benefits Coordinator, referred to a handout outlining Southern and Northern Nevada surgical centers. She noted that there are two outstanding claims regarding issue where an in-network doctor referred two individuals to an out-of-network facility.

Pam Levy, SHO, reported that Sierra is negotiating with the surgical center to address these claims. She pointed out that Horizon Surgical Center is not on the list, and it could have been the member's choice to go this out-of-network facility.

Following further discussion, it was noted of the importance that employees are educated to ask if the surgical facility is an in-network provider.

Mr. Bixler said Loomis could administer a separate out of pocket maximum for a surgical center. He stated that even if a facility is out-of-network, the facility will tell a member that they accept their insurance because they know the Plan will pay. He suggested that the City could write the out-of-network facility a letter stating that their services will no longer be covered by the Plan.

There was a consensus that the City should send out this letter to employees and Southern Nevada non-contracted facilities. The easiest way to address this problem is to offer no benefit for those facilities.

It was also suggested to have a mandatory insurance meeting for all members to attend; and to develop a coastal training opportunity to help educate members.

Mr. Bixler offered that Loomis can send out a letter to all members to inform them that procedures done at out-of-network surgical centers will not be covered.

(Motion) Chairman Horvath introduced a motion to eliminate coverage for any outpatient surgical center not in the Sierra or Coalition networks for in-area participants, to be effective January 1, 2013, seconded by Mr. Pentkowski. The vote favoring approval was unanimous. Chairman Horvath declared the motion carried.

VIII. New Business

A. Discussion and vote on the Hometown Health contract extension

This item will be removed from the agenda.

B. Discussion and vote on eligibility to opt out of the benefits under the Self-funded Health Plan.

This item was continued to next meeting for further discussion.

C. Discussion and vote to create separate benefit website for retirees

Gallagher Benefit Services was able to create a separate benefit website for retirees.

IX. Staff Comment

There were no staff comments presented.

X. Set Next Meeting Date and Adjournment

The next meeting was scheduled for November 7, 2012, from 10:00 a.m. to 12:00 p.m.

There being no further business to come before the Committee, Chairman Horvath adjourned the meeting at 3:43 p.m.

Respectfully submitted,

Tedie Jackson, Minutes Clerk